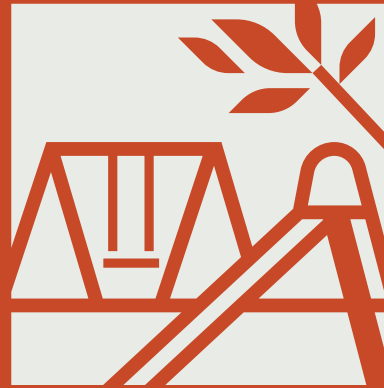




ANNUAL COMPREHENSIVE

# Financial Report

JULY 2024 - JUNE 2025



FISCAL YEAR ENDED JUNE 30, 2025

933 Terrace Street | Muskegon, Michigan



**CITY OF MUSKEGON,  
MICHIGAN**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2025**

**Prepared By**

**FINANCIAL SERVICES DIVISION**

**Kenneth D. Grant  
Finance Director**

**Jessica Rabe  
Assistant Finance Director**

**Sarah Wilson  
City Treasurer**

**Jason Boes  
Information Systems Director**

**Hayden Nickell  
Management Assistant**

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City of Muskegon

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December 23, 2025

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 a complete set of audited financial statements within six months of the close of each fiscal year. This report is issued to fulfill that requirement for the fiscal year ending June 30, 2025.

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, has issued an unmodified (“clean”) opinion on the City of Muskegon’s financial statements for the fiscal year ending June 30, 2025. The independent auditor’s report is located at the front of the financial section of this report.

The 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. The 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 Commission, which consists of the Mayor and six commissioners. Two commissioners are elected at-large, and voters in each of the four wards elect one ward commissioner. Commission members serve four-year terms: the two at-large members are elected every four years in odd-numbered years preceding the Michigan Gubernatorial election, and the four ward commissioners are elected every four years in odd-numbered 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 Manager, who oversees day-to-day operations in the City.

The City 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 (contracted); 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'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 and, with a 2020 US Census population of 38,318, 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 also 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.
- In May of 2025, the Muskegon Lumberjacks won the USHL Championship, bringing the Clark Cup to Muskegon for the first time.
- 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 more than 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 The Lakeshore Art Festival, Taste of Muskegon, Bike Time and Rebel Road, the Unity Christian Music Festival, the Great Lakes Surf Festival, the Burning Foot Beer Festival, the Muskegon Polish Festival, and the Michigan Irish Music Festival, among others.
- 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 opened its \$15.4 million expansion this past year. The expansion allows for a significant increase in exhibit space with the addition of four new exhibition galleries. The museum's footprint has expanded from 31,800 sf to 57,570 sf.
- 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. The 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. This past year, historic monuments in Hackley Park were restored through a partnership with a grant from the Michigan State Historic Preservation Office and donations from Community Members.
- The City led the way in the movement and preservation of the Nelson House to its new location on Muskegon Ave in the heart of the Downtown’s Heritage District.
- According to our countywide tourism agency, Visit Muskegon, tourism spending increased by more than 5% this past year to \$388 million.
- 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. Manufacturing is strong in aerospace, plastics, defense, metals and castings, office furniture, recreational items, and automotive parts. The City also benefits from being home to large employers in government, healthcare, and education. While many of these institutions are exempt from paying property taxes, local income tax withholdings remitted by these employers provide stability to the City's finances. Indeed, city income tax revenues are 40% higher on average than city property taxes.

The City fully recognizes the difficulties it faces as an older urban community. Thus, the City has positioned itself as a leader in fiscal stability and sustainability by making key investments in areas that grow the City’s financial resources over the long term.

### ***Long-term financial planning and major initiatives***

The City ended FY 2024-25 with General Fund revenues exceeding expenses by \$1,286,503 (as found on the *Statement of Revenues, Expenditures and Changes in Fund Balances*). However, \$1,162,920 was transferred to other funds to stabilize non-General Fund budgets. The net change in fund balance of \$158,246 was added to the City’s unrestricted fund balance.

Transfers to other funds include \$760,000 to Trinity Health Arena operations and \$300,000 to Hartshorn Marina.





The unassigned fund balance in the General Fund at year-end stands at \$7,080,481 or 17.36% of total actual General Fund revenues for the preceding year (fiscal year ending June 2024). This amount exceeds the Commission's minimum (13%) policy guidelines for budgeting and planning. This is an increase in our overall unassigned fund balance, which stood at just over 13% last fiscal year. This increase in the fund balance is attributed to higher-than-expected revenues and lower-than-expected expenses. The lower-than-expected costs are attributable to reduced staffing in the Police Department, driven by attrition and competition from larger departments. City administration is working to shore up our numbers in the Police Department through more competitive wages, updated facilities, and equipment.

Fiscal Year 2025-26 is projected to increase the fund balance of the General Fund again. However, due to changes in revenues, the City expects a slight decrease in the fund balance percentage relative to the previous fiscal year's revenues.

It is worth noting that the City's overall budget and fund balance position has improved significantly relative to projections developed during the FY 2025-26 budget process. However, given the uncertainty in the national economy, a continued conservative budgeting approach is advisable for the next few fiscal years.

In addition to the unassigned fund balance in the General Fund, the City maintains an internal Budget Stabilization Fund, which has a fund balance of \$1,800,000. These dollars are not counted in the unassigned fund balance but are shown as assigned for capital projects and public improvements in the General Fund. In an extreme situation, the City Commission could use these dollars in alignment with PA 30 of 1978, sec. 4.

Adequate unassigned fund balances are maintained to enable the City to continue providing services to the community during unexpected emergencies and/or economic downturns. Unassigned fund balances may also be used for one-time capital projects in future fiscal years.

The City incorporates a five-year fiscal forecast into its yearly budget process. The forecast is a macro-level projection of primary 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 continue to grow over the next five years, though it could be more modest growth than in previous fiscal years.

Among the City's major initiatives and accomplishments in the fiscal year 2024-25 were the following:

- Construction continued at Adelaide Point in 2025 and is nearing completion. The waterfront development features more than \$200 million in investments and create a dozen new high-end housing opportunities in the City.
- Parkland Properties broke ground on the redevelopment of the former Shaw Walker property on Lower West Western Ave. This will be a mixed-use development project valued at more than \$200 million, bringing hundreds of additional housing options to the City at various price points.





- The City saw reconstruction of roads, water, and sewer infrastructure in various locations across the City
- The City continues progressing on its lead service line replacement initiatives and anticipates all lead service lines will be replaced by the end of 2036.

***Enterprise Funds (Water & Sewer)***

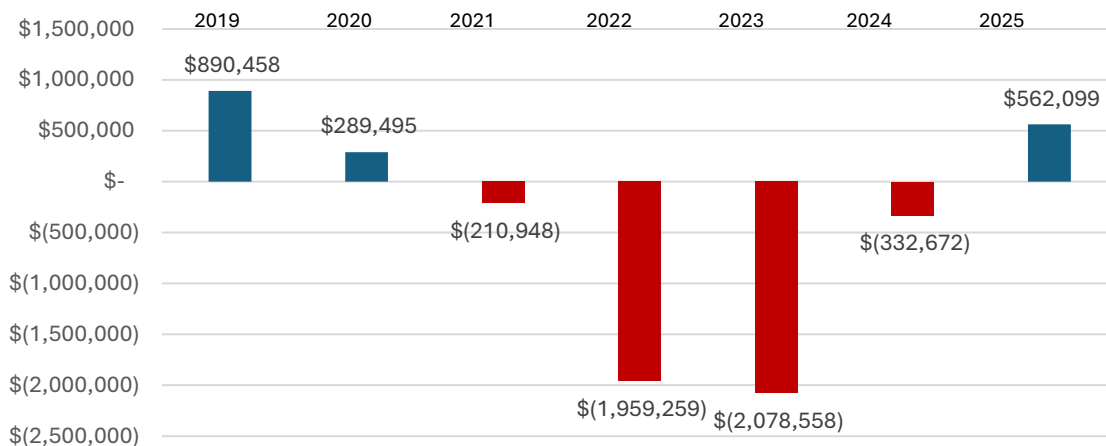
The headline for this past fiscal year is that, **for the first time since 2020, the Water Fund has a net positive net position.** This year, the unrestricted net position stands at just over half a million dollars in positive territory.

To achieve this goal, the City Commission adjusted water rates and implemented a debt service fee in 2023, which is paid by all water and sewer users in the City, but not by wholesale customers. This debt service fee is based on the previous fiscal year's debt payments.

Because of the City Commission's hard work on water rates and debt fees, the water fund saw a movement of more than \$840,000 in its unrestricted position in one fiscal year.

As a reminder, the objective with the net position is to reach a minimum of six (6) months of unrestricted net position, or about \$6 million. This will take an additional six to seven years to achieve. However, the movement we've seen in the past two (2) years is impressive and is directly related to the hard work of staff and the vision of the City Commission to make sometimes unpopular decisions to move these funds in a positive direction.

Water Fund Unrestricted Net Position  
FY 2019 - 2025

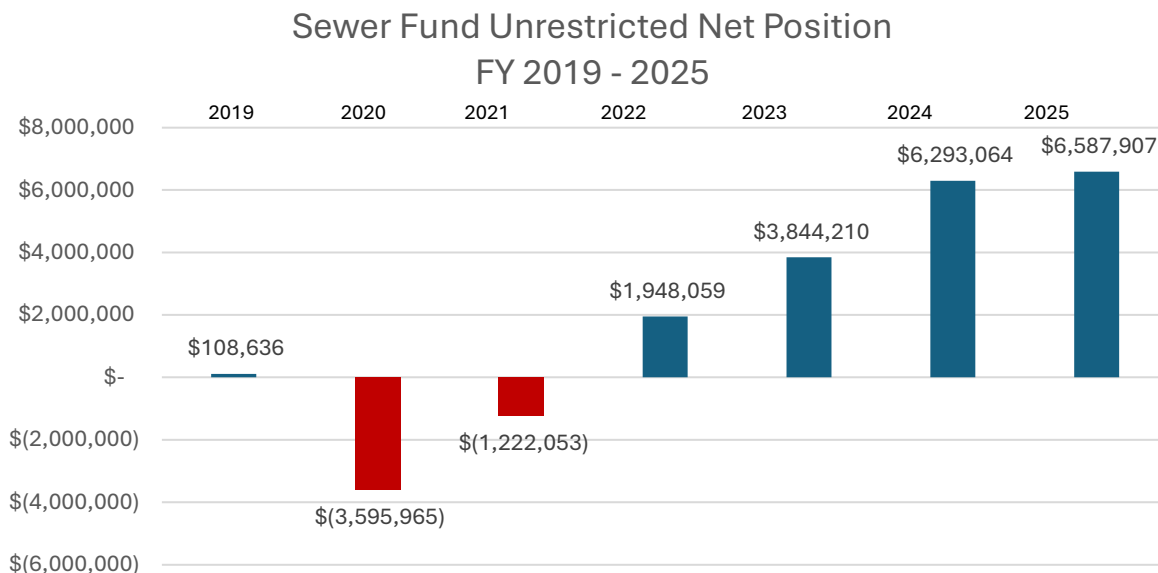


It should also be noted that the City intends to continue to actively participate in the State of Michigan’s Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (SRF) programs to support the replacement of water and sewer infrastructure throughout the City. Infrastructure that, in many cases, has been in use for a century or more.

It remains in the City’s best interest to leverage state revolving loan fund programs for water and sewer replacement. The City, 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 to leverage state revolving loan funds, which allow projects to be completed at a discount.

Over the last few years, the State of Michigan has reduced the grant portion of the DWSRF and SRF programs. Administrative leadership at the City has been in contact with the Governor’s office and our state legislators, emphasizing the importance to cities like Muskegon that the State maintain these programs with meaningful grant forgiveness to ensure our lead service line replacement windows are met. This has become even more important now that the EPA has set a federal timeline of 10 years to replace lead service lines nationwide. If this EPA rule takes effect, the administration anticipates higher costs to replace our lead service lines due to increased nationwide demand for materials.

The Sewer Fund was in a similar situation to the Water Fund with a significant reduction in its net position occurring in 2020. The City Commission's decision to increase sewer rates reversed that downward trend. Today, the Sewer Fund’s net position exceeds \$6.5 million, slightly above the recommended 6-month minimum of operating revenues.





### ***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, 2024. This was the 38th consecutive year that the City has received this award. The City has submitted the June 30, 2025, ACFR for consideration, but has not yet received confirmation of the award. 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**

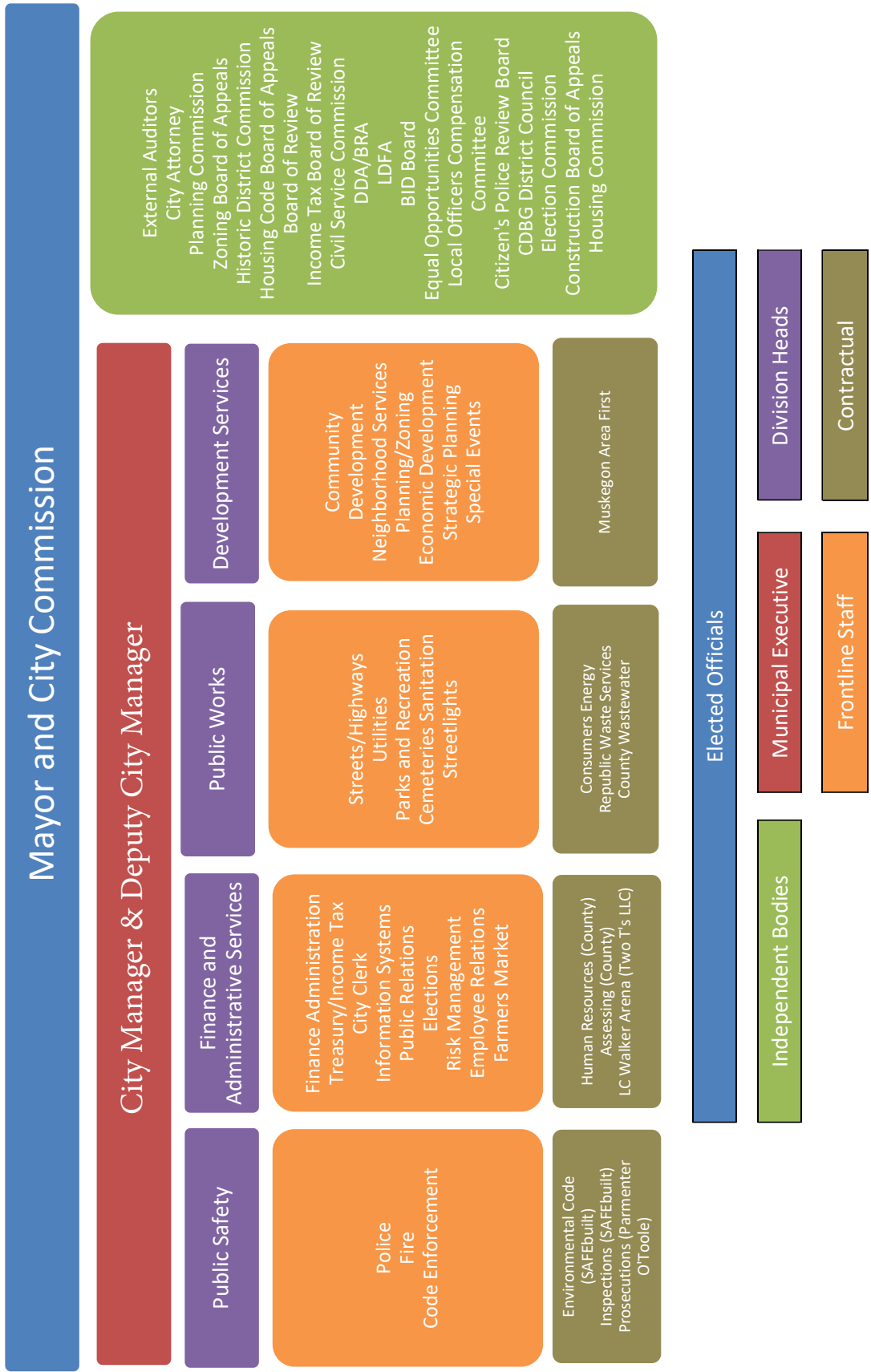
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

# Organizational Structure 2024-2025



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

**June 30, 2025**

**ELECTED OFFICIALS**

Mayor. . . . . Ken Johnson  
At Large

Commissioner. . . . . Willie German  
Ward 2

Commissioner. . . . . Jay Kilgo  
Ward 1

Commissioner. . . . . Destinee Keener  
Ward 3

Commissioner. . . . . Katrina Kochin  
Ward 4

Commissioner. . . . . Rachel Gorman  
At Large

Vice Mayor-Commissioner. . . . . Rebecca St. Clair  
At Large

**APPOINTED OFFICIALS**

City Manager. . . . . Jonathan Seyferth

City Attorney. . . . . John C. Schrier

Finance Director. . . . . Kenneth D. Grant

## 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, 2025, 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, 2025, 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.

**Change in Accounting Principle**

As described in Note O to the financial statements, in the year ended June 30, 2025 the City adopted new accounting guidance, GASB No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City 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 23, 2025

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## 2025 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, 2025. 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 \$143,027,433 as of June 30, 2025. The City has a deficit in unrestricted net position of \$12,902,030. 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 \$9,714,976 during the year ended June 30, 2025.

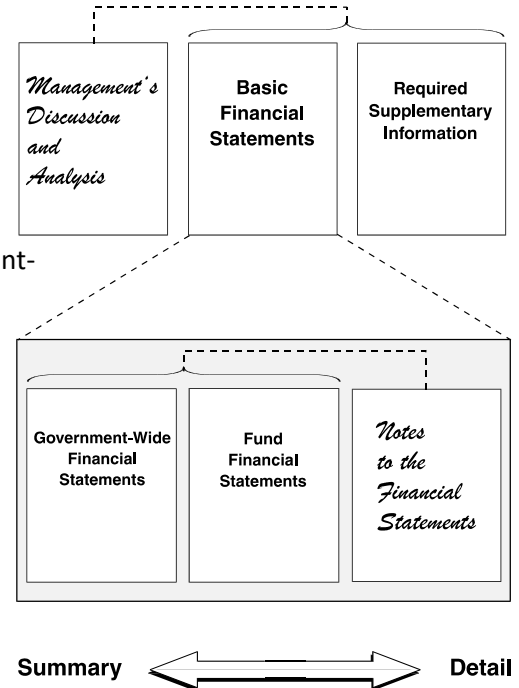
The City’s governmental funds reported combined ending fund balance of \$22,213,488, an increase of \$964,412 (4.5%) from the prior year.

The City’s General Fund reported a total fund balance of \$9,747,474, an increase of \$158,246 from the prior year balance of \$9,589,228.

### 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.

The government-wide beginning net position was restated for the effects of implementing GASB Statement 101—*Compensated Absences*. Additional information on the implementation can be found in Note O of the notes to the basic financial statements of this report. The prior year statement of net position and statements of activities was not restated for the effect of GASB Statement 101 as the data is not available.

## 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 nine 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 \$143,027,433 as of June 30, 2025. This is an increase of \$9,714,976 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		Activities				
	6/30/2025	6/30/2024*	6/30/2025	6/30/2024*	6/30/2025	6/30/2024*	
Current and other assets	\$48,453	\$48,433	\$22,355	\$14,621	\$70,808	\$63,054	12.30%
Capital assets	107,383	106,998	80,896	76,868	188,279	183,866	2.40%
<b>Total Assets</b>	<b>155,836</b>	<b>155,431</b>	<b>103,251</b>	<b>91,489</b>	<b>259,087</b>	<b>246,920</b>	<b>4.93%</b>
Deferred outflows of resources	5,778	6,828	401	475	6,179	7,303	-15.39%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>161,614</b>	<b>162,259</b>	<b>103,652</b>	<b>91,964</b>	<b>265,266</b>	<b>254,223</b>	<b>4.34%</b>
Long-term liabilities	71,587	72,905	18,726	17,354	90,313	90,259	0.06%
Current liabilities	12,304	14,704	4,289	4,490	16,593	19,194	-13.55%
<b>Total Liabilities</b>	<b>83,891</b>	<b>87,609</b>	<b>23,015</b>	<b>21,844</b>	<b>106,906</b>	<b>109,453</b>	<b>-2.33%</b>
Deferred inflows of resources	7,859	9,076	7,473	1,549	15,332	10,625	44.30%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>91,750</b>	<b>96,685</b>	<b>30,488</b>	<b>23,393</b>	<b>122,238</b>	<b>120,078</b>	<b>1.80%</b>
Net Position							
Net investment in capital assets	80,016	77,860	62,662	60,004	142,678	137,864	3.49%
Restricted	12,124	10,591	1,128	1,014	13,252	11,605	14.19%
Unrestricted	-22,276	-22,877	9,374	7,552	-12,902	-15,325	-15.81%
<b>Total Net Position</b>	<b>\$69,864</b>	<b>\$65,574</b>	<b>\$73,164</b>	<b>\$68,570</b>	<b>\$143,028</b>	<b>\$134,144</b>	<b>6.62%</b>

\* 2024 numbers have not been updated for the adoption of GASB 101.

The bulk of the City's net position, \$142,677,623, 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 \$13,252,040 of the City's net position are legally restricted as to use. The City has a deficit in unrestricted net position of \$12,902,030. 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 by \$2,422,264 during the year.

**Changes in net position.** The City's total revenues were \$94,890,852 for the year ended June 30, 2025. This represents a 4.59% increase over total revenues collected during the prior fiscal year. Approximately 36% of the City's revenue stream came from charges to users of specific services such as water or sewer. Another 10% came from grants from the state and federal governments and 27% 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, 2025 was \$85,175,876. This represents a 7.9% increase from reported expenses for the last fiscal year ended June 30, 2025. 75% of the City's expenses were for governmental activities such as police and fire protection, streets, parks, and general administration. The remaining 25% 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 \$5,146,534 and the net position for business-type activities increased by \$4,568,442. 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				
	6/30/2025	6/30/2024*	6/30/2025	6/30/2024*	6/30/2025	6/30/2024*	
Program revenues							
Charges for services	\$12,193	\$10,942	\$22,314	\$21,139	\$34,507	\$32,081	7.56%
Operating grants and contributions	12,017	11,468	106	130	12,123	11,598	4.53%
Capital grants and contributions	8,202	5,345	3,056	5,517	11,258	10,862	3.65%
General revenues							
Property taxes	11,768	11,017	-	-	11,768	11,017	6.82%
Income taxes	13,464	12,767	-	-	13,464	12,767	5.46%
State shared revenues	6,256	6,342	-	-	6,256	6,342	-1.36%
All other	5,393	6,014	123	40	5,516	6,054	-8.89%
<b>Total revenues</b>	<b>69,293</b>	<b>63,895</b>	<b>25,599</b>	<b>26,826</b>	<b>94,892</b>	<b>90,721</b>	<b>4.60%</b>
Governmental activities expenses							
Public representation	2,229	2,723	-	-	2,229	2,723	-18.14%
Administrative services	1,059	1,037	-	-	1,059	1,037	2.12%
Financial services	7,277	5,792	-	-	7,277	5,792	25.64%
Public safety	19,533	16,243	-	-	19,533	16,243	20.25%
Public works	4,521	4,677	-	-	4,521	4,677	-3.34%
Highways, streets and bridges	8,015	7,755	-	-	8,015	7,755	3.35%
Community and economic development	10,279	11,004	-	-	10,279	11,004	-6.59%
Culture and recreation	9,368	8,151	-	-	9,368	8,151	14.93%
General administration	742	702	-	-	742	702	5.70%
Interest on long-term debt	823	861	-	-	823	861	-4.41%
Business-type activities expenses							
Sewer	-	-	9,826	8,983	9,826	8,983	9.38%
Water	-	-	10,974	10,435	10,974	10,435	5.17%
Marina and launch ramp	-	-	530	530	530	530	0.00%
<b>Total expenses</b>	<b>63,846</b>	<b>58,945</b>	<b>21,330</b>	<b>19,948</b>	<b>85,176</b>	<b>78,893</b>	<b>7.96%</b>
<b>Change in net position before transfers</b>	<b>5,447</b>	<b>4,950</b>	<b>4,269</b>	<b>6,878</b>	<b>9,716</b>	<b>11,828</b>	<b>-17.86%</b>
Transfers	(300)	(730)	300	730	-	-	-
<b>Change in net position</b>	<b>5,147</b>	<b>4,220</b>	<b>4,569</b>	<b>7,608</b>	<b>9,716</b>	<b>11,828</b>	<b>-17.86%</b>
Net position at beginning of year	65,574	61,354	68,570	60,962	134,144	122,316	9.67%
Restatement	(857)	-	25	-	(832)	-	
Net position at beginning of year as restated	64,717	61,354	68,595	60,962	133,312	122,316	8.99%
<b>Net position at end of year</b>	<b>\$69,864</b>	<b>\$65,574</b>	<b>\$73,164</b>	<b>\$68,570</b>	<b>\$143,028</b>	<b>\$134,144</b>	<b>6.62%</b>

\* 2024 numbers have not been updated for the adoption of GASB 101.

**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, 2025 was \$63,846,174.
- The net cost that City taxpayers paid for these activities through local property taxes and income taxes was \$25,232,180, or about 40% 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		
	6/30/2025	6/30/2024	% Change	6/30/2025	6/30/2024	% Change
Governmental activities						
Public safety	\$19,533	\$16,243	20.25%	\$16,081	\$13,401	20.00%
Public works	4,521	4,677	-3.34%	3,318	3,358	-1.19%
Highways, streets and bridges	8,015	7,755	3.35%	(64)	941	0.00%
Community and economic development	10,279	11,004	-6.59%	3,132	5,685	-44.91%
Culture and recreation	9,367	8,151	14.92%	852	156	446.15%
All other	12,131	11,114	9.15%	8,115	7,648	6.11%
<b>Total governmental activities</b>	<b>\$63,846</b>	<b>\$58,944</b>	<b>8.32%</b>	<b>\$31,434</b>	<b>\$31,189</b>	<b>0.79%</b>

**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, 2025, the City’s total business-type activities realized an overall increase in net position of \$4,568,442.

Sewer Fund net position increased \$548,740 primarily from the result of adjustments to utility rates. The Water Fund saw a net position increase of \$3,550,299. Marina and Launch Ramp Fund net position increased \$99,989.

## 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, 2025 were the General Fund, the Major Street and Trunkline Fund, the Trinity Health Arena 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%)
6/30/2025	\$7,080,481	38.17%	\$40,793,281	17.36%
6/30/2024	5,124,424	-12.52%	39,157,873	13.09%
6/30/2023	5,857,568	-26.61%	34,144,767	17.16%
6/30/2022	7,981,647	-12.50%	33,056,483	24.15%
6/30/2021	9,121,955	-9.79%	29,653,448	30.76%

For the year ended June 30, 2025, General Fund revenues were \$855,657 higher than the final amended budget. City income tax collections were the driving force behind this revenue surge. Income tax collections are up \$780,683 from the previous fiscal year.

Intergovernmental revenues are up by \$705,323 from last year. Federal grants this fiscal year increased by \$488,945. Funds received from State grants increased by \$37,610. State sales tax constitutional and County Village Township Revenue Sharing (CVTRS) funds were up by \$48,768 from the last fiscal year.

Overall this year, General Fund revenues exceeded expenditures increasing overall fund balance by \$158,246. Unassigned fund balance is \$7,080,481 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 \$744,000 lower than projected in the final amended budget. The variance from the final budgeted expenditures was insignificant—less than 2%. Some of the key areas that were higher than budgeted were general sanitation, parks maintenance, and parking operations.

### Major Street and Trunkline, Trinity Health Arena, and State Grants 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, 2025, the fund balance of the Major Street and Trunkline Fund decreased by \$678,826. The Department of Public Works plans to spend this fund balance down on anticipated future projects in the 25/26 fiscal year.

Trinity Health Arena is an arena operated by the City of Muskegon. The bulk of the revenue generated at the Arena is from our contract with the Muskegon Lumberjacks' youth hockey team. Revenue is also generated from other sporting activities such as Arena football, indoor soccer, and high school hockey games. The City also has leases with two restaurants located at the Arena. Charges for services were slightly up from the previous fiscal year. Capital outlays are down significantly from the previous year because we did not have any large projects in 24/25 fiscal year. The fund balance of the Arena decreased by \$2,929.

The State Grant fund is used by City to track large state and federal grants and expenditures. Most of our American Rescue Plan Act (ARPA) federal grants flow thru this fund. ARPA expenditures for the fiscal year 24/25 were \$3,886,900. Major grants from the State of Michigan flow also thru this fund. This includes reimbursements for Windward Pointe, Adelaide Pointe, Pure Muskegon, and Harbor 31.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2025, the City had invested \$188,278,928 in a variety of capital assets, including land, streets, equipment, buildings, water and sewer lines, and vehicles. This is an increase of \$4,412,441 from capital assets reported as of June 30, 2024. 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, 2025, the City had \$47,397,973 in bonds and other long-term obligations outstanding. This represents a .49% increase from the prior year. The City issued new debt for 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				
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024	
Due within one year	\$1,921	\$2,106	\$1,647	\$1,647	\$3,568	\$3,753	-4.93%
Due in more than one year	<u>28,125</u>	<u>29,104</u>	<u>15,705</u>	<u>14,309</u>	<u>43,830</u>	<u>43,413</u>	<u>0.96%</u>
Total bonds & other obligations	\$30,046	\$31,210	\$17,352	\$15,956	\$47,398	\$47,166	0.49%

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 \$285,000 at year-end as shown in the table below. This represents a decrease of 49% 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
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	
	Due within one year	\$285	\$275	\$285	
Due in more than one year	<u>0</u>	<u>287</u>	<u>0</u>	<u>287</u>	<u>-100.00%</u>
Total bonds & other obligations	\$285	\$562	\$285	\$562	-49.29%

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The City’s fiscal year 2025-26 capital budget anticipates spending \$19,415,521 for capital projects, consisting of street improvements, water and sewer system improvements, scheduled equipment replacements, and the replacement of police department equipment.

From an operating standpoint, the City’s 2025-26

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 273
- 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 6.4% from \$ 12,243,618 for the year ended June 30, 2024 to \$13,024,301 for the year ended June 30, 2025. For 2025-26, the City has estimated income tax revenue to be \$13,225,000.

Year	City Income Tax Revenues	Percent Change
6/30/2025	\$13,024,301	6.4%
6/30/2024	\$12,243,618	2.4%
6/30/2023	\$11,957,105	19.5%
6/30/2022	\$10,002,623	8.1%
6/30/2021	\$9,256,826	1.3%

### 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 2025-26, the City tax levy will be at 9.447 mills for general operations and 2.8174 mills for sanitation service. We project that \$9,705,436 in total property tax revenue will be collected during fiscal year 2025-26.

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
6/30/2025	\$5,370,129	0.9%
6/30/2024	\$5,321,361	2.7%
6/30/2023	\$5,180,344	1.8%
6/30/2022	\$5,087,587	7.5%
6/30/2021	\$4,733,888	15.0%

For 2025-26, the City projects \$5,485,000 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
6/30/2025	\$8,076,228	19.3%
6/30/2024	\$6,768,873	-9.4%
6/30/2023	\$7,471,277	19.1%
6/30/2022	\$6,271,210	5.2%
6/30/2021	\$5,961,524	6.2%

The City is projecting street revenues for fiscal year 2025-26 of \$7,387,213.

### *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 \$21,540,818 during the year ended June 30, 2025. Charges to customers are based on the number of metered services used times rates periodically set by the City Commission. Water and sewer 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](mailto:finance@shorelinecity.com)).

## FINANCIAL STATEMENTS

City of Muskegon  
**STATEMENT OF NET POSITION**  
June 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 27,979,961	\$ 6,887,825	\$ 34,867,786	\$ 854,405
Assets managed by others	1,828,161	-	1,828,161	-
Receivables				
Accounts and notes	3,610,048	3,750,626	7,360,674	17,912
Leases	380,611	119,230	499,841	-
Due from other governmental units	3,337,400	1,059,398	4,396,798	-
Internal balances	(1,229,069)	1,229,069	-	-
Inventories	12,738	561,135	573,873	-
Prepaid items	836,399	156,374	992,773	-
Total current assets	36,756,249	13,763,657	50,519,906	872,317
Noncurrent assets				
Restricted cash and investments	-	961,000	961,000	-
Advances to component units	117,833	-	117,833	-
Leases receivable, less amounts due within one year	7,478,163	7,353,721	14,831,884	-
Notes receivable, less amounts due within one year	125,929	-	125,929	-
Capital assets, net				
Nondepreciable	17,116,394	7,274,817	24,391,211	400,000
Depreciable	90,266,633	73,621,084	163,887,717	71,937
Net other postemployment benefits asset	3,974,880	276,328	4,251,208	-
Total noncurrent assets	119,079,832	89,486,950	208,566,782	471,937
Total assets	155,836,081	103,250,607	259,086,688	1,344,254
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	5,571,455	387,321	5,958,776	-
Related to other postemployment benefits	206,462	14,353	220,815	-
Total deferred outflows of resources	5,777,917	401,674	6,179,591	-
Total assets and deferred outflows of resources	161,613,998	103,652,281	265,266,279	1,344,254

The accompanying notes are an integral part of this statement.

City of Muskegon  
**STATEMENT OF NET POSITION—CONTINUED**  
June 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 5,663,128	\$ 1,643,305	\$ 7,306,433	\$ 216,865
Due to other governmental units	150,131	883,385	1,033,516	67
Unearned revenues—unused Farmers Market tokens	158,867	-	158,867	-
Unearned revenues—expenditure-driven grants	4,411,518	-	4,411,518	-
Unearned revenues—prepaid fees	-	115,619	115,619	-
Bonds and other obligations, due within one year	1,921,000	1,647,122	3,568,122	285,000
Total current liabilities	12,304,644	4,289,431	16,594,075	501,932
Noncurrent liabilities				
Advances from primary government	-	-	-	117,833
Bonds and other obligations, less amounts due within one year	28,125,018	15,704,833	43,829,851	-
Net pension liability	43,461,787	3,021,408	46,483,195	-
Total noncurrent liabilities	71,586,805	18,726,241	90,313,046	117,833
Total liabilities	83,891,449	23,015,672	106,907,121	619,765
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	7,858,774	7,472,951	15,331,725	-
Total liabilities and deferred inflows of resources	91,750,223	30,488,623	122,238,846	619,765
<b>NET POSITION</b>				
Net investment in capital assets	80,015,524	62,661,899	142,677,423	186,937
Restricted				
Highways, streets and bridges	5,003,190	-	5,003,190	-
Debt service	-	851,600	851,600	-
Trinity Health Arena	78,225	-	78,225	-
Law enforcement	23,481	-	23,481	-
Business improvement districts	22,420	-	22,420	-
Opioid settlement	171,245	-	171,245	-
Perpetual care				
Expendable	932,114	-	932,114	-
Non-expendable	1,826,049	-	1,826,049	-
Other postemployment benefits	3,974,880	276,328	4,251,208	-
Other purposes	92,508	-	92,508	-
Unrestricted	(22,275,861)	9,373,831	(12,902,030)	537,552
Total net position	<b>\$ 69,863,775</b>	<b>\$ 73,163,658</b>	<b>\$ 143,027,433</b>	<b>\$ 724,489</b>

The accompanying notes are an integral part of this statement.

City of Muskegon  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenue		Component Units		
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	
		Governmental Activities	Business-type Activities	Total		
Primary government						
Governmental activities						
Public representation services	\$ 2,229,559	\$ 616,319	\$ -	\$ -	\$ (1,613,240)	\$ -
Administrative services	1,058,911	879,387	-	11,366	(168,158)	-
Financial services	7,277,240	1,283,524	180,000	-	(5,813,716)	-
Public safety	19,533,090	3,436,080	15,863	-	(16,081,147)	-
Public works	4,521,567	1,196,343	7,474	-	(3,317,750)	-
Highways, streets and bridges	8,014,545	280,351	6,818,635	980,119	64,560	64,560
Community and economic development	10,279,121	365,298	3,448,148	3,333,468	(3,132,207)	-
Culture and recreation	9,367,878	4,008,264	1,547,118	2,960,028	(852,468)	(852,468)
General administration	741,633	127,021	-	-	(614,612)	-
Interest on long-term debt	822,630	-	-	916,645	94,015	-
Total governmental activities	63,846,174	12,192,587	12,017,238	8,201,626	(31,434,723)	-
Business-type activities						
Sewer	9,826,124	10,548,439	-	-	722,315	-
Water	10,974,288	11,435,975	-	3,055,637	3,623,010	-
Marina and launch ramp	529,290	329,803	-	-	(199,487)	-
Total business-type activities	21,329,702	22,314,217	105,686	3,055,637	4,145,838	-
Total primary government	<b>\$85,175,876</b>	<b>\$34,506,804</b>	<b>\$12,122,924</b>	<b>\$11,257,263</b>	<b>(31,434,723)</b>	<b>(27,288,885)</b>
Component units						
Local Development Finance Authority—SmartZone	\$ 181,100	\$ -	\$ -	\$ 200,000	-	18,900
Downtown Development Authority	659,735	-	134,982	-	-	(524,753)
Tax Increment Finance Authority	50,000	-	-	-	-	(50,000)
Lakeside Corridor Improvement Authority	6,374	-	-	-	-	(6,374)
Brownfield Redevelopment Authorities	971,509	-	-	-	-	(971,509)
Total component units	<b>\$ 1,868,718</b>	<b>\$ -</b>	<b>\$ 134,982</b>	<b>\$ 200,000</b>	<b>-</b>	<b>(1,533,736)</b>
General revenues						
Property taxes					11,767,911	2,097,981
Income taxes					13,464,269	-
Cable franchise agreement					266,262	-
Grants and contributions not restricted to specific programs					6,256,126	38,591
Unrestricted investment earnings					1,762,158	3,928
Miscellaneous					736,819	-
Gain on sale of capital asset					2,627,712	-
Transfers					(300,000)	-
Total general revenues and transfers					36,581,257	2,140,500
Change in net position					5,146,534	606,764
Net position at beginning of year, as previously reported					65,574,052	117,725
Adjustments to beginning net position					(836,811)	-
Net position at beginning of year, as restated					64,717,241	117,725
Net position at end of year					<b>\$ 69,863,775</b>	<b>\$ 724,489</b>
					<b>\$ 73,163,658</b>	<b>\$ 143,027,433</b>

The accompanying notes are an integral part of this statement.

City of Muskegon  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2025

	General Fund	Major Street and Trunkline Fund	Trinity Health Arena Fund	State Grants Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 8,524,048	\$ 4,727,087	\$ -	\$ 4,854,646	\$ 5,045,235	\$ 23,151,016
Assets managed by others	-	-	-	-	1,828,161	1,828,161
Receivables						
Accounts and loans (net of allowance for uncollectibles)	344,949	50	406,522	-	202,823	954,344
Property taxes	78,359	-	-	-	-	78,359
Income taxes	2,024,626	-	-	-	-	2,024,626
Leases	3,270,696	-	4,104,067	-	484,011	7,858,774
Due from other governmental units	1,015,949	894,162	-	945	1,426,344	3,337,400
Due from other funds	994,699	-	-	-	-	994,699
Advances to component units	117,833	-	-	-	-	117,833
Prepaid items	303,616	24,471	11,263	-	7,323	346,673
Total assets	<b>\$ 16,674,775</b>	<b>\$ 5,645,770</b>	<b>\$ 4,521,852</b>	<b>\$ 4,855,591</b>	<b>\$ 8,993,897</b>	<b>\$ 40,691,885</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,482,260	\$ 424,864	\$ 18,753	\$ 543,380	\$ 592,990	\$ 4,062,247
Accrued liabilities	346,682	11,242	5,958	-	19,318	383,200
Due to other governmental units	36,809	104,693	93	-	935	142,530
Due to other funds	-	-	314,756	-	456,505	771,261
Unearned revenues—unused Farmers Market tokens	-	-	-	-	158,867	158,867
Unearned revenues—expenditure-driven grants	100,854	-	-	4,310,664	-	4,411,518
Total liabilities	2,966,605	540,799	339,560	4,854,044	1,228,615	9,929,623
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues—income taxes	690,000	-	-	-	-	690,000
Related to leases	3,270,696	-	4,104,067	-	484,011	7,858,774
Total deferred inflows of resources	3,960,696	-	4,104,067	-	484,011	8,548,774
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	303,616	24,471	11,263	-	7,323	346,673
Perpetual care	10,000	-	-	-	1,816,049	1,826,049
Restricted						
Highways, streets, and bridges	-	5,080,500	-	-	978,977	6,059,477
Trinity Health Arena	-	-	66,962	-	-	66,962
Law enforcement	-	-	-	-	23,481	23,481
Business improvement districts	-	-	-	-	22,420	22,420
Perpetual care	-	-	-	-	932,114	932,114
Opioid remediation	171,245	-	-	-	-	171,245
Other purposes	-	-	-	-	92,508	92,508
Committed for social equity program	382,132	-	-	-	-	382,132
Assigned for capital projects and public improvements	1,800,000	-	-	1,547	3,408,399	5,209,946
Unassigned	7,080,481	-	-	-	-	7,080,481
Total fund balances	9,747,474	5,104,971	78,225	1,547	7,281,271	22,213,488
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 16,674,775</b>	<b>\$ 5,645,770</b>	<b>\$ 4,521,852</b>	<b>\$ 4,855,591</b>	<b>\$ 8,993,897</b>	<b>\$ 40,691,885</b>

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, 2025

Total fund balance—governmental funds \$ 22,213,488

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	\$ 192,222,135	
Accumulated depreciation	<u>(88,249,935)</u>	103,972,200

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		690,000
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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	(218,800)	
Bonds and notes payable	(26,594,018)	
Compensated absences	(3,452,000)	
Net pension liability and related deferred outflows/inflows of resources	(36,269,355)	
Net other post employment benefits liability and related outflows/inflows of resources	<u>4,002,462</u>	(62,531,711)

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	6,972,305	
Internal balances representing the cumulative difference between actual costs and amounts charged to business-type activities	<u>(1,452,507)</u>	<u>5,519,798</u>

Net position of governmental activities		<b><u>\$ 69,863,775</u></b>
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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, 2025

	General Fund	Major Street and Trunkline Fund	Trinity Health Arena Fund	State Grants Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 24,311,838	\$ -	\$ -	\$ -	\$ -	\$ 24,311,838
Licenses and permits	2,971,755	-	-	-	-	2,971,755
Intergovernmental revenues						
Federal	788,724	-	-	3,886,900	2,878,326	7,553,950
State	6,645,775	6,457,237	-	2,315,827	1,951,352	17,370,191
Local	180,000	-	-	-	959,938	1,139,938
Charges for services	5,823,423	-	2,066,944	-	477,150	8,367,517
Fines and forfeitures	736,879	-	-	-	-	736,879
Investment earnings and rental income	1,908,254	33,133	103,164	-	30,844	2,075,395
Income from assets managed by others	-	-	-	-	209,779	209,779
Other	849,667	1,087	2,261	-	1,007,623	1,860,638
Total revenues	44,216,315	6,491,457	2,172,369	6,202,727	7,515,012	66,597,880
<b>EXPENDITURES</b>						
Current						
Public representation services	2,236,695	-	-	-	-	2,236,695
Administrative services	1,138,987	-	-	-	-	1,138,987
Financial services	7,338,382	-	-	-	-	7,338,382
Public safety	19,325,670	-	-	-	-	19,325,670
Public works	4,427,758	-	-	-	32,964	4,460,722
Highways, streets and bridges	-	4,983,303	-	-	3,435,457	8,418,760
Community and economic development	1,372,214	-	-	-	-	1,372,214
Culture and recreation	3,916,395	-	2,691,047	-	667,874	7,275,316
General administration	713,862	-	-	-	-	713,862
Debt service						
Principal	1,204,962	-	-	-	320,000	1,524,962
Interest and fees	328,785	-	-	-	596,645	925,430
Capital outlay	926,102	-	244,251	6,155,044	5,934,885	13,260,282
Total expenditures	42,929,812	4,983,303	2,935,298	6,155,044	10,987,825	67,991,282
Excess of revenues over (under) expenditures	1,286,503	1,508,154	(762,929)	47,683	(3,472,813)	(1,393,402)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	-	-	-	-	2,657,814	2,657,814
Transfers in	34,663	13,020	760,000	-	2,362,920	3,170,603
Transfers out	(1,162,920)	(2,200,000)	-	(47,683)	(60,000)	(3,470,603)
Total other financing sources (uses)	(1,128,257)	(2,186,980)	760,000	(47,683)	4,960,734	2,357,814
Net change in fund balances	158,246	(678,826)	(2,929)	-	1,487,921	964,412
Fund balances at beginning of year	9,589,228	5,783,797	81,154	1,547	5,793,350	21,249,076
Fund balances at end of year	<b>\$ 9,747,474</b>	<b>\$ 5,104,971</b>	<b>\$ 78,225</b>	<b>\$ 1,547</b>	<b>\$ 7,281,271</b>	<b>\$ 22,213,488</b>

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, 2025

Net change in fund balances—total governmental funds \$ 964,412

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	\$ (5,843,671)	
Capital outlay	<u>6,164,915</u>	321,244

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		120,000
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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.

Repayment of principal on long-term debt		1,524,962
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Changes in accrual of interest and amortization of premiums and discounts		
Change in accrued interest payable	8,900	
Amortization of premiums and discounts	<u>93,900</u>	102,800

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	325,000	
Change in net pension liability and related deferred outflows/inflows of resources	(51,365)	
Change in net other post employment benefits liability and related deferred outflows/inflows of resources	<u>1,683,743</u>	1,957,378

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	525,152	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(369,414)</u>	<u>155,738</u>

Change in net position of governmental activities		<u><u>\$ 5,146,534</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, 2025

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Sewer</b>	<b>Water</b>	<b>Marina and Launch Ramp</b>	<b>Total</b>	
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 5,972,262	\$ -	\$ 915,563	\$ 6,887,825	\$ 4,828,945
Receivables					
Accounts	2,002,704	1,743,570	4,352	3,750,626	678,649
Leases	-	119,230	-	119,230	-
Due from other governmental units	-	1,059,398	-	1,059,398	-
Inventories	148,326	412,809	-	561,135	12,738
Prepaid items	62,909	90,430	3,035	156,374	489,726
Total current assets	8,186,201	3,425,437	922,950	12,534,588	6,010,058
Noncurrent assets					
Restricted cash and investments	170,000	791,000	-	961,000	-
Leases receivable, less amounts due within one year	-	7,353,721	-	7,353,721	-
Capital assets					
Land	16,188	103,500	22,562	142,250	65,000
Land improvements	-	120,713	1,940,544	2,061,257	301,715
Buildings, improvements and systems	46,602,391	91,911,900	2,535,088	141,049,379	1,668,215
Machinery and equipment	237,141	3,116,030	60,620	3,413,791	11,888,024
Construction in progress	457,534	6,675,033	-	7,132,567	-
Less accumulated depreciation	(15,071,751)	(53,950,948)	(3,880,644)	(72,903,343)	(10,512,127)
Net capital assets	32,241,503	47,976,228	678,170	80,895,901	3,410,827
Net other postemployment benefits asset	63,768	212,560	-	276,328	170,048
Total noncurrent assets	32,475,271	56,333,509	678,170	89,486,950	3,580,875
Total assets	40,661,472	59,758,946	1,601,120	102,021,538	9,590,933
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	89,382	297,939	-	387,321	238,351
Related to other postemployment benefits	3,312	11,041	-	14,353	8,832
Total deferred outflows of resources	92,694	308,980	-	401,674	247,183
Total assets and deferred outflows of resources	40,754,166	60,067,926	1,601,120	102,423,212	9,838,116

The accompanying notes are an integral part of this statement.

City of Muskegon  
**STATEMENT OF NET POSITION—CONTINUED**  
Proprietary Funds  
June 30, 2025

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Sewer</b>	<b>Water</b>	<b>Marina and Launch Ramp</b>	<b>Total</b>	
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 93,258	\$ 1,393,106	\$ 21,545	\$ 1,507,909	\$ 959,443
Accrued liabilities	60,138	72,790	2,468	135,396	39,440
Due to other governmental units	877,881	5,504	-	883,385	7,600
Due to other funds	-	223,438	-	223,438	-
Unearned revenues—prepaid fees	-	-	115,619	115,619	-
Bonds and other obligations, due within one year	503,422	1,142,700	1,000	1,647,122	-
Total current liabilities	1,534,699	2,837,538	140,632	4,512,869	1,006,483
Noncurrent liabilities					
Bonds and other obligations, less amounts due within one year	9,069,441	6,624,392	11,000	15,704,833	-
Net pension liability	697,248	2,324,160	-	3,021,408	1,859,328
Total noncurrent liabilities	9,766,689	8,948,552	11,000	18,726,241	1,859,328
Total liabilities	11,301,388	11,786,090	151,632	23,239,110	2,865,811
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to leases	-	7,472,951	-	7,472,951	-
Total liabilities and deferred inflows of resources	11,301,388	19,259,041	151,632	30,712,061	2,865,811
<b>NET POSITION</b>					
Net investment in capital assets	22,705,703	39,278,026	678,170	62,661,899	3,410,827
Restricted					
Debt service	95,400	756,200	-	851,600	-
Other postemployment benefits	63,768	212,560	-	276,328	170,048
Unrestricted	6,587,907	562,099	771,318	7,921,324	3,391,430
Total net position	<b>\$ 29,452,778</b>	<b>\$ 40,808,885</b>	<b>\$ 1,449,488</b>	71,711,151	<b>\$ 6,972,305</b>
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				1,452,507	
Net position of business-type activities				<b>\$ 73,163,658</b>	

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, 2025

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Sewer</b>	<b>Water</b>	<b>Marina and Launch Ramp</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 10,359,263	\$ 11,181,555	\$ 327,222	\$ 21,868,040	\$ 11,289,536
Other	189,176	360,106	2,581	551,863	2,984,061
Total operating revenues	<u>10,548,439</u>	<u>11,541,661</u>	<u>329,803</u>	<u>22,419,903</u>	<u>14,273,597</u>
<b>OPERATING EXPENSES</b>					
Administration	858,288	1,834,732	12,067	2,705,087	1,374,855
Insurance premiums and claims	-	-	-	-	7,106,744
Wastewater treatment	5,104,696	-	-	5,104,696	-
Wastewater maintenance	3,033,445	-	-	3,033,445	-
Filtration plant operations	-	3,100,312	-	3,100,312	-
Water distribution	-	3,826,478	-	3,826,478	-
Other operations	-	-	418,556	418,556	4,639,904
Depreciation	866,020	2,232,084	100,794	3,198,898	666,816
Total operating expenses	<u>9,862,449</u>	<u>10,993,606</u>	<u>531,417</u>	<u>21,387,472</u>	<u>13,788,319</u>
Operating income (loss)	685,990	548,055	(201,614)	1,032,431	485,278
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	29,562	91,439	1,603	122,604	23,099
Gain (loss) on sale of capital assets	-	-	-	-	16,775
Interest expense	(166,812)	(127,086)	-	(293,898)	-
Bond issuance costs	-	(17,746)	-	(17,746)	-
Total nonoperating revenue (expenses)	<u>(137,250)</u>	<u>(53,393)</u>	<u>1,603</u>	<u>(189,040)</u>	<u>39,874</u>
Income (loss) before capital contributions and transfers	548,740	494,662	(200,011)	843,391	525,152
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital grants and contributions	-	3,055,637	-	3,055,637	-
Transfers in	-	-	300,000	300,000	-
Total capital contributions and transfers	<u>-</u>	<u>3,055,637</u>	<u>300,000</u>	<u>3,355,637</u>	<u>-</u>
Change in net position	548,740	3,550,299	99,989	4,199,028	525,152
Net position at beginning of year, as previously reported	28,891,313	37,324,673	1,347,930	67,563,916	6,202,165
Adjustments to beginning net position	12,725	(66,087)	1,569	(51,793)	244,988
Net position at beginning of year, as restated	<u>28,904,038</u>	<u>37,258,586</u>	<u>1,349,499</u>	<u>67,512,123</u>	<u>6,447,153</u>
Net position at end of year	<u><b>\$ 29,452,778</b></u>	<u><b>\$ 40,808,885</b></u>	<u><b>\$ 1,449,488</b></u>	<u><b>\$ 71,711,151</b></u>	<u><b>\$ 6,972,305</b></u>
Net change in net position for total enterprise funds				\$ 4,199,028	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>369,414</u>	
Change in net position of business-type activities				<u><b>\$ 4,568,442</b></u>	

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, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 10,244,093	\$ 11,421,123	\$ 321,882	\$ 21,987,098	\$ 127,269
Receipts from interfund services provided	81,963	271,070	-	353,033	11,289,536
Other receipts	-	-	-	-	2,479,992
Payments to suppliers	(6,678,736)	(4,189,855)	(284,029)	(11,152,620)	(9,138,727)
Payments to employees	(1,052,755)	(3,010,737)	(108,795)	(4,172,287)	(2,788,508)
Payments for interfund services used	(1,338,993)	(1,792,812)	(35,784)	(3,167,589)	(931,623)
Net cash provided by (used for) operating activities	1,255,572	2,698,789	(106,726)	3,847,635	1,037,939
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	300,000	300,000	-
Interfund borrowing	-	(1,286,168)	-	(1,286,168)	-
Advances to component units	-	-	-	-	102,548
Net cash provided by (used for) noncapital financing activities	-	(1,286,168)	300,000	(986,168)	102,548
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from long-term debt	1,711,584	1,250,427	-	2,962,011	-
Issuance costs on long-term debt	-	(17,746)	-	(17,746)	-
Capital grants and contributions	708,884	3,654,629	-	4,363,513	-
Purchases of capital assets	(1,972,708)	(5,158,954)	(17,140)	(7,148,802)	(730,416)
Principal paid on capital debt	(485,000)	(1,093,130)	-	(1,578,130)	-
Interest paid on capital debt	(167,912)	(131,286)	-	(299,198)	-
Proceeds from sale of capital assets	-	-	-	-	16,775
Net cash provided by (used for) capital and related financing activities	(205,152)	(1,496,060)	(17,140)	(1,718,352)	(713,641)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Investment earnings	29,562	91,439	1,603	122,604	23,099
Net increase (decrease) in cash and investments	1,079,982	8,000	177,737	1,265,719	449,945
Cash and investments at beginning of year	5,062,280	783,000	737,826	6,583,106	4,379,000
Cash and investments at end of year	<b>\$ 6,142,262</b>	<b>\$ 791,000</b>	<b>\$ 915,563</b>	<b>\$ 7,848,825</b>	<b>\$ 4,828,945</b>
Reconciliation of cash and investments to the Statement of Net Position					
Cash and investments	\$ 5,972,262	\$ -	\$ 915,563	\$ 6,887,825	\$ 4,828,945
Restricted cash and investments	170,000	791,000	-	961,000	-
	<b>\$ 6,142,262</b>	<b>\$ 791,000</b>	<b>\$ 915,563</b>	<b>\$ 7,848,825</b>	<b>\$ 4,828,945</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 685,990	\$ 548,055	\$ (201,614)	\$ 1,032,431	\$ 485,278
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	866,020	2,232,084	100,794	3,198,898	666,816
Change in assets and liabilities					
Receivables	(222,383)	150,532	2,048	(69,803)	(376,800)
Inventories	(3,593)	29,258	-	25,665	(7,311)
Prepaid items	(1,429)	990	47	(392)	(149,185)
Accounts payable	(62,589)	(210,729)	(8,309)	(281,627)	483,171
Unearned revenues	-	-	(9,969)	(9,969)	-
Accrued liabilities	(6,444)	(51,401)	10,277	(47,568)	(64,030)
Net cash provided by (used for) operating activities	<b>\$ 1,255,572</b>	<b>\$ 2,698,789</b>	<b>\$ (106,726)</b>	<b>\$ 3,847,635</b>	<b>\$ 1,037,939</b>

The accompanying notes are an integral part of this statement.

City of Muskegon  
**STATEMENT OF NET POSITION**  
 Fiduciary Funds  
 June 30, 2025

	<b>Other Post- Employment Benefits Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 1,066,476
MERS Total Market Portfolio	28,489,873	-
Accounts receivable	-	167,308
Total assets	28,489,873	1,233,784
<b>LIABILITIES</b>		
Accounts payable	-	5,310
Due to other governmental units	-	1,004,618
Deposits held for others	-	223,856
Total liabilities	-	1,233,784
<b>NET POSITION</b>		
Restricted for individuals, organizations, and other governments	<b>\$ 28,489,873</b>	<b>\$ -</b>

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, 2025

	<b>Other Post- Employment Benefits Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Tax collections for other governments	\$ -	\$ 30,044,200
Other collections for third parties	-	10,647,046
Employer contributions	1,775,879	-
Net investment income (loss)	2,588,321	-
Total additions	4,364,200	40,691,246
<b>DEDUCTIONS</b>		
Payment of taxes to other governments	-	30,044,200
Other payments to third parties	-	10,647,046
Benefit payments	2,277,224	-
Administrative expenses	62,949	-
Total deductions	2,340,173	40,691,246
Change in net position	2,024,027	-
Net position at beginning of year	26,465,846	-
Net position at end of year	<b>\$ 28,489,873</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

City of Muskegon  
**STATEMENT OF NET POSITION**  
Discretely Presented Component Units  
June 30, 2025

	<b>Local Development Finance Authority - SmartZone</b>	<b>Downtown Development Authority</b>	<b>Tax Increment Finance Authority</b>	<b>Lakeside Corridor Improvement Authority</b>	<b>Brownfield Redevelopment Authorities</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ 236,629	\$ 518,734	\$ 38,922	\$ 60,120	\$ -	\$ 854,405
Accounts receivable	-	17,912	-	-	-	17,912
Total current assets	236,629	536,646	38,922	60,120	-	872,317
Noncurrent assets						
Capital assets, net						
Nondepreciable	400,000	-	-	-	-	400,000
Depreciable	71,937	-	-	-	-	71,937
Total noncurrent assets	471,937	-	-	-	-	471,937
Total assets	708,566	536,646	38,922	60,120	-	1,344,254
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	-	80,123	-	-	133,849	213,972
Accrued liabilities	1,400	1,493	-	-	-	2,893
Due to other governmental units	-	67	-	-	-	67
Bonds and other obligations, due within one year	285,000	-	-	-	-	285,000
Total current liabilities	286,400	81,683	-	-	133,849	501,932
Noncurrent liabilities						
Advances from primary government	-	-	-	-	117,833	117,833
Total liabilities	286,400	81,683	-	-	251,682	619,765
<b>NET POSITION</b>						
Net investment in capital assets	186,937	-	-	-	-	186,937
Unrestricted	235,229	454,963	38,922	60,120	(251,682)	537,552
Total net position	<b>\$ 422,166</b>	<b>\$ 454,963</b>	<b>\$ 38,922</b>	<b>\$ 60,120</b>	<b>\$ (251,682)</b>	<b>\$ 724,489</b>

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, 2025

	Net (Expense) Revenue and Changes in Net Position										
	Program Revenue		Local Development Finance Authority - SmartZone		Tax Increment Finance Authority		Lakeside Corridor Improvement Authority		Brownfield Redevelopment Authorities		Total
	Operating Grants and Contributions	Capital Grants and Contributions	SmartZone	Authority -	Downtown Development Authority	Finance Authority	Improvement Authority	Redevelopment Authorities	Total		
<b>Functions/Programs</b>	<b>Expenses</b>										
Local Development Finance Authority—SmartZone	\$ 172,648	\$ -	\$ (172,648)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (172,648)	
Community and economic development	8,452	-	191,548	-	-	-	-	-	-	191,548	
Interest on long-term debt											
Total Local Development Finance Authority—SmartZone	181,100	-	200,000	18,900	-	-	-	-	-	18,900	
Downtown Development Authority											
Community and economic development	659,735	134,982	-	-	(524,753)	-	-	-	-	(524,753)	
Interest on long-term debt											
Tax Increment Finance Authority											
Community and economic development	50,000	-	-	-	-	(50,000)	-	-	-	(50,000)	
Interest on long-term debt											
Lakeside Corridor Improvement Authority											
Community and economic development	6,374	-	-	-	-	-	(6,374)	-	-	(6,374)	
Interest on long-term debt											
Brownfield Redevelopment Authorities											
Community and economic development	967,750	-	-	-	-	-	-	(967,750)	-	(967,750)	
Interest on long-term debt	3,759	-	-	-	-	-	-	(3,759)	-	(3,759)	
Total Brownfield Redevelopment Authorities	971,509	-	-	-	-	-	-	(971,509)	-	(971,509)	
Total discretely presented component units	<b>\$ 1,868,718</b>	<b>\$ 134,982</b>	<b>\$ 200,000</b>	<b>18,900</b>	<b>(524,753)</b>	<b>(50,000)</b>	<b>(6,374)</b>	<b>(971,509)</b>	<b>(1,533,736)</b>		
General revenues											
Property taxes			250,064		516,659	48,776	36,584	1,245,898		2,097,981	
Grants and contributions not restricted to specific programs			3,136		-	9,497	-	25,958		38,591	
Unrestricted investment income			357		2,071	136	160	1,204		3,928	
Total general revenues			253,557		518,730	58,409	36,744	1,273,060		2,140,500	
Change in net position			272,457		(6,023)	8,409	30,370	301,551		606,764	
Net position at beginning of year			149,709		460,986	30,513	29,750	(553,233)		117,725	
Net position at end of year			<b>\$ 422,166</b>		<b>\$ 454,963</b>	<b>\$ 38,922</b>	<b>\$ 60,120</b>	<b>\$ (251,682)</b>		<b>\$ 724,489</b>	

The accompanying notes are an integral part of this statement.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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 nine 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, Sweetwater, Adelaide Pointe, and Highpoint Flats. 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, 2025

**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, 2025, 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, 2024, the date of its latest audited financial statements is as follows:

Total assets and deferred outflows of resources	\$ 5,252,054	
Total liabilities and deferred inflows of resources	(692,609)	
Total net position	<b>\$ 4,559,445</b>	
Total operating income	\$ 3,070,802	
Total operating expenses	(2,639,205)	
Total nonoperating revenues	1,334	
Change in net position	<b>\$ 432,931</b>	

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025

**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 remit resources collected for the benefit of others, including property taxes, escrows, and similar deposits.

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, 2025

**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, 2025

**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, 2025

**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 (asset), 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 deferred inflows from leases. These amounts are long-term leases entered into 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, 2025

**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, 2025

**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 2024 state taxable value for real/personal property of the City totaled approximately \$819,300,000 of which approximately \$61,690,000 was captured by the component units. The ad valorem taxes levied consisted of 9.6127, 2.8838 and .0605 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 2024 financial statements have been reclassified to conform to the 2025 presentation.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025, actual expenditures exceeded appropriations for:

	<b>Final Budget</b>	<b>Actual</b>
Major Street and Trunkline Fund	\$ 4,688,483	\$ 4,983,303
Trinity Health Arena Fund	2,826,498	2,935,298

These over-expenditures were funded with available fund balance.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE C—DEPOSITS AND INVESTMENTS**

As of June 30, 2025, the City had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Months)</b>	<b>S&amp;P</b>	<b>Percent</b>
Money market funds	\$ 151,460	1	not rated	0.2 %
Negotiable certificates of deposit	991,520	16	not rated	2.0
U.S. agency obligations	11,066,543	159	AA+	22.0
Local units of government obligations	99,470	2	A to AA	0.2
External investment pool	9,555,534	3	AAA	19.0
MERS investment funds	28,489,873	N/A	not rated	56.6
Total fair value	<b><u>\$ 50,354,400</u></b>			<b><u>100.0 %</u></b>
Portfolio weighted average maturity		<b><u>N/A</u></b>		

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:

<b>Security</b>	<b>Percent of Total Investments</b>
Federal Home Loan Mortgage Corporation obligations	5.5%
Government National Mortgage Association obligations	5.7%
Federal National Mortgage Association obligations	10.7%

***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, 2025, \$14,007,479 of the City's bank balance of \$14,507,479 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, 2025

**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, 2025, restricted cash and investments in the Sewer and Water Fund of \$170,000 and \$791,000, 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 seven 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, 2025

**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.

***Celebration Square Splash Pad 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 costs related to the Celebration Square Splash Pad 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, 2025 follows:

	Lakeshore Trails Improvement Fund	Cemetery Perpetual Care Fund	Marquette and Elliot Park Fund	Staley Charity Fund	Muskegon Parks Fund	Events and Sponsorships Fund	Celebration Square Splash Pad Fund	Totals
<b>Revenues</b>								
Contributions	\$ 1,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 6,426
Dividends and interest	2,347	42,663	2,739	13,968	772	200	841	63,530
Realized and unrealized gain (loss) on investments	8,935	173,960	11,174	55,125	2,916	-	2,653	254,763
	12,708	216,623	13,913	69,093	3,688	200	8,494	324,719
<b>Expenses</b>								
Grants and scholarships	13,106	-	-	37,600	4,659	21,250	12,000	88,615
Administration fees	795	10,593	1,788	6,124	274	300	274	20,148
Revenues over expenses	(1,193)	206,030	12,125	25,369	(1,245)	(21,350)	(3,780)	215,956
Total assets at beginning of year	90,526	1,594,960	102,941	531,587	29,868	23,447	29,635	2,402,964
Total assets at end of year	89,333	1,800,990	115,066	556,956	28,623	2,097	25,855	2,618,920
Less assets recorded as those of the Foundation	(69,463)	-	(115,066)	(556,956)	(21,322)	(2,097)	(25,855)	(790,759)
Assets reported on the Balance Sheet/Statement of Net Position	<b>\$ 19,870</b>	<b>\$ 1,800,990</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,301</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,828,161</b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE D—ASSETS MANAGED BY OTHERS—Continued**

**Summary of the Community Foundation Funds—Continued**

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

**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, 2025.

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

***Negotiable certificates of deposit, U.S. agency obligations, and local units of government obligations:*** 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, 2025

**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, 2025:

	<b>Assets at Fair Value as of June 30, 2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ -	\$ 151,460	\$ -	\$ 151,460
Negotiable certificates of deposit	991,520	-	-	991,520
U.S. agency obligations	11,066,543	-	-	11,066,543
Local units of government obligations	99,470	-	-	99,470
External investment pools	-	9,555,534	-	9,555,534
MERS investment funds	-	28,489,873	-	28,489,873
Assets managed by others	-	1,828,161	-	1,828,161
<b>Total assets at fair value</b>	<b>\$ 12,157,533</b>	<b>\$ 40,025,028</b>	<b>\$ -</b>	<b>\$ 52,182,561</b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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 \$218,200, 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 \$72,900, 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 \$63,900, 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 annual payments totaling approximately \$447,300, 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.

**Pere Marquette Beach**

The City leases the right to use property at Pere Marquette Beach 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 \$10,900, increasing by 10 percent each renewal period.

**Great Lakes Naval Memorial and Museum**

The City leases the right to use property to a third party as part of an agreement with a term of 30 years and with the option to renew for another 30 years. The City receives payments annually of approximately \$15,000.

For the year ended June 30, 2025, the City recognized \$382,816 and \$126,784 in lease revenue for governmental activities and business-type activities, respectively. For the year ended June 30, 2025, the City also recognized \$227,069 and \$91,439 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, 2025, the balances of these deferred inflows of resources were \$7,858,774 and \$7,472,951 for governmental activities and business-type activities, respectively.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE F—LEASES RECEIVABLE—Continued**

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

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 380,611	\$ 230,929	\$ 119,230	\$ 144,666
2027	403,261	216,158	129,008	142,466
2028	476,069	200,201	119,134	140,148
2029	493,274	183,044	108,593	138,123
2030	509,886	165,264	117,740	136,018
2031-2035	1,214,753	661,249	739,770	641,992
2036-2040	1,091,926	526,414	1,031,869	559,209
2041-2045	1,290,210	358,753	1,165,295	449,278
2046-2050	1,123,726	212,686	1,178,963	339,141
2051-2055	601,327	91,294	1,509,069	203,491
2056-2060	202,804	18,029	1,254,280	57,372
2061-2065	70,927	4,074	-	-
	<b>\$ 7,858,774</b>	<b>\$ 2,868,095</b>	<b>\$ 7,472,951</b>	<b>\$ 2,951,904</b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE G—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 was as follows:

	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2025</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 14,835,602	\$ -	\$ -	\$ 14,835,602
Construction in progress	3,699,703	2,812,538	4,231,449	2,280,792
Total capital assets, not being depreciated	18,535,305	2,812,538	4,231,449	17,116,394
<b>Capital assets, being depreciated:</b>				
Land improvements	9,451,789	416,680	-	9,868,469
Buildings and improvements	62,163,869	1,464,322	-	63,628,191
Furniture, vehicles and equipment	21,779,458	2,765,527	91,849	24,453,136
Infrastructure	80,505,893	3,667,713	-	84,173,606
Shared improvements	6,905,293	-	-	6,905,293
Total capital assets, being depreciated	180,806,302	8,314,242	91,849	189,028,695
<b>Less accumulated depreciation:</b>				
Land improvements	2,931,072	306,605	-	3,237,677
Buildings and improvements	22,303,765	1,240,955	-	23,544,720
Furniture, vehicles and equipment	14,718,301	1,328,597	91,849	15,955,049
Infrastructure	46,246,237	3,567,911	-	49,814,148
Shared improvements	6,144,049	66,419	-	6,210,468
Total accumulated depreciation	92,343,424	6,510,487	91,849	98,762,062
Total capital assets, being depreciated, net	88,462,878	1,803,755	-	90,266,633
Capital assets, net	<b>\$ 106,998,183</b>	<b>\$ 4,616,293</b>	<b>\$ 4,231,449</b>	<b>\$ 107,383,027</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 142,250	\$ -	\$ -	\$ 142,250
Construction in progress	12,209,738	7,861,949	12,939,120	7,132,567
Total capital assets, not being depreciated	12,351,988	7,861,949	12,939,120	7,274,817
<b>Capital assets, being depreciated:</b>				
Land improvements	2,044,117	17,140	-	2,061,257
Buildings, improvements and systems	128,762,853	12,286,526	-	141,049,379
Machinery and equipment	3,413,791	-	-	3,413,791
Total capital assets, being depreciated	134,220,761	12,303,666	-	146,524,427
<b>Less accumulated depreciation:</b>				
Land improvements	1,885,518	13,211	-	1,898,729
Buildings, improvements and systems	64,707,407	3,117,427	-	67,824,834
Machinery and equipment	3,111,520	68,260	-	3,179,780
Total accumulated depreciation	69,704,445	3,198,898	-	72,903,343
Total capital assets, being depreciated, net	64,516,316	9,104,768	-	73,621,084
Capital assets, net	<b>\$ 76,868,304</b>	<b>\$ 16,966,717</b>	<b>\$ 12,939,120</b>	<b>\$ 80,895,901</b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE G—CAPITAL ASSETS—Continued**

**Depreciation**

Depreciation expense was charged to functions as follows:

**Governmental activities:**

Public representation services	\$ 11,104
Financial services	21,542
Public safety	418,499
Public works	79,429
Highways, streets and bridges	3,763,619
Community and economic development	173,132
Culture and recreation	1,348,574
General administration	27,772
Internal Service Fund depreciation	666,816
	<b>\$ 6,510,487</b>

**Business-type activities:**

Sewer	\$ 866,020
Water	2,232,084
Marina and Launch Ramp	100,794
	<b>\$ 3,198,898</b>

	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2025</b>
<b>Component units:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
<b>Capital assets, being depreciated:</b>				
Building and improvements	3,798,258	-	-	3,798,258
<b>Less accumulated depreciation:</b>				
Building and improvements	3,553,673	172,648	-	3,726,321
Total capital assets, being depreciated, net	244,585	(172,648)	-	71,937
Capital assets, net	<b>\$ 644,585</b>	<b>\$ (172,648)</b>	<b>\$ -</b>	<b>\$ 471,937</b>

Depreciation expense was charged to economic development.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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

**Due To/From Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Trinity Health Arena Fund	\$ 314,756
General Fund	Lead Abatement Fund	159,070
General Fund	Healthy Homes Fund	194,111
General Fund	Community Development Block Grant Fund	103,324
General Fund	Water Fund	<u>223,438</u>
		<b><u>\$ 994,699</u></b>

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

**Interfund Transfers:**

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	\$ 34,663	State Grants Fund	\$ 34,663
Major Street and Trunkline Fund	13,020	State Grants Fund	13,020
Local Streets Fund	92,000	General Fund	92,000
Local Streets Fund	2,200,000	Major Street and Trunkline Fund	2,200,000
Farmer's Market and Kitchen 242 Fund	7,000	General Fund	7,000
Farmer's Market and Kitchen 242 Fund	60,000	Senior Millage Fund	60,000
Trinity Health Arena Fund	760,000	General Fund	760,000
Lakeshore BID Fund	3,920	General Fund	3,920
Marina and Launch Ramp Fund	<u>300,000</u>	General Fund	<u>300,000</u>
	<b><u>\$ 3,470,603</u></b>		<b><u>\$ 3,470,603</u></b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS—Continued**

The General Fund transferred funds to the Trinity Health Arena Fund, Local Streets, Farmer’s Market and Kitchen 242 Fund, Lakeshore BID Fund, and Marina and Launch Ramp Fund for operation subsidies. The State Grants Fund transferred funds to the General Fund and the Major Street and Trunkline 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, 2025.

	<b>Balance</b> <b>July 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2025</b>
<b>Governmental activities:</b>				
Short-term note	\$ 549,995	\$ -	\$ 549,995	\$ -

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

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025.

	<b>Balance July 1, 2024, as restated</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2025</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Public placement debt					
General obligation debt	\$ 26,505,000	\$ -	\$ 1,100,000	\$ 25,405,000	\$ 1,140,000
Discount	(113,650)	-	(7,200)	(106,450)	-
Premium	602,827	-	101,100	501,727	-
Direct borrowings and direct placements					
Installment purchase agreements	1,218,703	-	424,962	793,741	436,000
Compensated absences*	3,777,000	-	325,000	3,452,000	345,000
Governmental activities long-term liabilities	<b>\$ 31,989,880</b>	<b>\$ -</b>	<b>\$ 1,943,862</b>	<b>\$ 30,046,018</b>	<b>\$ 1,921,000</b>
<b>Business-type activities:</b>					
Public placement debt					
Revenue obligations	\$ 15,613,476	\$ 2,869,609	\$ 1,578,130	\$ 16,904,955	\$ 1,602,122
Compensated absences*	394,000	53,000	-	447,000	45,000
Business-type activities long-term liabilities	<b>\$ 16,007,476</b>	<b>\$ 2,922,609</b>	<b>\$ 1,578,130</b>	<b>\$ 17,351,955</b>	<b>\$ 1,647,122</b>
<b>Component units:</b>					
Public placement debt					
General obligation debt	\$ 560,000	\$ -	\$ 275,000	\$ 285,000	\$ 285,000
Premium	2,824	-	2,824	-	-
Component unit long- term liabilities	<b>\$ 562,824</b>	<b>\$ -</b>	<b>\$ 277,824</b>	<b>\$ 285,000</b>	<b>\$ 285,000</b>

\*The change in the compensated absences liability is presented as a net change

**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, 2025

**NOTE J—LONG-TERM DEBT—Continued**

**Public Placement Debt—Continued**

General obligation debt outstanding as of June 30, 2025 is as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>General obligation debt:</b>				
<b>Governmental activities:</b>				
2016 Limited Tax General Obligation Refunding Bonds	\$ 4,535,000	3% - 4%	October 2032	\$ 2,590,000
2019 Capital Improvement Bonds	19,420,000	1.93% - 3.58%	December 2049	18,170,000
2020A Capital Improvement Bonds	4,325,000	2.5% - 5%	October 2040	2,940,000
2020B Capital Improvement Bonds	2,055,000	.68% - 3.2%	October 2041	<u>1,705,000</u>
				<u><b>\$ 25,405,000</b></u>
<b>Component units:</b>				
2012 LDFA Tax Increment Refunding Bonds	\$ 4,100,000	3%	November 2025	<u><b>\$ 285,000</b></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, 2025 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Revenue obligations:</b>				
<b>Business-type activities:</b>				
2004 Drinking Water State Revolving Fund	\$ 13,900,000	2.13%	October 2025	\$ 840,000
2019 Water Supply System Junior Lien Bond	1,600,000	2%	October 2025	1,325,000
2019 Sanitary Sewer System Junior Lien Bond	2,875,000	2%	October 2033	2,385,000
2020 Water Supply System Junior Lien Bond	3,844,750	2%	April 2041	2,845,390
2020 Sanitary Sewer System Junior Lien Bond	3,772,000	2%	April 2041	3,078,498
2022B Water Supply System Junior Lien Bond	240,000	1.88%	October 2045	240,000
2022 Sanitary Sewer System Junior Lien Bond	2,646,022	1.88%	October 2043	2,528,022
2022A Water Supply System Junior Lien Bond	1,037,748	1.88%	October 2045	989,618
2023 Sanitary Sewer System Junior Lien Bond	1,551,343	1.88%	October 2044	1,471,343
2023 Water Supply System Junior Lien Bond	886,405	1.88%	April 2046	886,405
2024 Water Supply System Junior Lien Bond	315,679	2%	April 2047	<u>315,679</u>
				<u><b>\$ 16,904,955</b></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 30 percent of net revenues through 2025. The total principal and interest remaining to be paid on the bond is \$848,925. Principal and interest paid for the year ended June 30, 2025 and total customer net revenues were \$851,616 and \$2,871,578, respectively.

During the year ended June 30, 2025, revenue obligations were forgiven and recognized as capital grants and contributions in the Water Fund for \$2,361,757.

The City was in compliance in all material respects with all the revenue bond ordinances at June 30, 2025.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Installment purchase agreements:</b>				
<b>Governmental activities:</b>				
2021 Equipment Installment Loan	\$ 1,370,873	1.78%	October 2025	\$ 354,260
2023 Equipment Installment Loan	761,603	4.40%	March 2028	439,481
				<u><u>\$ 793,741</u></u>

For governmental activities, pension liabilities (i.e. net pension and OPEB liabilities), claims and judgments 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, 2025 was approximately \$737,600. 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, 2025 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>
2026	\$ 1,140,000	\$ 856,998	\$ 436,490	\$ 20,218	\$ 1,602,122	\$ 318,374
2027	1,180,000	817,356	232,082	9,571	892,654	292,013
2028	1,220,000	773,695	125,169	2,306	1,117,126	270,436
2029	1,270,000	727,804	-	-	1,051,797	250,060
2030	1,320,000	679,518	-	-	956,122	231,720
2031-2035	4,645,000	2,827,784	-	-	4,766,483	878,227
2036-2040	4,170,000	2,200,986	-	-	4,825,615	422,686
2041-2045	4,640,000	1,450,500	-	-	1,678,036	48,916
2046-2050	5,820,000	542,370	-	-	15,000	-
	<u><u>\$ 25,405,000</u></u>	<u><u>\$ 10,877,011</u></u>	<u><u>\$ 793,741</u></u>	<u><u>\$ 32,095</u></u>	<u><u>\$ 16,904,955</u></u>	<u><u>\$ 2,712,432</u></u>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE J—LONG-TERM DEBT—Continued**

<b>Year Ending June 30,</b>	<b>Component Units</b>	
	<b>Public Placement Debt</b>	
	<b>Principal</b>	<b>Interest</b>
2026	<b>\$ 285,000</b>	<b>\$ 4,275</b>

Annual debt service requirements to maturity by type of debt as of June 30, 2025 follow:

<b>Year Ending June 30,</b>	<b>General Obligation Debt</b>		<b>Revenue Obligations</b>	<b>Installment Purchase Agreements</b>
	<b>Governmental Activities</b>	<b>Component Units</b>	<b>Business-type Activities</b>	<b>Governmental Activities</b>
2026	\$ 1,996,998	\$ 289,275	\$ 1,920,496	\$ 456,708
2027	1,997,356	-	1,184,667	241,653
2028	1,993,695	-	1,387,562	127,475
2029	1,997,804	-	1,301,857	-
2030	1,999,518	-	1,187,842	-
2031-2035	7,472,784	-	5,644,710	-
2036-2040	6,370,986	-	5,248,301	-
2041-2045	6,090,500	-	1,726,952	-
2046-2050	6,362,370	-	15,000	-
	<b>\$ 36,282,011</b>	<b>\$ 289,275</b>	<b>\$ 19,617,387</b>	<b>\$ 825,836</b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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 2025 and 2024 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, 2025	\$ 296,878	\$ 461,503	\$ 357,804	\$ 400,577
June 30, 2024	651,542	147,906	502,570	296,878

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, 2025, the claims liability including incurred but not reported claims was \$162,416. 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 2025 and 2024 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, 2025	\$ 45,145	\$ 6,672,118	\$ 6,554,847	\$ 162,416
June 30, 2024	35,406	5,460,637	5,450,898	45,145

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025 with a remaining amount of approximately \$25,399,000. The majority of commitments in the Sewer and Water funds are being financed by grants and long-term debt, and the remainder are being funded with grants and available funds as follows:

<b>Fund</b>	<b>Amount</b>
General	\$ 7,223,000
Major Street and Trunkline	3,069,000
Farmers Market and Kitchen 242	3,000
DDA	17,000
Public Improvement	234,000
State Grant	653,000
Sewer	523,000
Water	13,297,000
Marina and Launch Ramp	4,000
Public Service Building	141,000
Equipment	235,000
	<b>\$ 25,399,000</b>

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, 2025, the City has committed \$382,132 of fund balance in the General Fund to this program.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025, the City abated property taxes revenues totaling \$110,913 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, 2025, the City abated property taxes revenues totaling \$365,913 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, 2025, the City abated property taxes revenues totaling \$179,081 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](http://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, 2025

**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:

	<b>Multplier</b>	<b>Vesting Period</b>	<b>Normal Retirement Age</b>	<b>Early Retirement</b>	<b>Reduced Early Retirement</b>
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, 2024 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	338
Inactive employees entitled to but not yet receiving benefits	23
Active employees	43
Total employees covered by MERS	<b>404</b>

*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, 2025, the City had a flat-dollar employer contribution to the Plan of \$4,975,764 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, 2024, 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, 2025

**NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued**

**Defined Benefit Pension Plan—Continued**

***Actuarial Assumptions***

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	6.93 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-2021.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2019 through 2023.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Target Gross Rate of Return</b>	<b>Long-Term Expected Gross Rate of Return</b>	<b>Inflation Assumption</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.0%	4.66%	0.93%	2.50%	0.43%
Private assets	<u>20.0%</u>	9.00%	<u>1.80%</u>	2.50%	<u>1.30%</u>
Total	<u><b>100.0%</b></u>		<u><b>6.93%</b></u>		<u><b>4.43%</b></u>

***Discount Rate***

The discount rate used to measure the total pension liability was 7.18 percent for 2024. 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, 2025

**NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued**

**Defined Benefit Pension Plan—Continued**

*Changes in the Net Pension Liability*

	<b>Increase (Decrease)</b>		<b>Net Pension</b>
	<b>Total Pension</b>	<b>Plan Fiduciary</b>	<b>Liability</b>
	<b>Liability (a)</b>	<b>Position (b)</b>	<b>(a)-(b)</b>
Balance at January 1, 2024	\$ 133,751,957	\$ 86,905,935	\$ 46,846,022
Changes for the year			
Service cost	451,176	-	451,176
Interest	9,247,737	-	9,247,737
Difference between expected and actual experience	808,162	-	808,162
Changes in assumptions	(130,244)	-	(130,244)
Contributions - employer	-	4,314,102	(4,314,102)
Contributions - employee	-	236,534	(236,534)
Net investment income (loss)	-	6,376,438	(6,376,438)
Administrative expenses	-	(187,502)	187,502
Benefit payments including refund of employee contributions	(10,357,946)	(10,357,946)	-
Other changes	(86)	-	(86)
Net changes	18,799	381,626	(362,827)
Balance at December 31, 2024	<b>\$ 133,770,756</b>	<b>\$ 87,287,561</b>	<b>\$46,483,195</b>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.18 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 (6.18 percent) or 1-percentage-point higher (8.18 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(6.18%)</b>	<b>Rate (7.18%)</b>	<b>(8.18%)</b>
City's net pension liability	\$ 60,407,434	\$ 46,483,195	\$ 34,717,080

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025, the City recognized pension expense of \$5,033,156. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net differences between projected and actual net investment income	\$ 3,471,680	\$ -
Contributions subsequent to the measurement date*	2,487,096	-
Total	<b>\$ 5,958,776</b>	<b>\$ -</b>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2026.

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

<b>Year Ending June 30,</b>	<b>Amount</b>
2026	\$ 1,545,068
2027	2,733,397
2028	(736,423)
2029	(70,362)

***Payables to the Pension Plan***

At June 30, 2025, the City reported a payable of \$414,516 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**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, 2025, City and employee contributions were \$1,825,047 and \$782,946, 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, 2025, forfeitures reduced the City's pension expense by \$116,979.

**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, 2025

**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:

	<b>Eligibility</b>	<b>Vesting Period</b>	<b>Normal Retirement Age</b>	<b>Early Retirement</b>
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 June 30, 2025 valuation, the following employees were covered by the benefit terms:

Active members	74
Inactive members	16
Retirees and beneficiaries	312
Total employees covered by OPEB Plan	<u><u>402</u></u>

***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, 2025, the City made payments for postemployment healthcare benefits of \$2,089,141.

***Net OPEB Liability (Asset)***

The City’s net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as June 30, 2024, which was rolled forward to June 30, 2025.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2025 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	6.93 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent for one year, then 7.5 percent graded down by .25 per year to an ultimate rate of 4.5 percent Post-Medicare: 5.5 percent for one year, then 7.5 percent graded down by .25 per year to an ultimate rate of 4.5 percent

*Mortality*

Mortality rates were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, IRS 2024 adjusted 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%	4.66%	0.93%	2.50%	0.43%
Private investments	20.0%	9.00%	1.80%	2.50%	1.30%
<b>Total</b>	<b>100.0%</b>		<b>6.93%</b>		<b>4.43%</b>

*Discount Rate*

The discount rate used to measure the total OPEB liability was 6.93 percent. The projection of cash flows used to determine the discount rate assumed that the City will first use assets to pay benefits and then pay benefits on a pay-as-you-go basis. Based on this assumption, the retirement 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 to be covered by the projected assets (the “depletion date” is not applicable to 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 June 30, 2024 the discount rate used to value OPEB liabilities was 7.00 percent.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

*Changes in the Net OPEB Liability (Asset)*

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a)-(b)</b>
	\$	\$	\$
Balance at July 1, 2024	23,886,733	26,465,846	(2,579,113)
Changes for the year			
Service cost	34,535	-	34,535
Interest	1,594,785	-	1,594,785
Difference between expected and actual experience	299,009	-	299,009
Changes of assumptions	700,827	-	700,827
Contributions - employer	-	1,775,879	(1,775,879)
Net investment income (loss)	-	2,588,321	(2,588,321)
Administrative expenses	-	(62,949)	62,949
Benefit payments including refund of employee contributions	(2,277,224)	(2,277,224)	-
Net changes	351,932	2,024,027	(1,672,095)
Balance at June 30, 2025	<b>\$ 24,238,665</b>	<b>\$ 28,489,873</b>	<b>\$ (4,251,208)</b>

Plan fiduciary net position as a percentage of total OPEB liability 117.54%

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 6.93 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.93 percent) or 1-percentage-point higher (7.93 percent) than the current rate:

	<b>1% Decrease (5.93%)</b>	<b>Current Discount Rate (6.93%)</b>	<b>1% Increase (7.93%)</b>
City's net OPEB liability (asset) \$	(1,982,153)	(4,251,208)	(6,168,988)

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability (asset) 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 (asset) 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 (asset) \$	(6,268,490)	(4,251,208)	(1,887,270)

***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 (asset), 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, 2025, the City recognized OPEB expense of \$(105,395). At June 30, 2025, 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
Differences in experience	\$ 32,037	\$ -
Changes in assumptions	75,089	-
Net difference between projected and actual net investment income	113,689	-
Total	\$ 220,815	\$ -

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**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
2026	\$ 342,373
2027	464,120
2028	(434,584)
2029	(151,094)

***Payables to the OPEB Plan***

At June 30, 2025, the City did not have a payable to the OPEB Plan.

**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](http://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. 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, 2025, City and employee contributions were \$1,115,111 and \$554,867, respectively.

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE O—CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2025, the City implemented the following new pronouncement: GASB Statement No. 101—*Compensated Absences*.

Governmental Accounting Standards Board (GASB) Statement No. 101—*Compensated Absences*, was issued by the GASB in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. See below for the impact on net position as of July 1, 2024.

	<b>Governmental Activities</b>		
	<b>Bonds and Other Obligations</b>	<b>Internal Balances</b>	<b>Net Position</b>
Balances as of July 1, 2024	\$ 31,210,004	\$ 503,448	\$ 65,574,052
Change in accounting principle	779,876	(76,935)	(856,811)
Balances as of July 1, 2024, as restated	<b>\$ 31,989,880</b>	<b>\$ 426,513</b>	<b>\$ 64,717,241</b>

	<b>Business-type Activities</b>		
	<b>Bonds and Other Obligations</b>	<b>Internal Balances</b>	<b>Net Position</b>
Balances as of July 1, 2024	\$ 15,955,683	\$ (503,448)	\$ 68,570,074
Change in accounting principle	51,793	76,935	25,142
Balances as of July 1, 2024, as restated	<b>\$ 16,007,476</b>	<b>\$ (426,513)</b>	<b>\$ 68,595,216</b>

City of Muskegon  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE O—CHANGE IN ACCOUNTING PRINCIPLE—Continued**

	<b>Sewer Fund</b>		<b>Water Fund</b>	
	<b>Bonds and Other Obligations</b>	<b>Net Position</b>	<b>Bonds and Other Obligations</b>	<b>Net Position</b>
Balances as of July 1, 2024	\$ 8,705,342	\$ 28,891,313	\$ 7,241,772	\$ 37,324,673
Change in accounting principle	(12,725)	12,725	66,087	(66,087)
Balances as of July 1, 2024, as restated	<b>\$ 8,692,617</b>	<b>\$ 28,904,038</b>	<b>\$ 7,307,859</b>	<b>\$ 37,258,586</b>

	<b>Marina and Launch Ramp Fund</b>		<b>Governmental Activities - Internal Service Funds</b>	
	<b>Bonds and Other Obligations</b>	<b>Net Position</b>	<b>Bonds and Other Obligations</b>	<b>Net Position</b>
Balances as of July 1, 2024	\$ 5,569	\$ 1,347,930	\$ 244,988	\$ 6,202,165
Change in accounting principle	(1,569)	1,569	(244,988)	244,988
Balances as of July 1, 2024, as restated	<b>\$ 4,000</b>	<b>\$ 1,349,499</b>	<b>\$ -</b>	<b>\$ 6,447,153</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE**  
 General Fund  
 For the year ended June 30, 2025  
 (with comparative actual amounts for the year ended June 30, 2024)

	2025			2024	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
<b>REVENUES</b>					
Taxes					
City income taxes	\$ 12,750,000	\$ 12,650,000	\$ 13,024,301	\$ 374,301	\$ 12,243,618
Property taxes	9,376,585	9,376,585	9,587,980	211,395	9,034,793
Excise tax distribution	654,000	700,754	700,754	-	653,283
Industrial facilities taxes	155,000	243,500	244,381	881	180,742
Payments in lieu of taxes	689,045	754,045	754,422	377	702,919
Total taxes	23,624,630	23,724,884	24,311,838	586,954	22,815,355
Licenses and permits					
Business licenses	43,500	40,000	39,505	(495)	37,410
Liquor licenses	58,000	54,000	51,092	(2,908)	70,052
Marihuana facilities licenses	150,000	160,000	155,000	(5,000)	180,000
Cable TV fees	350,000	270,000	266,262	(3,738)	312,085
Rental property registration	530,000	555,000	515,993	(39,007)	573,965
Burial permits	60,000	66,000	65,115	(885)	62,520
Building permits	1,050,000	1,285,000	1,414,736	129,736	877,387
Electrical permits	210,000	182,000	192,564	10,564	175,741
Plumbing permits	120,750	138,000	139,708	1,708	122,162
Mechanical permits	157,500	136,500	131,080	(5,420)	123,991
Vacant building fees	15,500	1,000	700	(300)	4,458
Total licenses and permits	2,745,250	2,887,500	2,971,755	84,255	2,539,771
Intergovernmental revenues					
Federal grants	636,294	802,605	788,724	(13,881)	299,779
State					
Grants	1,150,000	1,184,997	1,275,646	90,649	1,238,036
State shared revenue	5,650,382	5,450,382	5,370,129	(80,253)	5,321,361
Total intergovernmental revenues—State	6,800,382	6,635,379	6,645,775	10,396	6,559,397
Local	50,000	180,000	180,000	-	50,000

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE—CONTINUED**  
 General Fund  
 For the year ended June 30, 2025  
 (with comparative actual amounts for the year ended June 30, 2024)

	2025			2024	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Charges for services					
Tax administration fees	\$ 431,000	\$ 450,000	\$ 480,374	\$ 30,374	\$ 445,099
Utility administration fees	325,500	325,500	325,500	-	310,000
Reimbursement for elections	25,000	71,000	102,515	31,515	181
Brownfield authority admin fee	265,357	265,357	265,357	-	273,673
Indirect cost reimbursements	2,134,808	2,134,808	2,134,808	-	1,748,335
Site plan review fee	8,500	9,000	8,750	(250)	6,000
Sale of cemetery lots	35,000	32,310	34,400	2,090	31,110
Police miscellaneous	268,500	170,450	188,662	18,212	214,797
Police impound fees	35,000	35,000	26,850	(8,150)	28,410
Landlord's alert fee	45,000	45,000	26,509	(18,491)	41,010
Fire protection—state property	100,000	96,112	96,112	-	99,647
Zoning fees	15,000	45,000	45,780	780	14,850
Clerk fees	3,000	2,000	1,790	(210)	36,098
Clerk fees—passport fees	80,000	66,000	65,390	(610)	77,575
Tax abatement application fees	1,000	10,000	7,250	(2,750)	2,772
Treasurer fees	65,000	71,000	58,416	(12,584)	80,812
False alarm fees	5,000	6,550	6,495	(55)	5,511
Miscellaneous cemetery income	31,000	24,500	23,458	(1,042)	25,762
Downtown social district	42,000	5,000	2,759	(2,241)	37,925
Fire miscellaneous	9,000	2,600	3,130	530	12,547
Sanitation stickers	665,500	694,500	686,525	(7,975)	681,665
Lot cleanup fees	30,000	35,850	23,590	(12,260)	27,760
Special events reimbursements	35,000	58,000	55,248	(2,752)	31,394
Recreation program fees	68,000	65,000	64,430	(570)	36,677
Parking	860,000	950,000	1,075,325	125,325	898,404
Other charges for services	10,000	15,000	14,000	(1,000)	8,000
Total charges for services	5,593,165	5,685,537	5,823,423	137,886	5,176,014
Fines and forfeitures					
Income tax—penalty and interest	270,000	295,000	294,019	(981)	315,526
Late fees on current taxes	22,000	24,000	25,949	1,949	28,144
Interest on late invoices	24,000	21,500	21,622	122	22,220
Parking fines	200,000	315,000	320,336	5,336	179,906
Court fines	70,000	50,000	56,168	6,168	77,450
Civil infractions	10,000	18,000	18,785	785	15,520
Total fines and forfeitures	596,000	723,500	736,879	13,379	638,766
Investment earnings and rental income					
Interest income	450,000	946,200	1,037,743	91,543	1,112,306
Net increase (decrease) in the fair value of investments	150,000	260,000	324,690	64,690	175,997
City right of way rental	4,400	12,000	12,000	-	4,400
Fire station lease—Central Dispatch	465,100	465,100	340,931	(124,169)	331,837
Parking rentals	65,000	-	-	-	56,800
McGraft Park rentals	140,000	110,690	109,740	(950)	133,743
Other park rentals	51,200	88,835	83,150	(5,685)	56,391
Total investment earnings and rental income	1,325,700	1,882,825	1,908,254	25,429	1,871,474

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE—CONTINUED**  
 General Fund  
 For the year ended June 30, 2025  
 (with comparative actual amounts for the year ended June 30, 2024)

	2025			2024	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	
			Actual		Actual
<b>Other</b>					
Sale of land and assets	\$ -	\$ 77	\$ 77	\$ -	\$ -
Police sale and auction proceeds	1,100	10	394	384	2,575
CDBG program reimbursements	219,760	255,393	255,948	555	239,832
Fisherman's Landing reimbursement	25,000	26,091	26,091	-	25,625
Contributions	50,000	138,100	156,171	18,071	89,681
Contributions—Veteran's Park maintenance	40,000	24,673	24,673	-	70,026
Community Foundation for Muskegon County	10,000	11,366	11,366	-	10,979
Miscellaneous and sundry	110,000	382,718	374,947	(7,771)	404,007
Total other	455,860	838,428	849,667	11,239	842,725
Total revenues	41,827,281	43,360,658	44,216,315	855,657	40,793,281
<b>EXPENDITURES</b>					
<b>Current</b>					
Public representation services					
City commission	139,575	153,723	148,549	5,174	139,725
City promotions and public relations	113,148	113,148	103,164	9,984	147,899
City manager	883,705	914,185	898,718	15,467	943,118
Contributions to outside agencies	347,176	492,176	462,565	29,611	904,736
City attorney	450,000	626,092	623,699	2,393	609,788
Total public representation services	1,933,604	2,299,324	2,236,695	62,629	2,745,266
Administrative services					
City clerk	806,182	907,634	831,294	76,340	776,960
Civil service	324,016	332,950	307,693	25,257	300,475
Total administrative services	1,130,198	1,240,584	1,138,987	101,597	1,077,435
Financial services					
Finance administration	847,590	858,290	844,787	13,503	781,519
Assessing	421,000	461,000	459,351	1,649	443,418
Income tax administration	584,101	618,045	615,201	2,844	491,806
Information systems	946,467	925,545	864,748	60,797	736,693
City treasurer	723,396	701,070	667,771	33,299	674,083
Pension administration	3,888,096	3,888,096	3,886,524	1,572	2,851,374
Total financial services	7,410,650	7,452,046	7,338,382	113,664	5,978,893
Public safety					
Police department	12,660,509	12,610,000	12,505,384	104,616	12,057,971
Fire department	4,429,813	5,022,440	4,590,930	431,510	4,290,087
Building inspections	1,979,050	2,208,310	2,229,356	(21,046)	2,107,726
Total public safety	19,069,372	19,840,750	19,325,670	515,080	18,455,784

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE—CONTINUED**  
 General Fund  
 For the year ended June 30, 2025  
 (with comparative actual amounts for the year ended June 30, 2024)

	2025			2024	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Public works					
Street lighting	\$ 285,000	\$ 391,293	\$ 394,980	\$ (3,687)	\$ 319,762
Community event support	51,685	115,000	100,006	14,994	80,382
General sanitation	2,685,195	2,696,232	2,840,407	(144,175)	2,716,449
Storm water management	23,750	23,750	13,632	10,118	10,494
City hall maintenance	501,577	549,315	526,492	22,823	555,665
Cemeteries maintenance	549,852	555,870	552,241	3,629	583,093
Total public works	4,097,059	4,331,460	4,427,758	(96,298)	4,265,845
Community and economic development					
Planning, zoning and economic development	1,080,571	1,127,326	1,172,214	(44,888)	804,954
Edison Landing subsidy	200,000	200,000	200,000	-	200,000
Total community and economic development	1,280,571	1,327,326	1,372,214	(44,888)	1,004,954
Culture and recreation					
Parks maintenance	2,625,513	2,794,501	2,849,068	(54,567)	2,928,323
McGraft Park maintenance	140,248	131,703	115,084	16,619	154,160
General and inner city recreation programs	358,610	379,665	389,351	(9,686)	360,912
Forestry	29,000	32,210	28,305	3,905	25,254
Parking operations	471,492	452,980	522,261	(69,281)	397,388
Social district	45,000	45,000	12,326	32,674	37,581
Total culture and recreation	3,669,863	3,836,059	3,916,395	(80,336)	3,903,618
General administration					
Insurance premiums	750,000	750,000	653,400	96,600	629,859
Other	-	-	60,462	(60,462)	43,339
Total other governmental functions	750,000	750,000	713,862	36,138	673,198
Debt service					
Principal	1,204,961	1,204,961	1,204,962	(1)	1,163,802
Interest and fees	328,084	328,084	328,785	(701)	369,469
Bond issuance costs	380,000	-	-	-	-
Total debt service	1,913,045	1,533,045	1,533,747	(702)	1,533,271
Capital outlay	894,000	1,063,218	926,102	137,116	683,697
Total expenditures	42,148,362	43,673,812	42,929,812	744,000	40,321,961
Excess of revenues over (under) expenditures	(321,081)	(313,154)	1,286,503	1,599,657	471,320

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE—CONTINUED**  
 General Fund  
 For the year ended June 30, 2025  
 (with comparative actual amounts for the year ended June 30, 2024)

	<b>2025</b>			<b>2024</b>	
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>	<b>Actual</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 73,017	\$ -	\$ 34,663	\$ 34,663	\$ -
Transfers out	(1,127,000)	(1,467,000)	(1,162,920)	304,080	(900,000)
Total other financing sources (uses)	(1,053,983)	(1,467,000)	(1,128,257)	338,743	(900,000)
Net change in fund balance	<b><u>\$(1,375,064)</u></b>	<b><u>\$(1,780,154)</u></b>	158,246	<b><u>\$ 1,938,400</u></b>	(428,680)
Fund balance at beginning of year			<u>9,589,228</u>		<u>10,017,908</u>
Fund balance at end of year			<b><u>\$ 9,747,474</u></b>		<b><u>\$ 9,589,228</u></b>

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, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues				
Federal	\$ 748,530	\$ 748,530	\$ -	\$ (748,530)
State	5,468,300	5,191,589	6,457,237	1,265,648
Investment earnings	-	24,548	33,133	8,585
Other	-	531	1,087	556
Total revenues	<u>6,216,830</u>	<u>5,965,198</u>	<u>6,491,457</u>	<u>526,259</u>
<b>EXPENDITURES</b>				
Current				
Highways, streets, and bridges	6,515,710	4,688,483	4,983,303	(294,820)
Excess of revenues over (under) expenditures	(298,880)	1,276,715	1,508,154	231,439
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	13,020	13,020
Transfers out	(2,200,000)	(2,200,000)	(2,200,000)	-
Total other financing sources (uses)	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,186,980)</u>	<u>13,020</u>
Net change in fund balance	<u><b>\$ (2,498,880)</b></u>	<u><b>\$ (923,285)</b></u>	(678,826)	<u><b>\$ 244,459</b></u>
Fund balance at beginning of year			<u>5,783,797</u>	
Fund balance at end of year			<u><b>\$ 5,104,971</b></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, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 1,939,500	\$ 2,063,823	\$ 2,066,944	\$ 3,121
Investment earnings	10,000	12,500	103,164	90,664
Other	14,000	2,300	2,261	(39)
Total revenues	1,963,500	2,078,623	2,172,369	93,746
<b>EXPENDITURES</b>				
Current				
Culture and recreation	2,370,333	2,584,483	2,691,047	(106,564)
Capital outlay	-	242,015	244,251	(2,236)
Total expenditures	2,370,333	2,826,498	2,935,298	(108,800)
Excess of revenues over (under) expenditures	(406,833)	(747,875)	(762,929)	(15,054)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	420,000	760,000	760,000	-
Net change in fund balance	<u>\$ 13,167</u>	<u>\$ 12,125</u>	(2,929)	<u>\$ (15,054)</u>
Fund balance at beginning of year			<u>81,154</u>	
Fund balance at end of year			<u>\$ 78,225</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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 451,176	\$ 493,193	\$ 510,157	\$ 529,832	\$ 615,293	\$ 732,228	\$ 806,565	\$ 1,018,541	\$ 1,130,408	\$ 1,194,909
Interest	9,247,737	9,239,502	9,162,662	9,237,064	8,787,617	8,718,797	8,345,836	8,429,233	8,345,661	8,034,035
Differences between expected and actual experience	808,162	892,360	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	(130,244)	906,131	1,800,812	4,396,829	2,974,495	4,134,788	-	-	-	4,779,382
Benefit payments, including refunds of employee contributions	(10,357,946)	(9,953,374)	(9,852,666)	(9,285,923)	(9,214,462)	(8,218,689)	(7,512,608)	(6,937,544)	(6,417,825)	(6,363,249)
Other changes	(86)	2,642	(1,577,082)	-	-	-	(229,967)	(4,485,289)	-	-
Net change in total pension liability	18,799	1,580,454	1,118,700	5,134,438	5,992,242	7,197,928	5,052,218	(648,937)	1,360,447	6,998,060
Total pension liability at beginning of year	133,751,957	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
Total pension liability at end of year (a)	<b>\$ 133,770,756</b>	<b>\$ 133,751,957</b>	<b>\$ 132,171,503</b>	<b>\$ 131,052,803</b>	<b>\$ 125,918,365</b>	<b>\$ 119,926,123</b>	<b>\$ 112,728,195</b>	<b>\$ 107,675,977</b>	<b>\$ 108,324,914</b>	<b>\$ 106,964,467</b>
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions-employer	\$ 431,410	\$ 3,845,400	\$ 3,896,659	\$ 3,313,056	\$ 2,468,311	\$ 2,712,204	\$ 2,671,175	\$ 1,801,016	\$ 1,996,512	\$ 1,420,218
Contributions-employee	236,534	185,454	291,821	304,680	374,806	491,814	848,562	687,391	563,898	566,045
Net investment income (loss)	6376,438	9,186,598	(10,311,712)	12,779,029	10,575,596	11,059,388	(3,452,538)	10,964,115	8,890,951	(1,237,895)
Benefit payments, including refunds or employee contributions	(10,357,946)	(9,953,374)	(9,852,666)	(9,285,923)	(9,214,462)	(8,218,689)	(7,512,608)	(6,937,544)	(6,417,825)	(6,363,249)
Administrative expense	(187,502)	(191,688)	(180,011)	(146,581)	(173,766)	(190,108)	(173,509)	(173,921)	(175,718)	(183,599)
Net change in plan fiduciary net position	381,626	3,072,390	(16,155,909)	6,964,261	4,030,485	5,854,609	(7,618,918)	6,341,057	4,857,818	(5,798,480)
Plan fiduciary net position at beginning of year	86,905,935	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
Plan fiduciary net position at end of year (b)	<b>\$ 87,287,561</b>	<b>\$ 86,905,935</b>	<b>\$ 83,833,545</b>	<b>\$ 99,989,454</b>	<b>\$ 93,025,193</b>	<b>\$ 88,994,708</b>	<b>\$ 83,140,099</b>	<b>\$ 90,759,017</b>	<b>\$ 84,417,960</b>	<b>\$ 79,560,142</b>
City's net pension liability at end of year (a)-(b)	<b>\$ 46,483,195</b>	<b>\$ 46,846,022</b>	<b>\$ 48,337,958</b>	<b>\$ 31,063,349</b>	<b>\$ 32,893,172</b>	<b>\$ 30,931,415</b>	<b>\$ 29,588,096</b>	<b>\$ 16,916,960</b>	<b>\$ 23,906,954</b>	<b>\$ 27,404,325</b>
Plan fiduciary net position as a percentage of the total pension liability	<b>65.25%</b>	<b>64.98%</b>	<b>63.43%</b>	<b>76.30%</b>	<b>73.88%</b>	<b>74.21%</b>	<b>73.75%</b>	<b>84.29%</b>	<b>77.93%</b>	<b>74.38%</b>
Covered payroll	<b>\$ 3,781,297</b>	<b>\$ 4,096,144</b>	<b>\$ 4,200,465</b>	<b>\$ 4,608,816</b>	<b>\$ 5,408,268</b>	<b>\$ 6,110,950</b>	<b>\$ 6,565,169</b>	<b>\$ 7,645,789</b>	<b>\$ 8,460,078</b>	<b>\$ 9,108,948</b>
City's net pension liability as a percentage of covered payroll	<b>1229.29%</b>	<b>1143.66%</b>	<b>1150.78%</b>	<b>674.00%</b>	<b>608.20%</b>	<b>506.16%</b>	<b>450.68%</b>	<b>221.26%</b>	<b>282.59%</b>	<b>300.85%</b>

**Notes to Schedule**

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.

2024 Valuation - The investment rate of return assumption was reduced from 7.25 percent to 7.18 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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 4,975,764	\$ 3,652,758	\$ 4,052,695	\$ 3,724,080	\$ 2,902,032	\$ 1,855,248	\$ 1,902,696	\$ 1,798,140	\$ 1,897,158	\$ 1,546,440
Contributions in relation to the actuarially determined contribution	4,975,764	3,652,758	4,052,695	3,724,080	2,902,032	2,777,641	2,218,663	1,964,214	2,276,200	1,753,272
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (922,393)	\$ (315,967)	\$ (166,074)	\$ (379,042)	\$ (206,832)
Covered payroll	\$ 3,939,673	\$ 4,340,654	\$ 4,200,465	\$ 4,608,816	\$ 5,408,268	\$ 6,110,950	\$ 6,561,169	\$ 7,645,789	\$ 8,460,078	\$ 9,108,948
Contributions as percentage of covered payroll	126.3%	84.2%	96.5%	80.8%	53.7%	45.5%	33.8%	25.7%	26.9%	19.2%

**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	14 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	6.93 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-2021

City of Muskegon

**REQUIRED SUPPLEMENTARY INFORMATION**

**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS**

Last Ten Fiscal Years (Amounts were determined as of June 30 for years after 2024 and as of December 31 of each fiscal year for years prior to 2024)

	2025	2024	2022	2021	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 34,535	\$ 75,231	\$ 47,962	\$ 142,556	\$ 156,214	\$ 165,306	\$ 178,243	\$ 165,423
Interest	1,594,785	2,931,154	1,995,623	1,999,639	2,058,432	2,191,233	2,035,720	1,954,979
Differences between expected and actual experience	299,009	(4,369,955)	(433,044)	(2,420,665)	(325,146)	(2,119,868)	(992,432)	-
Changes of assumptions	700,827	(508,402)	1,161,708	(2,771,809)	(1,152,266)	6,288,823	2,349,210	-
Benefit payments, including refunds of employee contributions	(2,277,224)	(3,222,631)	(1,788,553)	(1,710,064)	(1,621,453)	(1,983,928)	(1,118,442)	(1,064,376)
Net change in total OPEB liability	351,932	(5,094,603)	983,696	(4,760,343)	(884,219)	4,541,566	2,452,299	1,056,026
Total OPEB liability at beginning of year	23,886,733	28,981,336	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)	<b>\$ 24,238,665</b>	<b>\$ 23,886,733</b>	<b>\$ 28,981,336</b>	<b>\$ 27,997,640</b>	<b>\$ 32,757,983</b>	<b>\$ 33,642,202</b>	<b>\$ 29,100,636</b>	<b>\$ 26,648,337</b>

**PLAN FIDUCIARY NET POSITION**

Contributions-employer	\$ 1,775,879	\$ 2,862,264	\$ 1,997,928	\$ 1,767,843	\$ 1,154,926	\$ 1,001,447	\$ 671,363	\$ 736,039
Net investment income (loss)	2,588,321	3,855,821	(2,613,129)	2,574,713	2,210,729	2,660,470	(699,603)	2,110,019
Benefit payments, including refunds or employee contributions	(2,277,224)	(3,222,631)	(1,788,553)	(1,710,064)	(1,621,453)	(1,983,928)	(1,118,442)	(1,064,376)
Administrative expense	(62,949)	(81,766)	(46,001)	(47,967)	(42,375)	(41,397)	(53,927)	(52,313)
Net change in plan fiduciary net position	2,024,027	3,413,688	(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	26,465,846	23,052,158	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)	<b>\$ 28,489,873</b>	<b>\$ 26,465,846</b>	<b>\$ 23,052,158</b>	<b>\$ 25,501,913</b>	<b>\$ 22,917,388</b>	<b>\$ 21,215,561</b>	<b>\$ 19,578,969</b>	<b>\$ 20,779,578</b>

City's net OPEB liability at end of year (a)-(b)	<b>\$ (4,251,208)</b>	<b>\$ (2,579,113)</b>	<b>\$ 5,929,178</b>	<b>\$ 2,495,727</b>	<b>\$ 9,840,595</b>	<b>\$ 12,426,641</b>	<b>\$ 9,521,667</b>	<b>\$ 5,868,759</b>
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Plan fiduciary net position as a percentage of the total OPEB liability	<b>117.54%</b>	<b>110.80%</b>	<b>79.54%</b>	<b>91.09%</b>	<b>69.96%</b>	<b>63.06%</b>	<b>67.28%</b>	<b>77.98%</b>
Covered payroll	<b>Not Available</b>	<b>Not Available</b>	<b>\$ 6,711,986</b>	<b>\$ 6,978,841</b>	<b>\$ 7,848,543</b>	<b>\$ 8,952,683</b>	<b>Not Available</b>	<b>\$ 8,095,840</b>
City's net OPEB liability as a percentage of covered payroll	<b>Not Available</b>	<b>Not Available</b>	<b>88.34%</b>	<b>35.76%</b>	<b>125.38%</b>	<b>138.80%</b>	<b>Not Available</b>	<b>72.49%</b>

**Notes to Schedule**

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

Fiscal year 2024 is the first year presented as of June 30 due to a change in the OPEB Plan reporting year, and as such, the net change in total OPEB liability and the net change in plan fiduciary net position for this fiscal year each reflect 18 months of activity

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 (ASSET) AND RELATED RATIOS—CONTINUED**  
Last Ten Fiscal Years (Amounts were determined as of June 30 for years after 2024 and as of December 31 of each fiscal year for years prior to 2024)

**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.
- 2024 valuation
  - Disability rates implemented
  - Retirement rates updated
  - Medical trend updated
  - Terminated vested members assumed to retire at age 60
- 2025 valuation
  - Mortality improvement scale updated
  - Medical trend rates updated
  - Discount rate changed from 7.0 percent to 6.93 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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ -	\$ 1,324,414	\$ 908,913	\$ 1,344,010	\$ 2,289,405	\$ 2,115,188	\$ 1,470,562	\$ 956,532	\$ 606,506	\$ 639,428
Contributions in relation to the actuarially determined contribution	2,089,141	1,624,141	1,865,895	650,383	1,206,464	1,233,505	1,260,887	687,642	606,506	639,428
Contribution deficiency (excess)	<b>\$(2,089,141)</b>	<b>\$(299,727)</b>	<b>\$(956,982)</b>	<b>\$ 693,627</b>	<b>\$1,082,941</b>	<b>\$ 881,683</b>	<b>\$ 209,675</b>	<b>\$ 268,890</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2024 rolled forward to June 30, 2025

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 6.93 percent (including inflation), net of administrative and investment expenses
- Retirement age 55 - 60 years of age
- Mortality Mortality rates were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, IRS 2024 adjusted 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 June 30 for years after 2024 and as of December 31 of each fiscal year for years prior to 2024)

	2025	2024	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	9.89%	16.89%	-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

Fiscal year 2024 is the first year presented as of June 30 due to a change in the OPEB Plan reporting year, and as such, the annual money-weighted rate of return, net of investment expense for this fiscal year reflects 18 months of activity

**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.

DTE Assistance – to account for rebates received from DTE Energy for the purpose of maintaining heating equipment owned by the City.

**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, 2025

	<b>Total Other Governmental Funds</b>	<b>Other Special Revenue Funds</b>	<b>Other Capital Projects Funds</b>	<b>Permanent Fund - Cemetery Perpetual Care</b>
<b>ASSETS</b>				
Cash and investments	\$ 5,045,235	\$ 1,056,109	\$ 3,047,412	\$ 941,714
Assets managed by others	1,828,161	-	27,171	1,800,990
Receivables				
Accounts and loans (net of allowance for uncollectibles)	202,823	32,618	164,746	5,459
Leases	484,011	-	484,011	-
Due from other governmental units	1,426,344	243,613	1,182,731	-
Prepaid items	7,323	7,323	-	-
Total assets	<b>\$ 8,993,897</b>	<b>\$ 1,339,663</b>	<b>\$ 4,906,071</b>	<b>\$ 2,748,163</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 592,990	\$ 45,725	\$ 547,265	\$ -
Accrued liabilities	19,318	10,362	8,956	-
Due to other governmental units	935	-	935	-
Due to other funds	456,505	-	456,505	-
Unearned revenues—unused Farmers Market tokens	158,867	158,867	-	-
Total liabilities	1,228,615	214,954	1,013,661	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	484,011	-	484,011	-
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	7,323	7,323	-	-
Perpetual care	1,816,049	-	-	1,816,049
Restricted				
Highways, streets and bridges	978,977	978,977	-	-
Law enforcement	23,481	23,481	-	-
Business improvement districts	22,420	22,420	-	-
Perpetual care	932,114	-	-	932,114
Other purposes	92,508	92,508	-	-
Assigned for capital projects and public improvements	3,408,399	-	3,408,399	-
Total fund balances	7,281,271	1,124,709	3,408,399	2,748,163
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 8,993,897</b>	<b>\$ 1,339,663</b>	<b>\$ 4,906,071</b>	<b>\$ 2,748,163</b>

City of Muskegon  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2025

	<b>Total Other Governmental Funds</b>	<b>Other Special Revenue Funds</b>	<b>Other Capital Projects Funds</b>	<b>Permanent Fund - Cemetery Perpetual Care</b>
<b>REVENUES</b>				
Intergovernmental revenues				
Federal	\$ 2,878,326	\$ -	\$ 2,878,326	\$ -
State	1,951,352	1,618,991	332,361	-
Local	959,938	30,000	929,938	-
Charges for services	477,150	429,111	14,804	33,235
Investment earnings	30,844	2,180	22,875	5,789
Income from assets managed by others	209,779	-	3,749	206,030
Other	1,007,623	104,449	903,174	-
Total revenues	7,515,012	2,184,731	5,085,227	245,054
<b>EXPENDITURES</b>				
Current				
Public works	32,964	32,964	-	-
Highways, streets, and bridges	3,435,457	3,435,457	-	-
Culture and recreation	667,874	667,874	-	-
Debt service				
Principal	320,000	-	320,000	-
Interest and fees	596,645	-	596,645	-
Capital outlay	5,934,885	-	5,934,885	-
Total expenditures	10,987,825	4,136,295	6,851,530	-
Excess of revenues over (under) expenditures	(3,472,813)	(1,951,564)	(1,766,303)	245,054
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	2,657,814	-	2,657,814	-
Transfers in	2,362,920	2,362,920	-	-
Transfers out	(60,000)	-	(60,000)	-
Total other financing sources (uses)	4,960,734	2,362,920	2,597,814	-
Net change in fund balances	1,487,921	411,356	831,511	245,054
Fund balances at beginning of year	5,793,350	713,353	2,576,888	2,503,109
Fund balances at end of year	<b>\$ 7,281,271</b>	<b>\$ 1,124,709</b>	<b>\$ 3,408,399</b>	<b>\$ 2,748,163</b>

City of Muskegon  
**COMBINING BALANCE SHEET**  
 Other Special Revenue Funds  
 June 30, 2025

	Total Other		Farmers		Criminal Forfeitures	Lakeshore BID	Tree Replacement
	Special Revenue Funds	Local Street	Market and Kitchen 242				
<b>ASSETS</b>							
Cash and investments	\$ 1,056,109	\$ 776,384	\$ 225,857	\$ 23,481	\$ 22,420	\$ 7,967	
Accounts receivable	32,618	2,383	30,235	-	-	-	
Due from other governmental units	243,613	224,255	19,358	-	-	-	
Prepaid items	7,323	7,323	-	-	-	-	
Total assets	<b>\$ 1,339,663</b>	<b>\$1,010,345</b>	<b>\$ 275,450</b>	<b>\$ 23,481</b>	<b>\$ 22,420</b>	<b>\$ 7,967</b>	
<b>LIABILITIES</b>							
Accounts payable	\$ 45,725	\$ 16,350	\$ 29,375	\$ -	\$ -	\$ -	
Accrued liabilities	10,362	7,695	2,667	-	-	-	
Unearned revenues—unused Farmers Market tokens	158,867	-	158,867	-	-	-	
Total liabilities	214,954	24,045	190,909	-	-	-	
<b>FUND BALANCES</b>							
Nonspendable—prepaid items	7,323	7,323	-	-	-	-	
Restricted							
Highways, streets, and bridges	978,977	978,977	-	-	-	-	
Law enforcement	23,481	-	-	23,481	-	-	
Business improvement districts	22,420	-	-	-	22,420	-	
Other purposes	92,508	-	84,541	-	-	7,967	
Total fund balances	1,124,709	986,300	84,541	23,481	22,420	7,967	
Total liabilities and fund balances	<b>\$ 1,339,663</b>	<b>\$1,010,345</b>	<b>\$ 275,450</b>	<b>\$ 23,481</b>	<b>\$ 22,420</b>	<b>\$ 7,967</b>	

City of Muskegon  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Other Special Revenue Funds  
 For the year ended June 30, 2025

	<b>Total Other Special Revenue Funds</b>	<b>Local Street</b>	<b>Farmers Market and Kitchen 242</b>	<b>Criminal Forfeitures</b>	<b>Lakeshore BID</b>	<b>Tree Replace ment</b>
<b>REVENUES</b>						
Intergovernmental revenues						
State	\$ 1,618,991	\$ 1,618,991	\$ -	\$ -	\$ -	\$ -
Local	30,000	-	30,000	-	-	-
Charges for services	429,111	11,383	417,728	-	-	-
Investment earnings	2,180	230	1,721	93	65	71
Other	104,449	112	62,429	-	29,908	12,000
<b>Total revenues</b>	<b>2,184,731</b>	<b>1,630,716</b>	<b>511,878</b>	<b>93</b>	<b>29,973</b>	<b>12,071</b>
<b>EXPENDITURES</b>						
Current						
Public works	32,964	-	-	-	32,964	-
Highways, streets, and bridges	3,435,457	3,435,457	-	-	-	-
Culture and recreation	667,874	-	651,324	-	-	16,550
<b>Total expenditures</b>	<b>4,136,295</b>	<b>3,435,457</b>	<b>651,324</b>	<b>-</b>	<b>32,964</b>	<b>16,550</b>
Excess of revenues over (under) expenditures	(1,951,564)	(1,804,741)	(139,446)	93	(2,991)	(4,479)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	2,362,920	2,292,000	67,000	-	3,920	-
Net change in fund balances	411,356	487,259	(72,446)	93	929	(4,479)
Fund balances at beginning of year	713,353	499,041	156,987	23,388	21,491	12,446
<b>Fund balances at end of year</b>	<b>\$ 1,124,709</b>	<b>\$ 986,300</b>	<b>\$ 84,541</b>	<b>\$ 23,481</b>	<b>\$ 22,420</b>	<b>\$ 7,967</b>

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE**  
 Other Special Revenue Funds  
 For the year ended June 30, 2025

	Local Street		Farmers Market and Kitchen 242		Variance with Final Budget
	Final Budget	Actual	Final Budget	Actual	
<b>REVENUES</b>					
Intergovernmental revenues					
State	\$ 1,585,000	\$ 1,618,991	\$ 33,991	\$ -	\$ -
Local	-	-	-	30,000	30,000
Charges for services	-	11,383	11,383	417,728	35,504
Investment earnings	-	230	230	1,721	21
Other	-	112	112	62,429	(87)
Total revenues	1,585,000	1,630,716	45,716	446,440	65,438
<b>EXPENDITURES</b>					
Current					
Highways, streets and bridges	3,433,478	3,435,457	(1,979)	-	-
Culture and recreation	-	-	-	644,172	(7,152)
Total expenditures	3,433,478	3,435,457	(1,979)	644,172	(7,152)
Excess of revenues over (under) expenditures	(1,848,478)	(1,804,741)	43,737	(197,732)	58,286
<b>OTHER FINANCING SOURCES</b>					
Transfers in	2,292,000	2,292,000	-	97,000	(30,000)
Net change in fund balances	<u>\$ 443,522</u>	<u>487,259</u>	<u>\$ 43,737</u>	<u>\$ (100,732)</u>	<u>\$ 28,286</u>
Fund balances at beginning of year		<u>499,041</u>		<u>156,987</u>	
Fund balances at end of year		<u>\$ 986,300</u>		<u>\$ 84,541</u>	

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE—CONTINUED**  
 Other Special Revenue Funds  
 For the year ended June 30, 2025

	Criminal Forfeitures			Lakeshore BID		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Fines and forfeitures	\$ 1,000	\$ -	\$ (1,000)	\$ -	\$ -	\$ -
Investment earnings	100	93	(7)	151	65	(86)
Other	-	-	-	42,463	29,908	(12,555)
Total revenues	1,100	93	(1,007)	42,614	29,973	(12,641)
<b>EXPENDITURES</b>						
Current						
Public works	-	-	-	43,279	32,964	10,315
Excess of revenues over (under) expenditures	1,100	93	(1,007)	(665)	(2,991)	(2,326)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	3,266	3,920	654
Net change in fund balances	<u>\$ 1,100</u>	<u>93</u>	<u>\$ (1,007)</u>	<u>\$ 2,601</u>	<u>929</u>	<u>\$ (1,672)</u>
Fund balances at beginning of year		<u>23,388</u>			<u>21,491</u>	
Fund balances at end of year		<u>\$ 23,481</u>			<u>\$ 22,420</u>	

City of Muskegon  
**BUDGETARY COMPARISON SCHEDULE—CONTINUED**  
 Other Special Revenue Funds  
 For the year ended June 30, 2025

	<b>Tree Replacement</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Investment earnings	\$ 60	\$ 71	\$ 11
Other	12,000	12,000	-
Total revenues	12,060	12,071	11
<b>EXPENDITURES</b>			
Current			
Culture and recreation	13,660	16,550	(2,890)
Net change in fund balances	<u>\$ (1,600)</u>	<u>(4,479)</u>	<u>\$ (2,879)</u>
Fund balances at beginning of year		<u>12,446</u>	
Fund balances at end of year		<u>\$ 7,967</u>	

City of Muskegon  
**COMBINING BALANCE SHEET**  
 Other Capital Projects Funds  
 June 30, 2025

	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	DTE Assistance
<b>ASSETS</b>											
Cash and investments	\$ 3,047,412	\$ 1,009,228	\$ 231,895	\$ 1,160,951	\$ -	\$ 380,874	\$ -	\$ 147,458	\$ 114,336	\$ -	\$ 2,670
Assets managed by others	27,171	27,171	-	-	-	-	-	-	-	-	-
Receivables											
Accounts and loans (net of allowance for uncollectibles)	164,746	4,632	-	125,929	11,124	-	-	23,061	-	-	-
Leases	484,011	-	-	484,011	-	-	-	-	-	-	-
Due from other governmental units	1,182,731	300,000	-	-	308,249	32,935	273,895	-	-	267,652	-
Total assets	<b>\$ 4,906,071</b>	<b>\$ 1,341,031</b>	<b>\$ 231,895</b>	<b>\$ 1,770,891</b>	<b>\$ 319,373</b>	<b>\$ 413,809</b>	<b>\$ 273,895</b>	<b>\$ 170,519</b>	<b>\$ 114,336</b>	<b>\$ 267,652</b>	<b>\$ 2,670</b>
<b>LIABILITIES</b>											
Accounts payable	\$ 547,265	\$ 266,914	\$ -	\$ -	\$ 76,808	\$ 127	\$ 112,780	\$ 15,915	\$ -	\$ 72,051	\$ 2,670
Accrued liabilities	8,956	-	-	-	3,836	1,182	2,045	403	-	1,490	-
Due to other governmental units	935	751	-	-	184	-	-	-	-	-	-
Due to other funds	456,505	-	-	-	103,324	-	159,070	-	-	194,111	-
Total liabilities	1,013,661	267,665	-	-	184,152	1,309	273,895	16,318	-	267,652	2,670
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Related to leases	484,011	-	-	484,011	-	-	-	-	-	-	-
<b>FUND BALANCES</b>											
Assigned for capital projects and public improvements	3,408,399	1,073,366	231,895	1,286,880	135,221	412,500	-	154,201	114,336	-	-
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 4,906,071</b>	<b>\$ 1,341,031</b>	<b>\$ 231,895</b>	<b>\$ 1,770,891</b>	<b>\$ 319,373</b>	<b>\$ 413,809</b>	<b>\$ 273,895</b>	<b>\$ 170,519</b>	<b>\$ 114,336</b>	<b>\$ 267,652</b>	<b>\$ 2,670</b>

City of Muskegon  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Other Capital Projects Funds  
 For the year ended June 30, 2025

	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	DTE Assistance
<b>REVENUES</b>											
Intergovernmental revenues											
Federal	\$ 2,878,326	\$ 65,013	\$ -	\$ -	\$ 1,086,723	\$ 75,898	\$ 1,109,871	\$ -	\$ -	\$ 540,821	\$ -
State	332,361	300,000	-	-	-	-	32,361	-	-	-	-
Local	929,938	13,293	-	-	-	-	-	-	916,645	-	-
Charges for services	14,804	10,049	-	495	-	-	-	4,260	-	-	-
Investment earnings	22,875	7,104	963	14,380	-	-	-	-	428	-	-
Income from assets managed by others	3,749	3,749	-	-	-	-	-	-	-	-	-
Other	903,174	588,176	-	66,651	2,248	-	-	228,459	-	-	17,640
Total revenues	5,085,227	987,384	963	81,526	1,088,971	75,898	1,142,232	232,719	917,073	540,821	17,640
<b>EXPENDITURES</b>											
Debt service											
Principal	320,000	-	-	-	-	-	-	-	320,000	-	-
Interest and fees	596,645	-	-	-	-	-	-	-	596,645	-	-
Capital outlay	5,934,885	2,789,737	-	42,202	1,105,548	146,536	1,142,232	139,024	500	551,466	17,640
Total expenditures	6,851,530	2,789,737	-	42,202	1,105,548	146,536	1,142,232	139,024	917,145	551,466	17,640
Excess of revenues over (under) expenditures	(1,766,303)	(1,802,353)	963	39,324	(16,577)	(70,638)	-	93,695	(72)	(10,645)	-
<b>OTHER FINANCING SOURCES (USES)</b>											
Proceeds from sale of capital assets	2,657,814	2,589,065	-	-	29,809	28,295	-	-	-	10,645	-
Transfers out	(60,000)	-	-	-	-	-	-	(60,000)	-	-	-
Total other financing sources (uses)	2,597,814	2,589,065	-	-	29,809	28,295	-	(60,000)	-	10,645	-
Net change in fund balances	831,511	786,712	963	39,324	13,232	(42,343)	-	33,695	(72)	-	-
Fund balances at beginning of year	2,576,888	286,654	230,932	1,247,556	121,989	454,843	-	120,506	114,408	-	-
Fund balances at end of year	\$ 3,408,399	\$ 1,073,366	\$ 231,895	\$ 1,286,880	\$ 135,221	\$ 412,500	\$ -	\$ 154,201	\$ 114,336	\$ -	\$ -

## **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, 2025

	<b>Total Internal Service Funds</b>	<b>Engineering Services</b>	<b>Equipment</b>	<b>General Insurance</b>	<b>Public Service Building</b>
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 4,828,945	\$ 171,619	\$ 2,422,906	\$ 1,198,580	\$ 1,035,840
Accounts receivable	678,649	9,890	2,053	666,706	-
Inventories	12,738	-	12,738	-	-
Prepaid items	489,726	3,333	87,954	388,680	9,759
Total current assets	6,010,058	184,842	2,525,651	2,253,966	1,045,599
Noncurrent assets					
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	11,888,024	51,346	11,742,314	-	94,364
Less accumulated depreciation	(10,512,127)	(41,142)	(8,581,427)	-	(1,889,558)
Net capital assets	3,410,827	10,204	3,160,887	-	239,736
Net other postemployment benefits asset	170,048	-	63,768	-	106,280
Total noncurrent assets	3,580,875	10,204	3,224,655	-	346,016
Total assets	9,590,933	195,046	5,750,306	2,253,966	1,391,615
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	238,351	-	89,382	-	148,969
Related to other postemployment benefits	8,832	-	3,312	-	5,520
Total deferred outflows of resources	247,183	-	92,694	-	154,489
Total assets and deferred outflows of resources	9,838,116	195,046	5,843,000	2,253,966	1,546,104
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	959,443	6,457	49,445	845,649	57,892
Accrued liabilities	39,440	9,655	9,382	892	19,511
Due to other governmental units	7,600	7,600	-	-	-
Total current liabilities	1,006,483	23,712	58,827	846,541	77,403
Noncurrent liabilities					
Net pension liability	1,859,328	-	697,248	-	1,162,080
Total liabilities	2,865,811	23,712	756,075	846,541	1,239,483
<b>NET POSITION</b>					
Net investment in capital assets	3,410,827	10,204	3,160,887	-	239,736
Restricted for other postemployment benefits	170,048	-	63,768	-	106,280
Unrestricted	3,391,430	161,130	1,862,270	1,407,425	(39,395)
Total net position	<b>\$ 6,972,305</b>	<b>\$ 171,334</b>	<b>\$ 5,086,925</b>	<b>\$ 1,407,425</b>	<b>\$ 306,621</b>

City of Muskegon  
**COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
Internal Service Funds  
For the year ended June 30, 2025

	<b>Total Internal Service Funds</b>	<b>Engineering Services</b>	<b>Equipment</b>	<b>General Insurance</b>	<b>Public Service Building</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 11,289,536	\$ 957,459	\$ 3,948,810	\$ 4,081,265	\$ 2,302,002
Other	2,984,061	49,840	70,107	2,864,114	-
Total operating revenues	14,273,597	1,007,299	4,018,917	6,945,379	2,302,002
<b>OPERATING EXPENSES</b>					
Administration	1,374,855	214,479	277,289	13,324	869,763
Insurance premiums and claims	7,106,744	-	-	7,106,744	-
Other operations	4,639,904	780,182	2,298,839	90,389	1,470,494
Depreciation	666,816	2,499	641,952	-	22,365
Total operating expenses	13,788,319	997,160	3,218,080	7,210,457	2,362,622
Operating income (loss)	485,278	10,139	800,837	(265,078)	(60,620)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	23,099	697	11,985	5,018	5,399
Gain (loss) on sale of capital assets	16,775	-	16,775	-	-
Total nonoperating revenues (expenses)	39,874	697	28,760	5,018	5,399
Change in net position	525,152	10,836	829,597	(260,060)	(55,221)
Net position at beginning of year, as previously reported	6,202,165	104,104	4,164,454	1,659,765	273,842
Adjustments to beginning net position	244,988	56,394	92,874	7,720	88,000
Net position at beginning of year, as restated	6,447,153	160,498	4,257,328	1,667,485	361,842
Net position at end of year	<b>\$ 6,972,305</b>	<b>\$ 171,334</b>	<b>\$ 5,086,925</b>	<b>\$ 1,407,425</b>	<b>\$ 306,621</b>

City of Muskegon  
**COMBINING STATEMENT OF CASH FLOWS**  
Internal Service Funds  
For the year ended June 30, 2025

	Total Internal Service Funds	Engineering Services	Equipment	General Insurance	Public Service Building
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 127,269	\$ 50,217	\$ 77,052	\$ -	\$ -
Receipts from interfund services provided	11,289,536	957,459	3,948,810	4,081,265	2,302,002
Other receipts	2,479,992	-	-	2,479,992	-
Payments to suppliers	(9,138,727)	(294,459)	(1,382,102)	(6,786,344)	(675,822)
Payments to employees	(2,788,508)	(549,499)	(675,086)	(65,089)	(1,498,834)
Payments for interfund services used	(931,623)	(139,918)	(598,478)	-	(193,227)
Net cash provided by (used for) operating activities	1,037,939	23,800	1,370,196	(290,176)	(65,881)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Collections on advances to component units	102,548	-	51,274	51,274	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(730,416)	-	(730,416)	-	-
Proceeds from sale of capital assets	16,775	-	16,775	-	-
Net cash provided by (used for) capital and related financing activities	(713,641)	-	(713,641)	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Investment earnings	23,099	697	11,985	5,018	5,399
Net increase (decrease) in cash and investments	449,945	24,497	719,814	(233,884)	(60,482)
Cash and investments at beginning of year	4,379,000	147,122	1,703,092	1,432,464	1,096,322
<b>Cash and investments at end of year</b>	<b>\$ 4,828,945</b>	<b>\$ 171,619</b>	<b>\$ 2,422,906</b>	<b>\$ 1,198,580</b>	<b>\$ 1,035,840</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 485,278	\$ 10,139	\$ 800,837	\$ (265,078)	\$ (60,620)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	666,816	2,499	641,952	-	22,365
Change in assets and liabilities					
Receivables	(376,800)	377	6,945	(384,122)	-
Inventories	(7,311)	-	(7,311)	-	-
Prepaid items	(149,185)	172	(4,567)	(144,277)	(513)
Accounts payable	483,171	8,790	(41,394)	503,230	12,545
Accrued liabilities	(64,030)	1,823	(26,266)	71	(39,658)
Net cash provided by (used for) operating activities	<b>\$ 1,037,939</b>	<b>\$ 23,800</b>	<b>\$ 1,370,196</b>	<b>\$ (290,176)</b>	<b>\$ (65,881)</b>

## **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 resources that were collected for the benefit of others.

Collector – to account for the collections and disbursement of funds to other entities and individuals.

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, 2025

	<b>Total Custodial Funds</b>	<b>Collector</b>	<b>Current Tax</b>	<b>Rehab Loan Escrow</b>
<b>ASSETS</b>				
Cash and investments	\$ 1,066,476	\$ 1,039,257	\$ 26,838	\$ 381
Accounts receivable	167,308	167,308	-	-
Total assets	1,233,784	1,206,565	26,838	381
<b>LIABILITIES</b>				
Accounts payable	5,310	4,929	-	381
Due to other governmental units	1,004,618	977,780	26,838	-
Deposits held for others	223,856	223,856	-	-
Total liabilities	1,233,784	1,206,565	26,838	381
<b>NET POSITION</b>				
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, 2025

	<u>Total Custodial Funds</u>	<u>Collector</u>	<u>Current Tax</u>	<u>Rehab Loan Escrow</u>
<b>ADDITIONS</b>				
Tax collections for other governments	\$ 30,044,200	\$ 386,589	\$ 29,657,611	\$ -
Other collections for third parties	10,647,046	10,647,046	-	-
Total additions	40,691,246	11,033,635	29,657,611	-
<b>DEDUCTIONS</b>				
Payment of taxes to other governments	30,044,200	386,589	29,657,611	-
Other payments to third parties	10,647,046	10,647,046	-	-
Total deductions	40,691,246	11,033,635	29,657,611	-
Change in net position	-	-	-	-
Net position at beginning of year	-	-	-	-
Net position at end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **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 and 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 nine 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
- Area VIII – Adelaide Pointe
- Area IX – Highpoint Flats

City of Muskegon  
**COMBINING BALANCE SHEET**  
Discretely Presented Component Units  
June 30, 2025

	Total Discretely Presented Component Units	Local				Tax Incremental Finance Authority	Lakeside Corridor Improvement Authority	Brownfield Redevelopment Authorities
		Development Authority - SmartZone	Downtown Development Authority					
<b>ASSETS</b>								
Cash and investments	\$ 854,405	\$ 236,629	\$ 518,734	\$ 38,922	\$ 60,120	\$ -	\$ -	
Accounts receivable	17,912	-	17,912	-	-	-	-	
Total assets	<b>\$ 872,317</b>	<b>\$ 236,629</b>	<b>\$ 536,646</b>	<b>\$ 38,922</b>	<b>\$ 60,120</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>LIABILITIES</b>								
Accounts payable	\$ 213,972	\$ -	\$ 80,123	\$ -	\$ -	\$ 133,849		
Accrued liabilities	1,493	-	1,493	-	-	-	-	
Due to other governmental units	67	-	67	-	-	-	-	
Advances from primary government	117,833	-	-	-	-	117,833		
Total liabilities	333,365	-	81,683	-	-	251,682		
<b>FUND BALANCES (DEFICITS)</b>								
Unassigned	538,952	236,629	454,963	38,922	60,120	(251,682)		
Total liabilities and fund balances (deficits)	<b>\$ 872,317</b>	<b>\$ 236,629</b>	<b>\$ 536,646</b>	<b>\$ 38,922</b>	<b>\$ 60,120</b>	<b>\$ -</b>	<b>\$ -</b>	

City of Muskegon  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
Discretely Presented Component Units  
June 30, 2025

Total fund balances (deficits)—governmental funds	\$	538,952
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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>(3,726,321)</u>	471,937

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	(1,400)	
Bonds and notes payable	<u>(285,000)</u>	<u>(286,400)</u>

Net position of governmental activities		<u><u>\$ 724,489</u></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, 2025

	Total Discretely Presented Component Units	Local				
		Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Lakeside Corridor Improvement Authority	Brownfield Redevelopment Authorities
<b>REVENUES</b>						
Property taxes	\$ 2,097,981	\$ 250,064	\$ 516,659	\$ 48,776	\$ 36,584	\$ 1,245,898
Intergovernmental revenues						
State	50,591	3,136	12,000	9,497	-	25,958
Local	200,600	200,000	600	-	-	-
Investment earnings	3,928	357	2,071	136	160	1,204
Other	122,382	-	122,382	-	-	-
Total revenues	2,475,482	453,557	653,712	58,409	36,744	1,273,060

**EXPENDITURES**

Current						
Community and economic development	1,683,859	-	659,735	50,000	6,374	967,750
Debt service						
Principal	275,000	275,000	-	-	-	-
Interest and fees	16,435	12,676	-	-	-	3,759
Total expenditures	1,975,294	287,676	659,735	50,000	6,374	971,509
Net change in fund balances (deficits)	500,188	165,881	(6,023)	8,409	30,370	301,551
Fund balances (deficits) at beginning of year	38,764	70,748	460,986	30,513	29,750	(553,233)
Fund balances (deficits) at end of year	<b>\$ 538,952</b>	<b>\$ 236,629</b>	<b>\$ 454,963</b>	<b>\$ 38,922</b>	<b>\$ 60,120</b>	<b>\$ (251,682)</b>

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, 2025

Net change in fund balances (deficits)—total governmental funds \$ 500,188

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 275,000

Changes in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable \$ 1,400

Amortization of premiums 2,824

Change in net position of governmental activities \$ 606,764

## SCHEDULE OF INDEBTEDNESS

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2024	6/30/2025	Annual Interest Payable
<b>Business-Type Activities Bonds and Loans Payable:</b>							
Drinking Water State Revolving Fund	3/2/2004	\$ 13,900,000	2.13%	10/01/24	\$ 825,000	\$ -	\$ -
			2.13%	10/01/25	840,000	840,000	8,925
Type of debt: state loan					1,665,000	840,000	8,925
Revenue Pledged: water system net revenues							
Drinking Water State Revolving Fund*	8/30/2019	\$ 1,600,000	2.00%	10/01/24	70,000	-	-
			2.00%	10/01/25	70,000	70,000	26,500
Type of debt: state loan			2.00%	10/01/26	75,000	75,000	25,100
Revenue Pledged: water system net revenues			2.00%	10/01/27	75,000	75,000	23,600
Forgiveness: 20%			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
					1,395,000	1,325,000	236,100
Sanitary Sewer State Revolving Fund*	8/30/2019	\$ 2,875,000	2.00%	10/01/24	125,000	-	-
			2.00%	10/01/25	130,000	130,000	46,400
Type of debt: state loan			2.00%	10/01/26	130,000	130,000	43,800
Revenue Pledged: sanitary sewer system net revenues			2.00%	10/01/27	135,000	135,000	41,150
Forgiveness: 75%			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
					2,510,000	2,385,000	401,450
Drinking Water State Revolving Fund*	9/30/2020	\$ 3,844,750	2.00%	04/01/25	150,000	-	-
			2.00%	04/01/26	155,000	155,000	56,908
Type of debt: state loan			2.00%	04/01/27	155,000	155,000	53,808
Revenue Pledged: water system net revenues			2.00%	04/01/28	160,000	160,000	50,708
Forgiveness: 9%			2.00%	04/01/29	165,000	165,000	47,508
			2.00%	04/01/30	170,000	170,000	44,208
			2.00%	04/01/31	170,000	170,000	40,808
			2.00%	04/01/32	175,000	175,000	37,408
			2.00%	04/01/33	175,000	175,000	33,908
			2.00%	04/01/34	180,000	180,000	30,408
			2.00%	04/01/35	180,000	180,000	26,808
			2.00%	04/01/36	185,000	185,000	23,208
			2.00%	04/01/37	185,000	185,000	19,508
			2.00%	04/01/38	190,000	190,000	15,808
			2.00%	04/01/39	190,000	190,000	12,008
			2.00%	04/01/40	200,000	200,000	8,208
			2.00%	04/01/41	210,390	210,390	4,208
					2,995,390	2,845,390	505,428

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2024	6/30/2025	Annual Interest Payable
<b>Business-Type Activities Bonds and Loans Payable—Continued:</b>							
Sanitary Sewer State Revolving Fund*	9/30/2020	\$ 3,772,000	2.00%	04/01/25	\$ 162,000	\$ -	\$ -
Type of debt: state loan			2.00%	04/01/26	167,000	167,000	61,570
Revenue Pledged: sanitary sewer system net revenues			2.00%	04/01/27	167,000	167,000	58,230
Forgiveness: 20%			2.00%	04/01/28	172,000	172,000	54,890
			2.00%	04/01/29	176,000	176,000	51,450
			2.00%	04/01/30	181,000	181,000	47,930
			2.00%	04/01/31	181,000	181,000	44,310
			2.00%	04/01/32	186,000	186,000	40,690
			2.00%	04/01/33	186,000	186,000	36,970
			2.00%	04/01/34	191,000	191,000	33,250
			2.00%	04/01/35	196,000	196,000	29,430
			2.00%	04/01/36	201,000	201,000	25,510
			2.00%	04/01/37	206,000	206,000	21,490
			2.00%	04/01/38	211,000	211,000	17,370
			2.00%	04/01/39	216,000	216,000	13,150
			2.00%	04/01/40	221,000	221,000	8,830
			2.00%	04/01/41	220,498	220,498	4,410
					<u>3,240,498</u>	<u>3,078,498</u>	<u>549,480</u>
Drinking Water State Revolving Fund*	9/30/2022	\$ 240,000	1.875%	10/01/26	10,000	10,000	4,500
Type of debt: state loan			1.875%	10/01/27	10,000	10,000	4,313
Revenue Pledged: water system net revenues			1.875%	10/01/28	10,000	10,000	4,125
Forgiveness: 92.5%			1.875%	10/01/29	10,000	10,000	3,938
			1.875%	10/01/30	10,000	10,000	3,750
			1.875%	10/01/31	5,032	10,000	3,563
			1.875%	10/01/32	-	10,000	3,375
			1.875%	10/01/33	-	10,000	3,188
			1.875%	10/01/34	-	10,000	3,000
			1.875%	10/01/35	-	10,000	2,813
			1.875%	10/01/36	-	10,000	2,625
			1.875%	10/01/37	-	10,000	2,438
			1.875%	10/01/38	-	15,000	2,250
			1.875%	10/01/39	-	15,000	1,969
			1.875%	10/01/40	-	15,000	1,688
			1.875%	10/01/41	-	15,000	1,406
			1.875%	10/01/42	-	15,000	1,125
			1.875%	10/01/43	-	15,000	844
			1.875%	10/01/44	-	15,000	563
			1.875%	10/01/45	-	15,000	281
					<u>55,032</u>	<u>240,000</u>	<u>51,754</u>
Sanitary Sewer State Revolving Fund*	9/30/2022	\$ 2,646,022	1.875%	10/01/25	118,000	110,422	46,567
Type of debt: state loan			1.875%	10/01/26	120,000	110,422	44,295
Revenue Pledged: sanitary sewer system net revenues			1.875%	10/01/27	120,000	115,422	42,178
Forgiveness: 20%			1.875%	10/01/28	125,000	115,422	40,013
			1.875%	10/01/29	125,000	120,422	37,802
			1.875%	10/01/30	130,000	120,422	35,545
			1.875%	10/01/31	130,000	125,422	33,240
			1.875%	10/01/32	135,000	125,422	30,888
			1.875%	10/01/33	135,000	130,422	28,489
			1.875%	10/01/34	140,000	130,422	26,044
			1.875%	10/01/35	140,000	135,423	23,551
			1.875%	10/01/36	145,000	140,423	20,966
			1.875%	10/01/37	150,000	140,423	18,333
			1.875%	10/01/38	150,000	145,423	15,653
			1.875%	10/01/39	155,000	145,423	12,926
			1.875%	10/01/40	155,000	150,423	10,152
			1.875%	10/01/41	160,000	150,423	7,332
			1.875%	10/01/42	152,781	155,423	4,465
			1.875%	10/01/43	-	160,418	1,504
					<u>2,485,781</u>	<u>2,528,022</u>	<u>479,943</u>

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2024	6/30/2025	Annual Interest Payable
<b>Business-Type Activities Bonds and Loans Payable—Continued:</b>							
Drinking Water State Revolving Fund*	9/20/2022	\$ 1,037,748	1.875%	04/01/25	\$ 48,130	\$ -	\$ -
			1.875%	04/01/26	50,000	44,700	18,076
Type of debt: state loan			1.875%	04/01/27	50,000	44,700	17,299
Revenue Pledged: water system net revenues			1.875%	04/01/28	50,000	44,700	16,461
Forgiveness: 49%			1.875%	04/01/29	50,000	44,700	15,622
			1.875%	04/01/30	50,000	44,700	14,783
			1.875%	04/01/31	50,000	44,700	13,945
			1.875%	04/01/32	55,000	49,700	13,060
			1.875%	04/01/33	55,000	49,700	12,128
			1.875%	04/01/34	55,000	49,700	11,197
			1.875%	04/01/35	60,000	54,700	10,219
			1.875%	04/01/36	60,000	54,700	9,193
			1.875%	04/01/37	60,000	54,700	8,167
			1.875%	04/01/38	60,000	54,700	7,141
			1.875%	04/01/39	60,000	54,700	6,115
			1.875%	04/01/40	65,000	59,700	5,043
			1.875%	04/01/41	28,307	59,700	3,924
			1.875%	04/01/42	-	59,700	2,804
			1.875%	04/01/43	-	59,700	1,685
			1.875%	04/01/44	-	60,018	563
					<u>906,437</u>	<u>989,618</u>	<u>187,425</u>
Sanitary Sewer State Revolving Fund*	9/8/2023	\$ 1,551,343	1.875%	04/01/25	80,000	-	-
			1.875%	04/01/26	85,000	85,000	25,994
Type of debt: state loan			1.875%	04/01/27	85,000	85,000	24,400
Revenue Pledged: sanitary sewer system net revenues			1.875%	04/01/28	85,000	85,000	22,806
Forgiveness: 50%			1.875%	04/01/29	25,338	90,000	21,119
			1.875%	04/01/30	-	90,000	19,431
			1.875%	04/01/31	-	90,000	17,744
			1.875%	04/01/32	-	95,000	15,963
			1.875%	04/01/33	-	95,000	14,181
			1.875%	04/01/34	-	95,000	12,400
			1.875%	04/01/35	-	100,000	10,525
			1.875%	04/01/36	-	100,000	8,650
			1.875%	04/01/37	-	100,000	6,775
			1.875%	04/01/38	-	105,000	4,806
			1.875%	04/01/39	-	105,000	2,838
			1.875%	04/01/40	-	105,000	869
			1.875%	04/01/41	-	46,343	-
					<u>360,338</u>	<u>1,471,343</u>	<u>208,501</u>
Drinking Water State Revolving Fund*	9/8/2023	\$ 886,405	1.875%	04/01/26	-	-	16,620
			1.875%	04/01/27	-	115,532	14,454
Type of debt: state loan			1.875%	04/01/28	-	120,000	12,204
Revenue Pledged: water system net revenues			1.875%	04/01/29	-	125,000	9,860
Forgiveness: 49%			1.875%	04/01/30	-	125,000	7,516
			1.875%	04/01/31	-	130,000	5,079
			1.875%	04/01/32	-	130,000	2,641
			1.875%	04/01/33	-	135,000	110
			1.875%	04/01/34	-	5,873	-
					<u>-</u>	<u>886,405</u>	<u>68,484</u>
Drinking Water State Revolving Fund*	8/28/2024	\$ 810,000	1.875%	04/01/26	-	-	6,314
			1.875%	04/01/27	-	-	6,314
Type of debt: state loan			1.875%	04/01/28	-	200,004	2,314
Revenue Pledged: water system net revenues			1.875%	04/01/29	-	115,675	-
Forgiveness: 49%			1.875%	04/01/30	-	-	-
					<u>-</u>	<u>315,679</u>	<u>14,942</u>
<b>TOTAL BUSINESS TYPE ACTIVITIES BONDS AND LOAN PAYABLE:</b>					<b>\$ 15,613,476</b>	<b>\$ 16,904,955</b>	<b>\$ 2,712,432</b>

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

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2024	6/30/2025	Annual Interest Payable
<b>Governmental Activities Bonds and Loan Payable:</b>							
<b>Capital Improvement Refunding Bonds of 2016</b>	3/8/2016	\$ 4,535,000	3.00%	10/01/24	\$ 320,000	\$ -	\$ -
(\$84,903 unamortized premium)			4.00%	10/01/25	325,000	325,000	97,100
			4.00%	10/01/26	325,000	325,000	84,100
<b>Type of debt: limited general obligation bonds</b>			4.00%	10/01/27	325,000	325,000	71,100
<b>Revenue pledged: general revenues</b>			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>2,910,000</u>	<u>2,590,000</u>	<u>413,200</u>
<b>Capital Improvement Bonds of 2019</b>	10/9/2019	\$ 19,420,000	1.88%	10/01/24	320,000	-	-
Convention Center			1.93%	10/01/25	340,000	340,000	589,875
(\$106,450 unamortized discount)			2.00%	10/01/26	360,000	360,000	582,273
			2.10%	10/01/27	380,000	380,000	573,795
<b>Type of debt: limited general obligation bonds</b>			2.24%	10/01/28	405,000	405,000	564,429
<b>Revenue Pledged: excise tax on hotel rooms levied by the</b>			2.34%	10/01/29	430,000	430,000	553,918
<b>County of Muskegon pursuant to Act 263</b>			2.43%	10/01/30	455,000	455,000	542,412
			2.60%	10/01/31	480,000	480,000	530,066
			2.60%	10/01/32	510,000	510,000	516,544
			2.68%	10/01/33	540,000	540,000	501,815
			2.78%	10/01/34	570,000	570,000	485,822
			2.83%	10/01/35	605,000	605,000	467,399
			2.93%	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
			3.30%	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
			3.48%	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>18,490,000</u>	<u>18,170,000</u>	<u>9,548,185</u>
<b>Capital Improvement Bonds of 2020</b>	11/12/2020	\$ 4,325,000	4.00%	10/01/24	370,000	-	-
Series 2020A			4.00%	10/01/25	385,000	385,000	127,200
(\$416,824 unamortized premium)			4.00%	10/01/26	405,000	405,000	109,375
<b>Type of debt: limited general obligation bonds</b>			5.00%	10/01/27	420,000	420,000	88,750
<b>Revenue pledged: general revenues</b>			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>3,310,000</u>	<u>2,940,000</u>	<u>499,825</u>

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2024	6/30/2025	Annual Interest Payable
<b>Governmental Activities Bonds and Loan Payable—Continued:</b>							
Capital Improvement Bonds of 2020 Series 2020B	11/12/2020	\$ 2,055,000	0.68%	10/01/24	\$ 90,000	\$ -	\$ -
			1.35%	10/01/25	90,000	90,000	42,823
			1.35%	10/01/26	90,000	90,000	41,608
Type of debt: limited general obligation bonds			1.35%	10/01/27	95,000	95,000	40,050
Revenue pledged: general revenues			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>1,795,000</u>	<u>1,705,000</u>	<u>415,801</u>
Installment Purchase Agreement of 2021 (fire tower ladder truck)	9/15/2021	\$ 1,370,873	1.78%	09/25/24	277,860	-	-
			1.78%	09/25/25	282,784	282,784	3,956
Type of debt: installment purchase agreements			1.78%	09/25/26	71,476	71,476	210
Revenue pledged: general revenues					<u>632,120</u>	<u>354,260</u>	<u>4,166</u>
Installment Purchase Agreement of 2023 (fire pumper truck)	3/20/2023	\$ 761,603	4.40%	04/20/25	147,101	-	-
			4.40%	04/20/26	153,706	153,706	16,262
Type of debt: installment purchase agreements			4.40%	04/20/27	160,607	160,607	9,361
Revenue pledged: general revenues			4.40%	04/20/28	125,169	125,168	2,306
					<u>586,583</u>	<u>439,481</u>	<u>27,929</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES BONDS AND LOANS PAYABLE</b>					<u>\$ 27,723,703</u>	<u>\$ 26,198,741</u>	<u>\$ 10,909,106</u>
<b>TOTAL PRIMARY GOVERNMENT BONDS AND LOANS PAYABLE</b>					<u>\$ 43,337,179</u>	<u>\$ 43,103,696</u>	<u>\$ 13,621,538</u>
<b>Discretely Presented Component Unit Bonds and Loans Payable:</b>							
Local Development Finance Authority Smartzone Refunding Bonds	3/20/2012	\$ 4,100,000	3.00%	11/01/24	\$ 275,000	\$ -	\$ -
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>560,000</u>	<u>285,000</u>	<u>4,275</u>
<b>TOTAL DISCRETELY PRESENTED COMPONENT UNIT BONDS AND LOANS PAYABLE</b>					<u>\$ 560,000</u>	<u>\$ 285,000</u>	<u>\$ 4,275</u>
<b>TOTAL REPORTING ENTITY BONDS AND LOANS PAYABLE</b>					<u>\$ 43,897,179</u>	<u>\$ 43,388,696</u>	<u>\$ 13,625,813</u>

# 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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<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	139
<b>Debt Capacity</b>	
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
<b>Demographic and Economic Information</b>	
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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**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

	2016	2017	2018 (a)	2019	2020	2021	2022	2023	2024	2025
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 64,326,891	\$ 62,520,466	\$ 61,267,518	\$ 66,734,006	\$ 70,274,679	\$ 72,200,515	\$ 75,201,511	\$ 77,169,106	\$ 77,859,834	\$ 80,015,524
Restricted	4,140,342	3,777,410	6,138,596	5,519,207	4,459,799	5,003,269	5,845,255	7,228,272	10,591,168	12,124,112
Unrestricted	(4,142,119)	(5,566,349)	(8,350,634)	(14,355,143)	(28,084,776)	(29,065,065)	(22,938,317)	(23,043,056)	(22,876,950)	(22,275,861)
<b>Total Governmental Net Position</b>	<b>\$ 64,325,114</b>	<b>\$ 60,731,527</b>	<b>\$ 59,055,480</b>	<b>\$ 57,898,070</b>	<b>\$ 46,649,702</b>	<b>\$ 48,138,719</b>	<b>\$ 58,108,449</b>	<b>\$ 61,354,322</b>	<b>\$ 65,574,052</b>	<b>\$ 69,863,775</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 39,013,529	\$ 38,114,686	\$ 38,549,547	\$ 41,741,666	\$ 44,543,391	\$ 54,257,461	\$ 54,668,925	\$ 57,495,571	\$ 60,003,475	\$ 62,661,899
Restricted	599,500	599,500	599,500	599,500	599,500	822,000	822,000	822,000	1,013,943	1,127,928
Unrestricted	5,762,272	6,382,906	6,041,091	2,424,616	(2,353,801)	(873,805)	424,949	2,644,375	7,552,656	9,373,831
<b>Total Business-type Activities Net Position</b>	<b>\$ 45,375,301</b>	<b>\$ 45,097,092</b>	<b>\$ 45,190,138</b>	<b>\$ 44,765,782</b>	<b>\$ 42,789,090</b>	<b>\$ 54,205,656</b>	<b>\$ 55,915,874</b>	<b>\$ 60,961,946</b>	<b>\$ 68,570,074</b>	<b>\$ 73,163,658</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 103,340,420	\$ 100,635,152	\$ 99,817,065	\$ 108,475,672	\$ 114,818,070	\$ 126,457,976	\$ 129,870,436	\$ 134,664,677	\$ 137,863,309	\$ 142,677,423
Restricted	4,739,842	4,376,910	6,738,096	6,118,707	5,059,299	5,825,269	6,667,255	8,050,272	11,605,111	13,252,040
Unrestricted	1,620,153	816,557	(2,309,543)	(11,930,527)	(30,438,577)	(29,938,870)	(22,513,368)	(20,398,681)	(15,324,294)	(12,902,030)
<b>Total Primary Government Net Position</b>	<b>\$ 109,700,415</b>	<b>\$ 105,828,619</b>	<b>\$ 104,245,618</b>	<b>\$ 102,663,852</b>	<b>\$ 89,438,792</b>	<b>\$ 102,344,375</b>	<b>\$ 114,024,323</b>	<b>\$ 122,316,268</b>	<b>\$ 134,144,126</b>	<b>\$ 143,027,433</b>

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

SOURCE: The information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2016	2017	2018 (a)	2019	2020	2021	2022	2023	2024	2025
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
Public representation	663,077	679,139	507,275	800,887	982,981	826,344	913,923	1,094,528	1,036,809	2,229,559
Administrative services	2,331,236	2,483,519	1,995,426	2,700,775	3,007,018	5,037,787	5,473,498	6,145,566	5,792,181	7,277,240
Financial services	17,118,742	16,910,473	12,404,126	20,433,642	25,982,246	18,249,379	13,387,378	18,908,078	16,242,732	19,533,090
Public safety	3,109,454	3,551,230	3,471,618	4,438,358	4,581,526	4,025,982	4,687,660	4,561,496	4,677,404	4,521,567
Highways, streets and bridges	7,251,882	6,996,540	6,917,260	7,185,642	7,593,019	6,862,862	7,308,858	7,480,486	7,755,393	8,014,545
Community and economic development	5,223,431	3,738,566	5,015,160	2,890,216	5,359,282	4,999,907	9,857,082	13,217,161	11,004,354	10,279,121
Culture and recreation	3,551,692	3,918,814	3,994,582	4,541,739	5,289,578	4,507,120	6,588,542	7,869,866	8,150,578	9,367,878
General administration	326,452	301,287	376,112	302,982	389,863	404,303	511,323	977,506	701,800	741,633
Interest on long-term debt	248,223	172,591	165,023	151,304	732,065	1,112,166	881,204	866,450	860,809	822,630
<b>Total Governmental Activities Expenses</b>	<b>40,931,740</b>	<b>39,866,056</b>	<b>36,194,200</b>	<b>44,781,159</b>	<b>55,378,657</b>	<b>47,631,260</b>	<b>51,324,518</b>	<b>63,099,130</b>	<b>58,944,667</b>	<b>69,846,174</b>
<b>Business-type Activities</b>										
Water	6,750,826	7,206,564	7,090,770	7,752,703	8,437,862	8,612,574	9,261,276	10,758,625	10,434,898	10,974,288
Sewer	8,669,469	8,876,690	8,093,752	9,119,941	9,902,515	8,084,729	8,153,673	8,608,922	8,982,844	9,826,124
Marina and launch ramp	327,852	336,912	377,614	430,431	529,007	515,023	461,504	490,079	530,454	529,290
<b>Total Business-type Activities Expenses</b>	<b>15,748,127</b>	<b>16,420,166</b>	<b>15,562,136</b>	<b>17,303,075</b>	<b>18,869,384</b>	<b>17,212,328</b>	<b>17,876,453</b>	<b>19,857,626</b>	<b>19,948,196</b>	<b>21,329,702</b>
<b>Total Primary Government Expenses</b>	<b>56,679,867</b>	<b>56,286,222</b>	<b>51,756,336</b>	<b>62,084,234</b>	<b>74,248,041</b>	<b>64,843,588</b>	<b>69,200,971</b>	<b>82,956,756</b>	<b>78,892,863</b>	<b>85,175,876</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
Charges for Services	226,559	228,767	232,736	250,931	253,511	280,395	324,314	367,723	408,586	616,319
Public representation	474,737	572,739	539,178	604,290	538,791	504,281	715,421	697,070	804,969	879,387
Administrative services	925,474	895,924	903,322	921,748	913,968	988,501	1,065,220	1,129,918	1,122,315	1,283,524
Financial services	1,248,911	1,824,114	2,794,347	2,292,158	2,290,640	2,207,986	2,680,675	3,270,826	2,831,835	3,436,090
Public safety	379,877	646,876	743,110	691,312	835,149	828,098	854,793	1,361,232	1,311,829	1,196,343
Public works	234,861	256,190	188,248	191,683	193,267	187,478	522,779	243,319	278,573	280,351
Highways, streets and bridges	444,632	706,195	348,933	786,120	769,860	912,247	498,766	609,408	349,316	365,298
Community and economic development	1,229,067	1,463,839	1,651,304	1,853,547	2,124,968	1,976,029	4,389,524	3,624,178	3,666,818	4,008,264
Culture and recreation	52,512	37,892	38,549	40,400	59,537	65,592	76,182	89,072	167,316	127,021
General administration	5,330,825	5,208,818	6,478,526	6,892,530	7,398,202	9,839,245	11,024,058	12,340,614	11,468,301	12,017,238
Operating grants and contributions	3,804,656	862,074	2,305,620	4,015,097	4,064,216	2,901,176	2,815,119	3,801,190	5,345,394	8,201,626
<b>Total Governmental Program Revenues</b>	<b>14,352,111</b>	<b>12,703,428</b>	<b>16,223,873</b>	<b>18,540,016</b>	<b>19,442,109</b>	<b>20,691,038</b>	<b>24,986,851</b>	<b>27,534,550</b>	<b>27,755,252</b>	<b>32,411,451</b>
<b>Business-type Activities</b>										
Water	7,485,013	7,430,314	7,445,669	7,946,983	8,316,552	8,752,570	8,903,549	10,311,141	10,327,739	11,435,975
Sewer	6,305,554	7,620,208	8,217,497	8,098,828	8,397,838	9,298,156	10,298,642	10,177,369	10,494,925	10,548,439
Marina and launch ramp	287,547	278,753	325,917	298,312	74,659	178,706	292,416	329,518	316,603	329,803
Operating grants and contributions	-	2,436	42,531	510,533	94,462	-	103,208	427,075	129,989	105,686
Capital grants and contributions	765,363	784,969	-	-	-	10,354,544	-	2,269,819	5,516,827	3,055,637
<b>Total Business-type program revenues</b>	<b>14,843,477</b>	<b>16,116,680</b>	<b>16,031,614</b>	<b>16,854,656</b>	<b>16,883,511</b>	<b>28,963,976</b>	<b>19,597,815</b>	<b>23,534,922</b>	<b>26,786,083</b>	<b>25,475,540</b>
<b>Total Primary Government program revenues</b>	<b>29,195,588</b>	<b>28,820,108</b>	<b>32,255,487</b>	<b>35,394,672</b>	<b>36,325,620</b>	<b>49,275,014</b>	<b>44,584,666</b>	<b>51,069,472</b>	<b>54,541,335</b>	<b>57,886,991</b>
<b>NET (EXPENSE) REVENUE</b>										
Governmental Activities	(26,579,629)	(27,162,628)	(19,970,327)	(26,241,143)	(35,936,548)	(26,940,222)	(26,337,667)	(35,564,580)	(31,189,415)	(31,434,723)
Business-type Activities	(904,650)	(303,486)	469,478	(448,419)	(1,985,873)	11,371,648	1,721,362	3,677,296	6,637,887	4,145,838
<b>Total Primary Government net expense</b>	<b>(27,484,279)</b>	<b>(27,466,114)</b>	<b>(19,500,849)</b>	<b>(26,689,562)</b>	<b>(37,922,421)</b>	<b>(15,568,574)</b>	<b>(24,616,305)</b>	<b>(31,887,284)</b>	<b>(24,351,528)</b>	<b>(27,288,885)</b>

City of Muskegon

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2016	2017	2018 (a)	2019	2020	2021	2022	2023	2024	2025
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
<b>Governmental Activities</b>										
Property taxes	\$ 8,366,212	\$ 8,389,243	\$ 8,450,103	\$ 8,230,573	\$ 8,466,886	\$ 8,813,155	\$ 9,182,184	\$ 10,259,863	\$ 11,016,837	\$ 11,767,911
Income taxes	8,386,775	8,707,279	8,995,284	8,939,887	9,437,451	9,609,218	10,020,370	12,196,364	12,767,289	13,464,269
Franchise fees	372,117	378,955	368,495	380,343	361,405	374,219	369,420	349,044	312,085	266,262
Grants and contributions not restricted for specific programs	4,051,050	4,630,111	4,955,168	5,102,602	5,276,036	6,427,138	15,303,423	13,188,368	6,342,222	6,256,126
Unrestricted investment earnings	189,408	106,653	92,771	546,533	568,408	229,177	(644,067)	765,542	1,680,189	1,762,158
Miscellaneous	626,014	512,738	545,536	550,381	577,677	370,268	918,179	688,390	738,714	736,819
Gain on sale of capital asset	99,031	844,062	712,415	1,333,414	317	2,641,064	1,122,888	2,724,195	3,281,710	2,627,712
Transfers	-	-	-	-	-	(35,000)	35,000	(1,341,313)	(729,901)	(300,000)
<b>Total Governmental Program Revenues</b>	<b>22,090,607</b>	<b>23,569,041</b>	<b>24,119,782</b>	<b>25,083,733</b>	<b>24,688,180</b>	<b>28,429,239</b>	<b>36,307,397</b>	<b>38,810,453</b>	<b>35,409,145</b>	<b>36,581,257</b>
<b>Business-type Activities</b>										
Unrestricted investment earnings	25,688	25,277	28,550	24,063	9,181	9,918	23,856	27,463	40,340	122,604
Transfers	-	-	-	-	-	35,000	(35,000)	1,341,313	729,901	300,000
<b>Total Business-type program revenues</b>	<b>25,688</b>	<b>25,277</b>	<b>28,550</b>	<b>24,063</b>	<b>9,181</b>	<b>44,918</b>	<b>(11,144)</b>	<b>1,368,776</b>	<b>770,241</b>	<b>422,604</b>
<b>Total Primary Government program revenues</b>	<b>22,116,295</b>	<b>23,594,318</b>	<b>24,148,332</b>	<b>25,107,796</b>	<b>24,697,361</b>	<b>28,474,157</b>	<b>36,296,253</b>	<b>40,179,229</b>	<b>36,179,386</b>	<b>37,003,861</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	(4,489,022)	(3,593,587)	4,149,455	(1,157,410)	(11,248,368)	1,489,017	9,969,730	3,245,873	4,219,730	5,146,534
Business-type Activities	(878,962)	(278,209)	498,028	(424,356)	(1,976,692)	11,416,566	1,710,218	5,046,072	7,608,128	4,568,442
<b>Total Primary Government</b>	<b>\$ (5,367,984)</b>	<b>\$ (3,871,796)</b>	<b>\$ 4,647,483</b>	<b>\$ (1,581,766)</b>	<b>\$ (13,225,060)</b>	<b>\$ 12,905,583</b>	<b>\$ 11,679,948</b>	<b>\$ 8,291,945</b>	<b>\$ 11,827,858</b>	<b>\$ 9,714,976</b>

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

SOURCE: The information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General fund</b>										
Nonspendable	\$ 232,332	\$ 209,353	\$ 222,458	\$ 241,684	\$ 280,986	\$ 269,920	\$ 881,961	\$ 873,226	\$ 701,808	\$ 313,616
Restricted	-	-	-	-	-	66,965	8,701	201,500	174,825	171,245
Committed	-	-	-	-	-	39,000	189,037	295,113	413,107	382,132
Assigned	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,800,000	2,790,501	3,175,064	1,800,000
Unassigned	6,098,977	6,148,292	6,469,108	6,563,511	5,920,869	9,121,955	7,981,674	5,857,568	5,124,424	7,080,481
<b>Total general fund</b>	<b>\$ 8,031,309</b>	<b>\$ 8,057,645</b>	<b>\$ 8,391,566</b>	<b>\$ 8,505,195</b>	<b>\$ 7,901,855</b>	<b>\$ 11,197,840</b>	<b>\$ 10,861,373</b>	<b>\$ 10,017,908</b>	<b>\$ 9,589,228</b>	<b>\$ 9,747,474</b>
<b>All other governmental funds</b>										
Nonspendable	\$ 1,597,371	\$ 1,716,825	\$ 1,589,699	\$ 1,624,737	\$ 1,663,979	\$ 1,709,000	\$ 1,737,125	\$ 1,749,272	\$ 1,827,230	\$ 1,859,106
Restricted	2,995,610	2,726,754	5,130,188	4,621,126	3,842,461	4,397,502	5,170,662	6,373,122	7,254,183	7,196,962
Assigned	1,373,669	3,510,747	2,619,342	1,823,959	9,764,600	1,907,590	2,195,895	3,823,737	2,578,435	3,409,946
Unassigned	-	-	-	-	(1,601,331)	(2,919,404)	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 5,966,650</b>	<b>\$ 7,954,326</b>	<b>\$ 9,339,229</b>	<b>\$ 8,069,822</b>	<b>\$ 13,669,709</b>	<b>\$ 5,094,688</b>	<b>\$ 9,103,682</b>	<b>\$ 11,946,131</b>	<b>\$ 11,659,848</b>	<b>\$ 12,466,014</b>

SOURCE: The information in these schedules 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 16,178,761	\$ 16,667,272	\$ 16,877,055	\$ 16,582,030	\$ 17,253,857	\$ 17,700,658	\$ 18,795,646	\$ 21,804,988	\$ 22,815,355	\$ 24,311,838
Intergovernmental	11,711,788	10,743,434	13,488,014	15,776,333	16,777,402	18,131,093	28,487,691	28,839,074	22,496,498	26,064,079
Charges for services	3,468,938	3,918,217	4,229,797	4,430,419	4,563,652	4,898,325	7,744,999	7,202,418	7,727,578	8,367,517
Other	3,868,958	4,005,126	5,251,208	5,312,773	5,745,006	5,745,273	5,399,182	7,063,899	7,433,221	7,854,446
<b>Total revenues</b>	<b>35,228,445</b>	<b>35,334,049</b>	<b>39,846,074</b>	<b>42,101,555</b>	<b>44,339,917</b>	<b>46,475,349</b>	<b>60,427,518</b>	<b>64,910,379</b>	<b>60,472,652</b>	<b>66,597,880</b>
<b>Expenditures</b>										
Public representation	1,064,503	1,080,032	1,383,573	1,281,107	1,379,406	1,556,327	1,758,928	1,905,638	2,745,266	2,236,695
Administrative services	577,454	624,284	537,913	739,301	844,270	783,403	945,841	1,079,807	1,077,435	1,138,987
Financial services	2,068,208	2,236,941	2,191,245	2,394,866	2,358,848	4,810,339	5,668,254	6,089,585	5,978,893	7,338,382
Public safety	13,476,557	14,086,619	15,156,977	16,131,196	16,820,356	14,641,568	15,781,113	17,798,350	18,455,784	20,468,492
Public works	2,864,878	3,206,050	3,377,174	4,176,904	4,187,956	3,604,722	4,472,813	4,239,317	4,418,634	4,460,722
Highways, streets and bridges	3,102,391	3,096,875	4,554,968	2,963,498	2,965,598	2,666,529	3,330,669	3,355,487	3,997,001	8,418,760
Community and economic development	5,415,436	3,878,547	3,962,759	2,930,725	4,986,000	5,281,825	10,306,669	13,450,233	11,204,118	6,484,892
Culture and recreation	3,100,338	3,523,178	3,713,177	4,050,986	4,662,534	3,836,817	6,085,847	6,610,019	7,052,911	8,115,183
Other governmental functions	305,807	280,416	355,241	281,711	371,461	380,232	485,024	950,789	673,198	713,862
Debt service										
Principal	428,199	283,563	288,934	294,313	818,285	2,813,804	1,342,462	1,272,509	1,463,802	1,524,962
Interest	257,516	211,242	197,723	189,905	543,740	943,216	1,011,004	985,750	972,209	925,430
Issuance costs	97,578	-	-	-	70,525	140,750	1,000	-	-	-
Capital outlay	3,867,579	2,328,615	3,134,369	9,363,862	21,498,055	19,695,829	7,775,915	6,935,934	5,406,380	6,164,915
<b>Total expenditure</b>	<b>36,626,444</b>	<b>34,836,362</b>	<b>38,854,053</b>	<b>44,798,374</b>	<b>61,507,034</b>	<b>61,155,361</b>	<b>58,965,539</b>	<b>64,673,418</b>	<b>63,445,631</b>	<b>67,991,282</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,397,999)</b>	<b>497,687</b>	<b>992,021</b>	<b>(2,696,819)</b>	<b>(17,167,117)</b>	<b>(14,680,012)</b>	<b>1,461,979</b>	<b>236,961</b>	<b>(2,972,979)</b>	<b>(1,393,402)</b>
<b>Other financing sources (uses)</b>										
Transfers in	1,563,094	1,805,000	1,370,000	1,210,236	2,017,077	895,000	9,832,799	6,116,212	282,095	3,170,603
Transfers out	(1,638,094)	(1,818,000)	(1,385,000)	(1,210,236)	(2,037,077)	(1,555,000)	(10,197,799)	(8,092,525)	(1,211,996)	(3,470,603)
Long-term debt issued	97,578	-	-	-	21,691,740	7,152,424	1,370,873	761,603	-	-
Proceeds from sale of capital assets	190,957	1,529,325	741,803	1,541,041	491,924	2,908,552	1,204,675	2,976,733	3,187,917	2,657,814
<b>Total other financing sources (uses)</b>	<b>213,555</b>	<b>1,516,325</b>	<b>726,803</b>	<b>1,541,041</b>	<b>22,163,664</b>	<b>9,400,976</b>	<b>2,210,548</b>	<b>1,762,023</b>	<b>2,258,016</b>	<b>2,357,814</b>
<b>Net change in fund balances</b>	<b>\$ (1,184,464)</b>	<b>\$ 2,014,012</b>	<b>\$ 1,718,824</b>	<b>\$ (1,155,778)</b>	<b>\$ 4,996,547</b>	<b>\$ (5,279,036)</b>	<b>\$ 3,672,527</b>	<b>\$ 1,998,984</b>	<b>\$ (714,963)</b>	<b>\$ 964,412</b>
<b>Debt service as a percentage of noncapital expenditures</b>	2.09%	1.52%	1.36%	1.37%	3.40%	9.06%	4.60%	3.91%	4.20%	3.96%

SOURCE: The information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

GOVERNMENTAL FUNDS 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
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	8,056,460	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%	28,639,074	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%
2024	10,571,737	17.5%	12,243,618	20.2%	22,496,498	37.2%	7,727,578	12.8%	2,539,771	4.2%	638,766	1.1%	2,106,429	3.5%	2,148,255	3.6%	60,472,652	-6.8%
2025	11,287,537	16.9%	13,024,301	19.6%	26,064,079	39.1%	8,367,517	12.6%	2,971,755	4.5%	736,879	1.1%	2,075,395	3.1%	2,070,417	3.1%	66,597,880	10.1%

SOURCE: The information in these schedules 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 City Millage	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	
2015	\$ 314,055,244	\$ -	\$ 116,448,947	\$ 54,898,389	\$ 485,402,580	\$ 95,098,912	\$ 580,501,492	\$ 3,149,352	\$ 7,772,000	\$ -	10,921,352	\$ 591,422,844	13.0869	95.28%
2016	314,299,363	-	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	577,220,469	6,591,033	3,146,800	-	9,707,833	586,928,502	13.0865	87.60%
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	609,500,859	73,874,500	683,375,359	15,756,956	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%
2023	452,941,194	-	154,077,304	664,674,394	74,071,500	738,745,894	16,333,392	16,333,392	726,600	-	17,059,992	755,805,886	12.7918	68.68%
2024	513,957,286	-	176,568,760	58,982,743	749,508,789	74,263,800	823,772,589	17,986,604	-	-	17,665,495	841,388,084	12.5570	65.13%

Assessed and Equalized Valuation of Property

Year	Ad Valorem Assessment Roll					Industrial and Commercial Facilities Assessment Roll					Total Assessed Valuation	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
2015	\$ 335,445,400	\$ -	\$ 122,235,800	\$ 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	1,225,056,220
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	16,273,300	1,312,300	-	17,585,600	916,637,200	1,833,274,400
2022	576,926,300	-	185,097,800	64,048,400	826,072,500	73,763,800	899,836,300	16,227,500	1,575,400	-	17,802,900	912,336,900	1,824,673,800
2023	729,954,400	-	214,005,200	1,008,008,000	1,008,008,000	74,063,900	1,082,071,900	17,654,200	726,600	-	18,380,800	1,100,452,700	2,200,905,400
2024	866,299,800	-	236,503,600	69,983,000	1,196,796,400	74,241,500	1,271,037,900	20,816,900	-	-	20,816,700	1,291,854,600	2,563,709,200

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	6/30/2025			6/30/2016		
	Taxable Valuation	Rank	Percent of Total Taxable Valuation	Taxable Valuation	Rank	Percent of Total Taxable Valuation
Consumers Energy	\$ 23,624,041	1	2.8%	\$ 32,085,934	1	5.6%
DTE Gas Company	15,718,842	2	1.9%	6,989,800	2	1.2%
James Street Capital Holdings	11,984,631	3	1.4%	6,240,000	4	1.1%
Muskegon SC Holdings LLC	9,451,134	4	1.1%	6,550,900	3	1.1%
Michigan Electrical Transmission Co	5,526,900	5	0.7%	4,790,700	5	0.8%
West Urban Properties	4,636,073	6	0.6%	4,595,700	6	0.8%
B & S Holding LLC	4,511,100	7	0.5%	4,260,600	7	0.7%
Glen Oaks Apartments	4,032,170	8	0.5%	3,942,791	8	0.7%
Verplank Port Facility LLC	3,919,700	9	0.5%	3,906,313	9	0.7%
OHAT-1 LLC/OHAT-2 LLC	3,417,795	10	0.4%	3,665,660	10	0.6%
<b>Total - 10 Largest</b>	<b>86,822,386</b>		<b>10.32%</b>	<b>77,028,398</b>		<b>13.36%</b>
<b>Total - All Other</b>	<b>754,565,698</b>		<b>89.68%</b>	<b>499,469,809</b>		<b>86.64%</b>
	<b>\$ 841,388,084</b>		<b>100.0%</b>	<b>\$ 576,498,207</b>		<b>100.0%</b>

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**

<b>City-Wide Rates</b>						
<b>Year</b>	<b>Operating</b>	<b>Promotion</b>	<b>Sanitation</b>	<b>Total City</b>	<b>Library District</b>	<b>Library Debt</b>
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
2023	9.7880	0.0674	2.9364	12.7918	2.3516	0.4999
2024	9.6127	0.0605	2.8838	12.5570	2.3097	0.2500

**Overlapping - County-Wide Rates**

<b>Year</b>	<b>Muskegon County</b>	<b>Intermediate School</b>	<b>Special Education</b>	<b>Vocational Education</b>	<b>Community College</b>	<b>MAISD Gen Ed</b>	<b>Community College Debt</b>
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
2023	6.7878	0.4518	2.2597	0.9827	2.1693	0.9831	0.2700
2024	6.7319	0.4480	2.2408	0.9745	2.1515	0.9749	0.2250

**Overlapping - School District**

**Grand Total**

<b>Year</b>	<b>Operating</b>	<b>Debt</b>	<b>Total</b>	<b>State Education</b>	<b>Homestead</b>	<b>Non-Homestead</b>
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
2023	18.0000	8.7212	26.7212	6.0000	44.2689	62.2689
2024	18.0000	8.4519	26.4519	6.0000	43.3152	61.3152

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

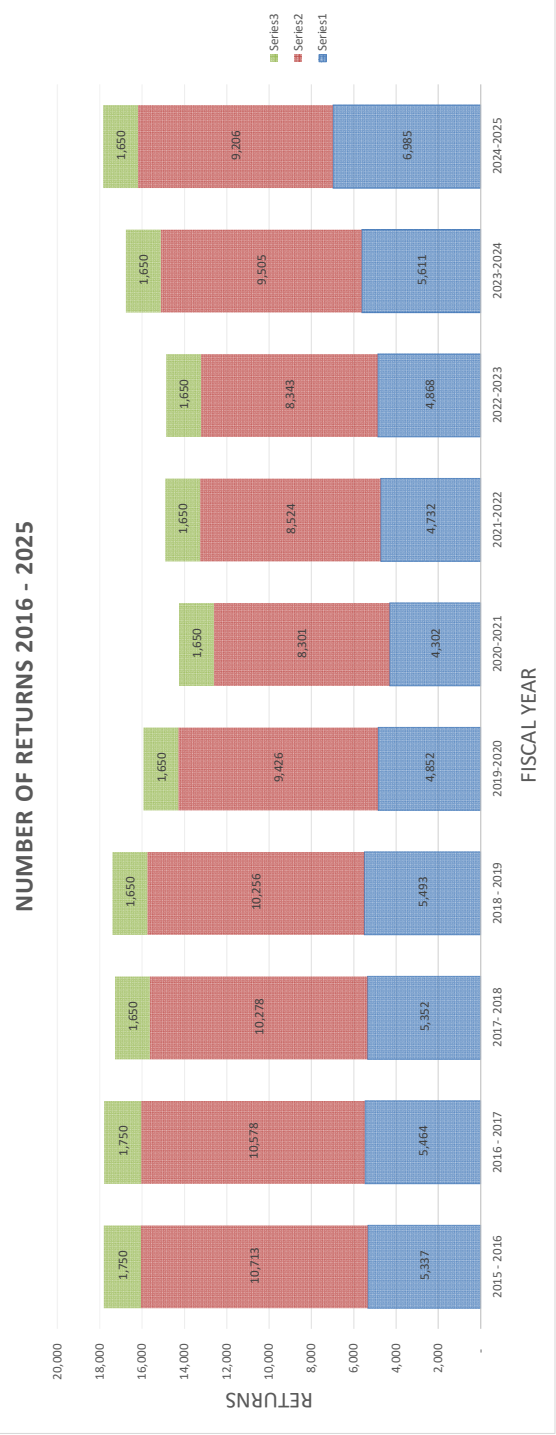
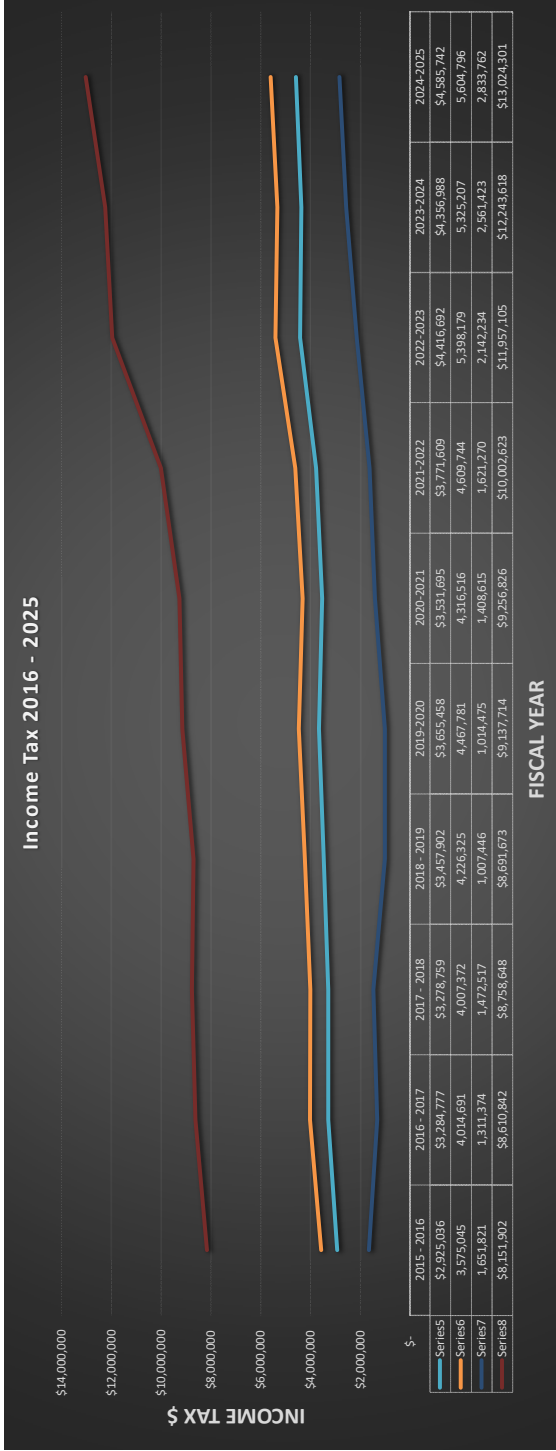
Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Levy	Charge backs			Outstanding Delinquent Specific	Outstanding Delinquent Personal	Percent of Delinquent Taxes to Levy
							On Uncollected Delinquent Taxes	Delinquent Taxes	Delinquent Taxes			
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%		
2023	12,049,276	10,910,234	90.5%	991,862	11,902,096	98.8%	-	95,007	36,291	1.09%		
2024	13,502,220	12,289,838	91.0%	1,110,449	13,400,287	99.2%	-	67,432	32,935	0.74%		

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

TOTAL INCOME TAX COLLECTED AND NUMBER OF RETURNS FILED - GRAPHICAL

Last Ten Fiscal Years



City of Muskegon

TOTAL INCOME TAX COLLECTED AND NUMBER OF RETURNS FILED - DATA

Last Ten Fiscal Years

Income Tax 2016 - 2025

Year	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Resident	\$ 2,925,036	\$ 3,284,777	\$ 3,278,759	\$ 3,457,902	\$ 3,655,458	\$ 3,531,695	\$ 3,771,609	\$ 4,416,692	\$ 4,356,988	\$ 4,585,742
Non-Resident	3,575,045	4,014,691	4,007,372	4,226,325	4,467,781	4,316,516	4,609,744	5,398,179	5,325,207	5,604,796
Other	1,651,821	1,311,374	1,472,517	1,007,446	1,014,475	1,408,615	1,621,270	2,142,234	2,561,423	2,833,762
<b>Total Income Tax</b>	<b>\$ 8,151,902</b>	<b>\$ 8,610,842</b>	<b>\$ 8,758,648</b>	<b>\$ 8,691,673</b>	<b>\$ 9,137,714</b>	<b>\$ 9,256,826</b>	<b>\$ 10,002,623</b>	<b>\$ 11,957,105</b>	<b>\$ 12,243,618</b>	<b>\$ 13,024,301</b>

Number of Returns 2016-2025

Year	2015 - 2016	2016 - 2017	2017- 2018	2018 - 2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Resident	5,337	5,464	5,352	5,493	4,852	4,302	4,732	4,868	5,611	6,985
Non-Resident	10,713	10,578	10,278	10,256	9,426	8,301	8,524	8,343	9,505	9,206
Other	1,750	1,750	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
<b>Total Returns</b>	<b>17,800</b>	<b>17,792</b>	<b>17,280</b>	<b>17,399</b>	<b>15,928</b>	<b>14,253</b>	<b>14,906</b>	<b>14,861</b>	<b>16,766</b>	<b>17,841</b>

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		
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	
2024	26,994,177	1,218,703	-	28,212,880	-	15,613,476	15,613,476	43,826,356	1,167	
2025	25,800,277	793,741	-	26,594,018	-	16,904,955	16,904,955	43,498,973	1,166	

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

SOURCE: The information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

**DIRECT AND OVERLAPPING DEBT**

June 30, 2025

Name of Governmental Unit	Total Debt Outstanding	Self Supporting	Debt Supported by City General Revenues
<b>Direct Debt</b>			
<b>City of Muskegon:</b>			
Revenue Bonds	\$ 16,904,955	\$ 16,904,955	\$ -
Capital Improvement Bonds	25,800,277	-	25,800,277
Installment Purchase Agreements	793,741	-	793,741
<b>Component Unit Debt:</b>			
Local Development Finance Authority	285,000	285,000	-
<b>Total City Direct Debt</b>	<b>\$ 43,783,973</b>	<b>\$ 17,189,955</b>	<b>\$ 26,594,018</b>

	Gross	City Share as Percent of Gross	Net
<b>Overlapping Debt</b>			
Muskegon School District	\$ 76,490,000	95.84%	\$ 73,308,016
Orchard View School District	28,994,510	16.61%	4,815,988
Reeth's Puffer School District	44,975,998	0.57%	256,363
Hackley Public Library	1,175,000	95.84%	1,126,120
Muskegon County	124,237,236	13.44%	16,697,485
Muskegon Community College	21,160,000	13.44%	2,843,904
<b>Total Overlapping Debt</b>	<b>\$ 297,032,744</b>		<b>99,047,876</b>
<b>Total City Direct and Overlapping Debt</b>			<b>\$ 125,641,894</b>

**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 annual comprehensive financial reports for the relevant year.

City of Muskegon

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Debt Limit</b>	\$ 60,962,090	\$ 61,333,841	\$ 64,124,907	\$ 101,083,635	\$ 108,732,428	\$ 128,830,259	\$ 144,430,377	\$ 167,769,346	\$ 188,153,551	\$ 209,510,811
<b>Total net debt applicable to limit</b>	11,313,794	10,290,785	9,240,855	8,510,021	27,943,934	31,848,925	31,499,735	30,613,355	28,775,704	26,879,018
<b>Legal debt margin</b>	\$ 49,648,296	\$ 51,043,056	\$ 54,884,052	\$ 92,573,614	\$ 80,788,494	\$ 96,981,334	\$ 112,930,642	\$ 137,155,991	\$ 159,377,847	\$ 159,377,847
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	18.56%	16.78%	14.41%	8.42%	25.70%	24.72%	21.81%	18.25%	15.29%	12.83%

Legal Debt Margin Calculation for 2025:

Assessed Valuation:	\$ 2,095,108,113
Legal Debt Limit (10%)	209,510,811
Total Indebtedness:	\$ 43,763,973
Debt not Subject to Limitation:	-
Paid by Special Assessment Revenue Bonds	(16,904,955)
Debt Subject to Limitation	26,879,018
Legal Debt Margin	\$ 182,631,793

SOURCE: The information in these schedules (unless otherwise noted) is derived from the annual comprehensive 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			Revenue Bond Coverage Ratio
				Principal	Interest	Total	
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
2024	10,477,251	8,286,595	2,190,656	1,030,000	162,364	1,192,364	1.84
2025	11,633,100	8,761,522	2,871,578	1,093,130	131,286	1,224,416	2.35

**Sewage Disposal System**

Fiscal Year	Gross Revenue (a)	Direct Operating Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Revenue Bond Coverage Ratio
				Principal	Interest	Total	
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
2024	10,515,742	8,083,834	2,431,908	282,000	143,188	425,188	5.72
2025	10,578,001	8,996,429	1,581,572	485,000	167,912	652,912	2.42

(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 annual comprehensive 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	
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%
2024	38,318	1,014,656,178	26,480	36.1	3,559	1,126	246,148,439	8.8%
2025	37,306	1,012,554,999	27,142	36.0	3,325	1,171	388,284,055	8.5%

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	2025				2016			
	Employees	Rank	Employment	Percentage of Total City	Employees	Rank	Employment	Percentage of Total City
Mercy General Health Partners	3,536	1	18.0%	4,114	1	27.4%		
County of Muskegon	1,078	2	5.5%	755	3	5.0%		
State of Michigan	762	3	3.9%					
Muskegon Public School District	739	4	3.8%	565	5	3.8%		
G.E. Aviation	685	5	3.5%	341	7	2.3%		
ADAC Automotive	670	6	3.4%	970	2	6.5%		
Muskegon Community College	459	7	2.3%	198	9	1.3%		
Johnson Technologies	456	8	2.3%					
Muskegon Area Intermediate School District	400	9	2.0%					
Orthopaedic Associates	279	10	1.4%					
Port City Group Companies				667	4	4.4%		
Cole's Quality Foods				180	10	1.2%		
SAF Holland USA				345	6	2.3%		
Betten Automotive Group				232	8	1.5%		

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Affirmative Action	1.30	1.46	0.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetaries	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
City Clerk & Elections	3.00	3.54	3.80	3.80	4.80	5.80	5.80	5.80	5.80	5.00
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	1.05	1.00	1.00	1.00	1.00	1.50
City Manager's Office	2.05	1.75	2.75	2.75	2.75	3.30	3.30	4.30	4.30	3.55
City Treasurer's Office	5.50	5.50	5.50	5.50	5.50	5.30	5.30	5.50	5.50	6.00
Environmental Services	2.00	2.00	2.00	-	-	-	-	-	-	-
Farmers Market	0.05	-	0.20	1.20	1.20	0.70	0.70	1.20	1.20	1.00
Finance Administration	3.00	3.00	3.60	3.00	3.45	3.70	3.70	3.70	3.70	4.60
Fire	35.00	35.00	35.00	26.00	29.00	29.50	29.50	29.50	29.50	29.50
Income Tax Administration	3.50	3.50	3.50	3.50	3.50	3.70	3.70	3.50	3.50	4.00
Information Systems	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Parks	6.00	7.05	7.05	10.05	10.05	10.05	10.05	11.00	11.00	10.75
Recreation	-	-	-	-	-	-	-	-	-	2.70
Planning, Zoning & Economic Development	3.40	3.45	3.45	5.45	6.00	7.00	7.00	6.75	6.75	7.50
Police	88.00	88.00	88.00	89.00	89.00	91.00	91.00	92.00	92.00	93.00
Sanitation	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
MVH-Major Streets	10.70	10.70	10.70	12.20	12.20	13.20	13.20	12.75	12.75	13.20
MVH-Local Streets	6.70	6.70	6.70	7.20	7.20	7.20	7.20	6.75	6.75	8.20
Community Development	4.00	4.00	3.55	3.55	4.30	5.30	5.30	5.30	5.30	5.40
Sewer Maintenance	9.80	9.80	9.80	9.80	10.80	10.95	10.95	10.70	10.70	11.10
Water Filtration	10.00	10.00	10.00	10.00	11.00	12.15	12.15	11.90	11.90	11.90
Water Maintenance	11.75	11.75	11.75	11.75	12.75	14.90	14.90	16.65	16.65	15.10
Hartshorn Marina Fund	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.25	0.25	1.35
Mercy Health Arena	-	-	-	-	3.00	6.00	6.00	6.50	6.50	6.50
Public Service Building	8.50	8.50	8.50	8.50	8.75	8.75	8.75	9.50	9.50	11.15
Engineering	4.95	4.95	4.95	5.95	5.20	4.25	4.25	5.50	5.50	5.35
Equipment	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	5.95
	231.00	232.45	233.50	232.50	245.25	257.50	257.50	263.50	263.50	270.50

SOURCE: City of Muskegon Finance Department

City of Muskegon

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Administrative Services</b>										
<b>Elections</b>										
Number of registered voters	24,005	24,612	26,136	25,182	28,127	27,869	28,004	28,004	28,699	28,558
Number of votes cast:										
Last general election	2,547	13,179	15,271	11,407	3,105	15,156	15,519	15,519	3,386	5,697
Last city election	2,547	13,179	2,254	1,938	3,105	2,968	4,459	4,459	3,386	5,697
Percentage of registered voters voting:										
Last general election	11%	54%	58%	45%	11%	54%	55%	55%	16%	20%
Last city election	11%	54%	9%	8%	11%	12%	16%	16%	16%	20%
<b>Financial Services</b>										
<b>Property Tax Bills</b>										
Property Tax Returns	14,611	14,243	14,229	14,180	15,090	15,117	15,103	15,145	15,060	15,111
Income Tax Returns	17,800	17,792	17,280	17,399	15,928	14,253	14,906	14,861	16,766	17,841
Paper Check Issued to Vendors	1,608	1,675	1,782	1,863	1,946	1,676	1,853	1,689	1,742	1,592
Electronic Payments to Vendors	1,849	1,998	2,104	2,307	2,494	2,465	3,654	3,948	4,109	4,229
<b>Public Safety</b>										
<b>Fire Protection</b>										
Number of firefighter and officer positions	35	35	23	29	26	29	25	26	27	27
Number of emergency calls	4,938	4,895	4,948	5,106	5,147	4,203	6,018	5,729	5,735	6,565
<b>Police Protection</b>										
Number of sworn officer positions	76	75	79	80	80	89	80	80	80	81
Part I (Major) Crimes	1,989	2,816	2,357	1,728	1,621	1,442	808	1,364	1,502	1,152
<b>Public Works</b>										
<b>Refuse Collected (Tons per Year)</b>	10,994	11,009	10,801	10,753	11,534	12,289	10,326	11,233	11,180	11,392
Recyclables Collected (Tons per Year)	-	-	-	-	160	224	341	356	336	293
Yard Waste	-	-	-	-	-	-	-	7,252	6,412	6,416
<b>Water &amp; Sewer</b>										
<b>Average daily water consumption (GPD)</b>	11,027,945	10,947,233	9,559,304	10,867,590	10,674,712	7,570,000	10,789,900	10,950,579	10,619,983	10,158,971
Number of consumers	13,307	13,248	13,104	13,343	13,422	12,660	12,821	12,876	12,933	12,896
Water main breaks repaired	16	12	15	11	17	13	15	7	7	15
Sewer flows (Millions Gallons per Year)	1,794	1,815	1,832	2,048	2,138	1,596	1,462	1,464	1,437	1,268
Sewer Service Calls	521	462	451	443	475	541	426	463	497	513

SOURCE: City of Muskegon Departments

City of Muskegon

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Public Safety</b>										
<b>Fire Protection</b>										
Number of stations	3	3	3	3	3	3	3	3	3	3
<b>Police Protection</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
<b>Highways, Streets and Bridges</b>										
Miles of Streets	196.95	196.95	196.95	197.19	187.34	187.34	187.28	187.28	184.29	184.29
Number of streetlights	2,900	2,984	2,967	2,930	2,995	2,995	2,995	2,995	2,994	2,994
<b>Culture and Recreation</b>										
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	2	2	2	2	2
<b>Sewer</b>										
Sanitary sewers (miles)	177.04	177.04	177.04	177.04	177.04	176.69	166.63	166.63	167.50	167.50
Storm sewers (miles)	184.35	184.35	184.35	184.35	184.35	147.58	148.38	148.38	148.38	148.38
<b>Water</b>										
Water mains (miles)	195.95	195.95	195.95	195.27	195.27	213.92	214.70	214.70	215.60	215.60

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 City of Muskegon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Muskegon's basic financial statements and have issued our report thereon dated December 23, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 City of Muskegon's internal control. Accordingly, we do not express an opinion on the effectiveness of 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  
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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 23, 2025

**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, 2025. 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, 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, 2025.

***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 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 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 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 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 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 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 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 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 limitations, 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 23, 2025

**City of Muskegon**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Entitlement Program or Award Amount	Accrued (Unearned) Revenue July 1, 2024	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2025	Passed Through to Subrecipients
<i>U.S. Department of Housing and Urban Development</i>								
Direct programs								
CDBG - Entitlement/Special Purpose Grants Cluster								
Community Development Block Grants/Entitlement Grants								
B-20-MC-26-0026	14.218	\$ 994,698	\$ 25,126	\$ -	\$ 26,126	\$ -	\$ (1,000)	\$ -
COVID-19 - B-20-MW-26-0026		794,564	-	-	-	10,340	10,340	-
B-21-MC-26-0026		988,508	122,313	-	122,313	-	-	-
B-22-MC-26-0026		912,894	25,167	-	25,167	-	-	-
B-23-MC-26-0026		901,291	127,817	-	313,011	301,472	116,278	8,007
B-24-MC-26-0026		885,059	-	-	593,280	774,910	181,630	91,098
Program Income		30,889	-	-	30,889	30,889	-	-
Total CDBG - Entitlement/Special Purpose Grants Cluster		5,507,903	300,423	-	1,110,786	1,117,611	307,248	99,105
Home Investment Partnerships Program								
M-19-MC-26-0215	14.239	334,818	59,502	-	63,999	4,497	-	-
M-20-MC-26-0215		343,362	-	-	8,268	31,805	23,537	-
M-21-MC-26-0215		336,456	-	-	-	-	-	-
COVID-19 - M-21-MP-26-0215		1,218,250	-	-	-	9,398	9,398	-
M-22-MC-26-0215		339,650	-	-	-	-	-	-
M-23-MC-26-0215		325,495	26,254	-	31,270	5,016	-	-
M-24-MC-26-0215		251,818	-	-	25,182	25,182	-	-
Program Income		28,295	-	-	28,295	28,295	-	-
Total Home Investment Partnerships Program		3,178,144	85,756	-	157,014	104,193	32,935	-
Healthy Homes Production Program								
MHHHP0083-22	14.913	1,500,000	264,754	-	537,930	540,821	267,645	-
Total U.S. Department of Housing and Urban Development		10,186,047	650,933	-	1,805,730	1,762,625	607,828	99,105

**City of Muskegon**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**  
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Entitlement Program or Award Amount	Accrued (Unearned) Revenue July 1, 2024	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2025	Passed Through to Subrecipients
<b>U.S. Department of Justice</b>								
Direct programs								
Bulletproof Vest Partnership Program	16.607	\$ 4,410	\$ -	\$ -	\$ 770	\$ 770	\$ -	\$ -
2021 Grant								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	43,247	25,571	-	25,571	-	-	-
15PBJA-23-GG-03505-JAGX								
Congressionally Recommended Awards	16.753	380,000	-	-	359,718	359,718	-	-
15PBJA-24-GG-00218-BRND								
Passed through Michigan Department of Health and Human Services								
Violence Against Women Formula Grants	16.588	282,512	15,778	-	52,836	37,058	-	-
E20244624-00		282,512	-	-	81,555	139,674	58,119	-
E20252682-00		565,024	15,778	-	134,391	176,732	58,119	-
Passed through Battle Creek Community Foundation								
Project Safe Neighborhood	16.609	20,000	-	-	2,004	2,004	-	-
2024-25								
Passed through Ottawa County								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16,698	2,385	-	2,385	-	-	-
2022-15PBJA-22-GG-00								
Total U.S. Department of Justice		1,029,379	43,734	-	524,839	539,224	58,119	-
<b>U.S. Department of Treasury</b>								
Passed through Michigan Department of Treasury								
Coronavirus State and Local Fiscal Recovery Funds	21.027	22,881,894	(4,947,565)	-	-	1,386,900	(3,560,665)	397,500
COVID-19 - American Rescue Plan Act								
Passed through Michigan Strategic Fund								
Coronavirus State and Local Fiscal Recovery Funds	21.027	2,975,484	-	-	2,565,013	2,565,013	-	-
COVID-19 - Revitalization and Placemaking Program								
Passed through Michigan Department of Environment, Great Lakes, and Energy								
Coronavirus State and Local Fiscal Recovery Funds	21.027	3,236,505	1,169,205	-	1,678,464	509,259	-	-
COVID-19 - 7467-01		539,000	-	-	78,935	78,935	-	-
COVID-19 - 7832-01		3,775,505	1,169,205	-	1,757,399	588,194	-	-
Passed through Michigan Department of Natural Resources								
Coronavirus State and Local Fiscal Recovery Funds	21.027	250,000	-	-	225,000	225,000	-	-
COVID-19 - American Rescue Plan Act Local Parks and Trails								
Total U.S. Department of Treasury		29,882,883	(3,778,360)	-	4,547,412	4,765,107	(3,560,665)	397,500

City of Muskegon  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**  
 For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Entitlement Program or Award Amount	Accrued (Unearned) Revenue July 1, 2024	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2025	Passed Through to Subrecipients
<i>Environmental Protection Agency</i>								
Passed through Michigan Department of Environment, Great Lakes, and Energy								
Clean Water State Revolving Fund	66.458							
5767-01		\$ 114,747	\$ -	\$ -	\$ 114,747	\$ 114,747	\$ -	\$ -
5790-01		755,984	-	-	755,984	755,984	-	-
		870,731	-	-	870,731	870,731	-	-
<i>Drinking Water State Revolving Fund</i>								
7566-01	66.468	90,309	-	60,593	90,309	29,716	-	-
7467-01		2,757,963	-	-	193	193	-	-
7832-01		4,100,996	-	-	883,270	1,686,562	803,292	-
		6,949,268	-	60,593	973,772	1,716,471	803,292	-
Total Environmental Protection Agency		7,819,999	-	60,593	1,844,503	2,587,202	803,292	-
<i>U.S. Department of Energy</i>								
Passed through Michigan Department of Environment, Great Lakes, and Energy								
State Energy Program	81.041	75,000	-	-	-	24,500	24,500	-
DE-EE0010079								
<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	1,500,000	235,323	-	584,627	349,304	-	-
E20241696-00		1,200,000	-	-	496,791	760,567	263,776	-
E20252121-00		2,700,000	235,323	-	1,081,418	1,109,871	263,776	-
Total U.S. Department of Health and Human Services		5,400,000	470,646	-	2,162,836	1,459,741	527,552	-
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$ 51,693,308</b>	<b>\$ (2,848,370)</b>	<b>\$ 60,593</b>	<b>\$ 9,803,902</b>	<b>\$ 10,788,529</b>	<b>\$ (1,803,150)</b>	<b>\$ 496,605</b>

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, 2025

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, 2025. 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 de minimis indirect cost rate as allowed under the Uniform Guidance.
3. The beginning accrual for Drinking Water State Revolving Fund 7566-01 was restated as the State of Michigan retroactively changed the split between Federal and State grant funding sources.
4. 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, 2025 and federal expenditures per the Schedule of Expenditures of Federal Awards.

Federal revenues per City of Muskegon financial statements	
General Fund	\$ 788,724
State Grants Fund	3,886,900
Water Fund	1,959,270
Other governmental funds	2,878,326
	9,513,220
Plus drawdowns on federal loans	1,216,125
Plus program income	59,184
	<b>\$ 10,788,529</b>
Federal expenditures per the Schedule of Expenditures of Federal Awards	

City of Muskegon  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the year ended June 30, 2025

**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:

Assistance Listing Number(s)

Name of Federal Program or Cluster

**21.027**

**U.S. Department of Treasury**

• **Coronavirus State and Local Fiscal Recovery Funds**

**Environmental Protection Agency**

**66.458**

• **Clean Water State Revolving Fund**

**66.468**

• **Drinking Water State Revolving Fund**

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

6. Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

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**CLIENT DOCUMENTS**

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 23, 2025

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

City of Muskegon respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended June 30, 2024 dated December 18, 2024.

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### **Finding 2024-001: MATERIAL WEAKNESS—Completeness of Accounts Payable**

*Condition:* There were material expenditures which were attributable to the year under audit but were not properly identified or recorded in the proper fiscal year.

*Recommendation:* Controls over recording expenditures and accounts payable should be strengthened such that there is a higher degree of oversight over the period in which the expenditure is recorded.

*Current Status:* This recommendation was implemented during the year ended June 30, 2025. No similar finding was reported during the single audit for the year ended June 30, 2025.

#### **Finding 2024-002: MATERIAL WEAKNESS—Accuracy of Compensated Absences**

*Condition:* There were unrecognized material clerical errors made in the calculation of the liability for compensated absences.

*Recommendation:* The City should review its accounting procedures with appropriate personnel and regularly review compliance with these procedures.

*Current Status:* This recommendation was implemented during the year ended June 30, 2025. No similar finding was reported during the single audit for the year ended June 30, 2025.



**SECTION II – FINANCIAL STATEMENT FINDINGS—Continued**

**Finding 2024-003: MATERIAL WEAKNESS—Completeness of Leases Receivable**

*Condition:* There were material leases receivable which were not recorded in the City’s accounting records.

*Recommendation:* The City should regularly review its portfolio of leases receivable with all relevant supervisory personnel to ensure it is complete.

*Current Status:* This recommendation was implemented during the year ended June 30, 2025. No similar finding was reported during the single audit for the year ended June 30, 2025.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were *no* findings reported in relation to major federal award programs during the single audit for the year ended June 30, 2024.

Sincerely,



Ken Grant  
Finance Director

## CORRECTIVE ACTION PLAN

December 23, 2025

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, 2025.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2025

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2025 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

