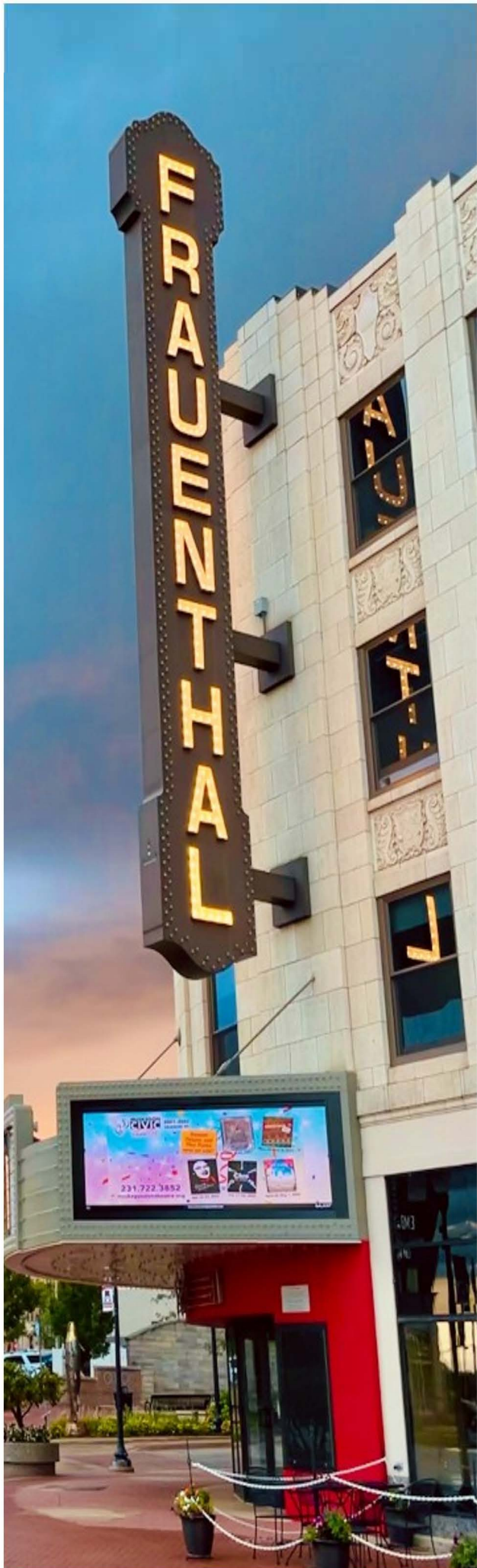


Annual Comprehensive Financial Report City of Muskegon

Fiscal Year Ended June 30, 2022



**CITY OF MUSKEGON,
MICHIGAN**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MUSKEGON



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December 21, 2022

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

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022.

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

Brickley DeLong, PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Muskegon's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the government

The City of Muskegon operates under a commission-manager form of government and provides a full range of traditional municipal services. Policy-making and legislative authority are vested in the governing board (Commission) consisting of the mayor and six commissioners. Two commissioners are elected at large and each of the four ward commissioners is elected by the voters of their respective wards. Commission members serve four-year terms, with the two at large members elected every four years in odd years and the four ward commissioners elected every four years in even years. The Mayor is also elected at-large for a four-year term. The Mayor and Commission appoint the City of Muskegon's manager.

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

The Commission is required to 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 serves as the foundation for the City of Muskegon's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager and department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Commission.

Local economy

The City of Muskegon is located in western Michigan on the shores of Lake Michigan. The City covers 18 square miles (including 4 miles of water) and, with a 2020 US Census population of 37,552 is the largest city on the eastern shore of Lake Michigan. The City is located in Muskegon County and is part of the Muskegon-Norton Shores Metropolitan Statistical Area (MSA), and the larger Grand Rapids-Wyoming-Muskegon Combined Statistical Area (CSA).

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

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

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- Muskegon is the cultural hub for west Michigan with numerous museums and live performance venues: The Muskegon Museum of Art has one of the largest premier art collections in the Midwest, while the Lakeshore Museum Center provides insight into the area's storied past. The Lakeshore Museum Center's attractions include the Muskegon Heritage Museum, the former residences of lumber barons Charles H. Hackley and Thomas Hume, the Fire Barn Museum, and the Scolnik Depression Era House. Frauenthal Center for the Performing Arts operates throughout the year, hosting the West Michigan Symphony Orchestra and the Muskegon Civic Theater.
- Muskegon's downtown is home to dozens of monumental public art pieces, with new pieces acquired each year. In 2022, "One Drop," a 27-foot sculpture of a single drop of water, by Georgia artist Marc Moulton, was added to the public art collection outside the City's VanDyke Mortgage Convention Center along Shoreline Drive.
- Muskegon is home to three historic museum ships that attract thousands of visitors each year:
 - *USS Silversides*, a rare surviving World War II submarine maintained in pristine condition is docked at the Muskegon Lake Channel;
 - *LST-393*, a landing craft used in the D-day invasion and one of only two such vessels remaining in existence is docked downtown Muskegon at the West Michigan Dock and Market; and the
 - *Milwaukee Clipper*, a Great Lakes passenger ship built before the *Titanic* that for many years served as a cross-lake ferry between Muskegon and Milwaukee is docked in the Lakeside Business District.

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

The local economy has experienced some significant adjustments to the COVID-19 pandemic. However, headed into the pandemic, all local indicators pointed to a strong economy – with both corporate profits and income tax withholdings significantly higher than in previous years.

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

MUSKEGON



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Long-term financial planning and major initiatives

The unassigned fund balance in the General Fund at year-end was 24.1% of total actual General Fund revenues for the preceding year. This amount was well above the policy guidelines set by the Commission for budgetary and planning purposes (i.e., 13% of total actual General Fund revenue for the preceding year). Adequate fund balances are maintained to allow the City to continue providing services to the community in case of unexpected emergencies or requirements and/or economic downturns.

The City incorporates a five-year fiscal forecast into its yearly budget process. The forecast is a macro-level projection of major revenue sources, expenses, and fund balances while accounting for identifiable factors, recent trends, and management's judgment as to future developments.

Among the City's major initiatives and accomplishments in the fiscal year 2021-22 were the following:

- Downtown Muskegon's Leonard Building, a five-story mixed-use building, began welcoming tenants in 2022; Samaritas opened a 50+ unit senior affordable apartment building; Terrace Street was reconstructed and turned into a traditional two-lane road from a large boulevard allowing for better connections between the core of downtown and businesses east of Terrace Street, including the Pine Street commercial corridor.
- Staff is nearing completion of an agreement to allow the City to acquire an old railroad line through the Nims and Lakeside neighborhoods. The acquisition will allow for the development of Windward Point in Lakeside and the conversion of much of the corridor into pedestrian and commuter bike trails.
- In 2019 the City started an ambitious infill housing program to provide new housing stock across the community. In 2022 the program constructed new homes in the Jackson Hill, Angell, McLaughlin, Nelson, and Campbell Field neighborhoods. Since the program's inception, the City has completed or initiated the construction of more than 125 homes. A portion of homes are available for rent or purchase to individuals and families at 120% or less of the Area Median Income (AMI).
- Progress continues to move forward on the Adelaide Point (which now includes the former Hartshorn Marina Village Development) and Viridian Shores Developments. These two waterfront developments will feature more than \$200 million in investments and create hundreds of new housing opportunities in the City.
- Parkland Properties announced in December 2022 it would be purchasing and redeveloping the former Shaw Walker property into a mix-use development.
- In 2022, the City approved site plans for the Lakeside Dunes development at the Muskegon Country Club. Phase one is underway and will see 34 single-family semi-custom club homes built and designed by David C. Bos Homes.

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Relevant financial policies

The City of Muskegon has adopted a comprehensive set of financial policies used to ensure adequate protection of the City's assets from loss, theft, or misuse, and provide adequate accounting data to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Budgetary control is maintained through an annual budget resolution passed by the City Commission. Budgetary control at the functional level is maintained by review of estimated expenditures prior to making purchases. Encumbrances are not recorded in the City's funds. The City does, however, utilize an informal monitoring system to facilitate budgetary control over proposed purchases. Essentially, this system entails the use of on-line 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 prior to 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 ended June 30, 2020. This was the 34th consecutive year that the City has received this award. The City has submitted the June 30, 2021 ACFR for consideration but has not received award confirmation at this time. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. 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.

MUSKEGON



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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 the preparation of this report. Credit also must be given to the Mayor and Commissioners for their support in maintaining the highest standards of professionalism in the management of 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, 2020

Christopher P. Morill

Executive Director/CEO

Organizational Structure 2021-22

Mayor and City Commission

City Manager

Public Safety

Police
Fire
Code Enforcement

Environmental Code (SAFEbuilt)
Inspections (SAFEbuilt)
Prosecutions (Parmenter O'Toole)

Finance and Administrative Services

Finance Administration
Treasury/Income Tax
City Clerk
Information Systems
Public Relations
Elections
Risk Management
Employee Relations
Farmers Market

Human Resources (County)
Assessing (County)
LC Walker Arena (Two T's LLC)

Public Works

Streets/Highways
Utilities
Parks and Recreation
Cemeteries Sanitation
Streetlights

Consumers Energy
Republic Waste Services
County Wastewater

Development Services

Community Development
Neighborhood Services
Planning/Zoning
Economic Development
Strategic Planning
Special Events

Muskegon Area First

External Auditors
City Attorney
Planning Commission
Zoning Board of Appeals
Historic District Commission
Housing Code Board of Appeals
Board of Review
Income Tax Board of Review
Civil Service Commission
DDA/BRA
LDFA
BID Board
Equal Opportunities Committee
Local Officers Compensation Committee
Citizen's Police Review Board
CDBG District Council
Election Commission
Construction Board of Appeals
Housing Commission

Elected Officials

Independent Bodies

Municipal Executive

Division Heads

Frontline Staff

Contractual

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

June 30, 2022

ELECTED OFFICIALS

Mayor. Ken Johnson
At Large

Vice Mayor-Commissioner. Willie German
Ward 2

Commissioner. Eric Hood
Ward 1

Commissioner. Michael Ramsey
Ward 3

Commissioner. Teresa Emory
Ward 4

Commissioner. Rachel Gorman
At Large

Commissioner. Rebecca St. Clair
At Large

APPOINTED OFFICIALS

City Manager. Jonathan Seyferth

City Attorney. John C. Schrier

Finance Director. Kenneth D. Grant

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

City Commission
City of Muskegon
Muskegon, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Muskegon, Michigan, as of and for the year ended June 30, 2022, 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, 2022, 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 discussed in Note O to the financial statements, in the year ended June 30, 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. 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.

Responsibilities of Management for the Financial Statements–Continued

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 judgement 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 judgement, 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 21, 2022

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2022 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, 2022. 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 \$114,024,323 as of June 30, 2022. The City has a deficit in unrestricted net position of \$22,513,368. 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 \$11,679,948 during the year ended June 30, 2022.

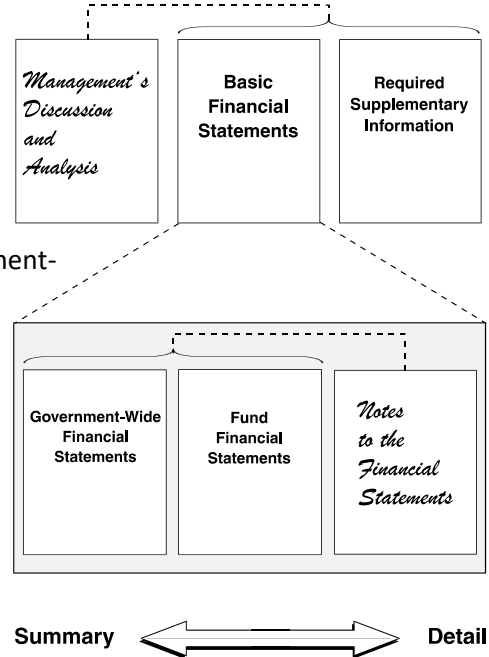
The City’s governmental funds reported combined ending fund balance of \$19,965,055, an increase of \$3,672,527(23%) from the prior year.

The City’s General Fund reported a total fund balance of \$10,861,373, a decrease of \$336,467 from the prior year balance of \$11,197,840.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



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

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

Government-Wide Statements

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

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

The government-wide financial statements include not only the City of Muskegon itself (known as the *primary government*), but also legally separate *component units* for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

Fund Financial Statements

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

The City has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The total net position of the City was \$114,024,323 as of June 30, 2022. This is an increase of \$11,679,948 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
	Activities		Activities				
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	Change
Current and other assets	\$53,203	\$40,446	\$6,947	\$8,568	\$60,150	\$49,014	22.72%
Capital assets	105,605	102,697	69,088	63,314	174,693	166,011	5.23%
Total Assets	158,808	143,143	76,035	71,882	234,843	215,025	9.22%
Deferred outflows of resources	2,692	2,006	187	139	2,879	2,145	34.22%
Total Assets and Deferred Outflows of Resources	161,500	145,149	76,222	72,021	237,722	217,170	9.46%
Long-term liabilities	62,472	71,213	15,516	10,793	77,988	82,006	-4.90%
Current liabilities	23,700	22,650	3,225	6,804	26,925	29,454	-8.59%
Total Liabilities	86,172	93,863	18,741	17,597	104,913	111,460	-5.87%
Deferred inflows of resources	17,219	3,147	1,564	219	18,783	3,366	458.02%
Total Liabilities and Deferred Outflows of Resources	103,391	97,010	20,305	17,816	123,696	114,826	7.72%
Net Position							
Net investment in capital assets	75,202	72,201	54,669	54,257	129,871	126,458	2.70%
Restricted	5,845	5,003	822	822	6,667	5,825	14.45%
Unrestricted	-22,938	-29,065	425	-874	-22,513	-29,939	-24.80%
Total Net Position	\$58,109	\$48,139	\$55,916	\$54,205	\$114,025	\$102,344	11.41%

The bulk of the City's net position \$129,870,436 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 \$6,667,255 of the City's net position are legally restricted as to use. The City has a deficit in unrestricted net position of \$22,513,368. 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 \$7,425,502 during the year.

Changes in net position. The City's total revenues were \$80,880,919 for the year ended June 30, 2022. This represents a 4.12% increase over total revenues collected during the prior fiscal year. Approximately 37.9% of the City's revenue stream came from charges to users of specific services such as water or sewer. Another 13.7% came from grants from the state and federal governments and 23.7% 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, 2022 was \$69,200,971. This represents a 6.7% increase from reported expenses for the last fiscal year ended June 30, 2021. 74.2% of the City's expenses were for governmental activities such as police and fire protection, streets, parks, and general administration. The remaining 25.8% 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 \$9,969,730 and the net position for business-type activities increased by \$1,710,218. 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				
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	
Program revenues							
Charges for services	\$11,148	\$7,951	\$19,495	\$18,229	\$30,643	\$26,180	17.05%
Operating grants and contributions	11,024	9,839	-	-	11,024	9,839	12.04%
Capital grants and contributions	2,815	2,901	103	10,354	2,918	13,255	-77.99%
General revenues							
Property taxes	9,182	8,813	-	-	9,182	8,813	4.19%
Income taxes	10,020	9,609	-	-	10,020	9,609	4.28%
State shared revenues	15,303	6,427	-	-	15,303	6,427	138.10%
All other	1,802	3,580	24	10	1,826	3,590	-49.14%
Total revenues	61,294	49,120	19,622	28,593	80,916	77,713	4.12%
Governmental activities expenses							
Public representation	1,715	1,604	-	-	1,715	1,604	6.92%
Administrative services	914	826	-	-	914	826	10.65%
Financial services	5,473	5,040	-	-	5,473	5,040	8.59%
Public safety	13,387	18,249	-	-	13,387	18,249	-26.64%
Public works	4,688	4,026	-	-	4,688	4,026	16.44%
Highways, streets and bridges	7,309	6,863	-	-	7,309	6,863	6.50%
Community and economic development	9,857	5,000	-	-	9,857	5,000	97.14%
Culture and recreation	6,589	4,507	-	-	6,589	4,507	46.19%
General administration	511	404	-	-	511	404	26.49%
Interest on long-term debt	881	1,112	-	-	881	1,112	-20.77%
Business-type activities expenses							
Sewer	-	-	8,154	8,085	8,154	8,085	0.85%
Water	-	-	9,261	8,612	9,261	8,612	7.54%
Marina and launch ramp	-	-	461	515	461	515	-10.49%
Total expenses	51,324	47,631	17,876	17,212	69,200	64,843	6.72%
Change in net position before transfers	9,970	1,489	1,746	11,381	11,716	12,870	-8.97%
Transfers	-	-	(35)	35	(35)	35	-
Change in net position	9,970	1,489	1,711	11,416	11,681	12,905	-9.48%
Net position at beginning of year	48,138	46,650	54,205	42,789	102,343	89,439	14.43%
Net position at end of year	\$58,108	\$48,139	\$55,916	\$54,205	\$114,024	\$102,344	11.41%

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, 2022 was \$51,324,518.
- The net cost that City taxpayers paid for these activities through local property taxes and income taxes was \$19,202,554, or about 37% 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		
	6/30/2022	6/30/2021	% Change	6/30/2022	6/30/2021	% Change
Governmental activities						
Public safety	\$13,387	\$18,249	-26.64%	\$10,703	\$14,257	-24.93%
Public works	4,688	4,026	16.44%	3,831	3,131	22.36%
Highways, streets and bridges	7,309	6,863	6.50%	672	864	-22.22%
Community and economic development	9,857	5,000	97.14%	6,329	(78)	-8214.10%
Culture and recreation	6,589	4,507	46.19%	-2,430	2,102	-215.60%
All other	9,494	8,986	5.65%	7,233	6,664	8.54%
Total governmental activities	\$51,324	\$47,631	7.75%	\$26,338	\$26,940	-2.23%

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, 2022, the City's total business-type activities realized an overall increase in net position of \$1,710,218.

Sewer Fund net position increased \$2,086,272 primarily from the result of adjustments to utility rates. The Water Fund saw a net position decrease of \$323,415. Marina and Launch Ramp Fund net position decreased \$171,475.

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, 2022 were the General Fund, the Major Street and Trunkline Fund, and the State Grants Fund.

General Fund Highlights

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

Year Ended	Year-End Unassigned Fund Balance	Year-to-Year % Change	Prior Year's Revenues	Unassigned Fund Balance as a % of Prior Year Revenues (Policy Target=13%)
6/30/2022	\$7,981,674	-12.50%	\$33,056,483	24.15%
6/30/2021	9,121,955	54.06%	29,653,448	30.76%
6/30/2020	5,920,869	-9.79%	28,747,772	20.60%
6/30/2019	6,563,511	1.46%	28,729,919	22.85%
6/30/2018	6,469,108	5.22%	27,051,766	23.91%

For the year ended June 30, 2022, General Fund revenues were \$326,085 higher than the final amended budget estimate due to higher than anticipated income taxes and revenue sharing.

General Fund expenditures were \$42,712 lower than projected in the final amended budget.

Major Street and Trunkline and State Grant Fund Highlights

The Major Street and Trunkline Fund accounts for all of the City's street construction and maintenance activities on its primary road system. Primary funding comes from the State of Michigan. For the year ended June 30, 2022, the fund balance of the Major Street and Trunkline Fund increased \$1,112,193.

The State Grants Fund received \$11,440,947 in funding from the American Rescue Plan Act (ARPA) which will be expended over the next few years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the City had invested \$174,692,339 in a variety of capital assets, including land, streets, equipment, buildings, water and sewer lines, and vehicles. This is an increase of \$8,681,233 from capital assets reported as of June 30, 2021. 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, 2022, the City had \$47,507,897 in bonds and other long-term obligations outstanding. This represents a 12.8% increase from the prior year. The City issued new debt for a fire truck and water and sewer improvements.

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

Bond Ratings

The City's limited full faith and credit bonds (bonds guaranteed by the City's taxing powers) were upgraded by Standard & Poor's from a rating of "A+" to "AA-" in early 2016. The City's rating remained at "AA-" in 2022.

City's Long Term Debt – Bonds and Other Obligations

(In thousands of dollars)

	Governmental		Business-Type		Total		Percentage Change
	Activities		Activities				
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	
Due within one year	\$1,720	\$1,526	\$1,359	\$1,312	\$3,079	\$2,838	8.49%
Due in more than one year	<u>31,094</u>	<u>31,257</u>	<u>13,335</u>	<u>8,015</u>	<u>44,429</u>	<u>39,272</u>	<u>13.13%</u>
Total bonds & other obligations	\$32,814	\$32,783	\$14,694	\$9,327	\$47,508	\$42,110	12.82%

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 \$1,096,547 at year-end as shown in the table below. This represents a decrease of 18.9% 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
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	
	Due within one year	\$255	\$245	\$255	
Due in more than one year	<u>842</u>	<u>1,107</u>	<u>842</u>	<u>1,107</u>	<u>-23.94%</u>
Total bonds & other obligations	\$1,097	\$1,352	\$1,097	\$1,652	-18.86%

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s fiscal year 2022-23 capital budget anticipates spending \$20,841,772 for capital projects, consisting of street improvements, water and sewer system improvements, scheduled equipment replacements, the rehab of houses in a city neighborhood and the replacement of fire department rescue equipment.

From an operating standpoint, the City’s 2022-23 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 260.5.
- Some user fees will be increased and new fees recommended during the course of the year.
- The City will continue to look for opportunities to partner with other entities to deliver quality services in a cost-effective manner (e.g. Farmers’ Market kitchen management, Marsh Field and recreation programs).

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

Local Income Tax

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

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

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

Income tax revenues increased 8.1% from \$9,256,826 for the year ended June 30, 2021 to \$10,002,623 for the year ended June 30, 2022. For 2022-23, the City has estimated income tax revenue to be \$10,250,000.

Year	City Income Tax Revenues	Percent Change
6/30/2022	\$10,002,623	8.1%
6/30/2021	\$9,256,826	1.3%
6/30/2020	\$9,137,714	5.1%
6/30/2019	\$8,691,673	-0.8%
6/30/2018	\$8,758,674	1.7%

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 2022-23, the City tax levy will be at 9.7880 mills for general operations and 2.9364 mills for sanitation service. We project that \$8,150,000 in total property tax revenue will be collected during fiscal year 2022-23.

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
6/30/2022	\$5,087,587	7.5%
6/30/2021	\$4,733,888	14.9%
6/30/2020	\$4,117,935	-3.6%
6/30/2019	\$4,271,438	2.8%
6/30/2018	\$4,153,072	2.8%

For 2022-23, the City projects \$5,063,948 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
6/30/2022	\$6,271,210	5.2%
6/30/2021	\$5,961,524	9.4%
6/30/2020	\$5,450,220	6.2%
6/30/2019	\$5,134,277	1.4%
6/30/2018	\$5,060,936	25.9%

Based on recent legislative changes, the City began seeing increases in street funding that will carry into future years. At this time, the City is projecting street revenues for fiscal year 2022-23 of \$5,791,000.

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 \$18,871,053 during the year ended June 30, 2022. Charges to customers are based on the amount of metered services used times rates periodically set by the City Commission. During the year ended June 30, 2022 water rates increased by 4%. Water rates will increase by 4% 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 waste water 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 stabilized our monthly payments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

City of Muskegon
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and investments	\$ 34,483,950	\$ 1,883,569	\$ 36,367,519	\$ 403,928
Assets managed by others	1,356,585	-	1,356,585	-
Receivables				
Accounts and notes	4,081,055	3,142,057	7,223,112	32,616
Leases	384,081	83,003	467,084	-
Due from other governmental units	2,201,173	132,610	2,333,783	-
Internal balances	458,620	(458,620)	-	-
Due from component units	64,211	-	64,211	-
Inventories	38,867	327,524	366,391	-
Prepaid items	560,480	149,850	710,330	-
Total current assets	43,629,022	5,259,993	48,889,015	436,544
Noncurrent assets				
Restricted cash and investments	-	829,000	829,000	-
Advances to component units	1,046,980	-	1,046,980	-
Leases receivable, less amounts due within one year	7,868,565	857,733	8,726,298	-
Notes receivable, less amounts due within one year	658,160	-	658,160	-
Capital assets, net				
Nondepreciable	22,269,876	14,966,408	37,236,284	400,000
Depreciable	83,334,823	54,121,232	137,456,055	589,881
Total noncurrent assets	115,178,404	70,774,373	185,952,777	989,881
Total assets	158,807,426	76,034,366	234,841,792	1,426,425
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	1,741,007	121,033	1,862,040	-
Related to other postemployment benefits	951,112	66,120	1,017,232	-
Total deferred outflows of resources	2,692,119	187,153	2,879,272	-
Total assets and deferred outflows of resources	161,499,545	76,221,519	237,721,064	1,426,425

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION—CONTINUED
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 5,865,462	\$ 848,762	\$ 6,714,224	\$ 119,386
Due to other governmental units	22,189	903,943	926,132	2,000
Due to primary government	-	-	-	64,211
Short-term note	84,297	-	84,297	-
Unearned revenues - unused Farmers Market tokens	26,331	-	26,331	-
Unearned revenues - expenditure-driven grants	15,914,190	-	15,914,190	-
Unearned revenues - prepaid events	67,658	-	67,658	-
Unearned revenues - prepaid fees	-	113,943	113,943	-
Bonds and other obligations, due within one year	1,720,469	1,358,700	3,079,169	255,000
Total current liabilities	23,700,596	3,225,348	26,925,944	440,597
Noncurrent liabilities				
Advances from primary government	-	-	-	1,046,980
Bonds and other obligations, less amounts due within one year	31,093,831	13,334,897	44,428,728	841,547
Net pension liability	29,044,232	2,019,117	31,063,349	-
Net other postemployment benefits liability	2,333,505	162,222	2,495,727	-
Total noncurrent liabilities	62,471,568	15,516,236	77,987,804	1,888,527
Total liabilities	86,172,164	18,741,584	104,913,748	2,329,124
DEFERRED INFLOWS OF RESOURCES				
Related to leases	8,252,646	940,736	9,193,382	-
Related to pension	6,498,416	451,762	6,950,178	-
Related to other postemployment benefits	2,467,870	171,563	2,639,433	-
Total deferred inflows of resources	17,218,932	1,564,061	18,782,993	-
Total liabilities and deferred inflows of resources	103,391,096	20,305,645	123,696,741	2,329,124
NET POSITION				
Net investment in capital assets	75,201,511	54,668,925	129,870,436	(106,666)
Restricted				
Highways, streets and bridges	3,244,753	-	3,244,753	-
Debt service	-	822,000	822,000	-
Trinity Health Arena	61,968	-	61,968	-
Law enforcement	23,161	-	23,161	-
Business improvement districts	176,733	-	176,733	-
Perpetual care				
Expendable	477,332	-	477,332	-
Non-expendable	1,687,702	-	1,687,702	-
Other purposes	173,606	-	173,606	-
Unrestricted	(22,938,317)	424,949	(22,513,368)	(796,033)
Total net position	\$ 58,108,449	\$ 55,915,874	\$ 114,024,323	\$ (902,699)

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
Public representation services	\$ 1,715,050	\$ 324,314	\$ -	\$ -	\$ (1,390,736)	\$ -	\$ (1,390,736)	\$ -
Administrative services	913,923	715,421	-	10,691	(187,811)	-	(187,811)	-
Financial services	5,473,498	1,085,220	50,000	-	(4,338,278)	-	(4,338,278)	-
Public safety	13,387,378	2,680,675	3,447	-	(10,703,256)	-	(10,703,256)	-
Public works	4,687,660	854,793	2,000	-	(3,830,867)	-	(3,830,867)	-
Highways, streets and bridges	7,308,858	522,779	6,114,381	-	(671,698)	-	(671,698)	-
Community and economic development	9,857,082	498,766	3,029,193	-	(6,329,123)	-	(6,329,123)	-
Culture and recreation	6,588,542	4,389,524	1,825,037	2,804,428	2,430,447	-	2,430,447	-
General administration	511,323	76,182	-	-	(435,141)	-	(435,141)	-
Interest on long-term debt	881,204	-	-	-	(881,204)	-	(881,204)	-
Total governmental activities	51,324,518	11,147,674	11,024,058	2,815,119	(26,337,667)	-	(26,337,667)	-
Business-type activities								
Sewer	8,153,673	10,298,642	-	-	-	2,144,969	2,144,969	-
Water	9,261,276	8,903,549	103,208	-	-	(254,519)	(254,519)	-
Marina and launch ramp	461,504	292,416	-	-	-	(169,088)	(169,088)	-
Total business-type activities	17,876,453	19,494,607	103,208	-	-	1,721,362	1,721,362	-
Total primary government	\$ 69,200,971	\$ 30,642,281	\$ 11,127,266	\$ 2,815,119	(26,337,667)	1,721,362	(24,616,305)	-
Component units								
Local Development Finance Authority - SmartZone	\$ 197,647	\$ -	\$ -	\$ 200,000	-	-	-	2,353
Downtown Development Authority	810,219	-	655,765	-	-	-	-	(154,454)
Tax Increment Finance Authority	50,000	-	-	-	-	-	-	(50,000)
Brownfield Redevelopment Authorities	666,005	-	-	-	-	-	-	(666,005)
Total component units	\$ 1,723,871	\$ -	\$ 655,765	\$ 200,000	-	-	-	(868,106)
General revenues								
Property taxes					9,182,184	-	9,182,184	1,139,110
Income taxes					10,020,370	-	10,020,370	-
Cable franchise agreement					369,420	-	369,420	-
Grants and contributions not restricted to specific programs					15,303,423	-	15,303,423	36,895
Unrestricted investment earnings					(644,067)	23,856	(620,211)	1,357
Miscellaneous					918,179	-	918,179	674
Gain on sale of capital asset					1,122,888	-	1,122,888	-
Transfers					35,000	(35,000)	-	-
Total general revenues and transfers					36,307,397	(11,144)	36,296,253	1,178,036
Change in net position					9,969,730	1,710,218	11,679,948	309,930
Net position at beginning of year					48,138,719	54,205,656	102,344,375	(1,212,629)
Net position at end of year					\$ 58,108,449	\$ 55,915,874	\$ 114,024,323	\$ (902,699)

The accompanying notes are an integral part of this statement.

City of Muskegon
BALANCE SHEET
 Governmental Funds
 June 30, 2022

	General Fund	Major Street and Trunkline Fund	Trinity Health Arena Fund	State Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,027,306	\$ 2,900,461	\$ -	\$ 16,995,473	\$ 3,001,131	\$ 30,924,371
Assets managed by others	-	-	-	-	1,356,585	1,356,585
Receivables						
Accounts and loans (net of allowance for uncollectibles)	254,404	66,400	1,456,956	-	989,779	2,767,539
Property taxes	60,397	-	-	-	-	60,397
Income taxes	1,578,087	-	-	-	-	1,578,087
Leases	3,794,403	-	4,458,243	-	-	8,252,646
Due from other governmental units	939,809	707,096	-	49,049	505,219	2,201,173
Due from other funds	2,396,560	-	-	-	-	2,396,560
Due from component units	64,211	-	-	-	-	64,211
Advances to component units	600,000	-	-	-	148,994	748,994
Prepaid items	271,961	25,067	26,451	-	7,905	331,384
Total assets	\$ 17,987,138	\$ 3,699,024	\$ 5,941,650	\$ 17,044,522	\$ 6,009,613	\$ 50,681,947
LIABILITIES						
Accounts payable	\$ 2,165,692	\$ 154,402	\$ 263,449	\$ 1,229,639	\$ 303,168	\$ 4,116,350
Accrued liabilities	588,110	19,681	17,599	-	41,424	666,814
Due to other governmental units	16,706	4,695	-	-	788	22,189
Due to other funds	-	-	1,072,733	-	33,684	1,106,417
Short-term note	-	-	-	-	84,297	84,297
Unearned revenues - unused Farmers Market tokens	-	-	-	-	26,331	26,331
Unearned revenues - expenditure-driven grants	100,854	-	-	15,813,336	-	15,914,190
Unearned revenues - prepaid events	-	-	67,658	-	-	67,658
Total liabilities	2,871,362	178,778	1,421,439	17,042,975	489,692	22,004,246
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - income taxes	460,000	-	-	-	-	460,000
Related to leases	3,794,403	-	4,458,243	-	-	8,252,646
Total deferred inflows of resources	4,254,403	-	4,458,243	-	-	8,712,646
FUND BALANCES						
Nonspendable						
Prepaid items	271,961	25,067	26,451	-	7,905	331,384
Long-term advances	600,000	-	-	-	-	600,000
Perpetual care	10,000	-	-	-	1,677,702	1,687,702
Restricted						
Highways, streets and bridges	8,701	3,495,179	-	-	789,134	4,293,014
Trinity Health Arena	-	-	35,517	-	-	35,517
Law enforcement	-	-	-	-	23,161	23,161
Business improvement districts	-	-	-	-	176,733	176,733
Perpetual care	-	-	-	-	477,332	477,332
Other purposes	-	-	-	-	173,606	173,606
Committed for social equity program	189,037	-	-	-	-	189,037
Assigned for capital projects and public improvements	1,800,000	-	-	1,547	2,194,348	3,995,895
Unassigned	7,981,674	-	-	-	-	7,981,674
Total fund balances	10,861,373	3,520,246	61,968	1,547	5,519,921	19,965,055
Total liabilities, deferred inflows of resources and fund balances	\$ 17,987,138	\$ 3,699,024	\$ 5,941,650	\$ 17,044,522	\$ 6,009,613	\$ 50,681,947

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, 2022

Total fund balance—governmental funds \$ 19,965,055

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	\$ 179,639,742	
Accumulated depreciation	<u>(76,858,507)</u>	102,781,235

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		460,000
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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	(242,800)	
Bonds and notes payable	(30,403,188)	
Compensated absences	(2,215,261)	
Net pension liability and related deferred outflows/inflows of resources	(32,355,582)	
Net other post employment benefits liability and related outflows/inflows of resources	<u>(3,685,546)</u>	(68,902,377)

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	4,636,059	
Internal balances representing the cumulative difference between actual costs and amounts charged to business-type activities	<u>(831,523)</u>	<u>3,804,536</u>

Net position of governmental activities		<u>\$ 58,108,449</u>
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The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended June 30, 2022

	General Fund	Major Street and Trunkline Fund	Trinity Health Arena Fund	State Grants Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 18,795,646	\$ -	\$ -	\$ -	\$ -	\$ 18,795,646
Licenses and permits	2,306,048	-	-	-	-	2,306,048
Intergovernmental revenues						
Federal	291,918	-	625,498	9,234,029	2,952,413	13,103,858
State	6,479,990	4,809,424	-	1,244,987	2,538,375	15,072,776
Local	50,000	-	-	-	261,057	311,057
Charges for services	4,566,029	-	2,683,567	-	495,403	7,744,999
Fines and forfeitures	581,369	-	-	-	1,264	582,633
Investment earnings and rental income	(93,350)	11,627	79,782	-	36,959	35,018
Income from assets managed by others	-	-	-	-	(134,215)	(134,215)
Other	1,167,117	323,508	14,904	-	1,104,169	2,609,698
Total revenues	34,144,767	5,144,559	3,403,751	10,479,016	7,255,425	60,427,518
EXPENDITURES						
Current						
Public representation services	1,758,928	-	-	-	-	1,758,928
Administrative services	945,841	-	-	-	-	945,841
Financial services	5,668,254	-	-	-	-	5,668,254
Public safety	15,520,982	-	-	-	443	15,521,425
Public works	3,728,293	-	-	-	156,277	3,884,570
Highways, streets and bridges	-	3,798,863	-	-	1,998,785	5,797,648
Community and economic development	743,693	-	-	-	-	743,693
Culture and recreation	2,839,480	-	2,274,570	-	484,929	5,598,979
Other governmental functions	485,024	-	-	-	-	485,024
Debt service						
Principal	907,462	230,000	-	-	205,000	1,342,462
Interest and fees	390,771	3,503	-	-	616,730	1,011,004
Bond issuance costs	1,000	-	-	-	-	1,000
Capital outlay	4,662,678	-	1,987,141	4,721,218	4,835,674	16,206,711
Total expenditures	37,652,406	4,032,366	4,261,711	4,721,218	8,297,838	58,965,539
Excess of revenues over (under) expenditures	(3,507,639)	1,112,193	(857,960)	5,757,798	(1,042,413)	1,461,979
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	1,204,675	1,204,675
Long-term debt issued	1,370,873	-	-	-	-	1,370,873
Transfers in	5,798,549	-	865,000	40,750	3,128,500	9,832,799
Transfers out	(3,998,250)	-	-	(5,798,549)	(401,000)	(10,197,799)
Total other financing sources (uses)	3,171,172	-	865,000	(5,757,799)	3,932,175	2,210,548
Net change in fund balances	(336,467)	1,112,193	7,040	(1)	2,889,762	3,672,527
Fund balances at beginning of year	11,197,840	2,408,053	54,928	1,548	2,630,159	16,292,528
Fund balances at end of year	\$ 10,861,373	\$ 3,520,246	\$ 61,968	\$ 1,547	\$ 5,519,921	\$ 19,965,055

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, 2022

Net change in fund balances—total governmental funds \$ 3,672,527

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	\$ (4,992,455)	
Capital outlay	<u>7,775,915</u>	2,783,460

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		(190,000)
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The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(1,370,873)	
Repayment of principal on long-term debt	<u>1,342,462</u>	(28,411)

Changes in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable	8,900	
Amortization of premiums and discounts	<u>121,900</u>	130,800

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	(89,499)	
Change in net pension liability and related deferred outflows/inflows of resources	(1,779,430)	
Change in net other post employment benefits liability and related deferred outflows/inflows of resources	<u>5,078,209</u>	3,209,280

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	510,910	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(118,836)</u>	<u>392,074</u>

Change in net position of governmental activities		<u>\$ 9,969,730</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, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
ASSETS					
Current assets					
Cash and investments	\$ 1,883,569	\$ -	\$ -	\$ 1,883,569	\$ 3,559,579
Receivables					
Accounts	1,636,556	1,490,380	15,121	3,142,057	333,192
Leases	-	83,003	-	83,003	-
Due from other governmental units	50,101	82,509	-	132,610	-
Inventories	44,157	283,367	-	327,524	38,867
Prepaid items	62,653	83,677	3,520	149,850	229,096
Total current assets	3,677,036	2,022,936	18,641	5,718,613	4,160,734
Noncurrent assets					
Restricted cash and investments	101,000	728,000	-	829,000	-
Leases receivable, less amounts due within one year	-	857,733	-	857,733	-
Advances to component units	-	-	-	-	297,986
Capital assets					
Land	16,188	103,500	22,562	142,250	65,000
Land improvements	-	62,948	1,923,404	1,986,352	301,715
Buildings, improvements and systems	34,456,135	75,761,108	2,535,088	112,752,331	1,668,215
Machinery and equipment	157,622	3,101,790	60,620	3,320,032	10,313,517
Construction in progress	5,478,995	9,345,163	-	14,824,158	-
Less accumulated depreciation	(12,681,088)	(47,696,197)	(3,560,198)	(63,937,483)	(9,524,983)
Net capital assets	27,427,852	40,678,312	981,476	69,087,640	2,823,464
Total noncurrent assets	27,528,852	42,264,045	981,476	70,774,373	3,121,450
Total assets	31,205,888	44,286,981	1,000,117	76,492,986	7,282,184
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	27,931	93,102	-	121,033	74,482
Related to other postemployment benefits	15,258	50,862	-	66,120	40,689
Total deferred outflows of resources	43,189	143,964	-	187,153	115,171
Total assets and deferred outflows of resources	31,249,077	44,430,945	1,000,117	76,680,139	7,397,355

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION—CONTINUED
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
LIABILITIES					
Current liabilities					
Accounts payable	\$ 73,830	\$ 562,003	\$ 23,581	\$ 659,414	\$ 779,382
Accrued liabilities	54,043	134,267	1,038	189,348	60,116
Due to other governmental units	898,388	5,555	-	903,943	-
Due to other funds	-	1,014,690	275,453	1,290,143	-
Unearned revenues - prepaid fees	-	-	113,943	113,943	-
Bonds and other obligations, due within one year	294,700	1,064,000	-	1,358,700	39,200
Total current liabilities	1,320,961	2,780,515	414,015	4,515,491	878,698
Noncurrent liabilities					
Bonds and other obligations, less amounts due within one year	6,084,589	7,250,308	-	13,334,897	156,651
Net pension liability	465,950	1,553,167	-	2,019,117	1,242,534
Net other postemployment benefits liability	37,436	124,786	-	162,222	99,829
Total noncurrent liabilities	6,587,975	8,928,261	-	15,516,236	1,499,014
Total liabilities	7,908,936	11,708,776	414,015	20,031,727	2,377,712
DEFERRED INFLOWS OF RESOURCES					
Related to leases	-	940,736	-	940,736	-
Related to pension	104,253	347,509	-	451,762	278,007
Related to other postemployment benefits	39,591	131,972	-	171,563	105,577
Total deferred inflows of resources	143,844	1,420,217	-	1,564,061	383,584
Total liabilities and deferred inflows of resources	8,052,780	13,128,993	414,015	21,595,788	2,761,296
NET POSITION					
Net investment in capital assets	21,147,238	32,540,211	981,476	54,668,925	2,823,464
Restricted for debt service	101,000	721,000	-	822,000	-
Unrestricted	1,948,059	(1,959,259)	(395,374)	(406,574)	1,812,595
Total net position	<u>\$ 23,196,297</u>	<u>\$ 31,301,952</u>	<u>\$ 586,102</u>	55,084,351	<u>\$ 4,636,059</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				831,523	
Net position of business-type activities				<u>\$ 55,915,874</u>	

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the year ended June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
OPERATING REVENUES					
Charges for services	\$ 10,104,566	\$ 8,483,668	\$ 282,819	\$ 18,871,053	\$ 10,433,668
Other	194,076	523,089	9,597	726,762	158,582
Total operating revenues	10,298,642	9,006,757	292,416	19,597,815	10,592,250
OPERATING EXPENSES					
Administration	664,312	1,439,537	11,169	2,115,018	958,063
Insurance premiums and claims	-	-	-	-	5,386,649
Wastewater treatment	4,847,582	-	-	4,847,582	-
Wastewater maintenance	1,990,288	-	-	1,990,288	-
Filtration plant operations	-	2,621,015	-	2,621,015	-
Water distribution	-	3,195,179	-	3,195,179	-
Other operations	-	-	345,305	345,305	3,701,160
Depreciation	630,870	1,916,908	107,417	2,655,195	499,466
Total operating expenses	8,133,052	9,172,639	463,891	17,769,582	10,545,338
Operating income (loss)	2,165,590	(165,882)	(171,475)	1,828,233	46,912
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	4,421	19,435	-	23,856	25,649
Gain on sale of capital assets	-	-	-	-	38,349
Interest expense	(83,739)	(141,968)	-	(225,707)	-
Total nonoperating revenue (expenses)	(79,318)	(122,533)	-	(201,851)	63,998
Income (loss) before transfers	2,086,272	(288,415)	(171,475)	1,626,382	110,910
TRANSFERS					
Transfers in	-	-	-	-	400,000
Transfers out	-	(35,000)	-	(35,000)	-
Total transfers	-	(35,000)	-	(35,000)	400,000
Change in net position	2,086,272	(323,415)	(171,475)	1,591,382	510,910
Net position at beginning of year	21,110,025	31,625,367	757,577		4,125,149
Net position at end of year	\$ 23,196,297	\$ 31,301,952	\$ 586,102		\$ 4,636,059
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				118,836	
Change in net position of business-type activities				\$ 1,710,218	

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, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 11,047,199	\$ 8,975,052	\$ 316,684	\$ 20,338,935	\$ 169,736
Receipts from interfund services provided	132,980	257,743	-	390,723	10,433,668
Other receipts	-	-	-	-	1,266,428
Payments to suppliers	(6,213,667)	(3,421,627)	(329,730)	(9,965,024)	(6,865,909)
Payments to employees	(994,237)	(2,655,749)	(51,457)	(3,701,443)	(1,954,355)
Payments for interfund services used	(846,355)	(1,353,616)	(24,735)	(2,224,706)	(848,990)
Net cash provided by (used for) operating activities	3,125,920	1,801,803	(89,238)	4,838,485	2,200,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	400,000
Transfers out	-	(35,000)	-	(35,000)	-
Interfund borrowing	(29,970)	1,014,690	267,063	1,251,783	(384,381)
Advances to component units	-	-	-	-	93,094
Net cash provided by (used for) noncapital financing activities	(29,970)	979,690	267,063	1,216,783	108,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from long-term debt	3,913,081	2,671,931	-	6,585,012	-
Purchases of capital assets	(4,773,444)	(6,610,907)	(177,825)	(11,562,176)	(659,722)
Principal paid on capital debt	(272,000)	(994,750)	-	(1,266,750)	-
Interest paid on capital debt	(84,439)	(146,568)	-	(231,007)	-
Proceeds from sale of capital assets	-	-	-	-	74,558
Net cash provided by (used for) capital and related financing activities	(1,216,802)	(5,080,294)	(177,825)	(6,474,921)	(585,164)
CASH FLOW FROM INVESTING ACTIVITIES					
Investment earnings	4,421	19,435	-	23,856	25,649
Net increase (decrease) in cash and investments	1,883,569	(2,279,366)	-	(395,797)	1,749,776
Cash and investments at beginning of year	101,000	3,007,366	-	3,108,366	1,809,803
Cash and investments at end of year	\$ 1,984,569	\$ 728,000	\$ -	\$ 2,712,569	\$ 3,559,579
Reconciliation of cash and investments to the Statement of Net Position					
Cash and investments	\$ 1,883,569	\$ -	\$ -	\$ 1,883,569	\$ 3,559,579
Restricted cash and investments	101,000	728,000	-	829,000	-
	\$ 1,984,569	\$ 728,000	\$ -	\$ 2,712,569	\$ 3,559,579
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 2,165,590	\$ (165,882)	\$ (171,475)	\$ 1,828,233	\$ 46,912
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	630,870	1,916,908	107,417	2,655,195	499,466
Change in assets and liabilities					
Receivables	881,537	226,038	23,319	1,130,894	1,277,582
Inventories	(13,923)	(78,314)	-	(92,237)	(31,549)
Prepaid items	(2,710)	(1,420)	(1,063)	(5,193)	386
Accounts payable	(511,981)	40,412	(39,367)	(510,936)	510,189
Unearned revenues	-	-	949	949	-
Accrued liabilities	(23,463)	(135,939)	(9,018)	(168,420)	(102,408)
Net cash provided by (used for) operating activities	\$ 3,125,920	\$ 1,801,803	\$ (89,238)	\$ 4,838,485	\$ 2,200,578

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION
 Fiduciary Funds
 June 30, 2022

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ASSETS		
Cash and investments	\$ 22,146,026	\$ 816,055
Accounts receivable	-	13,835
Total assets	22,146,026	829,890
LIABILITIES		
Accounts payable	-	19,517
Due to other governmental units	-	622,373
Deposits held for others	-	188,000
Total liabilities	-	829,890
NET POSITION		
Restricted for individuals, organizations, and other governments	\$ 22,146,026	\$ -

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, 2022

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Tax collections for other governments	\$ -	\$ 24,329,719
Other collections for third parties	-	1,521,847
Employer contributions	2,091,172	-
Net investment income (loss)	(2,001,928)	-
	89,244	25,851,566
DEDUCTIONS		
Payment of taxes to other governments	-	24,329,719
Other payments to third parties	-	1,521,847
Benefit payments	3,041,543	-
Administrative expenses	47,910	-
	3,089,453	25,851,566
Change in net position	(3,000,209)	-
Net position at beginning of year	25,146,235	-
Net position at end of year	\$ 22,146,026	\$ -

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION
Discretely Presented Component Units
June 30, 2022

	Local Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authorities	Total
ASSETS					
Current assets					
Cash and investments	\$ 46,925	\$ 336,989	\$ 20,014	\$ -	\$ 403,928
Accounts receivable	-	32,616	-	-	32,616
Total current assets	46,925	369,605	20,014	-	436,544
Noncurrent assets					
Capital assets, net					
Nondepreciable	400,000	-	-	-	400,000
Depreciable	589,881	-	-	-	589,881
Total noncurrent assets	989,881	-	-	-	989,881
Total assets	1,036,806	369,605	20,014	-	1,426,425
LIABILITIES					
Current liabilities					
Accounts payable	-	109,697	-	-	109,697
Accrued liabilities	5,400	4,289	-	-	9,689
Due to other governmental units	-	2,000	-	-	2,000
Due to primary government	-	-	-	64,211	64,211
Bonds and other obligations, due within one year	255,000	-	-	-	255,000
Total current liabilities	260,400	115,986	-	64,211	440,597
Noncurrent liabilities					
Advances from primary government	-	-	-	1,046,980	1,046,980
Bonds and other obligations, less amounts due within one year	841,547	-	-	-	841,547
Total noncurrent liabilities	841,547	-	-	1,046,980	1,888,527
Total liabilities	1,101,947	115,986	-	1,111,191	2,329,124
NET POSITION					
Net investment in capital assets	(106,666)	-	-	-	(106,666)
Unrestricted	41,525	253,619	20,014	(1,111,191)	(796,033)
Total net position	\$ (65,141)	\$ 253,619	\$ 20,014	\$ (1,111,191)	\$ (902,699)

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, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenue		Local Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authorities	Total
		Operating Grants and Contributions	Capital Grants and Contributions					
Local Development Finance Authority - SmartZone								
Community and economic development	\$ 172,648	\$ -	\$ -	\$ (172,648)	\$ -	\$ -	\$ -	\$ (172,648)
Interest on long-term debt	24,999	-	200,000	175,001	-	-	-	175,001
Total Local Development Finance Authority - SmartZone	197,647	-	200,000	2,353	-	-	-	2,353
Downtown Development Authority								
Economic development	810,219	655,765	-	-	(154,454)	-	-	(154,454)
Tax Increment Finance Authority								
Community and economic development	50,000	-	-	-	-	(50,000)	-	(50,000)
Brownfield Redevelopment Authorities								
Community and economic development	648,065	-	-	-	-	-	(648,065)	(648,065)
Interest on long-term debt	17,940	-	-	-	-	-	(17,940)	(17,940)
Total Brownfield Redevelopment Authorities	666,005	-	-	-	-	-	(666,005)	(666,005)
Total discretely presented component units	\$ 1,723,871	\$ 655,765	\$ 200,000	2,353	(154,454)	(50,000)	(666,005)	(868,106)
General revenues								
Property taxes				85,861	321,446	42,475	689,328	1,139,110
Grants and contributions not restricted to specific programs				3,084	-	9,596	24,215	36,895
Unrestricted investment income				112	543	58	644	1,357
Miscellaneous				-	-	-	674	674
Total general revenues				89,057	321,989	52,129	714,861	1,178,036
Change in net position				91,410	167,535	2,129	48,856	309,930
Net position at beginning of year				(156,551)	86,084	17,885	(1,160,047)	(1,212,629)
Net position at end of year				\$ (65,141)	\$ 253,619	\$ 20,014	\$ (1,111,191)	\$ (902,699)

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The accompanying notes are an integral part of this statement.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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. Blended component units, are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is 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.

Brownfield Redevelopment Authority (BRA). There are six 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, and the scattered housing site. 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, 2022

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 Mercy Health Partners 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, 2022, 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, 2021, the date of its latest audited financial statements is as follows:

Total assets and deferred outflows of resources	\$ 3,562,172
Total liabilities and deferred inflows of resources	<u>(526,830)</u>
Total net position	<u>\$ 3,035,342</u>
Total operating income	\$ 2,222,489
Total operating expenses	(2,408,929)
Total nonoperating revenues	8
Capital contributions	4,557
Prior period adjustment	<u>12,823</u>
Change in net position	<u>\$ (169,052)</u>

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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 Funds are used to report resources that are administered through irrevocable trusts for the benefit of City employees and retirees.

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

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

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

Measurement Focus and Basis of Accounting

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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
Leasehold improvements	10-25
Buildings and improvements	25-50
Utility buildings, improvements and systems	40-100
Furniture, vehicles and equipment	5-20
Infrastructure	15-50
Shared improvements	20

Defined Benefit Plan

The City offers a defined benefit pension plan to its employees through Municipal Employees Retirement System (MERS). The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the Plan’s fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City offers a single-employer, defined benefit retiree healthcare benefits to retirees. The City records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan’s fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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 2021 state taxable value for real/personal property of the City totaled approximately \$628,694,000 of which approximately \$32,406,000 was captured by the component units. The ad valorem taxes levied consisted of 9.918, 2.9754 and .0788 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 2021 financial statements have been reclassified to conform to the 2022 presentation.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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, 2022, actual expenditures exceeded appropriations for:

	Final Budget	Actual
General Fund		
Culture and recreation		
Parks maintenance	\$ 2,379,089	\$ 2,482,189
Capital outlay	4,552,706	4,662,678
Transfers out	3,130,000	3,998,250
Trinity Health Arena Fund		
Culture and recreation	2,160,000	2,274,570

These overexpenditures were funded with available fund balance.

Fund Deficits

As of June 30, 2022, the City’s Water Fund, Marina and Launch Ramp Fund, and Public Service Building Fund had unrestricted fund net position deficits of \$1,959,259, \$395,374, and \$204,432, respectively. These deficits will be eliminated through future operations or an interfund transfer.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2022, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Months)	S&P	Percent
Money market funds	\$ 229,997	1	AAA	0.5 %
Negotiable certificates of deposit	1,440,497	25	not rated	3.0
US agency obligations	8,606,409	318	AA+	18.0
Commercial paper	597,900	2	AA	1.2
External investment pool	14,913,867	2	AAA	31.1
MERS investment funds	<u>22,146,026</u>	N/A	not rated	<u>46.2</u>
Total fair value	<u>\$ 47,934,696</u>			<u>100.0 %</u>
Portfolio weighted average maturity		<u>109</u>		

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

Deposit and Investment Risks

Interest rate risk

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

Credit risk

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

Concentration of credit risk

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

Security	Percent of Total Investments
Federal Home Loan Mortgage Corporation obligations	7.4%
Government National Mortgage Association obligations	9.6%

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, 2022, \$12,371,824 of the City's bank balance of \$12,871,824 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, 2022

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, 2022, restricted cash and investments in the Sewer and Water Fund of \$101,000 and \$728,000, respectively, were restricted by bond ordinance.

NOTE D—ASSETS MANAGED BY OTHERS

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

The Funds

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

Lakeshore Trails Improvement Fund

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

Cemetery Perpetual Care Fund

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

Pere Marquette and Margaret Drake Elliot Park Fund

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

Darl and Kathleen Staley Charity Fund

The Darl and Kathleen Staley Charity Fund (Staley Charity Fund) was established after the City received monies from the Staley's 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, 2022

NOTE D—ASSETS MANAGED BY OTHERS—Continued

The Funds—Continued

City of Muskegon Events and Sponsorships Fund

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

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

Reporting of the Assets of the Funds

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

Summary of the Community Foundation Funds

A summary of revenues, expenses, and changes in the assets at fair value of the funds for the year ended June 30, 2022 follows:

	Lakeshore Trails Improvement Fund	Cemetery Perpetual Care Fund	Marquette and Elliot Park Fund	Staley Charity Fund	Muskegon Parks Fund	Events and Sponsorships Fund	Totals
Revenues							
Contributions	\$ 2,155	\$ -	\$ -	\$ -	\$ -	\$ 28,006	\$ 30,161
Dividends and interest	1,733	37,167	2,407	11,099	619	11	53,036
Realized and unrealized gain (loss) on investments	(13,227)	(158,498)	(17,993)	(83,654)	(4,675)	-	(278,047)
	(9,339)	(121,331)	(15,586)	(72,555)	(4,056)	28,017	(194,850)
Expenses							
Grants and scholarships	-	-	4,316	-	-	41,592	45,908
Administration fees	619	7,711	1,932	5,210	228	560	16,260
Revenues over expenses	(9,958)	(129,042)	(21,834)	(77,765)	(4,284)	(14,135)	(257,018)
Total assets at beginning of year	78,543	1,456,616	115,338	512,550	28,597	14,688	2,206,332
Total assets at end of year	68,585	1,327,574	93,504	434,785	24,313	553	1,949,314
Less assets recorded as those of the Foundation	(48,489)	-	(93,504)	(434,785)	(15,398)	(553)	(592,729)
Assets reported on the Balance Sheet/Statement of Net Position	\$ 20,096	\$ 1,327,574	\$ -	\$ -	\$ 8,915	\$ -	\$ 1,356,585

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022.

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 229,997	\$ -	\$ 229,997
Negotiable certificates of deposit	1,440,497	-	-	1,440,497
US agency obligations	8,606,409	-	-	8,606,409
Commercial paper	597,900	-	-	597,900
External investment pools	-	14,913,867	-	14,913,867
MERS investment funds	-	22,146,026	-	22,146,026
Assets managed by others	-	1,356,585	-	1,356,585
Total assets at fair value	\$ 10,644,806	\$ 38,646,475	\$ -	\$ 49,291,281

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 monthly payments totaling \$94,615, 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 monthly payments totaling \$127,500, increasing by 4 percent each renewal period.

The City also leases the right to use and manage restaurant space at Trinity Health Arena to various third parties as part of two separate lease agreements. These lease terms are generally for 5 years with automatic renewals and the City receives monthly payments totaling \$49,034, increasing by 5-10 percent each year.

Fire Station

The City leases the right to use office space at the West Western Avenue Fire Station to a third party as part of an agreement with terms through December 2045. The City receives monthly payments totaling \$465,667, which are tied to the reimbursement of payments on the City’s 2016 Limited Tax General Obligation Refunding and 2020A Capital Improvement Bonds at a rate of 20.24 percent and 100 percent of the bond payments attributable to improvements and additions of the fire station, respectively.

For the year ended June 30, 2022, the City recognized \$412,760 and \$79,027 in lease revenue for governmental activities and business-type activities, respectively. For the year ended June 30, 2022, the City also recognized \$223,157 and \$15,588 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, 2022, the balances of these deferred inflows of resources were \$8,252,646 and \$940,736 for governmental activities and business-type activities, respectively.

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 384,081	\$ 258,752	\$ 83,003	\$ 14,451
2024	395,885	245,088	87,286	13,091
2025	408,699	230,893	72,822	11,725
2026	424,591	216,160	57,495	10,746
2027	447,353	200,622	60,484	9,804
2028-2032	2,099,022	752,842	154,762	39,837
2033-2037	845,416	536,767	175,718	27,377
2038-2042	1,086,360	396,733	223,961	11,481
2043-2047	1,023,496	235,271	25,205	118
2048-2052	824,394	116,289	-	-
2053-2057	307,540	27,774	-	-
2058	5,809	24	-	-
	\$ 8,252,646	\$ 3,217,215	\$ 940,736	\$ 138,630

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE G—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,258,844	\$ 45,538	\$ -	\$ 14,304,382
Construction in progress	29,095,524	7,078,678	28,208,708	7,965,494
Total capital assets, not being depreciated	43,354,368	7,124,216	28,208,708	22,269,876
Capital assets, being depreciated:				
Land improvements	5,446,304	532,932	-	5,979,236
Leasehold improvements	534,821	-	-	534,821
Buildings and improvements	32,106,677	23,863,141	-	55,969,818
Furniture, vehicles and equipment	16,791,683	2,631,539	96,375	19,326,847
Infrastructure	81,269,715	2,492,517	2,759,934	81,002,298
Shared improvements	6,905,293	-	-	6,905,293
Total capital assets, being depreciated	143,054,493	29,520,129	2,856,309	169,718,313
Less accumulated depreciation:				
Land improvements	2,413,770	159,223	-	2,572,993
Leasehold improvements	497,384	5,674	-	503,058
Buildings and improvements	18,797,687	510,135	-	19,307,822
Furniture, vehicles and equipment	13,013,673	872,833	60,166	13,826,340
Infrastructure	43,496,575	3,598,791	2,759,934	44,335,432
Shared improvements	5,492,580	345,265	-	5,837,845
Total accumulated depreciation	83,711,669	5,491,921	2,820,100	86,383,490
Total capital assets, being depreciated, net	59,342,824	24,028,208	36,209	83,334,823
Capital assets, net	\$ 102,697,192	\$ 31,152,424	\$ 28,244,917	\$ 105,604,699
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 142,250	\$ -	\$ -	\$ 142,250
Construction in progress	11,912,532	8,394,483	5,482,857	14,824,158
Total capital assets, not being depreciated	12,054,782	8,394,483	5,482,857	14,966,408
Capital assets, being depreciated:				
Land improvements	1,951,913	34,439	-	1,986,352
Buildings, improvements and systems	107,269,475	5,482,856	-	112,752,331
Machinery and equipment	3,320,032	-	-	3,320,032
Total capital assets, being depreciated	112,541,420	5,517,295	-	118,058,715
Less accumulated depreciation:				
Land improvements	1,850,120	10,901	-	1,861,021
Buildings, improvements and systems	56,527,098	2,578,528	-	59,105,626
Machinery and equipment	2,905,070	65,766	-	2,970,836
Total accumulated depreciation	61,282,288	2,655,195	-	63,937,483
Total capital assets, being depreciated, net	51,259,132	2,862,100	-	54,121,232
Capital assets, net	\$ 63,313,914	\$ 11,256,583	\$ 5,482,857	\$ 69,087,640

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE G—CAPITAL ASSETS—Continued

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

Public representation services	\$ 4,503
Administrative services	2,832
Public safety	261,386
Public works	18,017
Highways, streets and bridges	4,073,665
Community and economic development	66,269
Culture and recreation	539,484
General administration	26,299
Internal Service Fund depreciation	499,466
	\$ 5,491,921

Business-type activities:

Sewer	\$ 630,870
Water	1,916,908
Marina and Launch Ramp	107,417
	\$ 2,655,195

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Component units:				
Capital assets, not being depreciated:				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Capital assets, being depreciated:				
Building and improvements	3,798,258	-	-	3,798,258
Less accumulated depreciation:				
Building and improvements	3,035,729	172,648	-	3,208,377
Total capital assets, being depreciated, net	762,529	(172,648)	-	589,881
Capital assets, net	\$ 1,162,529	\$ (172,648)	\$ -	\$ 989,881

Depreciation expense was charged to economic development.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 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	\$ 1,072,733
General Fund	Lead Abatement Fund	32,418
General Fund	Healthy Homes Fund	1,266
General Fund	Water Fund	1,014,690
General Fund	Marina and Launch Ramp Fund	275,453
		<u>\$2,396,560</u>

The outstanding balances between funds result from the payable funds having negative positions in the City’s cash and investment pool. In addition, the Brownfield Redevelopment Authorities owe the General Fund \$64,211 for having a negative position in the City’s cash and investment pool.

The Brownfield Redevelopment Authorities have also been advanced \$1,046,980 from the City’s governmental activities as a long-term loan.

Interfund Transfers:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor Governmental Funds			
Local Streets Fund	\$ 100,000	General Fund	\$ 3,557,500
Trinity Health Arena Fund	865,000		
Tree Replacement Fund	2,500		
Farmers Market and Kitchen 242 Fund	40,000		
Public Improvement Fund	50,000		
Convention Center Fund	2,500,000		
	<u>3,557,500</u>		<u>3,557,500</u>
Internal Service Funds			
Public Service Building Fund	400,000	General Fund	400,000
General Fund	5,798,549	State Grants Fund	5,798,549
State Grants Fund	40,750	General Fund	40,750
Nonmajor Governmental Funds			
Farmers Market and Kitchen 242 Fund	85,000	Nonmajor Governmental Funds Senior Millage Fund	85,000
Public Improvement Fund	316,000	HOME Rehabilitation Fund	316,000
	<u>401,000</u>		<u>401,000</u>
Nonmajor Governmental Funds			
Lakeshore BID Fund	35,000	Water Fund	35,000
	<u>\$ 10,232,799</u>		<u>\$ 10,232,799</u>

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS—Continued

The General Fund transferred funds to the Trinity Health Arena Fund, Public Service Building Fund, and other funds for operation subsidies. The General Fund transferred funds to the Local Streets Fund and Convention Center Fund for capital purposes. The State Grants Fund transferred funds to the General Fund for various American Rescue Plan Act projects. The Senior Millage Fund transferred funds to the Farmers Market and Kitchen 242 Fund to provide services to seniors. 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, 2022.

	Balance		Balance
	July 1, 2021	Additions	Deductions
			June 30, 2022
Governmental activities:			
Short-term note	\$ 1,108,007	\$ 233,503	\$ 1,257,213
	\$ 84,297		

The purpose of all short-term borrowings are to provide resources for infill housing within the City of Muskegon. The form of financing used is a short-term non-revolving draw note with amounts advanced at the City’s discretion. Interest amounts are at a variable interest rate of 1.25 percent above the 30 day LIBOR, adjusted monthly. Borrowed amounts will be repaid as infill housing units are sold with final payment being due three years from the closing date.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022.

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities:					
Public placement debt					
General obligation debt	\$ 29,670,000	\$ -	\$ 1,145,000	\$ 28,525,000	\$ 970,000
Discount	(135,650)	-	(7,500)	(128,150)	-
Premium	962,327	-	129,400	832,927	-
Direct borrowings and direct placements					
Installment purchase agreements	-	1,370,873	197,462	1,173,411	268,269
Compensated absences	2,286,388	1,944,694	1,819,970	2,411,112	482,200
Governmental activities long-term liabilities	<u>\$ 32,783,065</u>	<u>\$ 3,315,567</u>	<u>\$ 3,284,332</u>	<u>\$ 32,814,300</u>	<u>\$ 1,720,469</u>
Business-type activities:					
Public placement debt					
Revenue obligations	\$ 9,056,453	\$ 6,585,012	\$ 1,266,750	\$ 14,374,715	\$ 1,295,000
Compensated absences	270,451	336,577	288,146	318,882	63,700
Business-type activities long-term liabilities	<u>\$ 9,326,904</u>	<u>\$ 6,921,589</u>	<u>\$ 1,554,896</u>	<u>\$ 14,693,597</u>	<u>\$ 1,358,700</u>
Component units:					
Public placement debt					
General obligation debt	\$ 1,325,000	\$ -	\$ 245,000	\$ 1,080,000	\$ 255,000
Premium	27,248	-	10,701	16,547	-
Component unit long- term liabilities	<u>\$ 1,352,248</u>	<u>\$ -</u>	<u>\$ 255,701</u>	<u>\$ 1,096,547</u>	<u>\$ 255,000</u>

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE J—LONG-TERM DEBT—Continued

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.

General obligation debt outstanding as of June 30, 2022 is as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
General obligation debt:				
Governmental activities:				
2016 Limited Tax General Obligation Refunding Bonds	\$ 4,535,000	3% - 4%	October 2032	\$ 3,510,000
2019 Capital Improvement Bonds	19,420,000	1.88% - 3.58%	December 2049	19,040,000
2020A Capital Improvement Bonds	4,325,000	2.5% - 5%	October 2040	4,005,000
2020B Capital Improvement Bonds	2,055,000	.68% - 3.2%	October 2041	1,970,000
				<u><u>\$ 28,525,000</u></u>
Component units:				
2012 LDFA Tax Increment Refunding Bonds	\$ 4,100,000	3% - 4%	November 2025	<u><u>\$ 1,080,000</u></u>

Revenue Obligations

The City has issued bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue obligations outstanding as of June 30, 2022 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Revenue obligations:				
Business-type activities:				
2004 Drinking Water State Revolving Fund	\$ 13,900,000	2.13%	October 2025	\$ 3,265,000
2019 Water Supply System Junior Lien Bond	2,000,000	2%	October 2025	1,535,000
2019 Sanitary Sewer System Junior Lien Bond	11,500,000	2%	October 2033	2,755,000
2020 Water Supply System Junior Lien Bond	3,829,101	2%	April 2041	3,294,101
2020 Sanitary Sewer System Junior Lien Bond	4,620,614	2%	April 2041	3,525,614
				<u><u>\$ 14,374,715</u></u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay the 2004 Drinking Water State Revolving Fund Loan. Proceeds from the issuance were used to make improvements to the City’s water supply system. The bond is payable solely from water customer net revenues and is payable through 2025. Annual principal and interest payments on the bond are expected to require less than 48 percent of net revenues through 2025. The total principal and interest remaining to be paid on the bond is \$3,405,517. Principal and interest paid for the year ended June 30, 2022 and total customer net revenues were \$852,616 and \$1,770,461, respectively.

The City was in compliance in all material respects with all the revenue bond ordinances at June 30, 2022.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE J—LONG-TERM DEBT—Continued

Public Placement Debt—Continued

Installment Purchase Agreements

The City has entered into an installment agreement for a ladder truck in 2021. The installment purchase agreement is secured by the equipment purchase if the City defaults under the agreement. Installment purchase agreements outstanding as of June 30, 2022 are as follows:

	Original Borrowing	Interest Rate	Date of Maturity	Balance
Installment purchase agreements:				
Governmental activities:				
2021 Equipment Installment Loan	\$ 1,370,873	1.78%	October 2025	\$ 1,173,411

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

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The City has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The City's portion of the debt on June 30, 2022 was approximately \$1,813,000. The City is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for public placement debt and for direct borrowings and direct placements outstanding as of June 30, 2022 follow:

Year Ending June 30,	Governmental Activities					
	Public Placement Debt		Direct Borrowings and Direct Placements		Business-type Activities Public Placement Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 970,000	\$ 957,231	\$ 268,269	\$ 18,471	\$ 1,295,000	\$ 283,870
2024	1,050,000	926,991	273,023	13,717	1,330,000	256,720
2025	1,100,000	892,982	277,860	8,880	1,355,000	228,948
2026	1,140,000	856,998	282,784	3,956	1,380,000	200,607
2027	1,180,000	817,356	71,475	210	550,000	180,882
2028-2032	6,105,000	3,399,345	-	-	2,925,000	734,260
2033-2037	3,890,000	2,570,905	-	-	3,210,000	430,510
2038-2042	4,440,000	1,913,763	-	-	2,329,715	107,546
2043-2047	4,980,000	1,117,090	-	-	-	-
2048-2050	3,670,000	201,554	-	-	-	-
	\$28,525,000	\$13,654,215	\$ 1,173,411	\$ 45,234	\$14,374,715	\$ 2,423,343

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE J—LONG-TERM DEBT—Continued

Public Placement Debt—Continued

Year Ending June 30,	Component Units	
	Public Placement Debt	
	Principal	Interest
2023	\$ 255,000	\$ 28,575
2024	265,000	20,775
2025	275,000	12,675
2026	285,000	4,275
2027	-	-
2028-2032	-	-
2033-2037	-	-
2038-2042	-	-
2043-2047	-	-
2048-2050	-	-
	\$ 1,080,000	\$ 66,300

Annual debt service requirements to maturity by type of debt as of June 30, 2022 follow:

Year Ending June 30,	General Obligation Debt		Revenue Obligations	Installment Purchase Agreements
	Governmental Activities	Component Units	Business-type Activities	Governmental Activities
2023	\$ 1,927,231	\$ 283,575	\$ 1,578,870	\$ 286,740
2024	1,976,991	285,775	1,586,720	286,740
2025	1,992,982	287,675	1,583,948	286,740
2026	1,996,998	289,275	1,580,607	286,740
2027	1,997,356	-	730,882	71,685
2028-2032	9,504,345	-	3,659,260	-
2033-2037	6,460,905	-	3,640,510	-
2038-2042	6,353,763	-	2,437,261	-
2043-2047	6,097,090	-	-	-
2048-2050	3,871,554	-	-	-
	\$ 42,179,215	\$ 1,146,300	\$ 16,798,058	\$ 1,218,645

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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 2022 and 2021 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, 2022	\$ 103,646	\$ 556,421	\$ 173,314	\$ 486,753
June 30, 2021	133,364	138,186	167,904	103,646

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, 2022, the claims liability including incurred but not reported claims was \$33,172. 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 2022 and 2021 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, 2022	\$ 63,118	\$ 4,738,715	\$ 4,768,661	\$ 33,172
June 30, 2021	111,410	4,414,715	4,463,007	63,118

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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, 2022 with a remaining amount of approximately \$13,605,000. Approximately \$1,722,000 and \$1,351,000 of the commitments in the Sewer and Water funds, respectively, are being financed by long-term debt with the remainder being paid out of available funds as follows:

Fund	Amount
General	\$ 621,000
Major Street and Trunkline	4,078,000
Mercy Health Arena	833,000
Public Improvement	105,000
State Grant	2,203,000
Sewer	2,237,000
Water	3,528,000
	\$ 13,605,000

The City has also committed to allocating 35 percent of local marihuana excise taxes received to their Michigan Social Equity Program. As of June 30, 2022, the City has committed approximately \$189,000 of fund balance in the General Fund to this program.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the City abated property taxes revenues totaling \$107,143 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, 2022, the City abated property taxes revenues totaling \$185,801 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, 2022, the City abated property taxes revenues totaling \$149,880 under this program.

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN

Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Benefits Provided—Continued

Benefits provided are based on the following by employee division:

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

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

Final average compensation is calculated based on 3 years.

Employees Covered by Benefit Terms

At December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	337
Inactive employees entitled to but not yet receiving benefits	33
Active employees	62
Total employees covered by MERS	432

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, 2022, the City had a flat-dollar employer contribution to the Plan of \$3,724,080 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, 2021, 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, 2022

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for 2021. 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 those 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, 2022

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at January 1, 2021	\$ 125,918,365	\$ 93,025,193	\$ 32,893,172
Changes for the year			
Service cost	529,832	-	529,832
Interest	9,237,064	-	9,237,064
Difference between expected and actual experience	256,636	-	256,636
Changes in assumptions	4,396,829	-	4,396,829
Contributions - employer	-	3,313,056	(3,313,056)
Contributions - employee	-	304,680	(304,680)
Net investment income	-	12,779,029	(12,779,029)
Administrative expenses	-	(146,581)	146,581
Benefit payments including refund of employee contributions	(9,285,923)	(9,285,923)	-
Net changes	5,134,438	6,964,261	(1,829,823)
Balance at December 31, 2021	\$ 131,052,803	\$99,989,454	\$31,063,349

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 45,217,643	\$ 31,063,349	\$ 19,159,352

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the City recognized pension expense of \$5,712,267. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual net investment income	\$ -	\$ 6,950,178
Contributions subsequent to the measurement date*	1,862,040	-
Total	\$ 1,862,040	\$ 6,950,178

*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, 2023.

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

Year Ending June 30,	Amount
2023	\$ (827,997)
2024	(2,930,530)
2025	(2,003,322)
2026	(1,188,329)

Payables to the Pension Plan

At June 30, 2022, the City reported a payable of \$329,476 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 3 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, 2022, City and employee contributions were \$1,225,250 and \$520,495, 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, 2022, forfeitures reduced the City's pension expense by \$83,099.

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, 2022

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:

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

Benefits are provided through a third party insurer.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation, the following employees were covered by the benefit terms:

Active members	81
Inactive members	31
Retirees and beneficiaries	309
Total employees covered by OPEB Plan	<u><u>421</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, 2022, the City made payments for postemployment healthcare benefits of \$650,383.

Net OPEB Liability

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	0.0 percent
Investment rate of return	7.35 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent graded down by .25 per year to an ultimate rate of 4.5 percent Post-Medicare: 5.5 percent graded down by .25 per year to an ultimate rate of 4.5 percent

Mortality

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

Investment Rate of Return

The long-term rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.0%	3.75%	0.75%	2.50%	0.25%
Private investments	20.0%	9.75%	1.95%	2.50%	1.45%
Total	100.0%		7.35%		4.85%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35 percent. The projection of cash flows used to determine the discount rate assumed that the City will make future contributions at levels at least as high as the 2021 contribution up to 8 percent higher per year. Based on this assumption, the OPEB Plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected be covered by the projected assets (the “depletion date”, not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. As of December 31, 2020 the discount rate used to value OPEB liabilities was 6.24 percent.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		Net OPEB
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Liability (a)-(b)
Balance at January 1, 2021	\$ 32,757,983	\$ 22,917,388	\$ 9,840,595
Changes for the year			
Service cost	142,556	-	142,556
Interest	1,999,639	-	1,999,639
Difference between expected and actual experience	(2,420,665)	-	(2,420,665)
Changes of assumptions	(2,771,809)	-	(2,771,809)
Contributions - employer	-	1,767,843	(1,767,843)
Net investment income	-	2,574,713	(2,574,713)
Administrative expenses	-	(47,967)	47,967
Benefit payments including refund of employee contributions	(1,710,064)	(1,710,064)	-
Net changes	(4,760,343)	2,584,525	(7,344,868)
Balance at December 31, 2021	\$ 27,997,640	\$ 25,501,913	\$ 2,495,727

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.35 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35 percent) or 1-percentage-point higher (8.35 percent) than the current rate:

	1% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
City's net OPEB liability	\$ 5,123,437	\$ 2,495,727	\$ 271,550

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's net OPEB liability	\$ 310,673	\$ 2,495,727	\$ 5,044,676

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by the City. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

For the year ended June 30, 2022, the City recognized OPEB expense of (\$3,582,893). At June 30, 2022, 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	\$ -	\$ 544,181
Changes in assumptions	-	623,120
Net difference between projected and actual net investment income	-	1,472,132
Contributions subsequent to the measurement date*	1,017,232	-
Total	\$ 1,017,232	\$ 2,639,433

*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, 2023.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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
2023	\$ (1,355,158)
2024	(645,978)
2025	(409,423)
2026	(228,874)

Payables to the OPEB Plan

At June 30, 2022, 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.

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, 2022, City and employee contributions were \$530,720 and \$248,630, respectively.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE O—CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the City implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The restatement of beginning of the year has no impact on net position or fund balance. The change in receivables and deferred inflows are as follows:

	Balance Sheet - General Fund	
	Leases Receivable	Deferred Inflows
Balances as of July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	4,114,819	4,114,819
Balances as of July 1, 2021, as restated	\$ 4,114,819	\$ 4,114,819

	Balance Sheet - Trinity Health Arena Fund	
	Leases Receivable	Deferred Inflows
Balances as of July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	3,324,454	3,324,454
Balances as of July 1, 2021, as restated	\$ 3,324,454	\$ 3,324,454

	Statement of Net Position - Water Fund	
	Leases Receivable	Deferred Inflows
Balances as of July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	1,019,762	1,019,762
Balances as of July 1, 2021, as restated	\$ 1,019,762	\$ 1,019,762

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE O—CHANGE IN ACCOUNTING PRINCIPLE—Continued

	Statement of Net Position - Governmental Activities	
	Leases Receivable	Deferred Inflows
Balances as of July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	7,439,273	7,439,273
Balances as of July 1, 2021, as restated	\$ 7,439,273	\$ 7,439,273

	Statement of Net Position - Business-type Activities	
	Leases Receivable	Deferred Inflows
Balances as of July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	1,019,762	1,019,762
Balances as of July 1, 2021, as restated	\$ 1,019,762	\$ 1,019,762

NOTE P—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the City’s 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

NOTE Q—SUBSEQUENT EVENT

On September 20, 2022, the City issued Revenue Bonds for the Water Fund of \$4,843,000 for improvements to the drinking water system.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
 General Fund
 For the year ended June 30, 2022
 (with comparative actual amounts for the year ended June 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
REVENUES					
Taxes					
City income taxes	\$ 9,100,000	\$ 9,300,000	\$ 10,002,623	\$ 702,623	\$ 9,256,826
Property taxes	7,916,754	8,263,500	7,980,885	(282,615)	7,624,483
Industrial facilities taxes	200,000	175,000	155,353	(19,647)	211,811
Payments in lieu of taxes	662,541	662,541	656,785	(5,756)	607,538
Total taxes	17,879,295	18,401,041	18,795,646	394,605	17,700,658
Licenses and permits					
Business licenses	43,000	45,000	43,875	(1,125)	45,415
Liquor licenses	50,000	65,000	65,054	54	45,808
Marihuana facilities licenses	102,500	195,000	175,500	(19,500)	189,200
Cable TV fees	370,000	370,000	369,420	(580)	374,219
Rental property registration	397,500	399,500	412,225	12,725	397,236
Burial permits	80,000	75,000	69,200	(5,800)	74,435
Building permits	800,000	775,000	755,346	(19,654)	683,883
Electrical permits	201,000	190,000	172,506	(17,494)	194,056
Plumbing permits	98,000	98,000	87,562	(10,438)	99,165
Mechanical permits	146,000	135,000	130,775	(4,225)	136,858
Vacant building fees	3,500	30,000	24,585	(5,415)	6,100
Total licenses and permits	2,291,500	2,377,500	2,306,048	(71,452)	2,246,375
Intergovernmental revenues					
Federal grants	333,344	270,000	291,918	21,918	1,667,916
State					
Grants	924,000	1,393,000	1,392,403	(597)	1,018,505
State shared revenue	4,399,008	4,399,008	5,087,587	688,579	4,733,888
Total intergovernmental revenues - State	5,323,008	5,792,008	6,479,990	687,982	5,752,393
Local	-	-	50,000	50,000	50,000

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2022
 (with comparative actual amounts for the year ended June 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Charges for services					
Tax administration fees	\$ 327,000	\$ 386,000	\$ 389,161	\$ 3,161	\$ 369,323
Utility administration fees	310,000	310,000	310,000	-	310,000
Reimbursement for elections	-	20,000	2,464	(17,536)	75
Brownfield authority admin fee	275,000	275,000	275,000	-	175,000
Indirect cost reimbursements	1,481,624	1,440,116	1,440,116	-	1,278,590
Site plan review fee	5,800	12,000	10,900	(1,100)	8,900
Sale of cemetery lots	30,000	40,000	33,493	(6,507)	47,339
Police miscellaneous	145,200	224,200	250,874	26,674	130,990
Police impound fees	40,000	40,000	37,903	(2,097)	46,309
Landlord's alert fee	30,000	30,000	25,783	(4,217)	25,766
Fire protection - state property	119,574	101,158	101,158	-	119,574
Zoning fees	19,500	30,300	27,785	(2,515)	21,580
Muskegon Heights zoning	15,000	7,600	2,310	(5,290)	11,270
Clerk fees	2,000	9,000	32,493	23,493	1,387
Clerk fees - passport fees	40,000	44,000	45,480	1,480	5,555
Tax abatement application fees	14,400	9,500	7,280	(2,220)	4,085
Treasurer fees	42,000	34,900	76,621	41,721	57,618
False alarm fees	7,000	7,000	7,785	785	5,880
Miscellaneous cemetery income	16,000	40,000	32,615	(7,385)	34,956
Downtown social district	36,750	75,000	79,102	4,102	7,281
Fire miscellaneous	14,000	14,500	10,922	(3,578)	16,334
Sanitation stickers	404,100	437,700	451,038	13,338	435,659
Lot cleanup fees	39,500	37,500	27,808	(9,692)	34,615
Reimbursements - lot mowing and demolitions	5,000	-	-	-	-
Special events reimbursements	50,000	15,000	22,621	7,621	(34,762)
Recreation program fees	8,000	21,500	22,192	692	14,890
Parking	500,000	720,000	837,125	117,125	543,794
Other charges for services	-	10,000	6,000	(4,000)	-
Total charges for services	3,977,448	4,391,974	4,566,029	174,055	3,672,008
Fines and forfeitures					
Income tax - penalty and interest	200,000	200,000	189,868	(10,132)	286,818
Late fees on current taxes	20,000	20,000	17,878	(2,122)	15,574
Interest on late invoices	11,000	17,400	17,777	377	16,179
Parking fines	135,000	242,000	249,725	7,725	149,864
Court fines	120,000	90,000	74,789	(15,211)	97,979
Civil infractions	15,000	31,000	31,332	332	18,057
Total fines and forfeitures	501,000	600,400	581,369	(19,031)	584,471
Investment earnings and rental income					
Interest income	100,000	75,000	254,524	179,524	98,623
Net increase (decrease) in the fair value of investments	-	-	(918,392)	(918,392)	(163,278)
City right of way rental	6,800	2,400	2,400	-	2,000
Fire station lease - Central Dispatch	480,708	490,000	353,579	(136,421)	101,084
Parking rentals	68,750	68,750	55,239	(13,511)	61,935
Great Lakes Naval Memorial lease	15,000	-	-	-	-
McGraft Park rentals	97,000	97,000	92,841	(4,159)	48,016
Other park rentals	49,000	68,500	66,459	(2,041)	50,028
Total investment earnings and rental income	817,258	801,650	(93,350)	(895,000)	198,408

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2022
 (with comparative actual amounts for the year ended June 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Other					
Sale of land and assets	\$ -	\$ -	\$ 356	\$ 356	\$ -
Police sale and auction proceeds	1,000	500	4,872	4,372	385
CDBG program reimbursements	438,910	399,910	412,269	12,359	495,554
Fisherman's Landing reimbursement	17,500	28,039	28,039	-	23,706
Contributions	62,000	302,000	265,700	(36,300)	558,945
Contributions - Veteran's Park maintenance	18,500	16,900	16,889	(11)	12,904
Community Foundation for Muskegon County	35,534	10,691	10,691	-	10,144
Miscellaneous and sundry	95,000	426,069	428,301	2,232	82,616
Total other	668,444	1,184,109	1,167,117	(16,992)	1,184,254
Total revenues	31,791,297	33,818,682	34,144,767	326,085	33,056,483
EXPENDITURES					
Current					
Public representation services					
City commission	87,223	107,877	106,980	897	96,287
City promotions and public relations	76,200	76,200	66,682	9,518	56,041
City manager	529,550	504,900	490,999	13,901	430,424
Contributions to outside agencies	405,329	577,622	567,952	9,670	541,614
City attorney	380,000	505,000	526,315	(21,315)	431,961
Total public representation services	1,478,302	1,771,599	1,758,928	12,671	1,556,327
Administrative services					
City clerk	688,230	683,500	709,596	(26,096)	569,368
Civil service	241,545	255,965	236,245	19,720	214,035
Total administrative services	929,775	939,465	945,841	(6,376)	783,403
Financial services					
Finance administration	643,850	642,300	642,543	(243)	643,392
Assessing	415,948	416,500	415,917	583	348,753
Arena administration	-	-	8,196	(8,196)	10,797
Income tax administration	414,753	409,000	403,538	5,462	400,206
Information systems	550,571	675,500	651,932	23,568	524,565
City treasurer	647,227	625,500	637,622	(12,122)	615,675
Pension administration	2,908,506	2,908,506	2,908,506	-	2,266,951
Total financial services	5,580,855	5,677,306	5,668,254	9,052	4,810,339
Public safety					
Police department	10,234,869	10,738,500	10,758,657	(20,157)	9,862,730
Fire department	3,164,026	3,021,811	3,034,373	(12,562)	2,908,093
Fire safety inspections	2,007,745	2,022,000	1,727,952	294,048	1,870,745
Total public safety	15,406,640	15,782,311	15,520,982	261,329	14,641,568

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2022
 (with comparative actual amounts for the year ended June 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Public works					
Street lighting	\$ 350,000	\$ 350,000	\$ 356,973	\$ (6,973)	\$ 382,729
Community event support	92,100	121,000	130,198	(9,198)	100,206
General sanitation	2,037,262	2,345,700	2,344,186	1,514	2,285,497
Storm water management	14,000	30,000	22,233	7,767	4,000
City hall maintenance	325,711	350,000	365,188	(15,188)	310,492
Cemeteries maintenance	473,402	481,382	509,515	(28,133)	360,056
Total public works	3,292,475	3,678,082	3,728,293	(50,211)	3,442,980
Community and economic development					
Planning, zoning and economic development	556,100	565,500	542,191	23,309	488,691
Environmental services	-	1,500	1,502	(2)	177
Edison Landing subsidy	200,000	200,000	200,000	-	350,000
Total community and economic development	756,100	767,000	743,693	23,307	838,868
Culture and recreation					
Parks maintenance	1,899,516	2,379,089	2,482,189	(103,100)	1,665,740
McGraft Park maintenance	123,075	148,175	142,840	5,335	131,222
General and inner city recreation programs	-	5,500	5,482	18	305
Forestry	80,000	82,500	81,501	999	56,567
Parking operations	45,600	51,330	100,522	(49,192)	89,542
Farmers market and flea market	-	-	41	(41)	99
Social district	36,750	47,000	26,905	20,095	5,639
Total culture and recreation	2,184,941	2,713,594	2,839,480	(125,886)	1,949,114
Other governmental functions					
Insurance premiums	389,881	464,000	450,719	13,281	351,344
Other	50,000	50,000	34,305	15,695	28,888
Total other governmental functions	439,881	514,000	485,024	28,976	380,232
Debt service					
Principal	710,000	907,462	907,462	-	2,285,300
Interest and fees	372,000	390,593	390,771	(178)	250,991
Bond issuance costs	-	1,000	1,000	-	140,750
Total debt service	1,082,000	1,299,055	1,299,233	(178)	2,677,041
Capital outlay	1,829,588	4,552,706	4,662,678	(109,972)	4,358,050
Total expenditures	32,980,557	37,695,118	37,652,406	42,712	35,437,922
Excess of revenues over (under) expenditures	(1,189,260)	(3,876,436)	(3,507,639)	368,797	(2,381,439)

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2022
 (with comparative actual amounts for the year ended June 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	
				Actual	
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	\$ 1,085,275	\$ 289,176	\$ 1,370,873	\$ 1,081,697	\$ 4,325,000
Refunding bonds issued	-	-	-	-	2,055,000
Premium on bonds issued	-	-	-	-	772,424
Transfers in	1,080,000	6,828,548	5,798,549	(1,029,999)	-
Transfers out	(915,000)	(3,130,000)	(3,998,250)	(868,250)	(1,475,000)
Total other financing sources (uses)	1,250,275	3,987,724	3,171,172	(816,552)	5,677,424
Net change in fund balance	\$ 61,015	\$ 111,288	(336,467)	\$ (447,755)	3,295,985
Fund balance at beginning of year			11,197,840		7,901,855
Fund balance at end of year			\$ 10,861,373		\$ 11,197,840

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues				
Federal	\$ 1,109,848	\$ 566,848	\$ -	\$ (566,848)
State	4,881,000	5,111,000	4,809,424	(301,576)
Investment earnings	5,000	10,000	11,627	1,627
Other	-	360,000	323,508	(36,492)
Total revenues	5,995,848	6,047,848	5,144,559	(903,289)
EXPENDITURES				
Current				
Highways, streets and bridges	5,892,486	5,040,138	3,798,863	1,241,275
Debt service				
Principal	-	230,000	230,000	-
Interest and fees	-	3,503	3,503	-
Total expenditures	5,892,486	5,273,641	4,032,366	1,241,275
Net change in fund balance	<u>\$ 103,362</u>	<u>\$ 774,207</u>	1,112,193	<u>\$ 337,986</u>
Fund balance at beginning of year			<u>2,408,053</u>	
Fund balance at end of year			<u><u>\$ 3,520,246</u></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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues				
Federal	\$ -	\$ 625,498	\$ 625,498	\$ -
Charges for services	1,075,267	1,961,518	2,683,567	722,049
Investment earnings	-	-	79,782	79,782
Other	9,500	662,202	14,904	(647,298)
Total revenues	1,084,767	3,249,218	3,403,751	154,533
EXPENDITURES				
Current				
Culture and recreation	1,723,805	2,160,000	2,274,570	(114,570)
Capital outlay	125,000	2,137,760	1,987,141	150,619
Total expenditures	1,848,805	4,297,760	4,261,711	36,049
Excess of revenues over (under) expenditures	(764,038)	(1,048,542)	(857,960)	190,582
OTHER FINANCING SOURCES				
Transfers in	1,029,203	779,203	865,000	85,797
Net change in fund balance	<u>\$ 265,165</u>	<u>\$ (269,339)</u>	7,040	<u>\$ 276,379</u>
Fund balance at beginning of year			<u>54,928</u>	
Fund balance at end of year			<u>\$ 61,968</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)

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

Notes to Schedule

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

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 3,724,080	\$ 2,902,032	\$ 1,855,248	\$ 1,902,696	\$ 1,798,140	\$ 1,897,158	\$ 1,546,440	\$ 1,293,996	\$ 1,043,040	\$ 1,035,772
Contributions in relation to the actuarially determined contribution	3,724,080	2,902,032	2,777,641	2,218,663	1,964,214	2,276,200	1,753,272	1,293,996	1,543,040	1,035,772
Contribution deficiency (excess)	\$ -	\$ -	\$ (922,393)	\$ (315,967)	\$ (166,074)	\$ (379,042)	\$ (206,832)	\$ -	\$ (500,000)	\$ -
Covered payroll	\$ 4,608,816	\$ 5,408,268	\$ 6,110,950	\$ 6,561,169	\$ 7,645,789	\$ 8,460,078	\$ 9,108,948	\$ 9,171,511	\$ 9,198,938	\$ 10,185,425
Contributions as percentage of covered payroll	80.8%	53.7%	45.5%	33.8%	25.7%	26.9%	19.2%	14.1%	16.8%	10.2%

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	17 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.35 percent, net of administrative and investment expenses
Retirement age	Varies depending on plan adoption
Mortality	Based on a version of Pub-2010 and fully generational MP-2019

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 142,556	\$ 156,214	\$ 165,306	\$ 178,243	\$ 165,423
Interest	1,999,639	2,058,432	2,191,233	2,035,720	1,954,979
Differences between expected and actual experience	(2,420,665)	(325,146)	(2,119,868)	(992,432)	-
Changes of assumptions	(2,771,809)	(1,152,266)	6,288,823	2,349,210	-
Benefit payments, including refunds of employee contributions	(1,710,064)	(1,621,453)	(1,983,928)	(1,118,442)	(1,064,376)
Net change in total OPEB liability	(4,760,343)	(884,219)	4,541,566	2,452,299	1,056,026
Total OPEB liability at beginning of year	32,757,983	33,642,202	29,100,636	26,648,337	25,592,311
Total OPEB liability at end of year (a)	\$ 27,997,640	\$ 32,757,983	\$ 33,642,202	\$ 29,100,636	\$ 26,648,337
PLAN FIDUCIARY NET POSITION					
Contributions-employer	\$ 1,767,843	\$ 1,154,926	\$ 1,001,447	\$ 671,363	\$ 736,039
Net investment income	2,574,713	2,210,729	2,660,470	(699,603)	2,110,019
Benefit payments, including refunds or employee contributions	(1,710,064)	(1,621,453)	(1,983,928)	(1,118,442)	(1,064,376)
Administrative expense	(47,967)	(42,375)	(41,397)	(53,927)	(52,313)
Net change in plan fiduciary net position	2,584,525	1,701,827	1,636,592	(1,200,609)	1,729,369
Plan fiduciary net position at beginning of year	22,917,388	21,215,561	19,578,969	20,779,578	19,050,209
Plan fiduciary net position at end of year (b)	\$ 25,501,913	\$ 22,917,388	\$ 21,215,561	\$ 19,578,969	\$ 20,779,578
City's net OPEB liability at end of year (a)-(b)	\$ 2,495,727	\$ 9,840,595	\$ 12,426,641	\$ 9,521,667	\$ 5,868,759
Plan fiduciary net position as a percentage of the total OPEB liability	91.09%	69.96%	63.06%	67.28%	77.98%
Covered payroll	\$ 6,978,841	\$ 7,848,543	\$ 8,952,683	Not Available	\$ 8,095,840
City's net OPEB liability as a percentage of covered payroll	35.76%	125.38%	138.80%	Not Available	72.49%

Notes to Schedule

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

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,344,010	\$ 2,289,405	\$ 2,115,188	\$ 1,470,562	\$ 956,532	\$ 606,506	\$ 639,428	\$ 659,451	\$ 696,634	\$ 728,863
Contributions in relation to the actuarially determined contribution	650,383	1,206,464	1,233,505	1,260,887	687,642	606,506	639,428	659,451	696,634	728,863
Contribution deficiency (excess)	\$ 693,627	\$ 1,082,941	\$ 881,683	\$ 209,675	\$ 268,890	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,978,841	\$ 7,848,543	\$ 8,952,683	Not Available	\$ 8,095,840	\$ 10,830,000	\$ 10,830,000	\$ 10,005,000	\$ 10,005,000	\$ 12,365,000
Contributions as percentage of covered payroll	9.3%	15.4%	13.8%	Not Available	8.5%	5.6%	5.9%	6.6%	7.0%	5.9%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal (level percentage of compensation)

Amortization method Level percentage of payroll, Closed

Remaining amortization period 7 years

Asset valuation method Equal to market value of assets

Inflation 2.5 percent

Salary increases 0.0 percent

Investment rate of return 7.35 percent (including inflation), net of administrative and investment expenses

Retirement age 55 - 60 years of age

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

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

City of Muskegon
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS
 Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	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

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OTHER SUPPLEMENTAL INFORMATION

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

**DESCRIPTION OF
OTHER GOVERNMENTAL FUNDS—CONTINUED**

Capital Projects Funds—Continued

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

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

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

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

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

Permanent Funds

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

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

City of Muskegon
COMBINING BALANCE SHEET
 Other Governmental Funds
 June 30, 2022

	Total Other Governmental Funds	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Fund - Cemetery Perpetual Care
ASSETS				
Cash and investments	\$ 3,001,131	\$ 1,040,460	\$ 1,285,084	\$ 675,587
Assets managed by others	1,356,585	-	29,011	1,327,574
Receivables				
Accounts and loans (net of allowance for uncollectibles)	989,779	13,085	973,815	2,879
Due from other governmental units	505,219	196,197	309,022	-
Advances to component units	148,994	-	-	148,994
Prepaid items	7,905	7,905	-	-
Total assets	\$ 6,009,613	\$ 1,257,647	\$ 2,596,932	\$ 2,155,034
LIABILITIES				
Accounts payable	\$ 303,168	\$ 37,286	\$ 265,882	\$ -
Accrued liabilities	41,424	22,703	18,721	-
Due to other governmental units	788	788	-	-
Due to other funds	33,684	-	33,684	-
Short-term draw note	84,297	-	84,297	-
Unearned revenues - unused Farmers Market tokens	26,331	26,331	-	-
Total liabilities	489,692	87,108	402,584	-
FUND BALANCES				
Nonspendable				
Prepaid items	7,905	7,905	-	-
Perpetual care	1,677,702	-	-	1,677,702
Restricted				
Highways, streets and bridges	789,134	789,134	-	-
Law enforcement	23,161	23,161	-	-
Business improvement districts	176,733	176,733	-	-
Perpetual care	477,332	-	-	477,332
Other purposes	173,606	173,606	-	-
Assigned for capital projects and public improvements	2,194,348	-	2,194,348	-
Total fund balances	5,519,921	1,170,539	2,194,348	2,155,034
Total liabilities and fund balances	\$ 6,009,613	\$ 1,257,647	\$ 2,596,932	\$ 2,155,034

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 Other Governmental Funds
 For the year ended June 30, 2022

	<u>Total Other Governmental Funds</u>	<u>Other Special Revenue Funds</u>	<u>Other Capital Projects Funds</u>	<u>Permanent Fund - Cemetery Perpetual Care</u>
REVENUES				
Intergovernmental revenues				
Federal	\$ 2,952,413	\$ -	\$ 2,952,413	\$ -
State	2,538,375	1,461,786	1,076,589	-
Local	261,057	-	261,057	-
Charges for services	495,403	401,906	58,204	35,293
Fines and forfeitures	1,264	1,264	-	-
Investment earnings	36,959	4,445	23,356	9,158
Income from assets managed by others	(134,215)	-	(5,173)	(129,042)
Other	1,104,169	275,176	828,993	-
Total revenues	<u>7,255,425</u>	<u>2,144,577</u>	<u>5,195,439</u>	<u>(84,591)</u>
EXPENDITURES				
Current				
Public safety	443	443	-	-
Public works	156,277	156,277	-	-
Highways, streets and bridges	1,998,785	1,998,785	-	-
Culture and recreation	484,929	484,929	-	-
Debt service				
Principal	205,000	-	205,000	-
Interest and fees	616,730	-	616,730	-
Capital outlay	4,835,674	-	4,835,674	-
Total expenditures	<u>8,297,838</u>	<u>2,640,434</u>	<u>5,657,404</u>	<u>-</u>
Excess of revenues over (under) expenditures	(1,042,413)	(495,857)	(461,965)	(84,591)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,204,675	-	1,204,675	-
Transfers in	3,128,500	262,500	2,866,000	-
Transfers out	(401,000)	-	(401,000)	-
Total other financing sources (uses)	<u>3,932,175</u>	<u>262,500</u>	<u>3,669,675</u>	<u>-</u>
Net change in fund balances (deficits)	2,889,762	(233,357)	3,207,710	(84,591)
Fund balances (deficits) at beginning of year	2,630,159	1,403,896	(1,013,362)	2,239,625
Fund balances at end of year	<u>\$ 5,519,921</u>	<u>\$ 1,170,539</u>	<u>\$ 2,194,348</u>	<u>\$ 2,155,034</u>

City of Muskegon
COMBINING BALANCE SHEET
 Other Special Revenue Funds
 June 30, 2022

	Total Other Special Revenue Funds	Local Street	Farmers Market and Kitchen 242	Criminal Forfeitures	Downtown BID	Lakeshore BID	Tree Replacement
ASSETS							
Cash and investments	\$ 1,040,460	\$ 613,349	\$ 222,106	\$ 23,161	\$ 135,442	\$ 45,791	\$ 611
Receivables							
Accounts	13,085	7,550	5,535	-	-	-	-
Due from other governmental units	196,197	196,197	-	-	-	-	-
Prepaid items	7,905	7,905	-	-	-	-	-
Total assets	\$ 1,257,647	\$ 825,001	\$ 227,641	\$ 23,161	\$ 135,442	\$ 45,791	\$ 611
LIABILITIES							
Accounts payable	\$ 37,286	\$ 8,503	\$ 24,283	\$ -	\$ 4,500	\$ -	\$ -
Accrued liabilities	22,703	19,459	3,244	-	-	-	-
Due to other governmental units	788	-	788	-	-	-	-
Unearned revenues - unused Farmers Market tokens	26,331	-	26,331	-	-	-	-
Total liabilities	87,108	27,962	54,646	-	4,500	-	-
FUND BALANCES							
Nonspendable - prepaid items	7,905	7,905	-	-	-	-	-
Restricted							
Highways, streets and bridges	789,134	789,134	-	-	-	-	-
Law enforcement	23,161	-	-	23,161	-	-	-
Business improvement districts	176,733	-	-	-	130,942	45,791	-
Other purposes	173,606	-	172,995	-	-	-	611
Total fund balances	1,170,539	797,039	172,995	23,161	130,942	45,791	611
Total liabilities and fund balances	\$ 1,257,647	\$ 825,001	\$ 227,641	\$ 23,161	\$ 135,442	\$ 45,791	\$ 611

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Other Special Revenue Funds
 For the year ended June 30, 2022

	Total Other Special Revenue Funds	Local Street	Farmers Market and Kitchen 242	Criminal Forfeitures	Downtown BID	Lakeshore BID	Tree Replacement
REVENUES							
Intergovernmental revenues							
State	\$ 1,461,786	\$ 1,461,786	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	401,906	2,800	399,106	-	-	-	-
Fines and forfeitures	1,264	-	-	1,264	-	-	-
Investment earnings	4,445	2,960	614	111	641	82	37
Other	275,176	39,642	61,778	-	117,193	43,126	13,437
Total revenues	<u>2,144,577</u>	<u>1,507,188</u>	<u>461,498</u>	<u>1,375</u>	<u>117,834</u>	<u>43,208</u>	<u>13,474</u>
EXPENDITURES							
Current							
Public safety	443	-	-	443	-	-	-
Public works	156,277	-	-	-	119,880	36,397	-
Highways, streets and bridges	1,998,785	1,998,785	-	-	-	-	-
Culture and recreation	484,929	-	455,886	-	-	-	29,043
Total expenditures	<u>2,640,434</u>	<u>1,998,785</u>	<u>455,886</u>	<u>443</u>	<u>119,880</u>	<u>36,397</u>	<u>29,043</u>
Excess of revenues over (under) expenditures	(495,857)	(491,597)	5,612	932	(2,046)	6,811	(15,569)
OTHER FINANCING SOURCES							
Transfers in	262,500	100,000	125,000	-	-	35,000	2,500
Net change in fund balances	(233,357)	(391,597)	130,612	932	(2,046)	41,811	(13,069)
Fund balances at beginning of year	1,403,896	1,188,636	42,383	22,229	132,988	3,980	13,680
Fund balances at end of year	<u>\$ 1,170,539</u>	<u>\$ 797,039</u>	<u>\$ 172,995</u>	<u>\$ 23,161</u>	<u>\$ 130,942</u>	<u>\$ 45,791</u>	<u>\$ 611</u>

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
 Other Special Revenue Funds
 For the year ended June 30, 2022

	<u>Local Street</u>			<u>Farmers Market and Kitchen 242</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES						
Intergovernmental revenues						
State	\$ 1,460,000	\$ 1,461,786	\$ 1,786	\$ -	\$ -	\$ -
Charges for services	5,000	2,800	(2,200)	363,225	399,106	35,881
Investment earnings	3,500	2,960	(540)	500	614	114
Other	40,000	39,642	(358)	36,000	61,778	25,778
Total revenues	1,508,500	1,507,188	(1,312)	399,725	461,498	61,773
EXPENDITURES						
Current						
Highways, streets and bridges	2,117,950	1,998,785	119,165	-	-	-
Culture and recreation	-	-	-	429,200	455,886	(26,686)
Total expenditures	2,117,950	1,998,785	119,165	429,200	455,886	(26,686)
Excess of revenues over (under) expenditures	(609,450)	(491,597)	117,853	(29,475)	5,612	35,087
OTHER FINANCING SOURCES						
Transfers in	100,000	100,000	-	40,000	125,000	85,000
Net change in fund balances	<u>\$ (509,450)</u>	(391,597)	<u>\$ 117,853</u>	<u>\$ 10,525</u>	130,612	<u>\$ 120,087</u>
Fund balances at beginning of year		<u>1,188,636</u>			<u>42,383</u>	
Fund balances at end of year		<u>\$ 797,039</u>			<u>\$ 172,995</u>	

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 Other Special Revenue Funds
 For the year ended June 30, 2022

	Criminal Forfeitures			Downtown BID		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Fines and forfeitures	\$ -	\$ 1,264	\$ 1,264	\$ -	\$ -	\$ -
Investment earnings	100	111	11	-	641	641
Other	-	-	-	114,888	117,193	2,305
Total revenues	100	1,375	1,275	114,888	117,834	2,946
EXPENDITURES						
Current						
Public safety	500	443	57	-	-	-
Public works	-	-	-	114,888	119,880	(4,992)
Total expenditures	500	443	57	114,888	119,880	(4,992)
Net change in fund balances	<u>\$ (400)</u>	932	<u>\$ 1,332</u>	<u>\$ -</u>	(2,046)	<u>\$ (2,046)</u>
Fund balances at beginning of year		<u>22,229</u>			<u>132,988</u>	
Fund balances at end of year		<u>\$ 23,161</u>			<u>\$ 130,942</u>	

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 Other Special Revenue Funds
 For the year ended June 30, 2022

	<u>Lakeshore BID</u>			<u>Tree Replacement</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES						
Investment earnings	\$ -	\$ 82	\$ 82	\$ -	\$ 37	\$ 37
Other	26,944	43,126	16,182	13,500	13,437	(63)
Total revenues	26,944	43,208	16,264	13,500	13,474	(26)
EXPENDITURES						
Current						
Public works	41,944	36,397	5,547	-	-	-
Culture and recreation	-	-	-	30,000	29,043	957
Total expenditures	41,944	36,397	5,547	30,000	29,043	957
Excess of revenues over (under) expenditures	(15,000)	6,811	21,811	(16,500)	(15,569)	931
OTHER FINANCING SOURCES						
Transfers in	-	35,000	35,000	5,000	2,500	(2,500)
Net change in fund balances	<u>\$ (15,000)</u>	41,811	<u>\$ 56,811</u>	<u>\$ (11,500)</u>	(13,069)	<u>\$ (1,569)</u>
Fund balances at beginning of year		<u>3,980</u>			<u>13,680</u>	
Fund balances at end of year		<u>\$ 45,791</u>			<u>\$ 611</u>	

City of Muskegon
COMBINING BALANCE SHEET
 Other Capital Projects Funds
 June 30, 2022

	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
ASSETS										
Cash and investments	\$ 1,285,084	\$ 317,741	\$ 228,686	\$ 506,837	\$ 21,197	\$ 25,768	\$ -	\$ 31,377	\$ 153,478	\$ -
Assets managed by others	29,011	29,011	-	-	-	-	-	-	-	-
Receivables										
Accounts and loans (net of allowance for uncollectibles)	973,815	299,916	-	661,160	12,739	-	-	-	-	-
Due from other governmental units	309,022	-	-	-	174,570	57,713	74,724	-	-	2,015
Total assets	\$ 2,596,932	\$ 646,668	\$ 228,686	\$ 1,167,997	\$ 208,506	\$ 83,481	\$ 74,724	\$ 31,377	\$ 153,478	\$ 2,015
LIABILITIES										
Accounts payable	\$ 265,882	\$ 10,976	\$ -	\$ -	\$ 77,606	\$ 80,854	\$ 41,801	\$ 13,003	\$ 41,642	\$ -
Accrued liabilities	18,721	-	-	-	16,323	1,144	505	-	-	749
Due to other funds	33,684	-	-	-	-	-	32,418	-	-	1,266
Short-term draw note	84,297	84,297	-	-	-	-	-	-	-	-
Total liabilities	402,584	95,273	-	-	93,929	81,998	74,724	13,003	41,642	2,015
FUND BALANCES										
Assigned for capital projects and public improvements	2,194,348	551,395	228,686	1,167,997	114,577	1,483	-	18,374	111,836	-
Total liabilities and fund balances	\$ 2,596,932	\$ 646,668	\$ 228,686	\$ 1,167,997	\$ 208,506	\$ 83,481	\$ 74,724	\$ 31,377	\$ 153,478	\$ 2,015

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 Other Capital Projects Funds
 For the year ended June 30, 2022

	Total Other Capital Projects Funds	Public Improvement	Michcon Remediation	EDC Revolving Loan	Community Development Block Grant	HOME Rehabilitation	Lead Abatement	Senior Millage	Convention Center Construction	Healthy Homes
REVENUES										
Intergovernmental revenues										
Federal	\$ 2,952,413	\$ -	\$ -	\$ -	\$ 1,748,418	\$ 580,355	\$ 621,625	\$ -	\$ -	\$ 2,015
State	1,076,589	-	-	-	-	-	21,804	-	1,054,785	-
Local	261,057	261,057	-	-	-	-	-	-	-	-
Charges for services	58,204	52,204	-	6,000	-	-	-	-	-	-
Investment earnings	23,356	-	1,141	21,879	-	-	-	298	38	-
Income from assets managed by others	(5,173)	(5,173)	-	-	-	-	-	-	-	-
Other	828,993	471,709	-	107,916	5,758	6	3	243,601	-	-
Total revenues	<u>5,195,439</u>	<u>779,797</u>	<u>1,141</u>	<u>135,795</u>	<u>1,754,176</u>	<u>580,361</u>	<u>643,432</u>	<u>243,899</u>	<u>1,054,823</u>	<u>2,015</u>
EXPENDITURES										
Debt service										
Principal	205,000	-	-	-	-	-	-	-	205,000	-
Interest and fees	616,730	4,519	-	-	-	-	-	-	612,211	-
Capital outlay	4,835,674	647,099	-	410,900	1,707,058	426,476	643,432	265,356	733,338	2,015
Total expenditures	<u>5,657,404</u>	<u>651,618</u>	<u>-</u>	<u>410,900</u>	<u>1,707,058</u>	<u>426,476</u>	<u>643,432</u>	<u>265,356</u>	<u>1,550,549</u>	<u>2,015</u>
Excess of revenues over (under) expenditures	(461,965)	128,179	1,141	(275,105)	47,118	153,885	-	(21,457)	(495,726)	-
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	1,204,675	1,084,182	-	-	67,459	53,034	-	-	-	-
Transfers in	2,866,000	366,000	-	-	-	-	-	-	2,500,000	-
Transfers out	(401,000)	-	-	-	-	(316,000)	-	(85,000)	-	-
Total other financing sources (uses)	<u>3,669,675</u>	<u>1,450,182</u>	<u>-</u>	<u>-</u>	<u>67,459</u>	<u>(262,966)</u>	<u>-</u>	<u>(85,000)</u>	<u>2,500,000</u>	<u>-</u>
Net change in fund balances (deficits)	3,207,710	1,578,361	1,141	(275,105)	114,577	(109,081)	-	(106,457)	2,004,274	-
Fund balances (deficits) at beginning of year	(1,013,362)	(1,026,966)	227,545	1,443,102	-	110,564	-	124,831	(1,892,438)	-
Fund balances at end of year	<u>\$ 2,194,348</u>	<u>\$ 551,395</u>	<u>\$ 228,686</u>	<u>\$ 1,167,997</u>	<u>\$ 114,577</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 18,374</u>	<u>\$ 111,836</u>	<u>\$ -</u>

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, 2022

	Total Internal Service Funds	Engineering Services	Equipment	General Insurance	Public Service Building
ASSETS					
Current assets					
Cash and investments	\$ 3,559,579	\$ 67,853	\$ 1,534,275	\$ 1,012,141	\$ 945,310
Accounts receivable	333,192	24,619	9,357	299,216	-
Inventories	38,867	-	38,867	-	-
Prepaid items	229,096	2,906	62,719	158,586	4,885
Total current assets	4,160,734	95,378	1,645,218	1,469,943	950,195
Noncurrent assets					
Advances to component units	297,986	-	148,993	148,993	-
Capital assets					
Land	65,000	-	-	-	65,000
Land improvements	301,715	-	-	-	301,715
Buildings and improvements	1,668,215	-	-	-	1,668,215
Machinery and equipment	10,313,517	51,346	10,167,807	-	94,364
Less accumulated depreciation	(9,524,983)	(33,645)	(7,676,636)	-	(1,814,702)
Net capital assets	2,823,464	17,701	2,491,171	-	314,592
Total noncurrent assets	3,121,450	17,701	2,640,164	148,993	314,592
Total assets	7,282,184	113,079	4,285,382	1,618,936	1,264,787
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	74,482	-	27,931	-	46,551
Related to other postemployment benefits	40,689	-	15,258	-	25,431
Total deferred outflows of resources	115,171	-	43,189	-	71,982
Total assets and deferred outflows of resources	7,397,355	113,079	4,328,571	1,618,936	1,336,769
LIABILITIES					
Current liabilities					
Accounts payable	779,382	4,808	210,469	520,956	43,149
Accrued liabilities	60,116	14,296	16,094	1,825	27,901
Bonds and other obligations, due within one year	39,200	8,800	14,100	900	15,400
Total current liabilities	878,698	27,904	240,663	523,681	86,450
Noncurrent liabilities					
Bonds and other obligations, less amounts due within one year	156,651	34,990	56,497	3,722	61,442
Net pension liability	1,242,534	-	465,950	-	776,584
Net other postemployment benefits liability	99,829	-	37,436	-	62,393
Total noncurrent liabilities	1,499,014	34,990	559,883	3,722	900,419
Total liabilities	2,377,712	62,894	800,546	527,403	986,869
DEFERRED INFLOWS OF RESOURCES					
Related to pension	278,007	-	104,253	-	173,754
Related to other postemployment benefits	105,577	-	39,591	-	65,986
Total deferred inflows of resources	383,584	-	143,844	-	239,740
Total liabilities and deferred inflows of resources	2,761,296	62,894	944,390	527,403	1,226,609
NET POSITION					
Net investment in capital assets	2,823,464	17,701	2,491,171	-	314,592
Unrestricted	1,812,595	32,484	893,010	1,091,533	(204,432)
Total net position	\$ 4,636,059	\$ 50,185	\$ 3,384,181	\$ 1,091,533	\$ 110,160

City of Muskegon
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Internal Service Funds
For the year ended June 30, 2022

	Total Internal Service Funds	Engineering Services	Equipment	General Insurance	Public Service Building
OPERATING REVENUES					
Charges for services	\$ 10,433,668	\$ 575,183	\$ 3,328,303	\$ 5,208,979	\$ 1,321,203
Other	158,582	69,709	81,105	7,768	-
Total operating revenues	10,592,250	644,892	3,409,408	5,216,747	1,321,203
OPERATING EXPENSES					
Administration	958,063	111,814	198,505	46,960	600,784
Insurance premiums and claims	5,386,649	-	-	5,386,649	-
Other operations	3,701,160	516,787	2,189,569	49,469	945,335
Depreciation	499,466	2,500	469,305	-	27,661
Total operating expenses	10,545,338	631,101	2,857,379	5,483,078	1,573,780
Operating income (loss)	46,912	13,791	552,029	(266,331)	(252,577)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	25,649	336	12,892	8,751	3,670
Gain (loss) on sale of capital assets	38,349	-	38,349	-	-
Total nonoperating revenues (expenses)	63,998	336	51,241	8,751	3,670
Income (loss) before transfers	110,910	14,127	603,270	(257,580)	(248,907)
TRANSFERS					
Transfers in	400,000	-	-	-	400,000
Change in net position	510,910	14,127	603,270	(257,580)	151,093
Net position at beginning of year	4,125,149	36,058	2,780,911	1,349,113	(40,933)
Net position at end of year	\$ 4,636,059	\$ 50,185	\$ 3,384,181	\$ 1,091,533	\$ 110,160

City of Muskegon
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
For the year ended June 30, 2022

	Total Internal Service Funds	Engineering Services	Equipment	General Insurance	Public Service Building
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 169,736	\$ 48,212	\$ 121,524	\$ -	\$ -
Receipts from interfund services provided	10,433,668	575,183	3,328,303	5,208,979	1,321,203
Other receipts	1,266,428	-	-	1,266,428	-
Payments to suppliers	(6,865,909)	(150,664)	(1,169,326)	(5,081,357)	(464,562)
Payments to employees	(1,954,355)	(370,696)	(502,520)	(52,826)	(1,028,313)
Payments for interfund services used	(848,990)	(91,098)	(633,632)	-	(124,260)
Net cash provided by (used for) operating activities	2,200,578	10,937	1,144,349	1,341,224	(295,932)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	400,000	-	-	-	400,000
Interfund borrowing	(384,381)	-	-	(384,381)	-
Collections on advances to component units	93,094	-	46,547	46,547	-
Net cash provided by (used for) noncapital financing activities	108,713	-	46,547	(337,834)	400,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(659,722)	-	(659,722)	-	-
Proceeds from sale of capital assets	74,558	-	74,558	-	-
Net cash provided by (used for) capital and related financing activities	(585,164)	-	(585,164)	-	-
CASH FLOW FROM INVESTING ACTIVITIES					
Investment earnings	25,649	336	12,892	8,751	3,670
Net increase (decrease) in cash and investments	1,749,776	11,273	618,624	1,012,141	107,738
Cash and investments at beginning of year	1,809,803	56,580	915,651	-	837,572
Cash and investments at end of year	\$ 3,559,579	\$ 67,853	\$ 1,534,275	\$ 1,012,141	\$ 945,310
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 46,912	\$ 13,791	\$ 552,029	\$ (266,331)	\$ (252,577)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	499,466	2,500	469,305	-	27,661
Change in assets and liabilities					
Receivables	1,277,582	(21,497)	40,419	1,258,660	-
Inventories	(31,549)	-	(31,549)	-	-
Prepaid items	386	(1,129)	4,217	(4,286)	1,584
Accounts payable	510,189	(429)	147,804	353,703	9,111
Accrued liabilities	(102,408)	17,701	(37,876)	(522)	(81,711)
Net cash provided by (used for) operating activities	\$ 2,200,578	\$ 10,937	\$ 1,144,349	\$ 1,341,224	\$ (295,932)

DESCRIPTION OF FIDUCIARY FUNDS

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

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

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

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

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

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

City of Muskegon
COMBINING STATEMENT OF NET POSITION
 Custodial Funds
 June 30, 2022

	Total Custodial Funds	Collector	Current Tax	Rehab Loan Escrow
ASSETS				
Cash and investments	\$ 816,055	\$ 815,674	\$ -	\$ 381
Accounts receivable	13,835	13,835	-	-
Total assets	829,890	829,509	-	381
LIABILITIES				
Accounts payable	19,517	19,136	-	381
Due to other governmental units	622,373	622,373	-	-
Deposits held for others	188,000	188,000	-	-
Total liabilities	829,890	829,509	-	381
NET POSITION				
Restricted for individuals, organizations, and other governments	\$ -	\$ -	\$ -	\$ -

City of Muskegon
COMBINING STATEMENT OF CHANGES IN NET POSITION
 Custodial Funds
 For the year ended June 30, 2022

	<u>Total Custodial Funds</u>	<u>Collector</u>	<u>Current Tax</u>	<u>Rehab Loan Escrow</u>
ADDITIONS				
Tax collections for other governments	\$ 24,329,719	\$ 378,627	\$ 23,951,092	\$ -
Other collections for third parties	1,521,847	1,521,847	-	-
Total additions	25,851,566	1,900,474	23,951,092	-
DEDUCTIONS				
Payment of taxes to other governments	24,329,719	378,627	23,951,092	-
Other payments to third parties	1,521,847	1,521,847	-	-
Total deductions	25,851,566	1,900,474	23,951,092	-
Change in net position	-	-	-	-
Net position at beginning of year	-	-	-	-
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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DESCRIPTION OF DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

City of Muskegon
COMBINING BALANCE SHEET
Discretely Presented Component Units
June 30, 2022

	Total Discretely Presented Component Units	Local Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authorities
ASSETS					
Cash and investments	\$ 403,928	\$ 46,925	\$ 336,989	\$ 20,014	\$ -
Accounts receivable	32,616	-	32,616	-	-
Total assets	\$ 436,544	\$ 46,925	\$ 369,605	\$ 20,014	\$ -
LIABILITIES					
Accounts payable	\$ 109,697	\$ -	\$ 109,697	\$ -	\$ -
Accrued liabilities	4,289	-	4,289	-	-
Due to other governmental units	2,000	-	2,000	-	-
Due to primary government	64,211	-	-	-	64,211
Advances from primary government	1,046,980	-	-	-	1,046,980
Total liabilities	1,227,177	-	115,986	-	1,111,191
FUND BALANCES (DEFICITS)					
Unassigned	(790,633)	46,925	253,619	20,014	(1,111,191)
Total liabilities and fund balances (deficits)	\$ 436,544	\$ 46,925	\$ 369,605	\$ 20,014	\$ -

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**
Discretely Presented Component Units
June 30, 2022

Total fund balances (deficits)—governmental funds \$ (790,633)

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>(3,035,729)</u>	1,162,529

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	(7,000)	
Bonds and notes payable	<u>(1,352,248)</u>	<u>(1,359,248)</u>

Net position of governmental activities		<u>\$ (987,352)</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, 2022

	Total Discretely Presented Component Units	Local Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authorities
REVENUES					
Property taxes	\$ 1,139,110	\$ 85,861	\$ 321,446	\$ 42,475	\$ 689,328
Intergovernmental revenues					
State	36,895	3,084	-	9,596	24,215
Local	217,000	200,000	17,000	-	-
Investment earnings	1,357	112	543	58	644
Other	639,439	-	638,765	-	674
Total revenues	<u>2,033,801</u>	<u>289,057</u>	<u>977,754</u>	<u>52,129</u>	<u>714,861</u>
EXPENDITURES					
Current					
Community and economic development	1,508,284	-	810,219	50,000	648,065
Debt service					
Principal	245,000	245,000	-	-	-
Interest and fees	55,240	37,300	-	-	17,940
Total expenditures	<u>1,808,524</u>	<u>282,300</u>	<u>810,219</u>	<u>50,000</u>	<u>666,005</u>
Net change in fund balances (deficits)	225,277	6,757	167,535	2,129	48,856
Fund balances (deficits) at beginning of year	<u>(1,015,910)</u>	<u>40,168</u>	<u>86,084</u>	<u>17,885</u>	<u>(1,160,047)</u>
Fund balances (deficits) at end of year	<u>\$ (790,633)</u>	<u>\$ 46,925</u>	<u>\$ 253,619</u>	<u>\$ 20,014</u>	<u>\$ (1,111,191)</u>

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, 2022

Net change in fund balances (deficits)—total governmental funds \$ 225,277

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 395,000

Changes in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable \$ 2,650

Amortization of premiums 13,129 15,779

Change in net position of governmental activities \$ 463,408

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SCHEDULE OF INDEBTEDNESS

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2022

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2021	6/30/2022	Annual Interest Payable
Business-Type Activities Bonds and Loans Payable:							
Drinking Water State Revolving Fund	3/2/2004	\$ 13,900,000	2.13%	10/01/21	\$ 775,000	\$ -	\$ -
			2.13%	10/01/22	790,000	790,000	60,988
			2.13%	10/01/23	810,000	810,000	43,988
Type of debt: state loan			2.13%	10/01/24	825,000	825,000	26,616
Revenue pledged: water system net revenues			2.13%	10/01/25	840,000	840,000	8,925
					<u>4,040,000</u>	<u>3,265,000</u>	<u>140,517</u>
Drinking Water State Revolving Fund*	8/30/2019	\$ 1,600,000	2.00%	10/01/21	65,000	-	-
			2.00%	10/01/22	70,000	70,000	30,700
Type of debt: state loan			2.00%	10/01/23	70,000	70,000	29,300
Revenue Pledged: water system net revenues			2.00%	10/01/24	70,000	70,000	27,900
Forgiveness: 20%			2.00%	10/01/25	70,000	70,000	26,500
			2.00%	10/01/26	75,000	75,000	25,100
			2.00%	10/01/27	75,000	75,000	23,600
			2.00%	10/01/28	75,000	75,000	22,100
			2.00%	10/01/29	75,000	75,000	20,600
			2.00%	10/01/30	80,000	80,000	19,100
			2.00%	10/01/31	80,000	80,000	17,500
			2.00%	10/01/32	80,000	80,000	15,900
			2.00%	10/01/33	85,000	85,000	14,300
			2.00%	10/01/34	85,000	85,000	12,600
			2.00%	10/01/35	85,000	85,000	10,900
			2.00%	10/01/36	90,000	90,000	9,200
			2.00%	10/01/37	90,000	90,000	7,400
			2.00%	10/01/38	90,000	90,000	5,600
			2.00%	10/01/39	95,000	95,000	3,800
			2.00%	10/01/40	86,874	95,000	1,900
					<u>1,591,874</u>	<u>1,535,000</u>	<u>324,000</u>
Sanitary Sewer State Revolving Fund*	8/30/2019	\$ 2,875,000	2.00%	10/01/21	120,000	-	-
			2.00%	10/01/22	120,000	120,000	53,900
Type of debt: state loan			2.00%	10/01/23	125,000	125,000	51,450
Revenue Pledged: sanitary sewer system net revenues			2.00%	10/01/24	125,000	125,000	48,950
Forgiveness: 75%			2.00%	10/01/25	130,000	130,000	46,400
			2.00%	10/01/26	130,000	130,000	43,800
			2.00%	10/01/27	135,000	135,000	41,150
			2.00%	10/01/28	135,000	135,000	38,450
			2.00%	10/01/29	140,000	140,000	35,700
			2.00%	10/01/30	140,000	140,000	32,900
			2.00%	10/01/31	145,000	145,000	30,050
			2.00%	10/01/32	145,000	145,000	27,150
			2.00%	10/01/33	150,000	150,000	24,200
			2.00%	10/01/34	150,000	150,000	21,200
			2.00%	10/01/35	155,000	155,000	18,150
			2.00%	10/01/36	139,459	160,000	15,000
			2.00%	10/01/37	-	160,000	11,800
			2.00%	10/01/38	-	165,000	8,550
			2.00%	10/01/39	-	170,000	5,200
			2.00%	10/01/40	-	175,000	1,750
					<u>2,184,459</u>	<u>2,755,000</u>	<u>555,750</u>
Drinking Water State Revolving Fund*	9/30/2020	\$ 3,844,750	2.00%	04/01/22	154,750	-	-
			2.00%	04/01/23	160,000	160,000	65,882
Type of debt: state loan			2.00%	04/01/24	165,000	165,000	62,682
Revenue Pledged: water system net revenues			2.00%	04/01/25	170,000	170,000	59,382
Forgiveness: 9%			2.00%	04/01/26	135,296	170,000	55,982
			2.00%	04/01/27	-	175,000	52,582
			2.00%	04/01/28	-	180,000	49,082
			2.00%	04/01/29	-	180,000	45,482
			2.00%	04/01/30	-	185,000	41,882
			2.00%	04/01/31	-	190,000	38,182
			2.00%	04/01/32	-	195,000	34,382
			2.00%	04/01/33	-	195,000	30,482
			2.00%	04/01/34	-	200,000	26,582
			2.00%	04/01/35	-	205,000	22,582
			2.00%	04/01/36	-	210,000	18,482
			2.00%	04/01/37	-	215,000	14,282
			2.00%	04/01/38	-	220,000	9,982
			2.00%	04/01/39	-	220,000	5,582
			2.00%	04/01/40	-	59,101	1,182
					<u>785,046</u>	<u>3,294,101</u>	<u>634,676</u>

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2022

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2021	6/30/2022	Annual Interest Payable
Business-Type Activities Bonds and Loans Payable—Continued:							
Sanitary Sewer State Revolving Fund*	9/30/2020	\$ 3,772,000	2.00%	04/01/22	\$ 152,000	\$ -	\$ -
			2.00%	04/01/23	155,000	155,000	72,400
Type of debt: state loan			2.00%	04/01/24	148,074	160,000	69,300
Revenue Pledged: water system net revenues			2.00%	04/01/25	-	165,000	66,100
Forgiveness: 20%			2.00%	04/01/26	-	170,000	62,800
			2.00%	04/01/27	-	170,000	59,400
			2.00%	04/01/28	-	175,000	56,000
			2.00%	04/01/29	-	180,000	52,500
			2.00%	04/01/30	-	185,000	48,900
			2.00%	04/01/31	-	185,000	45,200
			2.00%	04/01/32	-	190,000	41,500
			2.00%	04/01/33	-	190,000	37,700
			2.00%	04/01/34	-	195,000	33,900
			2.00%	04/01/35	-	200,000	30,000
			2.00%	04/01/36	-	205,000	26,000
			2.00%	04/01/37	-	210,000	21,900
			2.00%	04/01/38	-	215,000	17,900
			2.00%	04/01/39	-	220,000	13,400
			2.00%	04/01/40	-	225,000	9,000
			2.00%	04/01/41	-	130,614	4,500
					455,074	3,525,614	768,400
TOTAL BUSINESS TYPE ACTIVITIES BONDS AND LOAN PAYABLE:					\$ 9,056,453	\$ 14,374,715	\$ 2,423,343
*If certain conditions are met, a portion of the principal amount on these debts may be forgiven.							
Governmental Activities Bonds and Loan Payable:							
Capital Improvement Refunding Bonds of 2016 (\$159,903 unamortized premium)	3/8/2016	\$ 4,815,000	3.00%	10/01/21	\$ 305,000	\$ -	\$ -
			3.00%	10/01/22	300,000	300,000	132,900
			3.00%	10/01/23	300,000	300,000	122,400
Type of debt: limited general obligation bonds			4.00%	10/01/24	320,000	320,000	110,000
Revenue pledged: general revenues			4.00%	10/01/25	325,000	325,000	97,100
			4.00%	10/01/26	325,000	325,000	84,100
			4.00%	10/01/27	325,000	325,000	71,100
			4.00%	10/01/28	325,000	325,000	58,100
			4.00%	10/01/29	325,000	325,000	45,100
			4.00%	10/01/30	325,000	325,000	32,100
			4.00%	10/01/31	320,000	320,000	19,200
			4.00%	10/01/32	320,000	320,000	6,400
					3,815,000	3,510,000	778,500
Capital Improvement Bonds of 2011 (streets)	9/30/2011	\$ 2,000,000	2.98%	09/01/21	230,000	-	-
					230,000	-	-
Type of debt: limited general obligation bonds							
Revenue pledged: gas tax, general revenues							
Capital Improvement Bonds of 2019 Convention Center (\$128,150 unamortized discount)	10/9/2019	\$ 19,420,000	1.83%	10/01/21	205,000	-	-
			1.88%	10/01/22	250,000	250,000	607,985
			1.93%	10/01/23	300,000	300,000	602,740
			2.00%	10/01/24	320,000	320,000	596,645
Type of debt: limited general obligation bonds			2.10%	10/01/25	340,000	340,000	589,875
Revenue Pledged: excise tax on hotel rooms levied by the County of Muskegon pursuant to Act 263			2.24%	10/01/26	360,000	360,000	582,273
			2.34%	10/01/27	380,000	380,000	573,795
			2.43%	10/01/28	405,000	405,000	564,429
			2.60%	10/01/29	430,000	430,000	553,918
			2.60%	10/01/30	455,000	455,000	542,412
			2.68%	10/01/31	480,000	480,000	530,066
			2.78%	10/01/32	510,000	510,000	516,544
			2.83%	10/01/33	540,000	540,000	501,815
			2.93%	10/01/34	570,000	570,000	485,822
			3.30%	10/01/35	605,000	605,000	467,399
			3.30%	10/01/36	640,000	640,000	446,670
			3.30%	10/01/37	680,000	680,000	424,692
			3.30%	10/01/38	720,000	720,000	401,382
			3.30%	10/01/39	760,000	760,000	376,740
			3.48%	10/01/40	800,000	800,000	350,166
			3.48%	10/01/41	845,000	845,000	321,543
			3.48%	10/01/42	895,000	895,000	291,267
			3.48%	10/01/43	940,000	940,000	259,338
			3.48%	10/01/44	995,000	995,000	225,669
			3.58%	10/01/45	1,045,000	1,045,000	189,651
			3.58%	10/01/46	1,105,000	1,105,000	151,165
			3.58%	10/01/47	1,160,000	1,160,000	110,622
			3.58%	10/01/48	1,225,000	1,225,000	67,931
			3.58%	10/01/49	1,285,000	1,285,000	23,001
					19,245,000	19,040,000	11,355,555

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2022

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2021	6/30/2022	Annual Interest Payable
Governmental Activities Bonds and Loan Payable—Continued:							
Capital Improvement Bonds of 2020 Series 2020A (\$673,024 unamortized premium)	11/12/2020	\$ 4,325,000	4.00%	10/01/21	\$ 320,000	\$ -	\$ -
			4.00%	10/01/22	335,000	335,000	170,800
			4.00%	10/01/23	360,000	360,000	156,900
			4.00%	10/01/24	370,000	370,000	142,300
			4.00%	10/01/25	385,000	385,000	127,200
Type of debt: limited general obligation bonds			5.00%	10/01/26	405,000	405,000	109,375
Revenue pledged: general revenues			5.00%	10/01/27	420,000	420,000	88,750
			5.00%	10/01/28	445,000	445,000	67,125
			5.00%	10/01/29	470,000	470,000	44,250
			5.00%	10/01/30	485,000	485,000	20,375
			2.50%	10/01/31	30,000	30,000	7,875
			2.50%	10/01/32	30,000	30,000	7,125
			2.50%	10/01/33	30,000	30,000	6,375
			2.50%	10/01/34	30,000	30,000	5,625
			2.50%	10/01/35	35,000	35,000	4,813
			2.50%	10/01/36	35,000	35,000	3,937
			2.50%	10/01/37	35,000	35,000	3,063
			2.50%	10/01/38	35,000	35,000	2,187
			2.50%	10/01/39	35,000	35,000	1,313
			2.50%	10/01/40	35,000	35,000	437
					<u>4,325,000</u>	<u>4,005,000</u>	<u>969,825</u>
Capital Improvement Bonds of 2020 Series 2020B	11/12/2020	\$ 2,055,000	0.68%	10/01/21	85,000	-	-
			0.68%	10/01/22	85,000	85,000	45,546
			0.68%	10/01/23	90,000	90,000	44,951
Type of debt: limited general obligation bonds			1.35%	10/01/24	90,000	90,000	44,038
Revenue pledged: general revenues			1.35%	10/01/25	90,000	90,000	42,823
			1.35%	10/01/26	90,000	90,000	41,608
			2.00%	10/01/27	95,000	95,000	40,050
			2.00%	10/01/28	95,000	95,000	38,150
			2.00%	10/01/29	95,000	95,000	36,250
			2.00%	10/01/30	100,000	100,000	34,300
			2.60%	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
			3.20%	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>2,055,000</u>	<u>1,970,000</u>	<u>550,335</u>
Installment Purchase Agreement of 2021 (fire tower ladder truck)	9/15/2021	\$ 1,370,873	1.78%	09/25/22	-	268,269	18,471
			1.78%	09/25/23	-	273,023	13,717
			1.78%	09/25/24	-	277,860	8,880
Type of debt: installment purchase agreements			1.78%	09/25/25	-	282,784	3,956
Revenue pledged: general revenues			1.78%	09/25/26	-	71,475	210
					<u>-</u>	<u>1,173,411</u>	<u>45,234</u>
TOTAL GOVERNMENTAL ACTIVITIES BONDS AND LOANS PAYABLE					<u>\$ 29,670,000</u>	<u>\$ 29,698,411</u>	<u>\$ 13,699,449</u>
TOTAL PRIMARY GOVERNMENT BONDS AND LOANS PAYABLE					<u>\$ 38,726,453</u>	<u>\$ 44,073,126</u>	<u>\$ 16,122,792</u>
Discretely Presented Component Unit Bonds and Loans Payable:							
Local Development Finance Authority Smartzone Refunding Bonds (\$16,547 unamortized premium)	3/20/2012	\$ 4,100,000	4.00%	11/01/21	\$ 245,000	\$ -	\$ -
			3.00%	11/01/22	255,000	255,000	28,575
			3.00%	11/01/23	265,000	265,000	20,775
			3.00%	11/01/24	275,000	275,000	12,675
Type of debt: limited general obligation bonds			3.00%	11/01/25	285,000	285,000	4,275
Revenue pledged: LDFA tax increments, general revenues					<u>1,325,000</u>	<u>1,080,000</u>	<u>66,300</u>
TOTAL DISCRETELY PRESENTED COMPONENT UNIT BONDS AND LOANS PAYABLE					<u>\$ 1,325,000</u>	<u>\$ 1,080,000</u>	<u>\$ 66,300</u>
TOTAL REPORTING ENTITY BONDS AND LOANS PAYABLE					<u>\$ 40,051,453</u>	<u>\$ 45,153,126</u>	<u>\$ 16,189,092</u>

Statistical Section

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	134
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	139
Debt Capacity	
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
Demographic and Economic Information	
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
Operating Information	
These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	152

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Muskegon
NET POSITION BY COMPONENT
 Last Ten Fiscal Years

	2013	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 63,842,092	\$ 63,731,255	\$ 63,514,691	\$ 64,326,891	\$ 62,520,466	\$ 61,267,518	\$ 66,734,006	\$ 70,274,679	\$ 72,200,515	\$ 75,201,511
Restricted	4,572,848	4,023,895	4,807,531	4,140,342	3,777,410	6,138,596	5,519,207	4,459,799	5,003,269	5,845,255
Unrestricted	13,299,523	12,811,852	491,914	(4,142,119)	(5,566,349)	(8,350,634)	(14,355,143)	(28,084,776)	(29,065,065)	(22,938,317)
Total Governmental Net Position	<u>\$ 81,714,463</u>	<u>\$ 80,567,002</u>	<u>\$ 68,814,136</u>	<u>\$ 64,325,114</u>	<u>\$ 60,731,527</u>	<u>\$ 59,055,480</u>	<u>\$ 57,898,070</u>	<u>\$ 46,649,702</u>	<u>\$ 48,138,719</u>	<u>\$ 58,108,449</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 40,032,858	\$ 39,365,043	\$ 39,231,223	\$ 39,013,529	\$ 38,114,686	\$ 38,549,547	\$ 41,741,666	\$ 44,543,391	\$ 54,257,461	\$ 54,668,925
Restricted	599,500	599,500	599,500	599,500	599,500	599,500	599,500	599,500	822,000	822,000
Unrestricted	8,491,848	8,377,093	6,423,540	5,762,272	6,382,906	6,041,091	2,424,616	(2,353,801)	(873,805)	424,949
Total Business-type Activities Net Position	<u>\$ 49,124,206</u>	<u>\$ 48,341,636</u>	<u>\$ 46,254,263</u>	<u>\$ 45,375,301</u>	<u>\$ 45,097,092</u>	<u>\$ 45,190,138</u>	<u>\$ 44,765,782</u>	<u>\$ 42,789,090</u>	<u>\$ 54,205,656</u>	<u>\$ 55,915,874</u>
Primary Government										
Net Investment in Capital Assets	\$ 103,874,950	\$ 103,096,298	\$ 102,745,914	\$ 103,340,420	\$ 100,635,152	\$ 99,817,065	\$ 108,475,672	\$ 114,818,070	\$ 126,457,976	\$ 129,870,436
Restricted	5,172,348	4,623,395	5,407,031	4,739,842	4,376,910	6,738,096	6,118,707	5,059,299	5,825,269	6,667,255
Unrestricted	21,791,371	21,188,945	6,915,454	1,620,153	816,557	(2,309,543)	(11,930,527)	(30,438,577)	(29,938,870)	(22,513,368)
Total Primary Government Net Position	<u>\$ 130,838,669</u>	<u>\$ 128,908,638</u>	<u>\$ 115,068,399</u>	<u>\$ 109,700,415</u>	<u>\$ 105,828,619</u>	<u>\$ 104,245,618</u>	<u>\$ 102,663,852</u>	<u>\$ 89,438,792</u>	<u>\$ 102,344,375</u>	<u>\$ 114,024,323</u>

(a) In 2015, the City implemented GASB 68 and 71 which changed how governments measure and report pension liabilities.
 (b) In 2018, the City implemented GASB 75 which changed how governments measure and report other postemployment benefit liabilities.

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

City of Muskegon

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2013	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022
EXPENSES										
Governmental Activities										
Public representation	\$ 893,981	\$ 1,030,006	\$ 939,907	\$ 1,107,551	\$ 1,113,897	\$ 1,347,618	\$ 1,336,014	\$ 1,501,079	\$ 1,603,410	\$ 1,715,050
Administrative services	565,307	543,425	614,757	663,077	679,139	507,275	800,887	962,981	826,344	913,923
Financial services	2,241,061	2,171,958	2,547,766	2,331,236	2,483,519	1,995,426	2,700,775	3,007,018	5,039,787	5,473,498
Public safety	12,987,842	12,946,466	14,243,233	17,118,742	16,910,473	12,404,126	20,433,642	25,982,246	18,249,379	13,387,378
Public works	3,201,806	3,361,422	3,183,627	3,109,454	3,551,230	3,471,618	4,438,358	4,581,526	4,025,982	4,687,660
Highways, streets and bridges	6,672,374	7,053,326	7,165,703	7,251,882	6,996,540	6,917,260	7,185,642	7,593,019	6,862,862	7,308,858
Community and economic development	2,499,404	2,417,518	2,712,131	5,223,431	3,738,566	5,015,160	2,890,216	5,359,282	4,999,907	9,857,082
Culture and recreation	1,592,358	1,671,185	1,806,790	3,551,692	3,918,814	3,994,582	4,541,739	5,269,578	4,507,120	6,588,542
General administration	322,348	366,634	389,248	326,452	301,287	376,112	302,582	389,863	404,303	511,323
Interest on long-term debt	291,535	277,345	271,607	248,223	172,591	165,023	151,304	732,065	1,112,166	881,204
Total Governmental Activities Expenses	31,268,016	31,839,285	33,874,769	40,931,740	39,866,056	36,194,200	44,781,159	55,378,657	47,631,260	51,324,518
Business-type Activities										
Water	6,228,788	6,016,192	6,047,244	6,750,826	7,206,564	7,090,770	7,752,703	8,437,862	8,612,574	9,261,276
Sewer	7,226,839	7,582,602	8,460,509	8,669,469	8,876,690	8,093,752	9,119,941	9,902,515	8,084,729	8,153,673
Marina and launch ramp	426,553	503,997	305,990	327,832	336,912	377,614	430,431	529,007	515,025	461,504
Total Business-type Activities Expenses	13,882,180	14,102,791	14,813,743	15,748,127	16,420,166	15,562,136	17,303,075	18,869,384	17,212,328	17,876,453
Total Primary Government Expenses	\$ 45,150,196	\$ 45,942,076	\$ 48,688,512	\$ 56,679,867	\$ 56,286,222	\$ 51,756,336	\$ 62,084,234	\$ 74,248,041	\$ 64,843,588	\$ 69,200,971
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
Public representation	\$ 173,739	\$ 189,444	\$ 188,638	\$ 226,559	\$ 228,767	\$ 232,736	\$ 250,931	\$ 253,511	\$ 280,395	\$ 324,314
Administrative services	268,535	325,937	415,308	474,737	572,739	539,178	604,290	538,791	504,281	715,421
Financial services	830,919	871,632	823,547	925,474	895,924	903,322	921,748	913,968	988,501	1,085,220
Public safety	1,133,666	1,407,722	1,218,644	1,248,911	1,824,114	2,794,347	2,292,158	2,290,640	2,207,996	2,680,675
Public works	671,494	796,739	571,426	379,877	646,876	743,110	691,312	835,149	828,098	854,793
Highways, streets and bridges	245,609	351,962	258,475	234,861	256,190	188,248	191,883	193,267	187,478	522,779
Community and economic development	432,240	477,486	576,863	444,632	706,195	348,933	786,120	769,860	912,247	498,766
Culture and recreation	606,818	535,211	368,168	1,229,067	1,463,839	1,651,304	1,853,547	2,124,968	1,976,029	4,389,524
General administration	287,729	50,728	48,764	52,512	37,892	38,549	40,400	59,537	65,592	76,182
Operating grants and contributions	4,681,345	4,664,098	5,071,239	5,330,825	5,208,818	6,478,526	6,892,530	7,398,202	9,839,245	11,024,058
Capital grants and contributions	886,108	1,408,424	3,496,623	3,804,656	862,074	2,305,620	4,015,097	4,064,216	2,901,176	2,815,119
Total Governmental Program Revenues	10,218,202	11,079,383	13,037,695	14,352,111	12,703,428	16,223,873	18,540,016	19,442,109	20,691,038	24,986,851
Business-type Activities										
Water	5,890,614	6,099,480	6,375,869	7,485,013	7,430,314	7,445,669	7,946,983	8,316,552	8,752,570	8,903,549
Sewer	7,058,315	6,633,911	6,363,808	6,305,554	7,620,208	8,217,497	8,098,828	8,397,838	9,298,156	10,298,642
Marina and launch ramp	234,229	228,339	255,638	287,547	278,753	325,917	298,312	74,659	178,706	292,416
Operating grants and contributions	6,188	-	-	-	2,436	42,531	510,533	94,462	-	103,208
Capital grants and contributions	88,046	327,240	474,681	765,363	784,969	-	-	-	10,354,544	-
Total Business-type program revenues	13,277,392	13,288,970	13,469,996	14,843,477	16,116,680	16,031,614	16,854,656	16,883,511	28,583,976	19,597,815
Total Primary Government program revenues	\$ 23,495,594	\$ 24,368,353	\$ 26,507,691	\$ 29,195,588	\$ 28,820,108	\$ 32,255,487	\$ 35,394,672	\$ 36,325,620	\$ 49,275,014	\$ 44,584,666
NET (EXPENSE) REVENUE										
Governmental Activities	\$ (21,049,814)	\$ (20,759,902)	\$ (20,837,074)	\$ (26,579,629)	\$ (27,162,628)	\$ (19,970,327)	\$ (26,241,143)	\$ (35,936,548)	\$ (26,940,222)	\$ (26,337,667)
Business-type Activities	(604,788)	(813,821)	(1,343,747)	(904,650)	(303,486)	469,478	(448,419)	(1,985,873)	11,371,648	1,721,362
Total Primary Government net expense	\$ (21,654,602)	\$ (21,573,723)	\$ (22,180,821)	\$ (27,484,279)	\$ (27,466,114)	\$ (19,500,849)	\$ (26,689,562)	\$ (37,922,421)	\$ (15,568,574)	\$ (24,616,305)

City of Muskegon
CHANGES IN NET POSITION
 Last Ten Fiscal Years

	2013	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Property taxes	\$ 7,592,847	\$ 7,383,236	\$ 7,894,189	\$ 8,366,212	\$ 8,389,243	\$ 8,450,103	\$ 8,230,573	\$ 8,466,886	\$ 8,813,155	\$ 9,182,184
Income taxes	8,057,145	7,762,719	8,478,231	8,386,775	8,707,279	8,995,294	8,939,887	9,437,451	9,609,218	10,020,370
Franchise fees	358,785	358,754	369,965	372,117	378,955	368,495	380,343	361,405	374,219	369,420
Grants and contributions not restricted for specific programs	3,700,871	3,813,221	3,989,178	4,051,050	4,630,111	4,955,168	5,102,602	5,276,036	6,427,138	15,303,423
Unrestricted investment earnings	73,157	146,590	99,733	189,408	106,653	92,771	546,533	568,408	229,177	(644,067)
Miscellaneous	102,388	124,085	805,432	626,014	512,738	545,536	550,381	577,677	370,268	918,179
Gain on sale of capital asset	44,899	23,836	20,302	99,031	844,062	712,415	1,333,414	317	2,641,064	1,122,888
Transfers	-	-	-	-	-	-	-	-	(35,000)	35,000
Total Governmental Program Revenues	19,930,092	19,612,441	21,657,030	22,090,607	23,569,041	24,119,782	25,083,733	24,688,180	28,429,239	36,307,397
Business-type Activities										
Unrestricted investment earnings	33,148	31,251	29,879	25,688	25,277	28,550	24,063	9,181	9,918	23,856
Transfers	-	-	-	-	-	-	-	-	35,000	(35,000)
Total Business-type program revenues	33,148	31,251	29,879	25,688	25,277	28,550	24,063	9,181	44,918	(11,144)
Total Primary Government program revenues	\$ 19,963,240	\$ 19,643,692	\$ 21,686,909	\$ 22,116,295	\$ 23,594,318	\$ 24,148,332	\$ 25,107,796	\$ 24,697,361	\$ 28,474,157	\$ 36,296,253
CHANGE IN NET POSITION										
Governmental Activities	\$ (1,119,722)	\$ (1,147,461)	\$ 819,956	\$ (4,489,022)	\$ (3,593,587)	\$ 4,149,455	\$ (1,157,410)	\$ (11,248,368)	\$ 1,489,017	\$ 9,969,730
Business-type Activities	(571,640)	(782,570)	(1,313,868)	(878,962)	(278,209)	498,028	(424,356)	(1,976,692)	11,416,566	1,710,218
Total Primary Government	\$ (1,691,362)	\$ (1,930,031)	\$ (493,912)	\$ (5,367,984)	\$ (3,871,796)	\$ 4,647,483	\$ (1,581,766)	\$ (13,225,060)	\$ 12,905,583	\$ 11,679,948

(a) In 2015, the City implemented GASB 68 and 71 which changed how governments measure and report pension liabilities.
 (b) In 2018, the City implemented GASB 75 which changed how governments measure and report other postemployment benefit liabilities.

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

City of Muskegon

FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 447,341	\$ 300,952	\$ 220,178	\$ 232,332	\$ 209,353	\$ 222,458	\$ 241,684	\$ 280,986	\$ 269,920	\$ 881,961
Restricted	-	-	-	-	-	-	-	-	66,965	8,701
Committed	-	-	-	-	-	-	-	-	39,000	189,037
Assigned	2,292,495	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,800,000
Unassigned	4,613,722	5,495,145	5,883,318	6,098,977	6,148,292	6,469,108	6,563,511	5,920,869	9,121,955	7,981,674
Total general fund	\$ 7,353,558	\$ 7,496,097	\$ 7,803,496	\$ 8,031,309	\$ 8,057,645	\$ 8,391,566	\$ 8,505,195	\$ 7,901,855	\$ 11,197,840	\$ 10,861,373
All other governmental funds										
Nonspendable	\$ 1,547,793	\$ 1,556,347	\$ 2,073,747	\$ 1,597,371	\$ 1,716,825	\$ 1,589,699	\$ 1,624,737	\$ 1,663,979	\$ 1,709,000	\$ 1,737,125
Restricted	2,749,396	2,305,385	3,159,130	2,995,610	2,726,754	5,130,188	4,621,126	3,842,461	4,397,502	5,170,662
Assigned	2,087,359	1,729,457	2,146,050	1,373,669	3,510,747	2,619,342	1,823,959	9,764,600	1,907,590	2,195,895
Unassigned	(82,048)	(100,054)	-	-	-	-	-	(1,601,331)	(2,919,404)	-
Total all other governmental funds	\$ 6,302,500	\$ 5,491,135	\$ 7,378,927	\$ 5,966,650	\$ 7,954,326	\$ 9,339,229	\$ 8,069,822	\$ 13,669,709	\$ 5,094,688	\$ 9,103,682

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

City of Muskegon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 14,832,027	\$ 14,954,904	\$ 15,830,137	\$ 16,178,761	\$ 16,667,272	\$ 16,877,055	\$ 16,582,030	\$ 17,253,857	\$ 17,700,658	\$ 18,795,646
Intergovernmental	9,403,554	9,945,065	12,301,594	11,711,788	10,743,434	13,488,014	15,776,333	16,777,402	18,131,093	28,487,691
Charges for services	2,769,227	2,569,335	2,468,889	3,468,938	3,918,217	4,229,797	4,430,419	4,563,652	4,898,325	7,744,999
Other	2,795,952	3,256,324	4,003,105	3,868,958	4,005,126	5,251,208	5,312,773	5,745,006	5,745,273	5,399,182
Total revenues	29,800,760	30,725,628	34,603,725	35,228,445	35,334,049	39,846,074	42,101,555	44,339,917	46,475,349	60,427,518
Expenditures										
Public representation	892,113	1,031,984	930,788	1,064,503	1,080,032	1,383,573	1,281,107	1,379,406	1,556,327	1,758,928
Administrative services	508,130	497,025	554,330	577,454	624,284	537,913	739,301	844,270	783,403	945,841
Financial services	2,196,917	2,197,651	2,476,740	2,068,208	2,236,941	2,191,245	2,394,866	2,358,848	4,810,339	5,668,254
Public safety	12,724,094	12,987,898	13,285,004	13,476,557	14,086,619	15,156,977	16,131,196	16,820,356	14,641,568	15,781,113
Public works	2,878,328	2,918,305	2,876,576	2,864,878	3,206,050	3,377,174	4,176,904	4,187,956	3,604,722	4,472,813
Highways, streets and bridges	2,815,337	3,011,611	2,986,909	3,102,391	3,096,875	4,554,968	2,963,498	2,965,598	2,666,529	3,330,669
Community and economic development	2,578,073	2,687,933	2,957,071	5,415,436	3,878,547	3,962,759	2,930,725	4,986,000	5,281,825	10,306,669
Culture and recreation	1,248,174	1,308,481	1,444,471	3,100,338	3,523,178	3,713,177	4,050,986	4,662,534	3,836,817	6,085,847
Other governmental functions	299,812	643,666	369,408	305,807	280,416	355,241	281,711	371,461	380,232	485,024
Debt service										
Principal	395,211	402,492	417,842	428,199	283,563	288,934	294,313	818,285	2,813,804	1,342,462
Interest	292,554	278,412	272,946	257,516	211,242	197,723	189,905	543,740	943,216	1,011,004
Issuance costs	-	-	-	97,578	-	-	-	70,525	140,750	1,000
Capital outlay	3,230,586	3,577,837	3,992,111	3,867,579	2,328,615	3,134,369	9,363,862	21,498,055	19,695,829	7,775,915
Total expenditure	30,059,329	31,543,295	32,564,196	36,626,444	34,836,362	38,854,053	44,798,374	61,507,034	61,155,361	58,965,539
Excess of revenues over (under) expenditures	(258,569)	(817,667)	2,039,529	(1,397,999)	497,687	992,021	(2,696,819)	(17,167,117)	(14,680,012)	1,461,979
Other financing sources (uses)										
Transfers in	1,356,229	743,035	853,910	1,563,094	1,805,000	1,370,000	1,210,236	2,017,077	895,000	9,832,799
Transfers out	(784,275)	(771,081)	(942,933)	(1,638,094)	(1,818,000)	(1,385,000)	(1,210,236)	(2,037,077)	(1,555,000)	(10,197,799)
Long-term debt issued	-	-	-	97,578	-	-	-	21,691,740	7,152,424	1,370,873
Proceeds from sale of capital assets	190,263	176,887	244,685	190,957	1,529,325	741,803	1,541,041	491,924	2,908,552	1,204,675
Total other financing sources (uses)	762,217	148,841	155,662	213,535	1,516,325	726,803	1,541,041	22,163,664	9,400,976	2,210,548
Net change in fund balances	\$ 503,648	\$ (668,826)	\$ 2,195,191	\$ (1,184,464)	\$ 2,014,012	\$ 1,718,824	\$ (1,155,778)	\$ 4,996,547	\$ (5,279,036)	\$ 3,672,527
Debt service as a percentage of noncapital expenditures	2.56%	2.43%	2.42%	2.09%	1.52%	1.36%	1.37%	3.40%	9.06%	4.60%

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

City of Muskegon

GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Property Tax	% of Total	Income Tax	% of Total	Intergovernmental	% of Total	Charges for Service	% of Total	Licenses and Permits	% of Total	Fines and Fees	% of Total	Interest and Rent	% of Total	Other	% of Total	Total	% Change
2013	\$ 7,325,555	24.6%	\$ 7,506,472	25.2%	\$ 9,403,554	31.6%	\$ 2,769,227	9.3%	\$ 1,238,285	4.2%	\$ 435,893	1.5%	\$ 267,397	0.9%	\$ 854,377	2.9%	\$ 29,800,760	-4.6%
2014	7,123,481	23.2%	7,831,423	25.5%	9,945,065	32.4%	2,569,335	8.4%	1,570,137	5.1%	418,691	1.4%	352,153	1.1%	915,343	3.0%	30,725,628	3.1%
2015	7,555,471	21.8%	8,274,666	23.9%	12,301,594	35.5%	2,468,889	7.1%	1,361,721	3.9%	452,004	1.3%	343,105	1.0%	1,846,275	5.3%	34,603,725	12.6%
2016	8,026,859	22.8%	8,151,902	23.1%	11,711,788	33.2%	3,468,938	9.8%	1,443,144	4.1%	459,181	1.3%	455,671	1.3%	1,510,962	4.3%	35,228,445	1.8%
2017	8,056,460	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%

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

City of Muskegon

Taxable, Assessed and Equalized and Estimated Actual Valuation of Property

Last Ten Fiscal Years

Taxable Valuation of Property

Ad Valorem Assessment Roll								Industrial and Commercial Facilities Assessment Roll				Total Taxable Valuation	Total City	Taxable Value As a Percent Actual
Year	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			
2012	\$ 312,930,252	\$ -	\$ 134,635,427	\$ 81,575,476	\$ 529,141,155	\$ 91,750,891	\$ 620,892,046	\$ 3,587,223	\$ 6,161,900	\$ -	\$ 9,749,123	\$ 630,641,169	12.0789	96.40%
2013	310,252,865	-	118,856,014	76,331,458	505,440,337	91,730,093	597,170,430	6,677,737	7,472,900	-	14,150,637	611,321,067	12.0865	96.97%
2014	312,031,296	-	115,070,943	61,196,955	488,299,194	91,020,452	579,319,646	3,874,303	6,512,600	-	10,386,903	589,706,549	13.0875	96.26%
2015	314,055,244	-	116,448,947	54,898,389	485,402,580	95,098,912	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	515,226,869	61,993,800	577,220,669	6,561,033	3,146,800	-	9,707,833	586,928,502	13.0865	87.80%
2020	362,796,641	-	125,649,743	48,231,815	536,678,199	67,398,400	604,076,599	14,874,922	2,612,700	-	17,487,622	621,564,221	13.0865	83.40%
2021	411,808,285	-	143,992,198	53,700,376	609,500,859	73,874,500	683,375,359	15,756,956	1,312,300	-	17,069,256	700,444,615	12.9722	93.98%

Assessed and Equalized Valuation of Property

Ad Valorem Assessment Roll								Industrial and Commercial Facilities Assessment Roll				Total Assessed Valuation	Estimated Actual Value
Year	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		
2012	\$ 327,226,000	\$ -	\$ 141,238,834	\$ 84,084,000	\$ 552,548,834	\$ 91,740,800	\$ 644,289,634	\$ 3,719,300	\$ 6,161,900	\$ -	\$ 9,881,200	\$ 654,170,834	\$ 1,308,341,668
2013	321,604,220	-	123,831,400	79,037,400	524,473,020	91,720,300	616,193,320	6,766,000	7,472,900	-	14,238,900	630,432,220	1,260,864,440
2014	326,690,900	-	120,803,800	63,704,200	511,198,900	91,004,400	602,203,300	3,877,300	6,512,600	-	10,389,900	612,593,200	1,225,186,400
2015	335,445,400	-	122,235,800	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	1,225,055,220
2018	382,994,200	-	124,938,600	50,130,470	558,063,270	65,713,100	623,776,370	4,017,100	3,739,800	-	7,756,900	631,533,270	1,263,066,540
2019	409,745,000	-	135,884,102	51,070,400	596,699,502	61,981,500	658,681,002	6,649,100	3,146,800	-	9,795,900	668,476,902	1,336,953,804
2020	461,026,400	-	146,950,200	52,388,900	660,365,500	67,388,800	727,754,300	14,929,600	2,612,700	-	17,542,300	745,296,600	1,490,593,200
2021	580,236,600	-	186,202,700	58,746,100	825,185,400	73,866,200	899,051,600	16,273,300	1,312,300	-	17,585,600	916,637,200	1,833,274,400

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	6/30/2022			6/30/2013		
	Taxable Valuation	Rank	Percent of Total Taxable Valuation	Taxable Valuation	Rank	Percent of Total Taxable Valuation
Consumers Energy	\$ 19,074,117	1	2.86%	\$ 46,472,581	1	7.4%
DTE Gas Company	15,309,976	2	2.30%	6,918,200	2	1.1%
James Street Capital Holdings	10,214,100	3	1.53%			
Muskegon SC Holdings LLC	6,147,883	4	0.92%	4,240,100	6	0.7%
Michigan Electric Transmission	5,871,800	5	0.88%			0.0%
Glen Oaks Apartments LLC	3,607,163	6	0.54%	3,914,200	7	0.6%
Mercy Health Partners	3,246,556	7	0.49%			
Core Sherman LLC	3,160,129	8	0.47%			
Verplank Port Facility LLC	3,035,700	9	0.46%			
Hinman Lake LLC	2,902,866	10	0.44%			
Adac Plastics				6,079,926	5	1.0%
Esco Company				6,798,181	3	1.1%
GE Aviation				6,123,500	4	1.0%
Coles Quality Foods				3,491,200	9	0.6%
Lorin Industries				3,854,731	8	0.6%
P&G Holdings NY LLC				3,462,180	10	0.5%
Total - 10 Largest	72,570,290		10.90%	91,354,799		14.5%
Total - All Other	593,289,262		89.10%	539,286,370		85.5%
	\$ 665,859,552		100.0%	\$ 630,641,169		100.0%

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

City of Muskegon

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

Last Ten Fiscal Years

Year	City-Wide Rates					
	Operating	Promotion	Sanitation	Total City	Library District	Library Debt
2012	9.5000	0.0789	2.5000	12.0789	2.4000	-
2013	9.5000	0.0865	2.5000	12.0865	2.4000	-
2014	10.0000	0.0875	3.0000	13.0875	2.4000	-
2015	10.0000	0.0869	3.0000	13.0869	2.4000	0.5611
2016	10.0000	0.0905	3.0000	13.0905	2.4000	0.4962
2017	10.0000	0.0908	3.0000	13.0908	2.4000	0.4999
2018	10.0000	0.0899	3.0000	13.0899	2.4000	0.4866
2019	10.0000	0.0865	3.0000	13.0865	2.4000	0.4522
2020	9.9930	0.0824	2.9979	13.0733	2.3997	0.4532
2021	9.9180	0.0788	2.9754	12.9722	2.3821	0.4351

Overlapping - County-Wide Rates

Year	Muskegon County	Intermediate School	Special Education	Vocational Education	Community College	MAISD Gen Ed	Community College Debt
2012	6.6957	0.4597	2.2987	0.9996	2.2037	-	-
2013	6.6957	0.4597	2.2987	0.9996	2.2037	-	-
2014	6.6557	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2015	6.6357	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2016	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2017	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2018	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2019	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2020	6.8947	0.4593	2.2968	0.9988	2.2034	0.9992	0.3400
2021	6.8490	0.4562	2.2815	0.9922	2.1888	0.9926	0.3400

Overlapping - School District

Grand Total

Year	Operating	Debt	Total	State Education	Homestead	Non-Homestead
2012	18.0000	7.1000	25.1000	6.0000	40.2363	58.2363
2013	18.0000	7.1000	25.1000	6.0000	40.2439	58.2439
2014	18.0000	7.6000	25.6000	6.0000	43.0449	61.0449
2015	18.0000	6.8000	24.8000	6.0000	42.7854	60.7854
2016	18.0000	6.3500	24.3500	6.0000	42.5341	60.5341
2017	18.0000	7.6800	25.6800	6.0000	43.8681	61.8681
2018	18.0000	8.3600	26.3600	6.0000	44.5339	62.5339
2019	18.0000	8.3600	26.3600	6.0000	44.4961	62.4961
2020	17.9838	8.3581	26.3419	6.0000	44.4765	62.4603
2021	17.7518	9.3467	27.0985	6.0000	45.2364	62.9882

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

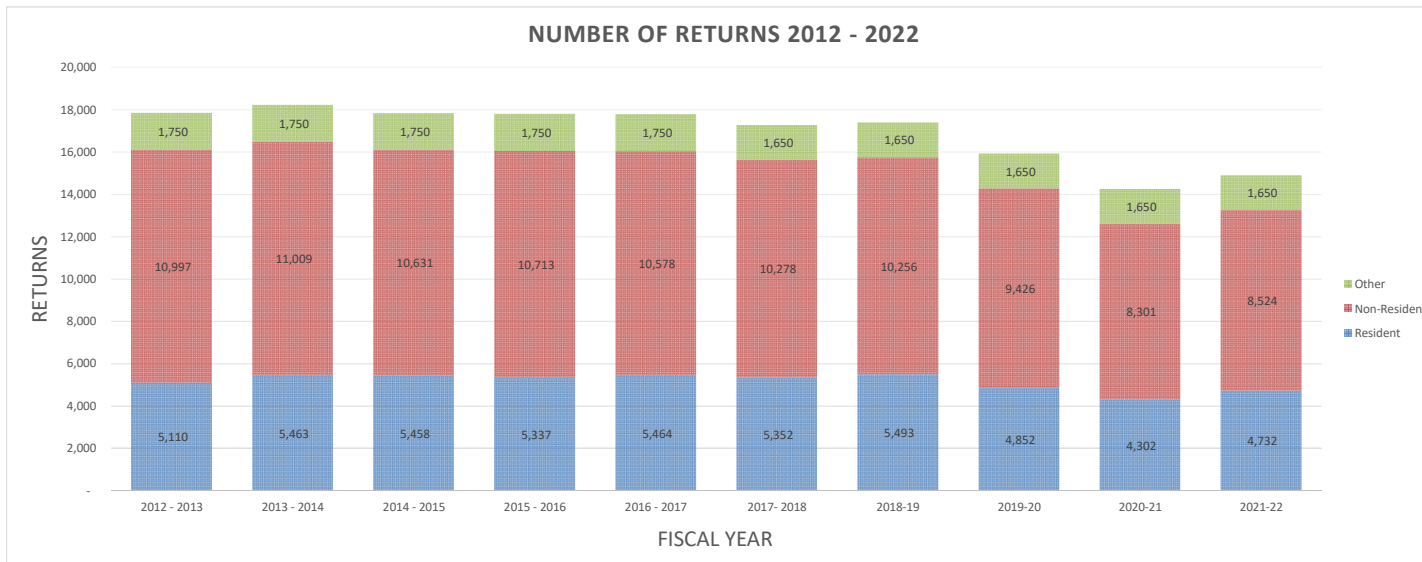
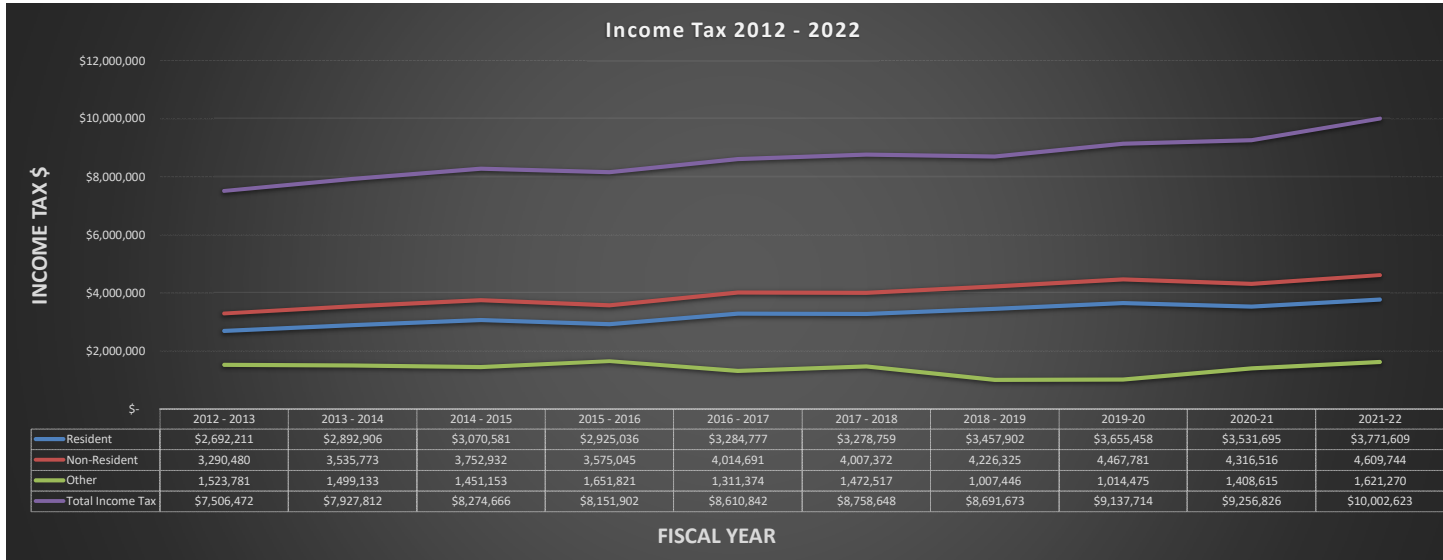
Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Levy	Charge backs On Uncollected Delinquent Taxes	Outstanding Delinquent Personal	Outstanding Delinquent Specific	Percent of Delinquent Taxes to Levy
2012	\$ 7,872,541	\$ 6,882,534	87.4%	\$ 915,950	\$ 7,798,484	99.1%	\$ 27,163	\$ 68,945	\$ 5,113	1.29%
2013	7,668,166	6,703,147	87.4%	912,362	7,615,509	99.3%	102,713	45,361	7,296	2.03%
2014	8,032,955	7,069,804	88.0%	917,806	7,987,610	99.4%	57,680	41,074	2,788	1.26%
2015	8,132,782	7,247,701	89.1%	848,266	8,095,967	99.5%	62,345	33,407	1,862	1.20%
2016	7,719,829	6,828,816	88.5%	853,639	7,682,455	99.5%	42,063	23,671	1,365	0.87%
2017	7,633,290	6,776,856	88.8%	795,164	7,572,020	99.2%	51,584	43,665	11,728	1.40%
2018	9,545,232	8,631,502	90.4%	839,208	9,470,710	99.2%	-	53,873	13,529	0.71%
2019	9,737,757	8,873,258	91.1%	821,601	9,694,859	99.6%	-	20,987	15,355	0.37%
2020	9,943,231	9,114,832	91.7%	749,195	9,864,027	99.2%	-	35,111	31,560	0.67%
2021	9,987,802	9,121,784	91.3%	637,083	9,758,867	97.7%	-	19,026	41,200	0.60%

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 2012 - 2022

Year	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019-20	2020-21	2021-22
Resident	\$2,692,211	\$2,892,906	\$3,070,581	\$2,925,036	\$3,284,777	\$3,278,759	\$3,457,902	\$3,655,458	\$3,531,695	\$ 3,771,609
Non-Resident	3,290,480	3,535,773	3,752,932	3,575,045	4,014,691	4,007,372	4,226,325	4,467,781	4,316,516	4,609,744
Other	1,523,781	1,499,133	1,451,153	1,651,821	1,311,374	1,472,517	1,007,446	1,014,475	1,408,615	1,621,270
Total Income Tax	\$7,506,472	\$7,927,812	\$8,274,666	\$8,151,902	\$8,610,842	\$8,758,648	\$8,691,673	\$9,137,714	\$9,256,826	\$10,002,623

Number of Returns 2012-2022

Year	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017- 2018	2018-19	2019-20	2020-21	2021-22
Resident	5,110	5,463	5,458	5,337	5,464	5,352	5,493	4,852	4,302	4,732
Non-Resident	10,997	11,009	10,631	10,713	10,578	10,278	10,256	9,426	8,301	8,524
Other	1,750	1,750	1,750	1,750	1,750	1,650	1,650	1,650	1,650	1,650
Total Returns	17,857	18,222	17,839	17,800	17,792	17,280	17,399	15,928	14,253	14,906

City of Muskegon

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Year	Governmental Activities				Business-Type Activities				
	General Obligation Limited Tax Bonds	Installment Purchase Agreements	State Loans	Total Governmental Activities	Revenue Bonds	State Loans	Total Business- Type Activities	Total Primary Government	Per Capita
2013	\$ 7,350,000	\$ -	\$ 130,042	\$ 7,480,042	\$ 4,205,000	\$ 9,685,000	\$ 13,890,000	\$ 21,370,042	\$ 577
2014	6,954,535	-	112,550	7,067,085	3,630,728	9,030,000	12,660,728	19,727,813	533
2015	6,555,436	-	94,708	6,650,144	2,949,368	8,360,000	11,309,368	17,959,512	483
2016	6,243,903	-	76,509	6,320,412	2,246,962	7,675,000	9,921,962	16,242,374	436
2017	5,940,903	-	57,946	5,998,849	1,523,661	6,980,000	8,503,661	14,502,510	378
2018	5,633,903	-	39,012	5,672,915	774,614	6,270,000	7,044,614	12,717,529	331
2019	5,322,903	-	19,699	5,342,602	-	5,545,000	5,545,000	10,887,602	284
2020	24,059,753	2,123,804	-	26,183,557	-	6,607,956	6,607,956	32,791,513	854
2021	30,496,677	-	-	30,496,677	-	9,056,453	9,056,453	39,553,130	1,051
2022	29,229,777	1,173,411	-	30,403,188	-	14,374,715	14,374,715	44,777,903	1,192

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

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

City of Muskegon

DIRECT AND OVERLAPPING DEBT

June 30, 2022

Name of Governmental Unit	Total Debt Outstanding	Self Supporting	Debt Supported by City General Revenues
Direct Debt			
City of Muskegon:			
Revenue Bonds	\$ 14,374,715	\$ 14,374,715	\$ -
Capital Improvement Bonds	29,229,777	-	29,229,777
Installment Purchase Agreements	1,173,411	-	1,173,411
Component Unit Debt:			
Local Development Finance Authority	1,096,547	1,096,547	-
Total City Direct Debt	\$ 45,874,450	\$ 15,471,262	\$ 30,403,188

	Gross	City Share as Percent of Gross	Net
Overlapping Debt			
Muskegon School District	\$ 81,265,000	95.82%	\$ 77,868,123
Orchard View School District	35,479,418	16.93%	6,006,665
Reeth's Puffer School District	60,921,723	0.95%	578,756
Hackley Public Library	1,775,000	95.82%	1,700,805
Muskegon County	100,828,458	12.98%	13,087,534
Muskegon Community College	28,360,000	12.98%	3,681,128
Total Overlapping Debt	\$ 308,629,599		102,923,012
Total City Direct and Overlapping Debt			\$ 133,326,200

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

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

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

City of Muskegon

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 68,555,700	\$ 61,706,477	\$ 61,510,980	\$ 60,962,090	\$ 61,333,841	\$ 64,124,907	\$ 101,083,635	\$ 108,732,428	\$ 128,830,259	\$ 144,430,377
Total net debt applicable to limit	13,655,042	12,847,550	11,969,708	11,313,794	10,290,785	9,240,855	8,510,021	27,943,934	31,848,925	31,499,735
Legal debt margin	\$ 54,900,658	\$ 48,858,927	\$ 49,541,272	\$ 49,648,296	\$ 51,043,056	\$ 54,884,052	\$ 92,573,614	\$ 80,788,494	\$ 96,981,334	\$ 112,930,642
Total net debt applicable to the limit as a percentage of debt limit	19.92%	20.82%	19.46%	18.56%	16.78%	14.41%	8.42%	25.70%	24.72%	21.81%

Legal Debt Margin Calculation for 2022:

Assessed Valuation:	\$ 1,444,303,769
Legal Debt Limit (10%)	144,430,377
Total Indebtedness:	\$ 45,874,450
Debt not Subject to Limitation:	
Paid by Special Assessment	-
Revenue Bonds	(14,374,715)
Debt Subject to Limitation	31,499,735
Legal Debt Margin	\$ 112,930,642

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

**City of Muskegon
REVENUE BOND COVERAGE**

Last Ten Fiscal Years

Water Supply System

Fiscal Year	Gross Revenue (a)	Direct Operating Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	\$ 5,907,784	\$ 3,729,276	\$ 2,178,508	\$ 1,250,000	\$ 384,694	\$ 1,634,694	1.33
2014	6,109,144	3,511,477	2,597,667	1,295,000	352,634	1,647,634	1.58
2015	6,388,474	3,774,508	2,613,966	1,330,000	320,857	1,650,857	1.58
2016	7,498,376	4,460,076	3,038,300	1,370,000	283,360	1,653,360	1.84
2017	7,449,646	4,997,912	2,451,734	1,405,000	246,434	1,651,434	1.48
2018	7,507,323	4,949,807	2,557,516	1,450,000	203,106	1,653,106	1.55
2019	8,472,413	5,672,522	2,799,891	1,495,000	158,260	1,653,260	1.69
2020	8,417,771	6,374,033	2,043,738	745,000	109,916	854,916	2.39
2021	8,762,308	6,481,996	2,280,312	760,000	107,860	867,860	2.63
2022	9,026,192	7,255,731	1,770,461	994,750	146,568	1,141,318	1.55

Sewage Disposal System

Fiscal Year	Gross Revenue (a)	Direct Operating Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013				No Direct System Indebtedness			
2014				No Direct System Indebtedness			
2015				No Direct System Indebtedness			
2016				No Direct System Indebtedness			
2017				No Direct System Indebtedness			
2018				No Direct System Indebtedness			
2019				No Direct System Indebtedness			
2020	\$ 8,399,047	\$ 9,307,397	\$ (908,350)	\$ -	\$ -	\$ -	-
2021	9,298,294	7,481,042	1,817,252	-	3,151	3,151	576.72
2022	10,303,063	7,502,182	2,800,881	272,000	84,439	356,439	7.86

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

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

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

City of Muskegon

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	Public School Enrollment	Building Permits		Unemployment
						Number	Value	
2013	37,046	\$ 747,644,037	\$ 20,182	34.1	4,367	826	\$ 24,613,938	12.0%
2014	37,213	769,789,707	20,686	34.1	4,808	1,108	54,065,115	9.6%
2015	37,213	789,034,450	21,203	35.8	4,387	1,102	46,541,966	10.3%
2016	37,213	808,760,311	21,733	35.8	4,206	1,112	58,924,856	8.3%
2017	38,349	854,285,543	22,277	35.8	3,985	1,075	78,271,395	4.8%
2018	38,401	876,830,025	22,834	35.4	3,732	1,202	171,523,877	4.1%
2019	38,401	898,750,775	23,404	35.4	3,589	1,295	94,667,004	4.2%
2020	38,401	921,219,545	23,989	36.3	3,625	1,233	92,319,998	17.7%
2021	37,633	925,365,524	24,589	35.8	3,472	1,266	53,810,437	5.0%
2022	37,552	946,458,144	25,204	34.9	3,478	1,051	65,634,790	10.3%

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	2022			2013		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
Mercy General Health Partners	4,003	1	32.72%	3,657	1	24.7%
ADAC Automotive	1,168	2	9.55%	750	5	5.1%
County of Muskegon	990	3	8.09%	1,028	2	7.0%
G.E. Aviation	624	4	5.10%	644	6	4.4%
Port City Group Companies	421	5	3.44%	419	7	2.8%
KL Outdoors	375	6	3.07%			
Muskegon Public School District	360	7	2.94%	941	3	6.4%
Muskegon Area Intermediate School District	355	8	2.90%			
Knoll Inc	270	9	2.21%	403	8	2.7%
Muskegon Community College	214	10	1.75%	211	10	1.4%
State of Michigan				772	4	5.2%
Baker College						
SAF Holland USA				330	9	2.2%

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration	0.40	0.40	-	-	-	-	-	-	-	-
Affirmative Action	1.10	1.10	1.30	1.30	1.46	0.40	1.00	1.00	1.00	1.00
Cemetaries	1.25	1.25	1.25	1.25	1.25	1.25	1.25	2.25	2.25	2.25
City Clerk & Elections	3.00	3.00	3.00	3.00	3.54	3.80	3.80	4.80	5.80	5.80
City Commission	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
City Hall Maintenance	0.55	0.55	0.55	0.55	0.55	0.55	0.55	1.05	1.00	1.00
City Manager's Office	2.25	2.25	2.05	2.05	1.75	2.75	2.75	2.75	3.30	3.30
City Treasurer's Office	5.00	4.50	5.50	5.50	5.50	5.50	5.50	5.50	5.30	5.30
Environmental Services	5.00	5.00	2.00	2.00	2.00	2.00	-	-	-	-
Farmers Market	0.05	0.05	0.05	0.05	-	0.20	1.20	1.20	0.70	0.70
Finance Administration	2.00	2.00	3.00	3.00	3.00	3.60	3.00	3.45	3.70	3.70
Fire	28.00	28.83	32.00	35.00	35.00	35.00	26.00	29.00	29.50	29.50
Fire Safety Inspections	6.00	0.83	-	-	-	-	-	-	-	-
Income Tax Administration	5.00	4.50	3.50	3.50	3.50	3.50	3.50	3.50	3.70	3.70
Information Systems	3.00	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50
Parks	6.05	6.00	6.00	6.00	7.05	7.05	10.05	10.05	10.05	10.05
Planning, Zoning & Economic Development	3.00	3.00	3.40	3.40	3.45	3.45	5.45	6.00	7.00	7.00
Police	88.00	87.34	88.00	88.00	88.00	88.00	89.00	89.00	91.00	91.00
Sanitation	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Senior Transit	0.05	0.05	-	-	-	-	-	-	-	-
MVH-Major Streets	10.70	10.70	10.70	10.70	10.70	10.70	12.20	12.20	13.20	13.20
MVH-Local Streets	6.70	6.70	6.70	6.70	6.70	6.70	7.20	7.20	7.20	7.20
Community Development	4.00	4.00	4.00	4.00	4.00	3.55	3.55	4.30	5.30	5.30
Home Program	-	-	-	-	-	-	-	-	-	-
Lead Program	-	-	-	-	-	-	-	-	-	-
Sewer Maintenance	9.75	9.80	9.80	9.80	9.80	9.80	9.80	10.80	10.95	10.95
Water Filtration	10.00	10.00	10.00	10.00	10.00	10.00	10.00	11.00	12.15	12.15
Water Maintenance	11.75	11.75	11.75	11.75	11.75	11.75	11.75	12.75	14.90	14.90
Hartshorn Marina Fund	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Mercy Health Arena	-	-	-	-	-	-	-	3.00	6.00	6.00
Public Service Building	8.45	8.45	8.50	8.50	8.50	8.50	8.50	8.75	8.75	8.75
Engineering	4.95	4.95	4.95	4.95	4.95	4.95	5.95	5.20	4.25	4.25
Equipment	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
	233.00	227.00	228.00	231.00	232.45	233.50	232.50	245.25	257.50	257.50

SOURCE: City of Muskegon Finance Department

City of Muskegon

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Administrative Services</u>										
Elections										
Number of registered voters	26,098	26,025	24,014	24,005	24,612	26,136	25,182	28,127	27,889	28,004
Number of votes cast:										
Last general election	13,487	3,029	7,763	2,547	13,179	15,271	11,407	3,105	15,156	15,519
Last city election	2,131	3,029	7,763	2,547	13,179	2,254	1,938	3,105	2,968	4,459
Percentage of registered voters voting:										
Last general election	52%	12%	32%	11%	54%	58%	45%	11%	54%	55%
Last city election	8%	12%	32%	11%	54%	9%	8%	11%	12%	16%
<u>Financial Services</u>										
Property Tax Bills	15,291	15,211	14,528	14,611	14,243	14,229	14,180	15,090	15,117	15,103
Income Tax Returns	17,857	18,222	17,839	17,800	17,792	17,280	17,399	15,928	14,253	14,906
Paper Check Issued to Vendors	1,677	1,404	1,527	1,608	1,675	1,782	1,863	1,946	1,676	1,853
Electronic Payments to Vendors	1,251	1,579	1,471	1,849	1,998	2,104	2,307	2,494	2,465	3,654
<u>Public Safety</u>										
Fire Protection										
Number of firefighter and officer positions	41	38	35	35	35	23	29	26	29	25
Number of emergency calls	4,563	4,354	4,881	4,938	4,895	4,948	5,106	5,147	4,203	6,018
Police Protection										
Number of sworn officer positions	79	76	76	76	75	79	80	80	89	80
Part I (Major) Crimes	2,647	2,240	2,107	1,989	2,816	2,357	1,728	1,621	1,442	808
<u>Public Works</u>										
Refuse Collected (Tons per Year)	9,958	10,217	10,512	10,994	11,009	10,801	10,753	11,534	12,289	10,326
Recyclables Collected (Tons per Year)	-	-	-	-	-	-	-	160	224	341
<u>Water & Sewer</u>										
Number of consumers	13,144	13,086	13,223	13,307	13,248	13,104	13,343	13,422	12,660	12,821
Average daily water consumption (GPD)	7,651,000	7,666,000	8,293,570	11,027,945	10,947,233	9,559,304	10,867,590	10,674,712	7,570,000	10,789,900
Water main breaks repaired	11	30	15	16	12	15	11	17	13	15
Sewer flows (Millions Gallons per Year)	1,777	1,833	2,013	1,794	1,815	1,832	2,048	2,138	1,596	1,462
Sewer Service Calls	508	532	501	521	462	451	443	475	541	426

SOURCE: City of Muskegon Departments

City of Muskegon

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Public Safety</u>										
Fire Protection										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police Protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
<u>Highways, Streets and Bridges</u>										
Miles of Streets	196.95	196.95	196.95	196.95	196.95	196.95	197.19	187.34	187.34	187.28
Number of streetlights	2,838	2,838	2,838	2,900	2,984	2,967	2,930	2,995	2,995	2,995
<u>Culture and Recreation</u>										
Number of parks (acres)	701	701	701	701	701	701	701	701	701	701
Lake Michigan beaches (acres)	119	119	119	119	119	119	119	119	119	119
Hockey/Entertainment Arena	1	1	1	1	1	1	1	1	2	2
<u>Sewer</u>										
Sanitary sewers (miles)	177.04	177.04	177.04	177.04	177.04	177.04	177.04	177.04	176.69	166.63
Storm sewers (miles)	184.35	184.25	184.35	184.35	184.35	184.35	184.35	184.35	147.58	148.38
<u>Water</u>										
Water mains (miles)	195.95	195.95	195.95	195.95	195.95	195.95	195.27	195.27	213.92	214.70

SOURCE: City of Muskegon Departments

SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

City Commission
City of Muskegon
Muskegon, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2022, 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 21, 2022.

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*.

City of Muskegon’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Muskegon’s response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. City of Muskegon’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 21, 2022

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, 2022. 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, 2022.

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 to 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 Responsibility 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
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Report on Internal Control Over Compliance—Continued

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

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

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

Handwritten signature of Brickley DeLong, P.C.

Muskegon, Michigan
December 21, 2022

City of Muskegon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Program or Award Amount	Accrued (Unearned) Revenue July 1, 2021	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2022	Passed Through to Subrecipients
<i>U.S. Department of Housing and Urban Development</i>								
Direct programs								
CDBG - Entitlement Grants Cluster								
Community Development Block Grants/Entitlement Grants	14.218							
B-14-MC-26-0026		\$ 897,025	\$ 17,403	\$ -	\$ 17,403	\$ -	\$ -	\$ -
B-16-MC-26-0026		886,662	-	-	118,732	118,732	-	-
B-17-MC-26-0026		871,542	-	-	3,973	13,922	9,949	-
B-18-MC-26-0026		937,658	-	-	-	71,725	71,725	-
B-19-MC-26-0026		973,451	8,404	-	201,592	213,897	20,709	-
B-20-MC-26-0026		994,698	54,405	-	82,924	43,563	15,044	-
COVID-19 - B-20-MW-26-0026		794,564	27,855	-	533,440	541,595	36,010	-
B-21-MC-26-0026		988,508	-	-	723,851	744,984	21,133	100,000
Program Income		73,217	-	-	73,217	73,217	-	-
Total CDBG - Entitlement Grants Cluster		7,417,325	108,067	-	1,755,132	1,821,635	174,570	100,000
Home Investment Partnerships Program	14.239							
M-17-MC-26-0215		249,537	-	-	10,902	10,902	-	-
M-18-MC-26-0215		327,681	-	-	49,152	49,152	-	-
M-19-MC-26-0215		334,818	-	-	235,951	245,770	9,819	-
M-20-MC-26-0215		343,362	1,781	-	214,690	218,493	5,584	-
M-21-MC-26-0215		336,456	-	-	13,728	56,038	42,310	-
Program Income		53,040	-	-	53,040	53,040	-	-
Total Home Investment Partnerships Program		1,644,894	1,781	-	577,463	633,395	57,713	-
Healthy Homes Production Program	14.913							
MIHHP0083-22		1,500,000	-	-	-	2,015	2,015	-
Total U.S. Department of Housing and Urban Development		10,562,219	109,848	-	2,332,595	2,457,045	234,298	100,000

City of Muskegon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Program or Award Amount	Accrued (Unearned) Revenue July 1, 2021	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2022	Passed Through to Subrecipients
<i>U.S. Department of Justice</i>								
Direct programs								
Bulletproof Vest Partnership Program 2020 Grant	16.607	\$ 6,615	\$ -	\$ -	\$ -	\$ 6,615	\$ 6,615	\$ -
Edward Byrne Memorial Justice Assistance Grant Program 2020-DJ-BX-0470	16.738	32,996	17,866	-	27,751	9,885	-	9,885
15PBJA-21-GG-01586-JAGX		40,467	-	-	21,906	21,906	-	-
		73,463	17,866	-	49,657	31,791	-	9,885
Criminal and Juvenile Justice and Mental Health Collaboration Program 2019-MO-BX-0006	16.745	100,000	4,837	-	63,909	59,072	-	-
Total direct programs		180,078	22,703	-	113,566	97,478	6,615	9,885
Passed through Michigan Department of Health and Human Services								
Violence Against Women Formula Grants E20211656-002	16.588	177,934	9,965	-	26,844	16,879	-	-
E20221719-001		282,512	-	-	117,173	132,952	15,779	-
		460,446	9,965	-	144,017	149,831	15,779	-
Passed through Battle Creek Community Foundation								
Project Safe Neighborhoods 2018 Project Safe Neighborhoods Grant	16.609	6,420	-	-	6,420	6,420	-	-
2019 Project Safe Neighborhoods Grant		21,905	-	-	21,905	21,905	-	-
		28,325	-	-	28,325	28,325	-	-
Passed through Ottawa County								
Edward Byrne Memorial Justice Assistance Grant Program 2020-MU-BX-0011	16.738	16,284	-	-	16,284	16,284	-	-
Total U.S. Department of Justice		685,133	32,668	-	302,192	291,918	22,394	9,885
<i>U.S. Department of Treasury</i>								
Passed through Michigan Department of Treasury								
Coronavirus State and Local Fiscal Recovery Funds COVID-19 - American Rescue Plan Act	21.027	22,881,894	-	(11,440,947)	11,440,947	9,234,029	(13,647,865)	3,000,000
<i>U.S. Small Business Administration</i>								
Direct programs								
Shuttered Venue Operators Grant Program SBAHQ21SV010622	59.075	625,498	-	-	625,498	625,498	-	-

City of Muskegon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number</u>	<u>Assistance Listing Number</u>	<u>Program or Award Amount</u>	<u>Accrued (Unearned) Revenue July 1, 2021</u>	<u>Adjustments and Transfers</u>	<u>Cash or Payments In- Kind Received (Cash Basis)</u>	<u>Amount of Grant Expenditures</u>	<u>Accrued (Unearned) Revenue June 30, 2022</u>	<u>Passed Through to Subrecipients</u>
<i>Environmental Protection Agency</i>								
Passed through Department of Environment, Great Lakes, and Energy								
Clean Water State Revolving Fund Cluster								
Capitalization Grants for Clean Water State Revolving Funds	66.458							
5675-01		\$ 11,500,000	\$ 497,694	\$ -	\$ 924,976	\$ 427,282	\$ -	\$ -
5679-01		4,715,000	232,190	-	3,297,075	3,114,986	50,101	-
		16,215,000	729,884	-	4,222,051	3,542,268	50,101	-
Drinking Water State Revolving Fund Cluster								
Capitalization Grants for Drinking Water State Revolving Funds	66.468							
7446-01		4,225,000	-	-	124,394	124,394	-	-
Total Environmental Protection Agency		20,440,000	729,884	-	4,346,445	3,666,662	50,101	-
<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							
E20211485-002		943,785	56,290	-	125,354	69,064	-	-
E20221736-001		880,100	-	-	477,837	552,561	74,724	-
Total Department of Health and Human Services		1,823,885	56,290	-	603,191	621,625	74,724	-
TOTAL FEDERAL ASSISTANCE		\$ 57,018,629	\$ 928,690	\$ (11,440,947)	\$ 19,650,868	\$ 16,896,777	\$ (13,266,348)	\$ 3,109,885

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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, 2022

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, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net position of the City.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Unearned revenue for the American Rescue Plan Act at June 30, 2021 was inadvertently omitted from the prior year Schedule of Expenditures of Federal Awards.
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, 2022 and federal expenditures per the Schedule of Expenditures of Federal Awards.

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Federal revenues per City of Muskegon financial statements	
General Fund	\$ 291,918
Other governmental funds	12,811,940
	13,103,858
Plus drawdowns on federal loans	3,666,662
Plus program income	126,257
	\$ 16,896,777
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, 2022

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

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

B. Federal Awards

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

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program/Cluster</u>
	U.S. Department of Treasury
21.027	• Coronavirus State and Local Recovery Funds
	U.S. Small Business Administration
59.075	• Shuttered Venue Operators Grant
	Environmental Protection Agency
66.458	• Capitalization Grants for Clean Water State Revolving Funds

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

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

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

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

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FAX (231)722-1214

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

Comm. & Neigh.
Services
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Finance
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Fire Department
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FAX (231)724-6985

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

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FAX (231)724-6768

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

MUSKEGON



West Michigan's Shoreline City
www.shorelinecity.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 21, 2022

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

City of Muskegon respectfully advises you that there were **no** audit findings reported in our single audit report, dated December 9, 2021, for the year ended June 30, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Grant'.

Ken Grant
Finance Director

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CORRECTIVE ACTION PLAN

December 21, 2022

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, 2022.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2022

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2022 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,

A handwritten signature in black ink, appearing to read 'Ken Grant', is written over a horizontal line.

Ken Grant
Finance Director

City of Muskegon, 933 Terrace Street, P.O. Box 536, Muskegon, MI 49443-0536
<http://www.shorelinecity.com>