

CITY OF MUSKEGON

CITY COMMISSION MEETING

January 13, 2026 @ 5:30 PM

MUSKEGON CITY COMMISSION CHAMBERS
933 TERRACE STREET, MUSKEGON, MI 49440

AGENDA

- CALL TO ORDER:
- PRAYER:
- PLEDGE OF ALLEGIANCE:
- ROLL CALL:
- HONORS, AWARDS, AND PRESENTATIONS:
 - A. Recognition of Equalization Manager's Office
 - B. Audit Presentation-ACFR by Brickley Delong Finance
- PUBLIC HEARINGS:
 - A. Establishment of a Commercial Redevelopment District —356 W. Western Ave. Economic Development
 - B. Issuance of a Commercial Facilities Exemption Certificate — 356 W. Western Ave. Economic Development
- FEDERAL/STATE/COUNTY OFFICIALS UPDATE:
- PUBLIC COMMENT ON AGENDA ITEMS:
- CONSENT AGENDA:
 - A. Approval of Minutes City Clerk
 - B. BS&A Online Payments Treasury
 - C. 2026 Wage Matrix for Non-Union Part-Time and Limited Term Employees Employee Relations
 - D. 2024 Justice Assistance Grant Public Safety
 - E. Resolution Revoking an Obsolete Property Rehabilitation Act (OPRA) Exemption Certificate for Ghezzi Investments LLC Economic

Development

F. Amendment to Purchase and Development Agreement: 286/294 Myrtle
Planning

G. Sale of 502 Oak Planning

H. Sewer Jet Truck Purchase Public Works

UNFINISHED BUSINESS:

NEW BUSINESS:

ANY OTHER BUSINESS:

GENERAL PUBLIC COMMENT:

▶ Reminder: Individuals who would like to address the City Commission shall do the following: ▶ Fill out a request to speak form attached to the agenda or located in the back of the room. ▶ Submit the form to the City Clerk. ▶ Be recognized by the Chair. ▶ Step forward to the microphone. ▶ State name. ▶ Limit of 3 minutes to address the Commission.

CLOSED SESSION:

ADJOURNMENT:

AMERICAN DISABILITY ACT POLICY FOR ACCESS TO OPEN MEETINGS OF THE CITY OF MUSKEGON AND ANY OF ITS COMMITTEES OR SUBCOMMITTEES

To give comment on a live-streamed meeting the city will provide a call-in telephone number to the public to be able to call and give comment. For a public meeting that is not live-streamed, and which a citizen would like to watch and give comment, they must contact the City Clerk's Office with at least a two-business day notice. The participant will then receive a zoom link which will allow them to watch live and give comment. Contact information is below. For more details, please visit:

www.shorelinecity.com

The City of Muskegon will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities who want to attend the meeting with twenty-four (24) hours' notice to the City of Muskegon. Individuals with disabilities requiring auxiliary aids or services should contact the City of Muskegon by writing or by calling the following:

Ann Marie Meisch, MMC. City Clerk. 933 Terrace St. Muskegon, MI 49440. (231)724-6705.
clerk@shorelinecity.com



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | | | | | | | | | |
|--|--|-----|--|------------------------|---|-----|----------------------|--|--|---------------|--|--|--------------|--|--|--|
| Commission Meeting Date: January 13, 2026 | Title: Recognition of Equalization | | | | | | | | | | | | | | | |
| Submitted by: Kimberly Young, Administrative Assistant to the City Manager | Department: Manager's Office | | | | | | | | | | | | | | | |
| Brief Summary: To present a Certificate of Achievement and to recognize the Muskegon County Equalization Department for achieving a perfect score on the 2025 PA 660 Assessment Audit Review. | | | | | | | | | | | | | | | | |
| Detailed Summary & Background: n/a | | | | | | | | | | | | | | | | |
| Goal/Action Item: | | | | | | | | | | | | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | | | | | | | | | | | | |
| Amount Requested: | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 25%;">No</td> <td style="width: 10%;"></td> <td style="width: 10%;">N/A</td> <td style="width: 10%; text-align: center;">x</td> <td style="width: 10%;"></td> </tr> </table> | Yes | | No | | N/A | x | | | | | | | | | |
| Yes | | No | | N/A | x | | | | | | | | | | | |
| Fund(s) or Account(s): n/a | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 25%;">No</td> <td style="width: 10%;"></td> <td style="width: 10%;">N/A</td> <td style="width: 10%; text-align: center;">x</td> <td style="width: 10%;"></td> </tr> </table> | Yes | | No | | N/A | x | | | | | | | | | |
| Yes | | No | | N/A | x | | | | | | | | | | | |
| Recommended Motion: Presentation only. | | | | | | | | | | | | | | | | |
| Approvals: | Name the Policy/Ordinance Followed: n/a | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Immediate Division Head</td> <td style="width: 10%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> </tr> <tr> <td>Other Division Heads</td> <td></td> <td></td> </tr> <tr> <td>Communication</td> <td></td> <td></td> </tr> <tr> <td>Legal Review</td> <td></td> <td></td> </tr> </table> | Immediate Division Head | | | Information Technology | | | Other Division Heads | | | Communication | | | Legal Review | | | |
| Immediate Division Head | | | | | | | | | | | | | | | | |
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| Communication | | | | | | | | | | | | | | | | |
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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

December 17, 2025

Jonathon Seyfreth, City Manager
City of Muskegon, Muskegon County
933 Terrace Street, PO Box 536
Muskegon, MI 49443

Dear Jonathon Seyfreth:

The State Tax Commission at their December 16, 2025 meeting approved the enclosed Certificate of Achievement. This certificate acknowledges the City of Muskegon, Muskegon County for receiving a perfect score on their 2025 PA 660 Assessment Audit Review. The Commission wishes to congratulate the local unit and thank you for your continued efforts to provide fair and equitable assessing in the State of Michigan.

Sincerely,

A handwritten signature in blue ink that reads "Joycelyn Isenberg". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Joycelyn Isenberg, Executive Director
State Tax Commission

Enc: Certificate of Achievement



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | | | | | | | | | |
|--|---|-----|----|------------------------|--|--|----------------------|--|--|---------------|--|--|--------------|--|--|--|
| Commission Meeting Date: January 13, 2026 | Title: Audit Presentation-ACFR by Brickley Delong | | | | | | | | | | | | | | | |
| Submitted by: Kenneth Grant, Finance Director | Department: Finance | | | | | | | | | | | | | | | |
| Brief Summary: | | | | | | | | | | | | | | | | |
| Detailed Summary & Background: Presentation of the 2024-25 Audit | | | | | | | | | | | | | | | | |
| Goal/Action Item: | | | | | | | | | | | | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | | | | | | | | | | | | |
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| Yes | No | N/A | | | | | | | | | | | | | | |
| Recommended Motion: | | | | | | | | | | | | | | | | |
| Approvals: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Immediate Division Head</td> <td style="width: 10%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> </tr> <tr> <td>Other Division Heads</td> <td></td> <td></td> </tr> <tr> <td>Communication</td> <td></td> <td></td> </tr> <tr> <td>Legal Review</td> <td></td> <td></td> </tr> </table> | Immediate Division Head | | | Information Technology | | | Other Division Heads | | | Communication | | | Legal Review | | | Name the Policy/Ordinance Followed: |
| Immediate Division Head | | | | | | | | | | | | | | | | |
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| Other Division Heads | | | | | | | | | | | | | | | | |
| Communication | | | | | | | | | | | | | | | | |
| Legal Review | | | | | | | | | | | | | | | | |

ANNUAL COMPREHENSIVE
Financial Report
JULY 2024 - JUNE 2025



FISCAL YEAR ENDED JUNE 30, 2025

933 Terrace Street | Muskegon, Michigan

**CITY OF MUSKEGON,
MICHIGAN**

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

Prepared By

FINANCIAL SERVICES DIVISION

**Kenneth D. Grant
Finance Director**

**Jessica Rabe
Assistant Finance Director**

**Sarah Wilson
City Treasurer**

**Jason Boes
Information Systems Director**

**Hayden Nickell
Management Assistant**

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City of Muskegon

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City of Muskegon

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City of Muskegon

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December 23, 2025

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

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is issued to fulfill that requirement for the fiscal year ending June 30, 2025.

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

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

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

Profile of the government

The City of Muskegon operates under a Commission-Manager form of government and provides a full range of traditional municipal services. Policy-making and legislative authority are vested in the Commission, which consists of the Mayor and six commissioners. Two commissioners are elected at-large, and voters in each of the four wards elect one ward commissioner. Commission members serve four-year terms: the two at-large members are elected every four years in odd-numbered years preceding the Michigan Gubernatorial election, and the four ward commissioners are elected every four years in odd-numbered years preceding the Presidential election. The Mayor is also elected at-large for a four-year term in the year prior to the Michigan Gubernatorial election. The Mayor and Commission appoint the City Manager, who oversees day-to-day operations in the City.

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

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

Local economy

The City of Muskegon is located in western Michigan on the shores of Lake Michigan. The City covers 18 square miles and, with a 2020 US Census population of 38,318, is the largest city on the eastern shore of Lake Michigan. The City is in Muskegon County and part of the Muskegon-Norton Shores Metropolitan Statistical Area (MSA) and the larger Grand Rapids-Wyoming-Muskegon Combined Statistical Area (CSA).

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

- Muskegon has been the eastern terminus for the high-speed cross-lake ferry connecting Muskegon with Milwaukee, Wisconsin, since 2004. The *Lake Express* service ferries 100,000-plus passengers each season between the two cities.
- In May of 2025, the Muskegon Lumberjacks won the USHL Championship, bringing the Clark Cup to Muskegon for the first time.
- Muskegon has been home to the annual Miss Michigan pageant since 1950.
- Pere Marquette Beach is nationally recognized as one of the best beaches in the nation and welcomes hundreds of thousands of visitors.
- Muskegon is an active port of call for the Great Lakes cruise industry, with more than 20 cruise ship visits annually, bringing more than 170,000 passengers.
- Muskegon is home to successful summertime festivals that attract more than 100,000 visitors to the community annually. These include The Lakeshore Art Festival, Taste of Muskegon, Bike Time and Rebel Road, the Unity Christian Music Festival, the Great Lakes Surf Festival, the Burning Foot Beer Festival, the Muskegon Polish Festival, and the Michigan Irish Music Festival, among others.
- Muskegon is the cultural hub for West Michigan, with numerous museums and live performance venues. The Muskegon Museum of Art has one of the largest premier art collections in the Midwest and opened its \$15.4 million expansion this past year. The expansion allows for a significant increase in exhibit space with the addition of four new exhibition galleries. The museum's footprint has expanded from 31,800 sf to 57,570 sf.
- At the same time, the Lakeshore Museum Center provides insight into the area's storied past. The Lakeshore Museum Center's attractions include the Muskegon Heritage Museum, the former residences of lumber barons Charles H. Hackley and Thomas Hume, the Fire Barn Museum, and the Scolnik Depression Era House. The Frauenthal Center for the Performing Arts operates throughout the year, hosting the West Michigan Symphony Orchestra and the Muskegon Civic Theater.



- Muskegon’s downtown is home to dozens of monumental public art pieces. This past year, historic monuments in Hackley Park were restored through a partnership with a grant from the Michigan State Historic Preservation Office and donations from Community Members.
- The City led the way in the movement and preservation of the Nelson House to its new location on Muskegon Ave in the heart of the Downtown’s Heritage District.
- According to our countywide tourism agency, Visit Muskegon, tourism spending increased by more than 5% this past year to \$388 million.
- Muskegon is home to three historic museum ships that attract thousands of visitors each year:
 - *USS Silversides*, a rare surviving World War II submarine maintained in pristine condition, is docked at the Muskegon Lake Channel;
 - *LST-393*, a landing craft used in the D-day invasion and one of only two such vessels remaining in existence, is docked downtown Muskegon at the West Michigan Dock and Market, and the
 - *Milwaukee Clipper*, a Great Lakes passenger ship built before the *Titanic* that for many years served as a cross-lake ferry between Muskegon and Milwaukee, is docked in the Lakeside Business District.

Muskegon has a diverse local economy. Manufacturing is strong in aerospace, plastics, defense, metals and castings, office furniture, recreational items, and automotive parts. The City also benefits from being home to large employers in government, healthcare, and education. While many of these institutions are exempt from paying property taxes, local income tax withholdings remitted by these employers provide stability to the City's finances. Indeed, city income tax revenues are 40% higher on average than city property taxes.

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

Long-term financial planning and major initiatives

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

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



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

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

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

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

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

The City incorporates a five-year fiscal forecast into its yearly budget process. The forecast is a macro-level projection of primary revenue sources, expenses, and fund balances while accounting for identifiable factors, recent trends, and management's judgment of future developments. The City anticipates general fund revenues will continue to grow over the next five years, though it could be more modest growth than in previous fiscal years.

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

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



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

Enterprise Funds (Water & Sewer)

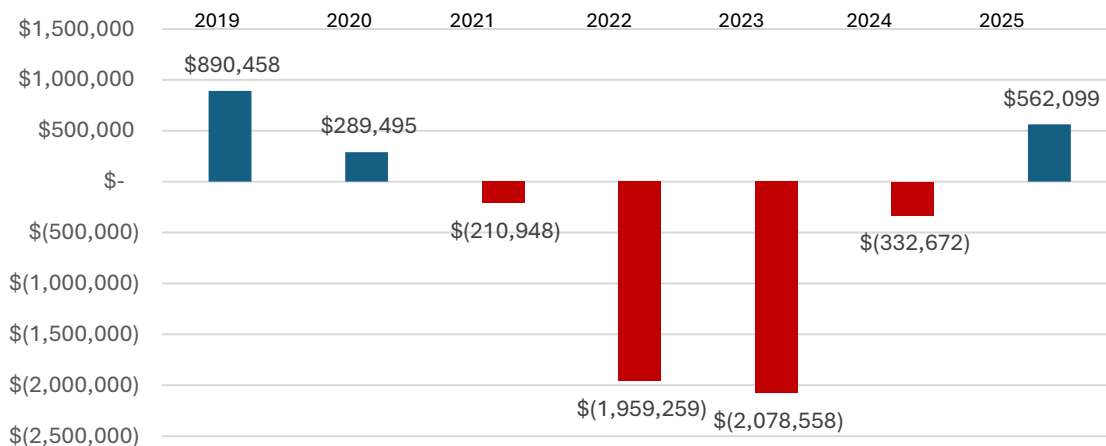
The headline for this past fiscal year is that, **for the first time since 2020, the Water Fund has a net positive net position.** This year, the unrestricted net position stands at just over half a million dollars in positive territory.

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

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

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

Water Fund Unrestricted Net Position
FY 2019 - 2025

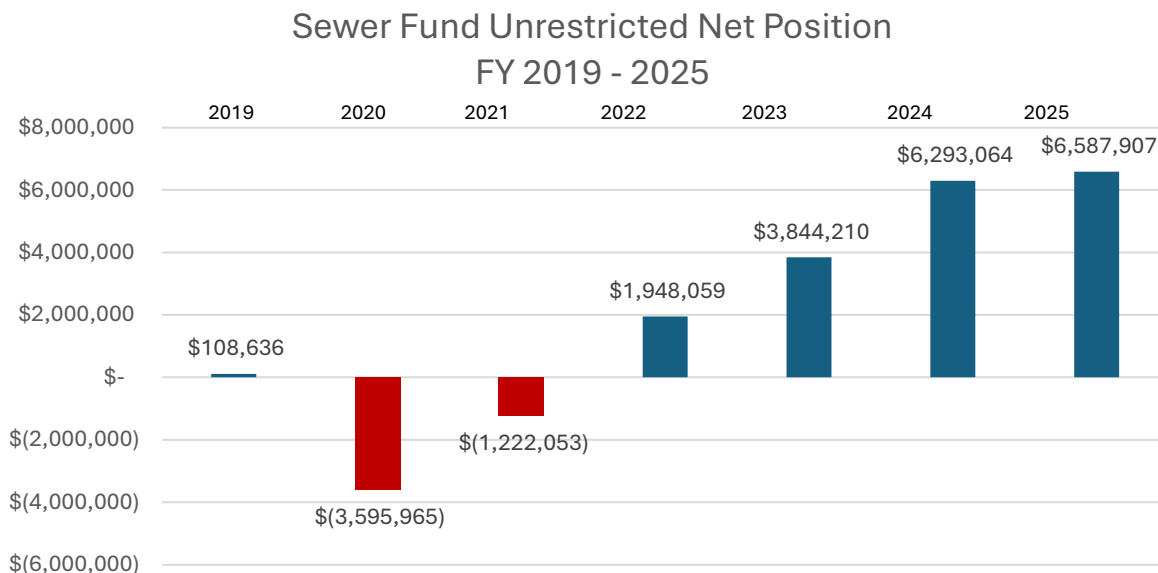


It should also be noted that the City intends to continue to actively participate in the State of Michigan’s Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (SRF) programs to support the replacement of water and sewer infrastructure throughout the City. Infrastructure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

It remains in the City’s best interest to leverage state revolving loan fund programs for water and sewer replacement. The City, like all municipalities in the State of Michigan, must replace all its lead service lines by the end of the 2030s per state mandates. The most economical way to achieve this is to leverage state revolving loan funds, which allow projects to be completed at a discount.

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

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





Relevant financial policies

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

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

Awards and Acknowledgements

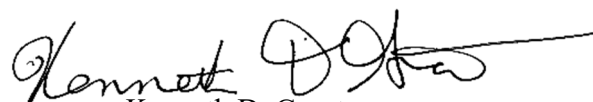
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Muskegon for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. This was the 38th consecutive year that the City has received this award. The City has submitted the June 30, 2025, ACFR for consideration, but has not yet received confirmation of the award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfies generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,


Jonathan C. Seyferth
City Manager


Kenneth D. Grant
Finance Director



Government Finance Officers Association

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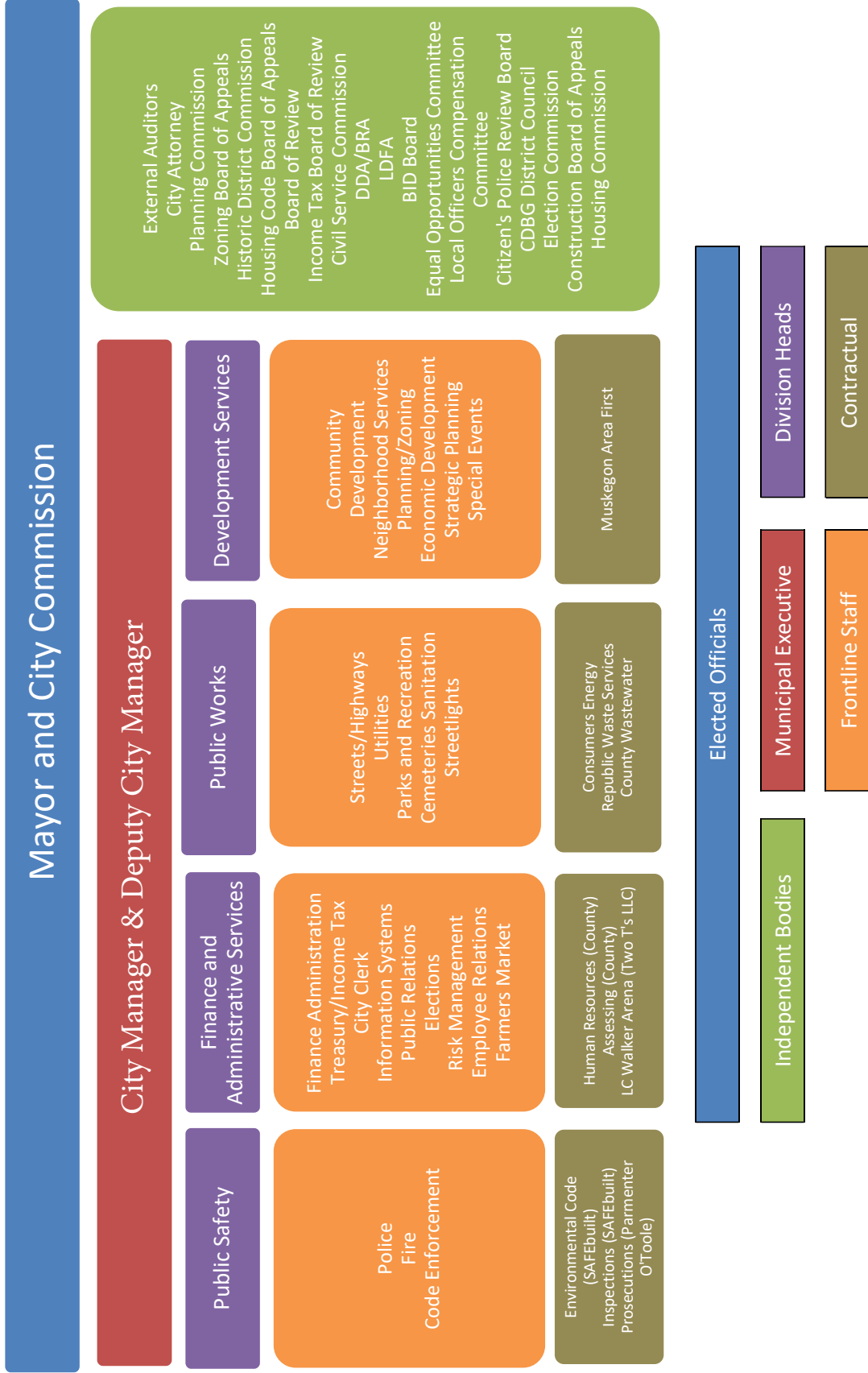
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Organizational Structure 2024-2025



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

June 30, 2025

ELECTED OFFICIALS

Mayor. Ken Johnson
At Large

Commissioner. Willie German
Ward 2

Commissioner. Jay Kilgo
Ward 1

Commissioner. Destinee Keener
Ward 3

Commissioner. Katrina Kochin
Ward 4

Commissioner. Rachel Gorman
At Large

Vice Mayor-Commissioner. Rebecca St. Clair
At Large

APPOINTED OFFICIALS

City Manager. Jonathan Seyferth

City Attorney. John C. Schrier

Finance Director. Kenneth D. Grant

FINANCIAL SECTION

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INDEPENDENT AUDITOR’S REPORT

City Commission
City of Muskegon
Muskegon, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Muskegon, Michigan, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Muskegon, Michigan’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Muskegon, Michigan, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Muskegon, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Muskegon, Michigan’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Muskegon, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Muskegon, Michigan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Muskegon, Michigan's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison information for nonmajor funds, schedule of indebtedness, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison information for nonmajor funds, schedule of indebtedness, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Muskegon, Michigan
December 23, 2025

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2025 MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Muskegon’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets/deferred outflows of resources of the City of Muskegon exceeded its liabilities/deferred inflows of resources by \$143,027,433 as of June 30, 2025. The City has a deficit in unrestricted net position of \$12,902,030. The deficit in unrestricted net position is caused by the City’s pension and other postemployment benefits plans liabilities.

The City’s total combined net position increased by \$9,714,976 during the year ended June 30, 2025.

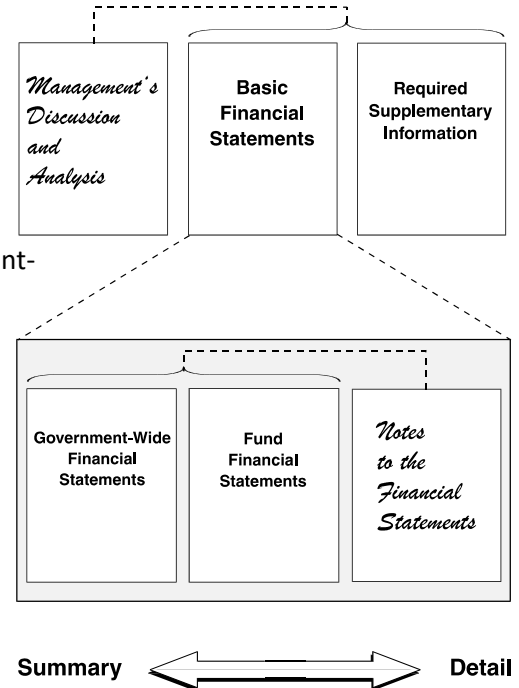
The City’s governmental funds reported combined ending fund balance of \$22,213,488, an increase of \$964,412 (4.5%) from the prior year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



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

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

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The total net position of the City was \$143,027,433 as of June 30, 2025. This is an increase of \$9,714,976 from reported net position for the prior year. An overview of the City's net position follows:

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

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

The bulk of the City's net position, \$142,677,623, represents investments in capital assets net of accumulated depreciation, less the remaining balance of debt issued to acquire those assets. These infrastructure assets are used to provide public services to citizens and are not available for spending.

Another \$13,252,040 of the City's net position are legally restricted as to use. The City has a deficit in unrestricted net position of \$12,902,030. The deficit in unrestricted net position is caused by the City's long-term pension and other postemployment benefits plans liabilities. The City's unrestricted net position improved by \$2,422,264 during the year.

Changes in net position. The City's total revenues were \$94,890,852 for the year ended June 30, 2025. This represents a 4.59% increase over total revenues collected during the prior fiscal year. Approximately 36% of the City's revenue stream came from charges to users of specific services such as water or sewer. Another 10% came from grants from the state and federal governments and 27% was from local property and income taxes. The remainder was comprised of state revenue sharing and other sources such as franchise fees and investment income.

The total cost of all City programs and services for the year ended June 30, 2025 was \$85,175,876. This represents a 7.9% increase from reported expenses for the last fiscal year ended June 30, 2025. 75% of the City's expenses were for governmental activities such as police and fire protection, streets, parks, and general administration. The remaining 25% represents the costs of the City's business-type activities, specifically, water, sewer and marina operations.

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

As can be seen, net position for governmental activities increased \$5,146,534 and the net position for business-type activities increased by \$4,568,442. For governmental activities, most of these changes are related to the changes in the pension and other postemployment benefits plans. For business-type activities, the changes similarly represent the impact of the changes in the pension and other postemployment benefits plans.

Changes in City's Net Position

(In thousands of dollars)

| | Governmental | | Business-Type | | Total | | Percentage Change |
|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|----------------------|
| | Activities | | Activities | | | | |
| | 6/30/2025 | 6/30/2024* | 6/30/2025 | 6/30/2024* | 6/30/2025 | 6/30/2024* | |
| Program revenues | | | | | | | |
| Charges for services | \$12,193 | \$10,942 | \$22,314 | \$21,139 | \$34,507 | \$32,081 | 7.56% |
| Operating grants and contributions | 12,017 | 11,468 | 106 | 130 | 12,123 | 11,598 | 4.53% |
| Capital grants and contributions | 8,202 | 5,345 | 3,056 | 5,517 | 11,258 | 10,862 | 3.65% |
| General revenues | | | | | | | |
| Property taxes | 11,768 | 11,017 | - | - | 11,768 | 11,017 | 6.82% |
| Income taxes | 13,464 | 12,767 | - | - | 13,464 | 12,767 | 5.46% |
| State shared revenues | 6,256 | 6,342 | - | - | 6,256 | 6,342 | -1.36% |
| All other | 5,393 | 6,014 | 123 | 40 | 5,516 | 6,054 | -8.89% |
| Total revenues | 69,293 | 63,895 | 25,599 | 26,826 | 94,892 | 90,721 | 4.60% |
| Governmental activities expenses | | | | | | | |
| Public representation | 2,229 | 2,723 | - | - | 2,229 | 2,723 | -18.14% |
| Administrative services | 1,059 | 1,037 | - | - | 1,059 | 1,037 | 2.12% |
| Financial services | 7,277 | 5,792 | - | - | 7,277 | 5,792 | 25.64% |
| Public safety | 19,533 | 16,243 | - | - | 19,533 | 16,243 | 20.25% |
| Public works | 4,521 | 4,677 | - | - | 4,521 | 4,677 | -3.34% |
| Highways, streets and bridges | 8,015 | 7,755 | - | - | 8,015 | 7,755 | 3.35% |
| Community and economic development | 10,279 | 11,004 | - | - | 10,279 | 11,004 | -6.59% |
| Culture and recreation | 9,368 | 8,151 | - | - | 9,368 | 8,151 | 14.93% |
| General administration | 742 | 702 | - | - | 742 | 702 | 5.70% |
| Interest on long-term debt | 823 | 861 | - | - | 823 | 861 | -4.41% |
| Business-type activities expenses | | | | | | | |
| Sewer | - | - | 9,826 | 8,983 | 9,826 | 8,983 | 9.38% |
| Water | - | - | 10,974 | 10,435 | 10,974 | 10,435 | 5.17% |
| Marina and launch ramp | - | - | 530 | 530 | 530 | 530 | 0.00% |
| Total expenses | 63,846 | 58,945 | 21,330 | 19,948 | 85,176 | 78,893 | 7.96% |
| Change in net position before transfers | 5,447 | 4,950 | 4,269 | 6,878 | 9,716 | 11,828 | -17.86% |
| Transfers | (300) | (730) | 300 | 730 | - | - | - |
| Change in net position | 5,147 | 4,220 | 4,569 | 7,608 | 9,716 | 11,828 | -17.86% |
| Net position at beginning of year | 65,574 | 61,354 | 68,570 | 60,962 | 134,144 | 122,316 | 9.67% |
| Restatement | (857) | - | 25 | - | (832) | - | |
| Net position at beginning of year as restated | 64,717 | 61,354 | 68,595 | 60,962 | 133,312 | 122,316 | 8.99% |
| Net position at end of year | \$69,864 | \$65,574 | \$73,164 | \$68,570 | \$143,028 | \$134,144 | 6.62% |

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

Governmental Activities

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

- The operational cost of all governmental activities during the year ended June 30, 2025 was \$63,846,174.
- The net cost that City taxpayers paid for these activities through local property taxes and income taxes was \$25,232,180, or about 40% of the total.
- The remaining cost was paid by user charges to those directly benefitting from the programs or by state and federal grants and contributions or use of net position.

| Net Cost of Selected City Functions (in thousands of dollars) | | | | | | |
|--|------------------------|-----------------|--------------|----------------------|-----------------|--------------|
| | Total Cost of Services | | | Net Cost of Services | | |
| | 6/30/2025 | 6/30/2024 | % Change | 6/30/2025 | 6/30/2024 | % Change |
| Governmental activities | | | | | | |
| Public safety | \$19,533 | \$16,243 | 20.25% | \$16,081 | \$13,401 | 20.00% |
| Public works | 4,521 | 4,677 | -3.34% | 3,318 | 3,358 | -1.19% |
| Highways, streets and bridges | 8,015 | 7,755 | 3.35% | (64) | 941 | 0.00% |
| Community and economic development | 10,279 | 11,004 | -6.59% | 3,132 | 5,685 | -44.91% |
| Culture and recreation | 9,367 | 8,151 | 14.92% | 852 | 156 | 446.15% |
| All other | 12,131 | 11,114 | 9.15% | 8,115 | 7,648 | 6.11% |
| Total governmental activities | \$63,846 | \$58,944 | 8.32% | \$31,434 | \$31,189 | 0.79% |

Business-Type Activities

The financial goal of the City’s business-type activities (i.e. water, sewer and marina and launch ramp operations) is to operate on a self-supporting basis without making significant profit or needing general tax subsidies. For the fiscal year ended June 30, 2025, the City’s total business-type activities realized an overall increase in net position of \$4,568,442.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund financial statements provide detailed information about the major City funds, not the City as a whole. The City's major funds for the fiscal year ended June 30, 2025 were the General Fund, the Major Street and Trunkline Fund, the Trinity Health Arena Fund, and the State Grants Fund.

General Fund Highlights

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

| Year Ended | Year-End Unassigned Fund Balance | Year-to-Year % Change | Prior Year's Revenues | Unassigned Fund Balance as a % of Prior Year Revenues (Policy Target=13%) |
|------------|----------------------------------|-----------------------|-----------------------|---|
| 6/30/2025 | \$7,080,481 | 38.17% | \$40,793,281 | 17.36% |
| 6/30/2024 | 5,124,424 | -12.52% | 39,157,873 | 13.09% |
| 6/30/2023 | 5,857,568 | -26.61% | 34,144,767 | 17.16% |
| 6/30/2022 | 7,981,647 | -12.50% | 33,056,483 | 24.15% |
| 6/30/2021 | 9,121,955 | -9.79% | 29,653,448 | 30.76% |

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

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

Overall this year, General Fund revenues exceeded expenditures increasing overall fund balance by \$158,246. Unassigned fund balance is \$7,080,481 which exceeds our Financial Policy standard which requires the City to maintain an unassigned fund balance equal to at least 13% of actual General Fund Revenues for the preceding year.

General Fund expenditures were \$744,000 lower than projected in the final amended budget. The variance from the final budgeted expenditures was insignificant—less than 2%. Some of the key areas that were higher than budgeted were general sanitation, parks maintenance, and parking operations.

Major Street and Trunkline, Trinity Health Arena, and State Grants Fund Highlights

The Major Street and Trunkline Fund accounts for all of the City's street construction and maintenance activities on its primary road system. Primary funding comes from the State of Michigan. For the year ended June 30, 2025, the fund balance of the Major Street and Trunkline Fund decreased by \$678,826. The Department of Public Works plans to spend this fund balance down on anticipated future projects in the 25/26 fiscal year.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the City had invested \$188,278,928 in a variety of capital assets, including land, streets, equipment, buildings, water and sewer lines, and vehicles. This is an increase of \$4,412,441 from capital assets reported as of June 30, 2024. The increase is due to current year additions offset by normal depreciation of assets. Note G of the notes to the basic financial statements provides detailed information on the City's capital asset investment.

Long-Term Debt

At June 30, 2025, the City had \$47,397,973 in bonds and other long-term obligations outstanding. This represents a .49% increase from the prior year. The City issued new debt for water and sewer improvements.

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

Bond Ratings

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

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

| | Governmental | | Business-Type | | Total | | Percentage Change |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------|
| | Activities | | Activities | | | | |
| | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | |
| Due within one year | \$1,921 | \$2,106 | \$1,647 | \$1,647 | \$3,568 | \$3,753 | -4.93% |
| Due in more than one year | <u>28,125</u> | <u>29,104</u> | <u>15,705</u> | <u>14,309</u> | <u>43,830</u> | <u>43,413</u> | <u>0.96%</u> |
| Total bonds & other obligations | \$30,046 | \$31,210 | \$17,352 | \$15,956 | \$47,398 | \$47,166 | 0.49% |

In addition to direct City debt, component units such as the Downtown Development Authority (DDA) and Local Development Finance Authority (LDFA) had outstanding debt totaling \$285,000 at year-end as shown in the table below. This represents a decrease of 49% from the prior year.

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

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

| | Local Development Finance Authority | | Total | | Percentage Change |
|---------------------------------|--|------------|-----------|------------|----------------------|
| | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | |
| | Due within one year | \$285 | \$275 | \$285 | \$275 |
| Due in more than one year | <u>0</u> | <u>287</u> | <u>0</u> | <u>287</u> | <u>-100.00%</u> |
| Total bonds & other obligations | \$285 | \$562 | \$285 | \$562 | -49.29% |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

budget will be relatively stable while the City attempts to maintain a healthy fund balance and allow time to plan for and address economic challenges with a long-term solution:

- The full-time personnel complement will increase slightly to approximately 273
- Some user fees will be increased and new fees recommended during the course of the year.
- The City will continue to look for opportunities to partner with other entities to deliver quality services in a cost-effective manner (e.g. Farmers' Market kitchen management, Marsh Field and recreation programs).

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

Local Income Tax

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

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

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

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

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

Local Property Tax

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

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

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

State Shared Revenues

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

| Year | State Shared Revenues | Percent Change |
|-----------|-----------------------|----------------|
| 6/30/2025 | \$5,370,129 | 0.9% |
| 6/30/2024 | \$5,321,361 | 2.7% |
| 6/30/2023 | \$5,180,344 | 1.8% |
| 6/30/2022 | \$5,087,587 | 7.5% |
| 6/30/2021 | \$4,733,888 | 15.0% |

For 2025-26, the City projects \$5,485,000 in state shared revenues.

Street Funds

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

| Year | Street Revenues from State | Percent Change |
|-----------|----------------------------|----------------|
| 6/30/2025 | \$8,076,228 | 19.3% |
| 6/30/2024 | \$6,768,873 | -9.4% |
| 6/30/2023 | \$7,471,277 | 19.1% |
| 6/30/2022 | \$6,271,210 | 5.2% |
| 6/30/2021 | \$5,961,524 | 6.2% |

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

Water and Sewer Fees

From a government-wide entity perspective, combined water and sewer fees represent one of the City's largest income streams, totaling \$21,540,818 during the year ended June 30, 2025. Charges to customers are based on the number of metered services used times rates periodically set by the City Commission. Water and sewer rates will increase by debt service fees in the next fiscal year to pay for improvements being made at the Water Filtration Plant. The City began providing treated water to the City of Norton Shores and Fruitport Charter Township in May 2015. The addition of these two new large municipal customers allows the spreading of water treatment costs over a larger customer base while remaining well within the plant's rated treatment capacity.

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

City of Muskegon
STATEMENT OF NET POSITION
June 30, 2025

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

| Functions/Programs | Program Revenue | | | | Net (Expense) Revenue and Changes in Net Position | | | | | |
|--|-----------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|-------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | | | |
| Primary government | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Public representation services | \$ 2,229,559 | \$ 616,319 | \$ - | \$ - | \$ (1,613,240) | \$ - | \$ (1,613,240) | \$ - | | |
| Administrative services | 1,058,911 | 879,387 | - | 11,366 | (168,158) | - | (168,158) | - | | |
| Financial services | 7,277,240 | 1,283,524 | 180,000 | - | (5,813,716) | - | (5,813,716) | - | | |
| Public safety | 19,533,090 | 3,436,080 | 15,863 | - | (16,081,147) | - | (16,081,147) | - | | |
| Public works | 4,521,567 | 1,196,343 | 7,474 | - | (3,317,750) | - | (3,317,750) | - | | |
| Highways, streets and bridges | 8,014,545 | 280,351 | 6,818,635 | 980,119 | 64,560 | - | 64,560 | - | | |
| Community and economic development | 10,279,121 | 365,298 | 3,448,148 | 3,333,468 | (3,132,207) | - | (3,132,207) | - | | |
| Culture and recreation | 9,367,878 | 4,008,264 | 1,547,118 | 2,960,028 | (852,468) | - | (852,468) | - | | |
| General administration | 741,633 | 127,021 | - | - | (614,612) | - | (614,612) | - | | |
| Interest on long-term debt | 822,630 | - | - | 916,645 | 94,015 | - | 94,015 | - | | |
| Total governmental activities | 63,846,174 | 12,192,587 | 12,017,238 | 8,201,626 | (31,434,723) | - | (31,434,723) | - | | |
| Business-type activities | | | | | | | | | | |
| Sewer | 9,826,124 | 10,548,439 | - | - | - | 722,315 | 722,315 | - | | |
| Water | 10,974,288 | 11,435,975 | 105,686 | - | - | 3,623,010 | 3,623,010 | - | | |
| Marina and launch ramp | 529,290 | 329,803 | - | - | - | (199,487) | (199,487) | - | | |
| Total business-type activities | 21,329,702 | 22,314,217 | 105,686 | 3,055,637 | - | 4,145,838 | 4,145,838 | - | | |
| Total primary government | \$ 85,175,876 | \$ 34,506,804 | \$ 12,122,924 | \$ 11,257,263 | (31,434,723) | 4,145,838 | (27,288,885) | - | | |
| Component units | | | | | | | | | | |
| Local Development Finance Authority—SmartZone | \$ 181,100 | \$ - | \$ - | \$ 200,000 | - | - | - | 18,900 | | |
| Downtown Development Authority | 659,735 | - | 134,982 | - | - | - | - | (524,753) | | |
| Tax Increment Finance Authority | 50,000 | - | - | - | - | - | - | (50,000) | | |
| Lakeside Corridor Improvement Authority | 6,374 | - | - | - | - | - | - | (6,374) | | |
| Brownfield Redevelopment Authorities | 971,509 | - | - | - | - | - | - | (971,509) | | |
| Total component units | \$ 1,868,718 | \$ - | \$ 134,982 | \$ 200,000 | - | - | - | (1,533,736) | | |
| General revenues | | | | | | | | | | |
| Property taxes | | | | | 11,767,911 | - | 11,767,911 | 2,097,981 | | |
| Income taxes | | | | | 13,464,269 | - | 13,464,269 | - | | |
| Cable franchise agreement | | | | | 266,262 | - | 266,262 | - | | |
| Grants and contributions not restricted to specific programs | | | | | 6,256,126 | - | 6,256,126 | 38,591 | | |
| Unrestricted investment earnings | | | | | 1,762,158 | 122,604 | 1,884,762 | 3,928 | | |
| Miscellaneous | | | | | 736,819 | - | 736,819 | - | | |
| Gain on sale of capital asset | | | | | 2,627,712 | - | 2,627,712 | - | | |
| Transfers | | | | | (300,000) | 300,000 | - | - | | |
| Total general revenues and transfers | | | | | 36,581,257 | 422,604 | 37,003,861 | 2,140,500 | | |
| Change in net position | | | | | 5,146,534 | 4,568,442 | 9,714,976 | 606,764 | | |
| Net position at beginning of year, as previously reported | | | | | 65,574,052 | 68,570,074 | 134,144,126 | 117,725 | | |
| Adjustments to beginning net position | | | | | (836,811) | 25,142 | (831,669) | - | | |
| Net position at beginning of year, as restated | | | | | 64,717,241 | 68,595,216 | 133,312,457 | 117,725 | | |
| Net position at end of year | | | | | \$ 69,863,775 | \$ 73,163,658 | \$ 143,027,433 | \$ 724,489 | | |

The accompanying notes are an integral part of this statement.

City of Muskegon
BALANCE SHEET
 Governmental Funds
 June 30, 2025

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

The accompanying notes are an integral part of this statement.

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

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

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

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

| | | |
|--------------------------|---------------------|-------------|
| Cost of capital assets | \$ 192,222,135 | |
| Accumulated depreciation | <u>(88,249,935)</u> | 103,972,200 |

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

| | | |
|--------------|--|---------|
| Income taxes | | 690,000 |
|--------------|--|---------|

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

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

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

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

| | | |
|---|--|-----------------------------|
| Net position of governmental activities | | <u>\$ 69,863,775</u> |
|---|--|-----------------------------|

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended June 30, 2025

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

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

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

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

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

| | | |
|--------------|--|---------|
| Income taxes | | 120,000 |
|--------------|--|---------|

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

| | | |
|--|--|-----------|
| Repayment of principal on long-term debt | | 1,524,962 |
|--|--|-----------|

| | | |
|---|---------------|---------|
| Changes in accrual of interest and amortization of premiums and discounts | | |
| Change in accrued interest payable | 8,900 | |
| Amortization of premiums and discounts | <u>93,900</u> | 102,800 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

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

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

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the year ended June 30, 2025

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

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF CASH FLOWS
Proprietary Funds
For the year ended June 30, 2025

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the year ended June 30, 2025

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF ACTIVITIES
Discretely Presented Component Units
For the year ended June 30, 2025

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

The accompanying notes are an integral part of this statement.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Reporting Entity—Continued

Discretely Presented Component Units—Continued

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

Related Organizations

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

Muskegon Hospital Finance Authority. The Muskegon Hospital Finance Authority was created by the City of Muskegon in accordance with the laws of the State of Michigan. Members of the Hospital Finance Authority are appointed by the City, but the City is not financially accountable for the Authority and therefore the Authority is excluded from the accompanying financial statements. The Hospital Finance Authority’s sole purpose is to issue tax-exempt debt for the benefit of Trinity Health Muskegon Hospital, which is located within the City. The Authority has no assets or financial activity and does not prepare financial statements. The Hospital Finance Authority has no taxing power. As of June 30, 2025, there was no outstanding debt issued by the Hospital Finance Authority. The City is not obligated in any manner for repayment of debt issued by the Hospital Finance Authority, as any debt is payable solely from contractual payments from the hospitals.

Muskegon Housing Commission. The Muskegon Housing Commission was created by the City of Muskegon in accordance with the laws of the State of Michigan. Members of the Housing Commission are appointed by the City, but the City is not financially accountable for the Commission and therefore the Commission is excluded from the accompanying financial statements. The Housing Commission’s main purpose is to administer activities that provide adequate housing facilities for low-income families and the elimination of housing conditions that are detrimental to the public peace, health, safety, and welfare. The Commission’s policy is to prepare its financial statements on the basis prescribed by the Department of Housing and Urban Development. Accordingly, the summary information below (which is required by federal regulations), is not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Summary financial information for the fiscal year ended September 30, 2024, the date of its latest audited financial statements is as follows:

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The City reports the following major governmental funds:

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

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

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

The City reports the following three major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

The Custodial Funds are used to remit resources collected for the benefit of others, including property taxes, escrows, and similar deposits.

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

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

Measurement Focus and Basis of Accounting

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Cash and Investments

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

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

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Cash and Investments—Continued

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

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

Inventories and Prepaid Items

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

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

Leases Receivable

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

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

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Capital Assets

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Capital Assets—Continued

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

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

Defined Benefit Plan

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

Other Postemployment Benefit Costs

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City also reports deferred inflows from leases. These amounts are long-term leases entered into by the City in which the City is the lessor. These amounts are recognized as revenue over the term of the lease obligations.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Property Taxes

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

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

The 2024 state taxable value for real/personal property of the City totaled approximately \$819,300,000 of which approximately \$61,690,000 was captured by the component units. The ad valorem taxes levied consisted of 9.6127, 2.8838 and .0605 mills for the City's general operating, sanitation and community promotion purposes. These amounts are recognized in the General Fund with captured amounts shown in the TIFA, LDFA SmartZone, DDA, and BRA component units.

Compensated Absences

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e. presentation of prior year's totals by fund type) data has not been presented in each of the statements since its inclusion would make the statements unduly complex and difficult to read. In addition, certain items in the 2024 financial statements have been reclassified to conform to the 2025 presentation.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess of Expenditures Over Appropriations

During the year ended June 30, 2025, actual expenditures exceeded appropriations for:

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

These over-expenditures were funded with available fund balance.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE C—DEPOSITS AND INVESTMENTS

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

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

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

Deposit and Investment Risks

Interest rate risk

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

Credit risk

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

Concentration of credit risk

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

| Security | Percent of Total Investments |
|--|---|
| Federal Home Loan Mortgage Corporation obligations | 5.5% |
| Government National Mortgage Association obligations | 5.7% |
| Federal National Mortgage Association obligations | 10.7% |

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2025, \$14,007,479 of the City's bank balance of \$14,507,479 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City's investment policy sets certain credit requirements that a bank must meet for the City to deposit funds in it.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Deposit and Investment Risks—Continued

Custodial credit risk - investments

This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a custodial credit risk policy for investments that requires that all investments that are held with a third-party for safekeeping be in the City's name.

Foreign currency risk

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

Restricted Assets

Restrictions are placed on assets by bond ordinance and City Commission action. At June 30, 2025, restricted cash and investments in the Sewer and Water Fund of \$170,000 and \$791,000, respectively, were restricted by bond ordinance.

NOTE D—ASSETS MANAGED BY OTHERS

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

The Funds

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

Lakeshore Trails Improvement Fund

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

Cemetery Perpetual Care Fund

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

Pere Marquette and Margaret Drake Elliot Park Fund

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

Darl and Kathleen Staley Charity Fund

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

City of Muskegon Parks Fund

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE D—ASSETS MANAGED BY OTHERS—Continued

The Funds—Continued

City of Muskegon Events and Sponsorships Fund

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

Celebration Square Splash Pad Fund

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

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

Reporting of the Assets of the Funds

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

Summary of the Community Foundation Funds

A summary of revenues, expenses, and changes in the assets at fair value of the funds for the year ended June 30, 2025 follows:

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE D—ASSETS MANAGED BY OTHERS—Continued

Summary of the Community Foundation Funds—Continued

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

NOTE E—FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include the following:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE E—FAIR VALUE MEASUREMENTS—Continued

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

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

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

The following table sets forth by level, within the fair value hierarchy, the City’s assets at fair value on a recurring basis as of June 30, 2025:

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE F—LEASES RECEIVABLE

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

Cell Towers

The City leases the right to use space on land and buildings owned by the City to various third parties as part of three separate lease agreements for the operation of cell phone antennas. These lease terms are generally for 5 years with automatic renewals and the City receives payments annually of approximately \$218,200, increasing by 3 percent each year.

Trinity Health Arena

The City leases the right to use shared space at Trinity Health Arena to a third party as part of an agreement with a term of 5 years and with automatic renewals. The City receives payments annually of approximately \$72,900, increasing by 4 percent each renewal period.

The City also leases the right to use and manage restaurant space at Trinity Health Arena to various third parties as part of two separate lease agreements. These lease terms are generally for 5 years with automatic renewals and the City receives payments annually of approximately \$63,900, increasing by 5-10 percent each year.

Fire Station

The City leases the right to use office space at the West Western Avenue Fire Station to a third party as part of an agreement with terms through December 2045. The City receives annual payments totaling approximately \$447,300, which are tied to the reimbursement of payments on the City's 2016 Limited Tax General Obligation Refunding and 2020A Capital Improvement Bonds at a rate of 20.24 percent and 100 percent of the bond payments attributable to improvements and additions of the fire station, respectively.

Pere Marquette Beach

The City leases the right to use property at Pere Marquette Beach to a third party as part of an agreement with a term of 5 years and with automatic renewals. The City receives payments annually of approximately \$10,900, increasing by 10 percent each renewal period.

Great Lakes Naval Memorial and Museum

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

For the year ended June 30, 2025, the City recognized \$382,816 and \$126,784 in lease revenue for governmental activities and business-type activities, respectively. For the year ended June 30, 2025, the City also recognized \$227,069 and \$91,439 in interest revenue for governmental activities and business-type activities, respectively. The City has deferred inflows of resources associated with these leases that will be recognized as revenue over the term of the leases. As of June 30, 2025, the balances of these deferred inflows of resources were \$7,858,774 and \$7,472,951 for governmental activities and business-type activities, respectively.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE F—LEASES RECEIVABLE—Continued

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE G—CAPITAL ASSETS

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE G—CAPITAL ASSETS—Continued

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

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

Business-type activities:

| | |
|------------------------|---------------------|
| Sewer | \$ 866,020 |
| Water | 2,232,084 |
| Marina and Launch Ramp | 100,794 |
| | \$ 3,198,898 |

| | Balance July 1, 2024 | Additions | Deductions | Balance June 30, 2025 |
|---|---------------------------------|---------------------|-------------------|----------------------------------|
| 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 | 3,553,673 | 172,648 | - | 3,726,321 |
| Total capital assets, being depreciated, net | 244,585 | (172,648) | - | 71,937 |
| Capital assets, net | \$ 644,585 | \$ (172,648) | \$ - | \$ 471,937 |

Depreciation expense was charged to economic development.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Due To/From Other Funds:

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

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

Interfund Transfers:

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS—Continued

The General Fund transferred funds to the Trinity Health Arena Fund, Local Streets, Farmer’s Market and Kitchen 242 Fund, Lakeshore BID Fund, and Marina and Launch Ramp Fund for operation subsidies. The State Grants Fund transferred funds to the General Fund and the Major Street and Trunkline Fund for various American Rescue Plan Act projects. Other transfers between funds were made to meet grant matching requirements or other operational needs.

NOTE I—SHORT-TERM DEBT

Summary of Changes in Short-Term Liabilities

The following is a summary of short-term liabilities activity for the City for the year ended June 30, 2025.

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE J—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the City for the year ended June 30, 2025.

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

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

Public Placement Debt

General Obligation Debt

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE J—LONG-TERM DEBT—Continued

Public Placement Debt—Continued

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

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

Revenue Obligations

The City has issued bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue obligations outstanding as of June 30, 2025 are as follows:

| | <u>Original Borrowing</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Balance</u> |
|---|-------------------------------|----------------------|-----------------------------|-----------------------------|
| Revenue obligations: | | | | |
| Business-type activities: | | | | |
| 2004 Drinking Water State Revolving Fund | \$ 13,900,000 | 2.13% | October 2025 | \$ 840,000 |
| 2019 Water Supply System Junior Lien Bond | 1,600,000 | 2% | October 2025 | 1,325,000 |
| 2019 Sanitary Sewer System Junior Lien Bond | 2,875,000 | 2% | October 2033 | 2,385,000 |
| 2020 Water Supply System Junior Lien Bond | 3,844,750 | 2% | April 2041 | 2,845,390 |
| 2020 Sanitary Sewer System Junior Lien Bond | 3,772,000 | 2% | April 2041 | 3,078,498 |
| 2022B Water Supply System Junior Lien Bond | 240,000 | 1.88% | October 2045 | 240,000 |
| 2022 Sanitary Sewer System Junior Lien Bond | 2,646,022 | 1.88% | October 2043 | 2,528,022 |
| 2022A Water Supply System Junior Lien Bond | 1,037,748 | 1.88% | October 2045 | 989,618 |
| 2023 Sanitary Sewer System Junior Lien Bond | 1,551,343 | 1.88% | October 2044 | 1,471,343 |
| 2023 Water Supply System Junior Lien Bond | 886,405 | 1.88% | April 2046 | 886,405 |
| 2024 Water Supply System Junior Lien Bond | 315,679 | 2% | April 2047 | <u>315,679</u> |
| | | | | <u>\$ 16,904,955</u> |

The City has pledged future water customer revenues, net of specified operating expenses, to repay the 2004 Drinking Water State Revolving Fund Loan. Proceeds from the issuance were used to make improvements to the City's water supply system. The bond is payable solely from water customer net revenues and is payable through 2025. Annual principal and interest payments on the bond are expected to require less than 30 percent of net revenues through 2025. The total principal and interest remaining to be paid on the bond is \$848,925. Principal and interest paid for the year ended June 30, 2025 and total customer net revenues were \$851,616 and \$2,871,578, respectively.

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE J—LONG-TERM DEBT—Continued

Direct Borrowings and Direct Placements

Installment Purchase Agreements

The City has entered into an installment agreement for a ladder truck in 2021 and for a pumper truck in 2023. The installment purchase agreements are secured by the equipment purchases if the City defaults under the agreements. Installment purchase agreements outstanding as of June 30, 2025 are as follows:

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

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

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The City has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The City's portion of the debt on June 30, 2025 was approximately \$737,600. The City is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for public placement debt and for direct borrowings and direct placements outstanding as of June 30, 2025 follow:

| Year Ending June 30, | <u>Governmental Activities</u> | | | | <u>Business-type Activities</u> | |
|-------------------------|--------------------------------|-----------------------------|--|-------------------------|---------------------------------|----------------------------|
| | <u>Public Placement Debt</u> | | <u>Direct Borrowings and Direct Placements</u> | | <u>Public Placement Debt</u> | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 1,140,000 | \$ 856,998 | \$ 436,490 | \$ 20,218 | \$ 1,602,122 | \$ 318,374 |
| 2027 | 1,180,000 | 817,356 | 232,082 | 9,571 | 892,654 | 292,013 |
| 2028 | 1,220,000 | 773,695 | 125,169 | 2,306 | 1,117,126 | 270,436 |
| 2029 | 1,270,000 | 727,804 | - | - | 1,051,797 | 250,060 |
| 2030 | 1,320,000 | 679,518 | - | - | 956,122 | 231,720 |
| 2031-2035 | 4,645,000 | 2,827,784 | - | - | 4,766,483 | 878,227 |
| 2036-2040 | 4,170,000 | 2,200,986 | - | - | 4,825,615 | 422,686 |
| 2041-2045 | 4,640,000 | 1,450,500 | - | - | 1,678,036 | 48,916 |
| 2046-2050 | 5,820,000 | 542,370 | - | - | 15,000 | - |
| | <u><u>\$ 25,405,000</u></u> | <u><u>\$ 10,877,011</u></u> | <u><u>\$ 793,741</u></u> | <u><u>\$ 32,095</u></u> | <u><u>\$ 16,904,955</u></u> | <u><u>\$ 2,712,432</u></u> |

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE J—LONG-TERM DEBT—Continued

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

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE K—OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City manages its liability and property risk by participating in the Michigan Municipal Risk Management Authority (MMRMA), a public entity risk pool providing property and liability coverage to its participating members. The City pays an annual premium to MMRMA for its insurance coverage. The MMRMA is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. A \$150,000 deductible is maintained to place the responsibility for small charges with the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. Changes in the fund’s claim liability amount in 2025 and 2024 were as follows:

| <u>Year Ended</u> | <u>Balance at Beginning of Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at End of Year</u> |
|-------------------|---|---|----------------------------|---------------------------------------|
| June 30, 2025 | \$ 296,878 | \$ 461,503 | \$ 357,804 | \$ 400,577 |
| June 30, 2024 | 651,542 | 147,906 | 502,570 | 296,878 |

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

The City is self-insured for employee health care benefits for those employees selecting the City plan over other options. Under this plan, the General Insurance Fund provides coverage for up to a maximum of up to \$500,000 per covered individual’s lifetime. As of June 30, 2025, the claims liability including incurred but not reported claims was \$162,416. A liability was recorded in the accompanying financial statements for the estimated claims liability. The claims liability was based on past experience, a review of pending claims and other social and economic factors. The above estimate was not discounted and there were no outstanding claims for which annuity contracts have been purchased in the claimant’s name. No significant reductions in insurance coverage were made in the last fiscal year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. Changes in the fund’s claim liability amount in 2025 and 2024 were as follows:

| <u>Year Ended</u> | <u>Balance at Beginning of Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at End of Year</u> |
|-------------------|---|---|----------------------------|---------------------------------------|
| June 30, 2025 | \$ 45,145 | \$ 6,672,118 | \$ 6,554,847 | \$ 162,416 |
| June 30, 2024 | 35,406 | 5,460,637 | 5,450,898 | 45,145 |

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE K—OTHER INFORMATION—Continued

Contingencies

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

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

Commitments

The City has several contracts for street projects including water and sewer system improvements and other capital improvements as of June 30, 2025 with a remaining amount of approximately \$25,399,000. The majority of commitments in the Sewer and Water funds are being financed by grants and long-term debt, and the remainder are being funded with grants and available funds as follows:

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE L—TAX ABATEMENTS

Industrial Facilities Exemption

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

For the year ended June 30, 2025, the City abated property taxes revenues totaling \$110,913 under this program.

Brownfield Redevelopment Authority

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

For the year ended June 30, 2025, the City abated property taxes revenues totaling \$365,913 under this program.

Payment in Lieu of Taxes (PILOT)

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

For the year ended June 30, 2025, the City abated property taxes revenues totaling \$179,081 under this program.

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN

Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Benefits Provided—Continued

Benefits provided are based on the following by employee division:

| | Multplier | 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, 2024 valuation date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 338 |
| Inactive employees entitled to but not yet receiving benefits | 23 |
| Active employees | 43 |
| Total employees covered by MERS | 404 |

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2025, the City had a flat-dollar employer contribution to the Plan of \$4,975,764 in lieu of a percentage of covered employee payroll, as the Plan is closed to new employees. Member contributions range from 4 percent to 6.5 percent.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions

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

| | |
|---------------------------|---|
| Inflation | 2.5 percent |
| Salary increases | 3.0 percent in the long-term |
| Investment rate of return | 6.93 percent, net of investment and administrative expenses including inflation |

Although no specific price inflation assumptions are needed for the valuation, the 3.0 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2021.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.18 percent for 2024. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at rates agreed upon for employees and the actuarially determined rate for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.18 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.18 percent) or 1-percentage-point higher (8.18 percent) than the current rate:

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

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

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

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

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

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

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

Payables to the Pension Plan

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Contribution Pension Plan

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

Benefit terms, including contribution requirements, for the MERS defined contribution plan are established and may be amended by the City Commission as determined by negotiated labor contracts. The City is required to contribute 6 percent to 13 percent of a qualified employees' annual compensation each year depending on employee group. Qualified employees are required to contribute 0 percent to 8 percent of annual compensation depending on employee group. For the year ended June 30, 2025, City and employee contributions were \$1,825,047 and \$782,946, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in City contributions and earnings on City contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended June 30, 2025, forfeitures reduced the City's pension expense by \$116,979.

Deferred Compensation Plan

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

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

NOTE N—OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—CONTINUED

Retiree Healthcare Plan—Continued

Benefits Provided

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

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

Benefits are provided through a third party insurer.

Employees Covered by Benefit Terms

At the June 30, 2025 valuation, the following employees were covered by the benefit terms:

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

Contributions

The OPEB Plan’s funding policy is that the City will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. For the year ended June 30, 2025, the City made payments for postemployment healthcare benefits of \$2,089,141.

Net OPEB Liability (Asset)

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------|--|
| Inflation | 2.5 percent |
| Salary increases | 0.0 percent |
| Investment rate of return | 6.93 percent (including inflation), net of administrative and investment expenses |
| Healthcare cost trend rates | Pre-Medicare: 7.25 percent for one year, then 7.5 percent graded down by .25 per year to an ultimate rate of 4.5 percent Post-Medicare: 5.5 percent for one year, then 7.5 percent graded down by .25 per year to an ultimate rate of 4.5 percent |

Mortality

Mortality rates were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, IRS 2024 adjusted MP-2021 improvement scale.

Investment Rate of Return

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.93 percent. The projection of cash flows used to determine the discount rate assumed that the City will first use assets to pay benefits and then pay benefits on a pay-as-you-go basis. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date” is not applicable to this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. As of June 30, 2024 the discount rate used to value OPEB liabilities was 7.00 percent.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Changes in the Net OPEB Liability (Asset)

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

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

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

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--------------------------------------|-------------|--|-------------|
| City's net OPEB liability (asset) \$ | (6,268,490) | (4,251,208) | (1,887,270) |

OPEB Plan Fiduciary Net Position

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

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$(105,395). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences in experience | \$ 32,037 | \$ - |
| Changes in assumptions | 75,089 | - |
| Net difference between projected and actual net investment income | 113,689 | - |
| Total | \$ 220,815 | \$ - |

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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

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

| Year Ending June 30, | Amount |
|---------------------------------|---------------|
| 2026 | \$ 342,373 |
| 2027 | 464,120 |
| 2028 | (434,584) |
| 2029 | (151,094) |

Payables to the OPEB Plan

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

Healthcare Savings Plan

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

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

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

For the year ended June 30, 2025, City and employee contributions were \$1,115,111 and \$554,867, respectively.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE O—CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

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

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE O—CHANGE IN ACCOUNTING PRINCIPLE—Continued

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
Major Street and Trunkline Fund
For the year ended June 30, 2025

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

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

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
Trinity Health Arena Fund
For the year ended June 30, 2025

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

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

City of Muskegon
Required Supplemental Information

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| TOTAL PENSION LIABILITY | | | | | | | | | | |
| Service cost | \$ 451,176 | \$ 493,193 | \$ 510,157 | \$ 529,832 | \$ 615,293 | \$ 732,228 | \$ 806,565 | \$ 1,018,541 | \$ 1,130,408 | \$ 1,194,909 |
| Interest | 9,247,737 | 9,239,502 | 9,162,662 | 9,237,064 | 8,787,617 | 8,718,797 | 8,345,836 | 8,429,233 | 8,345,661 | 8,034,035 |
| Differences between expected and actual experience | 808,162 | 892,360 | 1,074,817 | 256,636 | 2,829,299 | 1,830,804 | 3,642,392 | 1,326,122 | (1,697,797) | (647,017) |
| Changes in assumptions | (130,244) | 906,131 | 1,800,812 | 4,396,829 | 2,974,495 | 4,134,788 | - | - | - | 4,779,382 |
| Benefit payments, including refunds of employee contributions | (10,357,946) | (9,953,374) | (9,852,666) | (9,285,923) | (9,214,462) | (8,218,689) | (7,512,608) | (6,937,544) | (6,417,825) | (6,363,249) |
| Other changes | (86) | 2,642 | (1,577,082) | - | - | - | (229,967) | (4,485,289) | - | - |
| Net change in total pension liability | 18,799 | 1,580,454 | 1,118,700 | 5,134,438 | 5,992,242 | 7,197,928 | 5,052,218 | (648,937) | 1,360,447 | 6,998,060 |
| Total pension liability at beginning of year | 133,751,957 | 132,171,503 | 131,052,803 | 125,918,365 | 119,926,123 | 112,728,195 | 107,675,977 | 108,324,914 | 106,964,467 | 99,966,407 |
| Total pension liability at end of year (a) | \$ 133,770,756 | \$ 133,751,957 | \$ 132,171,503 | \$ 131,052,803 | \$ 125,918,365 | \$ 119,926,123 | \$ 112,728,195 | \$ 107,675,977 | \$ 108,324,914 | \$ 106,964,467 |
| PLAN FIDUCIARY NET POSITION | | | | | | | | | | |
| Contributions-employer | \$ 431,410 | \$ 3,845,400 | \$ 3,896,659 | \$ 3,313,056 | \$ 2,468,311 | \$ 2,712,204 | \$ 2,671,175 | \$ 1,801,016 | \$ 1,996,512 | \$ 1,420,218 |
| Contributions-employee | 236,534 | 185,454 | 291,821 | 304,680 | 374,806 | 491,814 | 848,562 | 687,391 | 563,898 | 566,045 |
| Net investment income (loss) | 6376,438 | 9,186,598 | (10,311,712) | 12,779,029 | 10,575,596 | 11,059,388 | (3,452,538) | 10,964,115 | 8,890,951 | (1,237,895) |
| Benefit payments, including refunds or employee contributions | (10,357,946) | (9,953,374) | (9,852,666) | (9,285,923) | (9,214,462) | (8,218,689) | (7,512,608) | (6,937,544) | (6,417,825) | (6,363,249) |
| Administrative expense | (187,502) | (191,688) | (180,011) | (146,581) | (173,766) | (190,108) | (173,509) | (173,921) | (175,718) | (183,599) |
| Net change in plan fiduciary net position | 381,626 | 3,072,390 | (16,155,909) | 6,964,261 | 4,030,485 | 5,854,609 | (7,618,918) | 6,341,057 | 4,857,818 | (5,798,480) |
| Plan fiduciary net position at beginning of year | 86,905,935 | 83,833,545 | 99,989,454 | 93,025,193 | 88,994,708 | 83,140,099 | 90,759,017 | 84,417,960 | 79,560,142 | 85,358,622 |
| Plan fiduciary net position at end of year (b) | \$ 87,287,561 | \$ 86,905,935 | \$ 83,833,545 | \$ 99,989,454 | \$ 93,025,193 | \$ 88,994,708 | \$ 83,140,099 | \$ 90,759,017 | \$ 84,417,960 | \$ 79,560,142 |
| City's net pension liability at end of year (a)-(b) | \$ 46,483,195 | \$ 46,846,022 | \$ 48,337,958 | \$ 31,063,349 | \$ 32,893,172 | \$ 30,931,415 | \$ 29,588,096 | \$ 16,916,960 | \$ 23,906,954 | \$ 27,404,325 |
| Plan fiduciary net position as a percentage of the total pension liability | 65.25% | 64.98% | 63.43% | 76.30% | 73.88% | 74.21% | 73.75% | 84.29% | 77.93% | 74.38% |
| Covered payroll | \$ 3,781,297 | \$ 4,096,144 | \$ 4,200,465 | \$ 4,608,816 | \$ 5,408,268 | \$ 6,110,950 | \$ 6,565,169 | \$ 7,645,789 | \$ 8,460,078 | \$ 9,108,948 |
| City's net pension liability as a percentage of covered payroll | 1229.29% | 1143.66% | 1150.78% | 674.00% | 608.20% | 506.16% | 450.68% | 221.26% | 282.59% | 300.85% |

Notes to Schedule

The following were significant changes to actuarial assumptions:

- 2015 Valuation - The investment rate of return assumption was reduced from 8.25 percent to 8.0 percent, the wage inflation assumption was reduced from 4.5 percent to 3.75 percent, inflation rates changed from 3.0 - 4.0 percent to 2.5 percent.
- 2019 Valuation - The investment rate of return assumption was reduced from 8.0 percent to 7.6 percent, the wage inflation assumption was reduced from 3.75 percent to 3.0 percent.
- 2020 Valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.
- 2021 Valuation - The investment rate of return assumption was reduced from 7.6 percent to 7.25 percent.
- 2024 Valuation - The investment rate of return assumption was reduced from 7.25 percent to 7.18 percent.

City of Muskegon
Required Supplemental Information

PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS

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

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

Notes to Schedule

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, Closed |
| Remaining amortization period | 14 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.5 percent |
| Salary increases | 3.0 percent in the long-term |
| Investment rate of return | 6.93 percent, net of administrative and investment expenses |
| Retirement age | Varies depending on plan adoption |
| Mortality | Based on a version of Pub-2010 and fully generational MP-2021 |

City of Muskegon

REQUIRED SUPPLEMENTARY INFORMATION

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

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

| | 2025 | 2024 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL OPEB LIABILITY | | | | | | | | |
| Service cost | \$ 34,535 | \$ 75,231 | \$ 47,962 | \$ 142,556 | \$ 156,214 | \$ 165,306 | \$ 178,243 | \$ 165,423 |
| Interest | 1,594,785 | 2,931,154 | 1,995,623 | 1,999,639 | 2,058,432 | 2,191,233 | 2,055,720 | 1,954,979 |
| Differences between expected and actual experience | 299,009 | (4,369,955) | (433,044) | (2,420,665) | (325,146) | (2,119,868) | (992,432) | - |
| Changes of assumptions | 700,827 | (508,402) | 1,161,708 | (2,771,809) | (1,152,266) | 6,288,823 | 2,349,210 | - |
| Benefit payments, including refunds of employee contributions | (2,277,224) | (3,222,631) | (1,788,553) | (1,710,064) | (1,621,453) | (1,983,928) | (1,118,442) | (1,064,376) |
| Net change in total OPEB liability | 351,932 | (5,094,603) | 983,696 | (4,760,343) | (884,219) | 4,541,566 | 2,452,299 | 1,056,026 |
| Total OPEB liability at beginning of year | 23,886,733 | 28,981,336 | 27,997,640 | 32,757,983 | 33,642,202 | 29,100,636 | 26,648,337 | 25,592,311 |
| Total OPEB liability at end of year (a) | \$ 24,238,665 | \$ 23,886,733 | \$ 28,981,336 | \$ 27,997,640 | \$ 32,757,983 | \$ 33,642,202 | \$ 29,100,636 | \$ 26,648,337 |

PLAN FIDUCIARY NET POSITION

| | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contributions-employer | \$ 1,775,879 | \$ 2,862,264 | \$ 1,997,928 | \$ 1,767,843 | \$ 1,154,926 | \$ 1,001,447 | \$ 671,363 | \$ 736,039 |
| Net investment income (loss) | 2,588,321 | 3,855,821 | (2,613,129) | 2,574,713 | 2,210,729 | 2,660,470 | (699,603) | 2,110,019 |
| Benefit payments, including refunds or employee contributions | (2,277,224) | (3,222,631) | (1,788,553) | (1,710,064) | (1,621,453) | (1,983,928) | (1,118,442) | (1,064,376) |
| Administrative expense | (62,949) | (81,766) | (46,001) | (47,967) | (42,375) | (41,397) | (53,927) | (52,313) |
| Net change in plan fiduciary net position | 2,024,027 | 3,413,688 | (2,449,755) | 2,584,525 | 1,701,827 | 1,636,592 | (1,200,609) | 1,729,369 |
| Plan fiduciary net position at beginning of year | 26,465,846 | 23,052,158 | 25,501,913 | 22,917,388 | 21,215,561 | 19,578,969 | 20,779,578 | 19,050,209 |
| Plan fiduciary net position at end of year (b) | \$ 28,489,873 | \$ 26,465,846 | \$ 23,052,158 | \$ 25,501,913 | \$ 22,917,388 | \$ 21,215,561 | \$ 19,578,969 | \$ 20,779,578 |

| | | | | | | | | |
|---|-----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| City's net OPEB liability at end of year (a)-(b) | \$ (4,251,208) | \$ (2,579,113) | \$ 5,929,178 | \$ 2,495,727 | \$ 9,840,595 | \$ 12,426,641 | \$ 9,521,667 | \$ 5,868,759 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 117.54% | 110.80% | 79.54% | 91.09% | 69.96% | 63.06% | 67.28% | 77.98% |
| Covered payroll | Not Available | Not Available | \$ 6,711,986 | \$ 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 | Not Available | Not Available | 88.34% | 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.

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

See the following page for significant changes to actuarial assumptions.

City of Muskegon
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS—CONTINUED
 Last Ten Fiscal Years (Amounts were determined as of June 30 for years after 2024 and as of December 31 of each fiscal year for years prior to 2024)

Notes to Schedule—Continued

The following were significant changes to actuarial assumptions

- 2019 Valuation
 - Mortality improvement scale updated.
 - Medical trend rates updated.
 - Salary scale updated from 3.5 percent to 3.0 percent.
 - Discount rate changed from 7.75 percent to 6.24 percent.
- 2020 Valuation
 - Mortality improvement scale updated.
 - Medical and dental trend updated.
- 2021 Valuation
 - Salary scale updated from 3.0 percent to 0.0 percent.
 - Mortality improvement scale updated.
 - Discount rate updated from 6.24 percent to 7.35 percent.
- 2022 Valuation
 - Medical trend rates updated.
 - Discount rate changed from 7.35 percent to 7.0 percent.
- 2024 valuation
 - Disability rates implemented
 - Retirement rates updated
 - Medical trend updated
 - Terminated vested members assumed to retire at age 60
- 2025 valuation
 - Mortality improvement scale updated
 - Medical trend rates updated
 - Discount rate changed from 7.0 percent to 6.93 percent.

City of Muskegon

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS

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

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

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

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

Notes to Schedule

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry age normal (level percentage of compensation)
- Amortization method Level percentage of payroll, Closed
- Remaining amortization period 7 years
- Asset valuation method Equal to market value of assets
- Inflation 2.5 percent
- Salary increases 0.0 percent
- Investment rate of return 6.93 percent (including inflation), net of administrative and investment expenses
- Retirement age 55 - 60 years of age
- Mortality Mortality rates were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, IRS 2024 adjusted MP-2021 improvement scale.

City of Muskegon

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS

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

| | 2025 | 2024 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------|--------|---------|--------|--------|--------|--------|--------|
| Annual money-weighted rate of return, net of investment expense | 9.89% | 16.89% | -10.21% | 11.23% | 10.55% | 13.95% | -3.41% | 11.19% |

Notes to Schedule

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

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

OTHER SUPPLEMENTAL INFORMATION

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

**DESCRIPTION OF
OTHER GOVERNMENTAL FUNDS—CONTINUED**

Capital Projects Funds—Continued

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

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

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

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

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

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

Permanent Funds

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

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

City of Muskegon
COMBINING BALANCE SHEET
 Other Governmental Funds
 June 30, 2025

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DESCRIPTION OF INTERNAL SERVICE FUNDS

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

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

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

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

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

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

City of Muskegon
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
June 30, 2025

| | Total Internal Service Funds | Engineering Services | Equipment | General Insurance | Public Service Building |
|---|---|---------------------------------|---------------------|------------------------------|------------------------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and investments | \$ 4,828,945 | \$ 171,619 | \$ 2,422,906 | \$ 1,198,580 | \$ 1,035,840 |
| Accounts receivable | 678,649 | 9,890 | 2,053 | 666,706 | - |
| Inventories | 12,738 | - | 12,738 | - | - |
| Prepaid items | 489,726 | 3,333 | 87,954 | 388,680 | 9,759 |
| Total current assets | 6,010,058 | 184,842 | 2,525,651 | 2,253,966 | 1,045,599 |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Land | 65,000 | - | - | - | 65,000 |
| Land improvements | 301,715 | - | - | - | 301,715 |
| Buildings and improvements | 1,668,215 | - | - | - | 1,668,215 |
| Machinery and equipment | 11,888,024 | 51,346 | 11,742,314 | - | 94,364 |
| Less accumulated depreciation | (10,512,127) | (41,142) | (8,581,427) | - | (1,889,558) |
| Net capital assets | 3,410,827 | 10,204 | 3,160,887 | - | 239,736 |
| Net other postemployment benefits asset | 170,048 | - | 63,768 | - | 106,280 |
| Total noncurrent assets | 3,580,875 | 10,204 | 3,224,655 | - | 346,016 |
| Total assets | 9,590,933 | 195,046 | 5,750,306 | 2,253,966 | 1,391,615 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Related to pension | 238,351 | - | 89,382 | - | 148,969 |
| Related to other postemployment benefits | 8,832 | - | 3,312 | - | 5,520 |
| Total deferred outflows of resources | 247,183 | - | 92,694 | - | 154,489 |
| Total assets and deferred outflows of resources | 9,838,116 | 195,046 | 5,843,000 | 2,253,966 | 1,546,104 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 959,443 | 6,457 | 49,445 | 845,649 | 57,892 |
| Accrued liabilities | 39,440 | 9,655 | 9,382 | 892 | 19,511 |
| Due to other governmental units | 7,600 | 7,600 | - | - | - |
| Total current liabilities | 1,006,483 | 23,712 | 58,827 | 846,541 | 77,403 |
| Noncurrent liabilities | | | | | |
| Net pension liability | 1,859,328 | - | 697,248 | - | 1,162,080 |
| Total liabilities | 2,865,811 | 23,712 | 756,075 | 846,541 | 1,239,483 |
| NET POSITION | | | | | |
| Net investment in capital assets | 3,410,827 | 10,204 | 3,160,887 | - | 239,736 |
| Restricted for other postemployment benefits | 170,048 | - | 63,768 | - | 106,280 |
| Unrestricted | 3,391,430 | 161,130 | 1,862,270 | 1,407,425 | (39,395) |
| Total net position | \$ 6,972,305 | \$ 171,334 | \$ 5,086,925 | \$ 1,407,425 | \$ 306,621 |

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

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

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

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

DESCRIPTION OF FIDUCIARY FUNDS

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

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

CUSTODIAL FUNDS are used to report resources that were collected for the benefit of others.

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

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

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

City of Muskegon
COMBINING STATEMENT OF NET POSITION
 Custodial Funds
 June 30, 2025

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

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

DESCRIPTION OF DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

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

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

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

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

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

| | | |
|---|----|---------|
| Total fund balances (deficits)—governmental funds | \$ | 538,952 |
|---|----|---------|

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

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

| | | |
|--------------------------|--------------------|---------|
| Cost of capital assets | \$ 4,198,258 | |
| Accumulated depreciation | <u>(3,726,321)</u> | 471,937 |

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

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

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

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
Discretely Presented Component Units
For the year ended June 30, 2025

| | Total Discretely Presented Component Units | Local | | | | | | | |
|---|--|---|--------------------------------|---------------------------------|---|--------------------------------------|--|--|--|
| | | Development Finance Authority - SmartZone | Downtown Development Authority | Tax Increment Finance Authority | Lakeside Corridor Improvement Authority | Brownfield Redevelopment Authorities | | | |
| REVENUES | | | | | | | | | |
| Property taxes | \$ 2,097,981 | \$ 250,064 | \$ 516,659 | \$ 48,776 | \$ 36,584 | \$ 1,245,898 | | | |
| Intergovernmental revenues | | | | | | | | | |
| State | 50,591 | 3,136 | 12,000 | 9,497 | - | 25,958 | | | |
| Local | 200,600 | 200,000 | 600 | - | - | - | | | |
| Investment earnings | 3,928 | 357 | 2,071 | 136 | 160 | 1,204 | | | |
| Other | 122,382 | - | 122,382 | - | - | - | | | |
| Total revenues | 2,475,482 | 453,557 | 653,712 | 58,409 | 36,744 | 1,273,060 | | | |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| Community and economic development | 1,683,859 | - | 659,735 | 50,000 | 6,374 | 967,750 | | | |
| Debt service | | | | | | | | | |
| Principal | 275,000 | 275,000 | - | - | - | - | | | |
| Interest and fees | 16,435 | 12,676 | - | - | - | 3,759 | | | |
| Total expenditures | 1,975,294 | 287,676 | 659,735 | 50,000 | 6,374 | 971,509 | | | |
| Net change in fund balances (deficits) | 500,188 | 165,881 | (6,023) | 8,409 | 30,370 | 301,551 | | | |
| Fund balances (deficits) at beginning of year | 38,764 | 70,748 | 460,986 | 30,513 | 29,750 | (553,233) | | | |
| Fund balances (deficits) at end of year | \$ 538,952 | \$ 236,629 | \$ 454,963 | \$ 38,922 | \$ 60,120 | \$ (251,682) | | | |

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES (DEFICITS)
TO THE STATEMENT OF ACTIVITIES**
Discretely Presented Component Units
For the year ended June 30, 2025

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

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

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

Depreciation expense (172,648)

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

Repayment of principal on long-term debt 275,000

Changes in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable \$ 1,400

Amortization of premiums 2,824

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

SCHEDULE OF INDEBTEDNESS

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

| | Date of Issue | Amount of Issue | Interest Rate | Date of Maturity | 6/30/2024 | 6/30/2025 | Annual Interest Payable |
|--|---------------|-----------------|---------------|------------------|------------|-----------|-------------------------|
| Business-Type Activities Bonds and Loans Payable: | | | | | | | |
| Drinking Water State Revolving Fund | 3/2/2004 | \$ 13,900,000 | 2.13% | 10/01/24 | \$ 825,000 | \$ - | \$ - |
| | | | 2.13% | 10/01/25 | 840,000 | 840,000 | 8,925 |
| Type of debt: state loan | | | | | 1,665,000 | 840,000 | 8,925 |
| Revenue Pledged: water system net revenues | | | | | | | |
| | | | | | | | |
| Drinking Water State Revolving Fund* | 8/30/2019 | \$ 1,600,000 | 2.00% | 10/01/24 | 70,000 | - | - |
| | | | 2.00% | 10/01/25 | 70,000 | 70,000 | 26,500 |
| Type of debt: state loan | | | 2.00% | 10/01/26 | 75,000 | 75,000 | 25,100 |
| Revenue Pledged: water system net revenues | | | 2.00% | 10/01/27 | 75,000 | 75,000 | 23,600 |
| Forgiveness: 20% | | | 2.00% | 10/01/28 | 75,000 | 75,000 | 22,100 |
| | | | 2.00% | 10/01/29 | 75,000 | 75,000 | 20,600 |
| | | | 2.00% | 10/01/30 | 80,000 | 80,000 | 19,100 |
| | | | 2.00% | 10/01/31 | 80,000 | 80,000 | 17,500 |
| | | | 2.00% | 10/01/32 | 80,000 | 80,000 | 15,900 |
| | | | 2.00% | 10/01/33 | 85,000 | 85,000 | 14,300 |
| | | | 2.00% | 10/01/34 | 85,000 | 85,000 | 12,600 |
| | | | 2.00% | 10/01/35 | 85,000 | 85,000 | 10,900 |
| | | | 2.00% | 10/01/36 | 90,000 | 90,000 | 9,200 |
| | | | 2.00% | 10/01/37 | 90,000 | 90,000 | 7,400 |
| | | | 2.00% | 10/01/38 | 90,000 | 90,000 | 5,600 |
| | | | 2.00% | 10/01/39 | 95,000 | 95,000 | 3,800 |
| | | | 2.00% | 10/01/40 | 95,000 | 95,000 | 1,900 |
| | | | | | 1,395,000 | 1,325,000 | 236,100 |
| | | | | | | | |
| Sanitary Sewer State Revolving Fund* | 8/30/2019 | \$ 2,875,000 | 2.00% | 10/01/24 | 125,000 | - | - |
| | | | 2.00% | 10/01/25 | 130,000 | 130,000 | 46,400 |
| Type of debt: state loan | | | 2.00% | 10/01/26 | 130,000 | 130,000 | 43,800 |
| Revenue Pledged: sanitary sewer system net revenues | | | 2.00% | 10/01/27 | 135,000 | 135,000 | 41,150 |
| Forgiveness: 75% | | | 2.00% | 10/01/28 | 135,000 | 135,000 | 38,450 |
| | | | 2.00% | 10/01/29 | 140,000 | 140,000 | 35,700 |
| | | | 2.00% | 10/01/30 | 140,000 | 140,000 | 32,900 |
| | | | 2.00% | 10/01/31 | 145,000 | 145,000 | 30,050 |
| | | | 2.00% | 10/01/32 | 145,000 | 145,000 | 27,150 |
| | | | 2.00% | 10/01/33 | 150,000 | 150,000 | 24,200 |
| | | | 2.00% | 10/01/34 | 150,000 | 150,000 | 21,200 |
| | | | 2.00% | 10/01/35 | 155,000 | 155,000 | 18,150 |
| | | | 2.00% | 10/01/36 | 160,000 | 160,000 | 15,000 |
| | | | 2.00% | 10/01/37 | 160,000 | 160,000 | 11,800 |
| | | | 2.00% | 10/01/38 | 165,000 | 165,000 | 8,550 |
| | | | 2.00% | 10/01/39 | 170,000 | 170,000 | 5,200 |
| | | | 2.00% | 10/01/40 | 175,000 | 175,000 | 1,750 |
| | | | | | 2,510,000 | 2,385,000 | 401,450 |
| | | | | | | | |
| Drinking Water State Revolving Fund* | 9/30/2020 | \$ 3,844,750 | 2.00% | 04/01/25 | 150,000 | - | - |
| | | | 2.00% | 04/01/26 | 155,000 | 155,000 | 56,908 |
| Type of debt: state loan | | | 2.00% | 04/01/27 | 155,000 | 155,000 | 53,808 |
| Revenue Pledged: water system net revenues | | | 2.00% | 04/01/28 | 160,000 | 160,000 | 50,708 |
| Forgiveness: 9% | | | 2.00% | 04/01/29 | 165,000 | 165,000 | 47,508 |
| | | | 2.00% | 04/01/30 | 170,000 | 170,000 | 44,208 |
| | | | 2.00% | 04/01/31 | 170,000 | 170,000 | 40,808 |
| | | | 2.00% | 04/01/32 | 175,000 | 175,000 | 37,408 |
| | | | 2.00% | 04/01/33 | 175,000 | 175,000 | 33,908 |
| | | | 2.00% | 04/01/34 | 180,000 | 180,000 | 30,408 |
| | | | 2.00% | 04/01/35 | 180,000 | 180,000 | 26,808 |
| | | | 2.00% | 04/01/36 | 185,000 | 185,000 | 23,208 |
| | | | 2.00% | 04/01/37 | 185,000 | 185,000 | 19,508 |
| | | | 2.00% | 04/01/38 | 190,000 | 190,000 | 15,808 |
| | | | 2.00% | 04/01/39 | 190,000 | 190,000 | 12,008 |
| | | | 2.00% | 04/01/40 | 200,000 | 200,000 | 8,208 |
| | | | 2.00% | 04/01/41 | 210,390 | 210,390 | 4,208 |
| | | | | | 2,995,390 | 2,845,390 | 505,428 |

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

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

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

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

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

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

| | Date of Issue | Amount of Issue | Interest Rate | Date of Maturity | 6/30/2024 | 6/30/2025 | Annual Interest Payable |
|---|-------------------|----------------------|------------------|---------------------|-------------------|-------------------|-------------------------------|
| Governmental Activities Bonds and Loan Payable: | | | | | | | |
| Capital Improvement Refunding Bonds of 2016 | 3/8/2016 | \$ 4,535,000 | 3.00% | 10/01/24 | \$ 320,000 | \$ - | \$ - |
| (\$84,903 unamortized premium) | | | 4.00% | 10/01/25 | 325,000 | 325,000 | 97,100 |
| | | | 4.00% | 10/01/26 | 325,000 | 325,000 | 84,100 |
| Type of debt: limited general obligation bonds | | | 4.00% | 10/01/27 | 325,000 | 325,000 | 71,100 |
| Revenue pledged: general revenues | | | 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 |
| | | | | | 2,910,000 | 2,590,000 | 413,200 |
| Capital Improvement Bonds of 2019 | 10/9/2019 | \$ 19,420,000 | 1.88% | 10/01/24 | 320,000 | - | - |
| Convention Center | | | 1.93% | 10/01/25 | 340,000 | 340,000 | 589,875 |
| (\$106,450 unamortized discount) | | | 2.00% | 10/01/26 | 360,000 | 360,000 | 582,273 |
| | | | 2.10% | 10/01/27 | 380,000 | 380,000 | 573,795 |
| Type of debt: limited general obligation bonds | | | 2.24% | 10/01/28 | 405,000 | 405,000 | 564,429 |
| Revenue Pledged: excise tax on hotel rooms levied by the | | | 2.34% | 10/01/29 | 430,000 | 430,000 | 553,918 |
| County of Muskegon pursuant to Act 263 | | | 2.43% | 10/01/30 | 455,000 | 455,000 | 542,412 |
| | | | 2.60% | 10/01/31 | 480,000 | 480,000 | 530,066 |
| | | | 2.60% | 10/01/32 | 510,000 | 510,000 | 516,544 |
| | | | 2.68% | 10/01/33 | 540,000 | 540,000 | 501,815 |
| | | | 2.78% | 10/01/34 | 570,000 | 570,000 | 485,822 |
| | | | 2.83% | 10/01/35 | 605,000 | 605,000 | 467,399 |
| | | | 2.93% | 10/01/36 | 640,000 | 640,000 | 446,670 |
| | | | 3.30% | 10/01/37 | 680,000 | 680,000 | 424,692 |
| | | | 3.30% | 10/01/38 | 720,000 | 720,000 | 401,382 |
| | | | 3.30% | 10/01/39 | 760,000 | 760,000 | 376,740 |
| | | | 3.30% | 10/01/40 | 800,000 | 800,000 | 350,166 |
| | | | 3.30% | 10/01/41 | 845,000 | 845,000 | 321,543 |
| | | | 3.48% | 10/01/42 | 895,000 | 895,000 | 291,267 |
| | | | 3.48% | 10/01/43 | 940,000 | 940,000 | 259,338 |
| | | | 3.48% | 10/01/44 | 995,000 | 995,000 | 225,669 |
| | | | 3.48% | 10/01/45 | 1,045,000 | 1,045,000 | 189,651 |
| | | | 3.48% | 10/01/46 | 1,105,000 | 1,105,000 | 151,165 |
| | | | 3.58% | 10/01/47 | 1,160,000 | 1,160,000 | 110,622 |
| | | | 3.58% | 10/01/48 | 1,225,000 | 1,225,000 | 67,931 |
| | | | 3.58% | 10/01/49 | 1,285,000 | 1,285,000 | 23,001 |
| | | | | | 18,490,000 | 18,170,000 | 9,548,185 |
| Capital Improvement Bonds of 2020 | 11/12/2020 | \$ 4,325,000 | 4.00% | 10/01/24 | 370,000 | - | - |
| Series 2020A | | | 4.00% | 10/01/25 | 385,000 | 385,000 | 127,200 |
| (\$416,824 unamortized premium) | | | 4.00% | 10/01/26 | 405,000 | 405,000 | 109,375 |
| Type of debt: limited general obligation bonds | | | 5.00% | 10/01/27 | 420,000 | 420,000 | 88,750 |
| Revenue pledged: general revenues | | | 5.00% | 10/01/28 | 445,000 | 445,000 | 67,125 |
| | | | 5.00% | 10/01/29 | 470,000 | 470,000 | 44,250 |
| | | | 5.00% | 10/01/30 | 485,000 | 485,000 | 20,375 |
| | | | 5.00% | 10/01/31 | 30,000 | 30,000 | 7,875 |
| | | | 2.50% | 10/01/32 | 30,000 | 30,000 | 7,125 |
| | | | 2.50% | 10/01/33 | 30,000 | 30,000 | 6,375 |
| | | | 2.50% | 10/01/34 | 30,000 | 30,000 | 5,625 |
| | | | 2.50% | 10/01/35 | 35,000 | 35,000 | 4,813 |
| | | | 2.50% | 10/01/36 | 35,000 | 35,000 | 3,937 |
| | | | 2.50% | 10/01/37 | 35,000 | 35,000 | 3,063 |
| | | | 2.50% | 10/01/38 | 35,000 | 35,000 | 2,187 |
| | | | 2.50% | 10/01/39 | 35,000 | 35,000 | 1,313 |
| | | | 2.50% | 10/01/40 | 35,000 | 35,000 | 437 |
| | | | | | 3,310,000 | 2,940,000 | 499,825 |

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2025

| | Date of Issue | Amount of Issue | Interest Rate | Date of Maturity | 6/30/2024 | 6/30/2025 | Annual Interest Payable |
|--|------------------|--------------------|------------------|---------------------|----------------------|----------------------|-------------------------------|
| Governmental Activities Bonds and Loan Payable—Continued: | | | | | | | |
| Capital Improvement Bonds of 2020 Series 2020B | 11/12/2020 | \$ 2,055,000 | 0.68% | 10/01/24 | \$ 90,000 | \$ - | \$ - |
| | | | 1.35% | 10/01/25 | 90,000 | 90,000 | 42,823 |
| | | | 1.35% | 10/01/26 | 90,000 | 90,000 | 41,608 |
| Type of debt: limited general obligation bonds | | | 1.35% | 10/01/27 | 95,000 | 95,000 | 40,050 |
| Revenue pledged: general revenues | | | 2.00% | 10/01/28 | 95,000 | 95,000 | 38,150 |
| | | | 2.00% | 10/01/29 | 95,000 | 95,000 | 36,250 |
| | | | 2.00% | 10/01/30 | 100,000 | 100,000 | 34,300 |
| | | | 2.00% | 10/01/31 | 100,000 | 100,000 | 32,000 |
| | | | 2.60% | 10/01/32 | 105,000 | 105,000 | 29,335 |
| | | | 2.60% | 10/01/33 | 105,000 | 105,000 | 26,605 |
| | | | 2.60% | 10/01/34 | 110,000 | 110,000 | 23,810 |
| | | | 2.60% | 10/01/35 | 110,000 | 110,000 | 20,950 |
| | | | 3.20% | 10/01/36 | 115,000 | 115,000 | 17,680 |
| | | | 3.20% | 10/01/37 | 120,000 | 120,000 | 13,920 |
| | | | 3.20% | 10/01/38 | 120,000 | 120,000 | 10,080 |
| | | | 3.20% | 10/01/39 | 125,000 | 125,000 | 6,160 |
| | | | 3.20% | 10/01/40 | 130,000 | 130,000 | 2,080 |
| | | | | | <u>1,795,000</u> | <u>1,705,000</u> | <u>415,801</u> |
| | | | | | | | |
| Installment Purchase Agreement of 2021 (fire tower ladder truck) | 9/15/2021 | \$ 1,370,873 | 1.78% | 09/25/24 | 277,860 | - | - |
| | | | 1.78% | 09/25/25 | 282,784 | 282,784 | 3,956 |
| Type of debt: installment purchase agreements | | | 1.78% | 09/25/26 | 71,476 | 71,476 | 210 |
| Revenue pledged: general revenues | | | | | <u>632,120</u> | <u>354,260</u> | <u>4,166</u> |
| | | | | | | | |
| Installment Purchase Agreement of 2023 (fire pumper truck) | 3/20/2023 | \$ 761,603 | 4.40% | 04/20/25 | 147,101 | - | - |
| | | | 4.40% | 04/20/26 | 153,706 | 153,706 | 16,262 |
| Type of debt: installment purchase agreements | | | 4.40% | 04/20/27 | 160,607 | 160,607 | 9,361 |
| Revenue pledged: general revenues | | | 4.40% | 04/20/28 | 125,169 | 125,168 | 2,306 |
| | | | | | <u>586,583</u> | <u>439,481</u> | <u>27,929</u> |
| TOTAL GOVERNMENTAL ACTIVITIES BONDS AND LOANS PAYABLE | | | | | <u>\$ 27,723,703</u> | <u>\$ 26,198,741</u> | <u>\$ 10,909,106</u> |
| | | | | | | | |
| TOTAL PRIMARY GOVERNMENT BONDS AND LOANS PAYABLE | | | | | <u>\$ 43,337,179</u> | <u>\$ 43,103,696</u> | <u>\$ 13,621,538</u> |
| | | | | | | | |
| Discretely Presented Component Unit Bonds and Loans Payable: | | | | | | | |
| Local Development Finance Authority Smartzone Refunding Bonds | 3/20/2012 | \$ 4,100,000 | 3.00% | 11/01/24 | \$ 275,000 | \$ - | \$ - |
| Type of debt: limited general obligation bonds | | | 3.00% | 11/01/25 | 285,000 | 285,000 | 4,275 |
| Revenue pledged: LDFA tax increments, general revenues | | | | | <u>560,000</u> | <u>285,000</u> | <u>4,275</u> |
| | | | | | | | |
| TOTAL DISCRETELY PRESENTED COMPONENT UNIT BONDS AND LOANS PAYABLE | | | | | <u>\$ 560,000</u> | <u>\$ 285,000</u> | <u>\$ 4,275</u> |
| | | | | | | | |
| TOTAL REPORTING ENTITY BONDS AND LOANS PAYABLE | | | | | <u>\$ 43,897,179</u> | <u>\$ 43,388,696</u> | <u>\$ 13,625,813</u> |

Statistical Section

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

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| Financial Trends | |
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| These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. | 134 |
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| Revenue Capacity | |
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| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments. | 150 |
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| Operating Information | |
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| | |
|--|-----|
| These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs. | 152 |
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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

City of Muskegon

NET POSITION BY COMPONENT

Last Ten Fiscal Years

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

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

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

City of Muskegon

CHANGES IN NET POSITION

Last Ten Fiscal Years

| | 2016 | 2017 | 2018 (a) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Public representation | 663,077 | 679,139 | 507,275 | 800,887 | 982,981 | 826,344 | 913,923 | 1,094,528 | 1,036,809 | 2,229,559 |
| Administrative services | 2,331,236 | 2,483,519 | 1,995,426 | 2,700,775 | 3,007,018 | 5,037,787 | 5,473,498 | 6,145,566 | 5,792,181 | 7,277,240 |
| Financial services | 17,118,742 | 16,910,473 | 12,404,126 | 20,433,642 | 25,982,246 | 18,249,379 | 13,387,379 | 18,908,078 | 16,242,732 | 19,533,090 |
| Public safety | 3,109,454 | 3,551,230 | 3,471,618 | 4,438,358 | 4,581,526 | 4,025,982 | 4,687,660 | 4,561,496 | 4,677,404 | 4,521,567 |
| Highways, streets and bridges | 7,251,882 | 6,996,540 | 6,917,260 | 7,185,642 | 7,593,019 | 6,862,862 | 7,308,858 | 7,480,486 | 7,755,393 | 8,014,545 |
| Community and economic development | 5,223,431 | 3,738,566 | 5,015,160 | 2,890,216 | 5,359,282 | 4,999,907 | 9,857,082 | 13,217,161 | 11,004,354 | 10,279,121 |
| Culture and recreation | 3,551,692 | 3,918,814 | 3,994,582 | 4,541,739 | 5,289,578 | 4,507,120 | 6,588,542 | 7,869,866 | 8,150,578 | 9,367,878 |
| General administration | 326,452 | 301,287 | 376,112 | 302,982 | 389,863 | 404,303 | 511,323 | 977,506 | 701,800 | 741,633 |
| Interest on long-term debt | 248,223 | 172,591 | 165,023 | 151,304 | 732,065 | 1,112,166 | 881,204 | 866,450 | 860,809 | 822,630 |
| Total Governmental Activities Expenses | 40,931,740 | 39,866,056 | 36,194,200 | 44,781,159 | 55,378,657 | 47,631,260 | 51,324,518 | 63,099,130 | 58,944,667 | 69,846,174 |
| Business-type Activities | | | | | | | | | | |
| Water | 6,750,826 | 7,206,564 | 7,090,770 | 7,752,703 | 8,437,882 | 8,612,574 | 9,261,276 | 10,758,625 | 10,434,898 | 10,974,288 |
| Sewer | 8,669,469 | 8,876,690 | 8,093,752 | 9,119,941 | 9,902,515 | 8,084,729 | 8,153,673 | 8,608,922 | 8,982,844 | 9,826,124 |
| Marina and launch ramp | 327,852 | 336,912 | 377,614 | 430,431 | 529,007 | 515,023 | 461,504 | 490,079 | 530,454 | 529,290 |
| Total Business-type Activities Expenses | 15,748,127 | 16,420,166 | 15,562,136 | 17,303,075 | 18,869,384 | 17,212,328 | 17,876,453 | 19,857,626 | 19,948,196 | 21,329,702 |
| Total Primary Government Expenses | 56,679,867 | 56,286,222 | 51,756,336 | 62,084,234 | 74,248,041 | 64,843,588 | 69,200,971 | 82,956,756 | 78,892,863 | 85,175,876 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Services | 226,559 | 228,767 | 232,736 | 250,931 | 253,511 | 280,395 | 324,314 | 367,723 | 408,586 | 616,319 |
| Public representation | 474,737 | 572,739 | 539,178 | 604,290 | 538,791 | 504,281 | 715,421 | 697,070 | 804,969 | 879,387 |
| Administrative services | 925,474 | 895,924 | 903,322 | 921,748 | 913,968 | 988,501 | 1,065,220 | 1,129,918 | 1,122,315 | 1,283,524 |
| Financial services | 1,248,911 | 1,824,114 | 2,794,347 | 2,292,158 | 2,290,640 | 2,207,986 | 2,680,675 | 3,270,826 | 2,831,835 | 3,436,090 |
| Public safety | 379,877 | 646,876 | 743,110 | 691,312 | 835,149 | 828,098 | 854,793 | 1,361,232 | 1,311,829 | 1,186,343 |
| Highways, streets and bridges | 234,861 | 256,190 | 188,248 | 191,683 | 193,287 | 187,478 | 522,779 | 243,319 | 278,573 | 280,351 |
| Community and economic development | 444,632 | 706,195 | 348,933 | 786,120 | 769,860 | 912,247 | 498,766 | 609,408 | 349,316 | 365,298 |
| Culture and recreation | 1,229,067 | 1,463,839 | 1,651,304 | 1,853,547 | 2,124,968 | 1,976,029 | 4,389,524 | 3,624,178 | 3,666,818 | 4,008,264 |
| General administration | 52,512 | 37,892 | 38,549 | 40,400 | 59,537 | 65,592 | 76,182 | 89,072 | 167,316 | 127,021 |
| Operating grants and contributions | 5,330,825 | 5,208,818 | 6,478,526 | 6,892,530 | 7,398,202 | 9,839,245 | 11,024,058 | 12,340,614 | 11,468,301 | 12,017,238 |
| Capital grants and contributions | 3,804,656 | 862,074 | 2,305,620 | 4,015,097 | 4,064,216 | 2,901,176 | 2,815,119 | 3,801,190 | 5,345,394 | 8,201,626 |
| Total Governmental Program Revenues | 14,352,111 | 12,703,428 | 16,223,873 | 18,540,016 | 19,442,109 | 20,691,038 | 24,986,851 | 27,534,550 | 27,755,252 | 32,411,451 |
| Business-type Activities | | | | | | | | | | |
| Water | 7,485,013 | 7,430,314 | 7,445,669 | 7,946,983 | 8,316,552 | 8,752,570 | 8,903,549 | 10,311,141 | 10,327,739 | 11,435,975 |
| Sewer | 6,305,554 | 7,620,208 | 8,217,497 | 8,098,828 | 8,397,838 | 9,298,156 | 10,298,642 | 10,177,369 | 10,494,925 | 10,548,439 |
| Marina and launch ramp | 287,547 | 278,753 | 325,917 | 298,312 | 74,659 | 178,706 | 292,416 | 329,518 | 316,603 | 329,803 |
| Operating grants and contributions | - | 2,436 | 42,531 | 510,533 | 94,462 | - | 103,208 | 427,075 | 129,989 | 105,686 |
| Capital grants and contributions | 765,363 | 784,969 | - | - | - | 10,354,544 | - | 2,289,819 | 5,516,827 | 3,055,637 |
| Total Business-type program revenues | 14,843,477 | 16,116,680 | 16,031,614 | 16,854,656 | 16,883,511 | 28,983,976 | 19,597,815 | 23,534,922 | 26,786,083 | 25,475,540 |
| Total Primary Government program revenues | 29,195,588 | 28,820,108 | 32,255,487 | 35,394,672 | 36,325,620 | 49,275,014 | 44,584,666 | 51,069,472 | 54,541,335 | 57,886,991 |
| NET (EXPENSE) REVENUE | | | | | | | | | | |
| Governmental Activities | (26,579,629) | (27,162,628) | (19,970,327) | (26,241,143) | (35,936,548) | (26,940,222) | (26,337,667) | (35,564,580) | (31,189,415) | (31,434,723) |
| Business-type Activities | (904,650) | (303,486) | 469,478 | (448,419) | (1,985,873) | 11,371,648 | 1,721,362 | 3,677,296 | 6,637,887 | 4,145,838 |
| Total Primary Government net expense | (27,484,279) | (27,466,114) | (19,500,849) | (26,689,562) | (37,922,421) | (15,568,574) | (24,616,305) | (31,887,284) | (24,351,528) | (27,288,885) |

City of Muskegon

CHANGES IN NET POSITION

Last Ten Fiscal Years

| | 2016 | 2017 | 2018 (a) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------------------|-----------------------|---------------------|-----------------------|------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Property taxes | \$ 8,366,212 | \$ 8,389,243 | \$ 8,450,103 | \$ 8,230,573 | \$ 8,486,886 | \$ 8,813,155 | \$ 9,182,184 | \$ 10,259,863 | \$ 11,016,837 | \$ 11,767,911 |
| Income taxes | 8,386,775 | 8,707,279 | 8,995,284 | 8,939,887 | 9,437,451 | 9,609,218 | 10,020,370 | 12,196,364 | 12,767,289 | 13,464,269 |
| Franchise fees | 372,117 | 378,955 | 368,495 | 380,343 | 361,405 | 374,219 | 369,420 | 349,044 | 312,085 | 266,262 |
| Grants and contributions not restricted for specific programs | 4,051,050 | 4,630,111 | 4,955,168 | 5,102,602 | 5,276,036 | 6,427,138 | 15,303,423 | 13,188,368 | 6,342,222 | 6,256,126 |
| Unrestricted investment earnings | 189,408 | 106,653 | 92,771 | 546,533 | 568,408 | 229,177 | (644,067) | 765,542 | 1,680,189 | 1,762,158 |
| Miscellaneous | 626,014 | 512,738 | 545,536 | 550,381 | 577,677 | 370,268 | 918,179 | 688,390 | 738,714 | 736,819 |
| Gain on sale of capital asset | 99,031 | 844,062 | 712,415 | 1,333,414 | 317 | 2,641,064 | 1,122,888 | 2,724,195 | 3,281,710 | 2,627,712 |
| Transfers | - | - | - | - | - | (35,000) | 35,000 | (1,341,313) | (729,901) | (300,000) |
| Total Governmental Program Revenues | 22,090,607 | 23,569,041 | 24,119,782 | 25,083,733 | 24,688,180 | 28,429,239 | 36,307,397 | 38,810,453 | 35,409,145 | 36,581,257 |
| Business-type Activities | | | | | | | | | | |
| Unrestricted investment earnings | 25,688 | 25,277 | 28,550 | 24,063 | 9,181 | 9,918 | 23,856 | 27,463 | 40,340 | 122,604 |
| Transfers | - | - | - | - | - | 35,000 | (35,000) | 1,341,313 | 729,901 | 300,000 |
| Total Business-type program revenues | 25,688 | 25,277 | 28,550 | 24,063 | 9,181 | 44,918 | (11,144) | 1,368,776 | 770,241 | 422,604 |
| Total Primary Government program revenues | 22,116,295 | 23,594,318 | 24,148,332 | 25,107,796 | 24,697,361 | 28,474,157 | 36,296,253 | 40,179,229 | 36,179,386 | 37,003,861 |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental Activities | (4,489,022) | (3,593,587) | 4,149,455 | (1,157,410) | (11,248,368) | 1,489,017 | 9,969,730 | 3,245,873 | 4,219,730 | 5,146,534 |
| Business-type Activities | (878,962) | (278,209) | 498,028 | (424,356) | (1,976,692) | 11,416,566 | 1,710,218 | 5,046,072 | 7,608,128 | 4,568,442 |
| Total Primary Government | \$ (5,367,984) | \$ (3,871,796) | \$ 4,647,483 | \$ (1,581,766) | \$ (13,225,060) | \$ 12,905,583 | \$ 11,679,948 | \$ 8,291,945 | \$ 11,827,858 | \$ 9,714,976 |

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

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

City of Muskegon

FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

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

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

City of Muskegon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

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

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

City of Muskegon

GOVERNMENTAL FUNDS REVENUES BY SOURCE

Last Ten Fiscal Years

| Fiscal Year | Property Tax | % of Total | Income Tax | % of Total | Intergovernmental | % of Total | Charges for Service | % of Total | Licenses and Permits | % of Total | Fines and Fees | % of Total | Interest and Rent | % of Total | Other | % of Total | Total | % Change |
|-------------|--------------|------------|--------------|------------|-------------------|------------|---------------------|------------|----------------------|------------|----------------|------------|-------------------|------------|--------------|------------|---------------|----------|
| 2016 | \$ 8,026,859 | 22.8% | \$ 8,151,902 | 23.1% | \$ 11,711,788 | 33.2% | \$ 3,468,938 | 9.8% | \$ 1,443,144 | 4.1% | \$ 459,181 | 1.3% | \$ 455,671 | 1.3% | \$ 1,510,962 | 4.3% | \$ 35,228,445 | 1.8% |
| 2017 | 8,056,460 | 22.8% | 8,610,812 | 24.4% | 10,743,434 | 30.4% | 3,918,217 | 11.1% | 1,884,341 | 5.3% | 494,369 | 1.4% | 290,578 | 0.8% | 1,335,838 | 3.8% | 35,334,049 | 0.3% |
| 2018 | 8,118,381 | 20.4% | 8,758,674 | 22.0% | 13,488,014 | 33.9% | 4,229,797 | 10.6% | 2,965,599 | 7.4% | 457,172 | 1.1% | 212,069 | 0.5% | 1,616,368 | 4.1% | 39,846,074 | 12.8% |
| 2019 | 7,890,357 | 18.7% | 8,691,673 | 20.6% | 15,776,333 | 37.5% | 4,430,419 | 10.5% | 2,452,807 | 5.8% | 488,578 | 1.2% | 757,911 | 1.8% | 1,613,477 | 3.8% | 42,101,555 | 5.7% |
| 2020 | 8,116,143 | 18.3% | 9,137,714 | 20.6% | 16,777,402 | 37.8% | 4,563,652 | 10.3% | 2,420,604 | 5.5% | 412,575 | 0.9% | 742,567 | 1.7% | 2,169,260 | 4.9% | 44,339,917 | 5.3% |
| 2021 | 8,443,832 | 18.2% | 9,256,826 | 19.9% | 18,131,093 | 39.0% | 4,898,325 | 10.5% | 2,246,375 | 4.8% | 594,813 | 1.3% | 477,559 | 1.0% | 2,426,526 | 5.2% | 46,475,349 | 4.8% |
| 2022 | 8,793,023 | 14.6% | 10,002,623 | 16.6% | 28,487,691 | 47.1% | 7,744,999 | 12.8% | 2,306,048 | 3.8% | 582,633 | 1.0% | 35,018 | 0.1% | 2,475,483 | 4.1% | 60,427,518 | 30.0% |
| 2023 | 9,847,883 | 15.2% | 11,957,105 | 18.4% | 28,639,074 | 44.4% | 7,202,418 | 11.1% | 3,074,012 | 4.7% | 604,038 | 0.9% | 1,233,994 | 1.9% | 2,151,855 | 3.3% | 64,910,379 | 7.4% |
| 2024 | 10,571,737 | 17.5% | 12,243,618 | 20.2% | 22,496,498 | 37.2% | 7,727,578 | 12.8% | 2,539,771 | 4.2% | 638,766 | 1.1% | 2,106,429 | 3.5% | 2,148,255 | 3.6% | 60,472,652 | -6.8% |
| 2025 | 11,287,537 | 16.9% | 13,024,301 | 19.6% | 26,064,079 | 39.1% | 8,367,517 | 12.6% | 2,971,755 | 4.5% | 736,879 | 1.1% | 2,075,395 | 3.1% | 2,070,417 | 3.1% | 66,597,880 | 10.1% |

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

Taxable, Assessed and Equalized Actual Valuation of Property

Last Ten Fiscal Years

Taxable Valuation of Property

| Year | Ad Valorem Assessment Roll | | | | | Industrial and Commercial Facilities Assessment Roll | | | | | Total City Millage | Taxable Value As a Percent Actual | | |
|------|----------------------------|-------------|----------------|---------------|---------------------|--|------------------|--------------------------|------------------------------|--------------------------|--------------------|-----------------------------------|-------------------|--------|
| | Residential | Agriculture | Commercial | Industrial | Total Real Property | Personal Property | Total Ad Valorem | Industrial Real Property | Industrial Personal Property | Commercial Real Property | | | Total IFT and CFT | |
| 2015 | \$ 314,055,244 | \$ - | \$ 116,448,947 | \$ 54,898,389 | \$ 485,402,580 | \$ 95,098,912 | \$ 580,501,492 | \$ 3,149,352 | \$ 7,772,000 | \$ - | 10,921,352 | \$ 591,422,844 | 13.0869 | 95.28% |
| 2016 | 314,299,363 | - | 114,855,236 | 50,232,295 | 479,386,894 | 74,155,243 | 553,542,137 | 3,628,098 | 5,690,600 | - | 9,318,698 | 562,860,835 | 13.0905 | 93.60% |
| 2017 | 319,768,625 | - | 113,497,599 | 50,381,292 | 483,647,516 | 67,760,237 | 551,407,753 | 3,692,357 | 4,627,400 | - | 8,319,757 | 559,727,510 | 13.0908 | 91.38% |
| 2018 | 331,347,976 | - | 113,370,852 | 48,272,032 | 492,990,860 | 65,728,440 | 558,719,300 | 3,990,263 | 3,739,800 | - | 7,730,063 | 566,449,363 | 13.0899 | 89.69% |
| 2019 | 346,233,797 | - | 120,836,165 | 48,156,907 | 515,226,669 | 61,993,800 | 577,220,469 | 6,591,033 | 3,146,800 | - | 9,707,833 | 586,928,502 | 13.0865 | 87.60% |
| 2020 | 362,796,641 | - | 125,649,743 | 48,231,815 | 536,678,199 | 67,398,400 | 604,076,599 | 14,874,922 | 2,612,700 | - | 17,487,622 | 621,564,221 | 13.0865 | 83.40% |
| 2021 | 411,808,285 | - | 143,992,198 | 609,500,859 | 73,874,500 | 683,375,359 | 15,756,956 | 1,312,300 | 17,069,256 | - | 17,069,256 | 700,444,615 | 12.9722 | 76.41% |
| 2022 | 409,432,249 | - | 142,894,033 | 53,700,376 | 606,026,658 | 73,772,100 | 679,798,758 | 15,713,408 | 1,575,400 | - | 17,288,808 | 696,087,566 | 12.7971 | 75.94% |
| 2023 | 452,941,194 | - | 154,077,304 | 664,674,394 | 74,071,500 | 738,745,894 | 16,333,392 | 726,600 | 726,600 | - | 17,059,992 | 755,805,886 | 12.7918 | 68.68% |
| 2024 | 513,957,286 | - | 176,568,760 | 58,982,743 | 749,508,789 | 74,263,800 | 823,772,589 | 17,986,604 | - | - | 17,986,604 | 841,368,084 | 12.5570 | 65.13% |

Assessed and Equalized Valuation of Property

| Year | Ad Valorem Assessment Roll | | | | | Industrial and Commercial Facilities Assessment Roll | | | | | Total Assessed Valuation | Estimated Actual Value | |
|------|----------------------------|-------------|----------------|---------------|---------------------|--|------------------|--------------------------|------------------------------|--------------------------|--------------------------|------------------------|-------------------|
| | Residential | Agriculture | Commercial | Industrial | Total Real Property | Personal Property | Total Ad Valorem | Industrial Real Property | Industrial Personal Property | Commercial Real Property | | | Total IFT and CFT |
| 2015 | \$ 335,445,400 | \$ - | \$ 122,235,800 | \$ 57,024,100 | \$ 514,705,300 | \$ 95,084,900 | \$ 609,790,200 | \$ 3,149,800 | \$ 7,772,000 | \$ - | 10,921,800 | \$ 620,712,000 | \$ 1,241,424,000 |
| 2016 | 342,767,600 | - | 122,574,300 | 52,323,600 | 517,665,500 | 74,140,100 | 591,805,600 | 3,851,200 | 5,690,600 | - | 9,541,800 | 601,347,400 | 1,202,694,800 |
| 2017 | 363,318,800 | - | 120,567,210 | 52,278,900 | 536,164,910 | 67,745,200 | 603,930,110 | 3,957,900 | 4,639,600 | - | 8,597,500 | 612,527,610 | 1,225,056,220 |
| 2018 | 382,994,200 | - | 124,938,600 | 50,130,470 | 558,063,270 | 65,713,100 | 623,776,370 | 4,017,100 | 3,739,800 | - | 7,756,900 | 631,533,270 | 1,263,066,540 |
| 2019 | 409,745,000 | - | 135,884,102 | 51,070,400 | 596,699,502 | 61,981,500 | 658,681,002 | 6,649,100 | 3,146,800 | - | 9,795,900 | 668,476,902 | 1,336,953,804 |
| 2020 | 461,026,400 | - | 146,950,200 | 52,388,900 | 660,365,500 | 67,388,800 | 727,754,300 | 14,929,600 | 2,612,700 | - | 17,542,300 | 745,296,600 | 1,490,593,200 |
| 2021 | 580,236,600 | - | 186,202,700 | 58,746,100 | 825,185,400 | 73,866,200 | 899,051,600 | 16,273,300 | 1,312,300 | - | 17,585,600 | 916,637,200 | 1,833,274,400 |
| 2022 | 576,926,300 | - | 185,097,800 | 64,048,400 | 826,072,500 | 73,763,800 | 899,836,300 | 16,227,500 | 1,575,400 | - | 17,802,900 | 912,336,900 | 1,824,673,800 |
| 2023 | 729,954,400 | - | 214,005,200 | 64,048,400 | 1,008,008,000 | 74,063,900 | 1,082,071,900 | 17,654,200 | 726,600 | - | 18,380,800 | 1,100,452,700 | 2,200,905,400 |
| 2024 | 866,299,800 | - | 236,503,600 | 69,983,000 | 1,196,796,400 | 74,241,500 | 1,271,037,900 | 20,816,900 | - | - | 20,816,900 | 1,291,854,600 | 2,563,709,200 |

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

City of Muskegon

Principal Property Taxpayers

Current Year and Ten Years Ago

| Taxpayer | 6/30/2025 | | | 6/30/2016 | | |
|-------------------------------------|-----------------------|------|------------------------------------|-----------------------|------|------------------------------------|
| | Taxable Valuation | Rank | Percent of Total Taxable Valuation | Taxable Valuation | Rank | Percent of Total Taxable Valuation |
| Consumers Energy | \$ 23,624,041 | 1 | 2.8% | \$ 32,085,934 | 1 | 5.6% |
| DTE Gas Company | 15,718,842 | 2 | 1.9% | 6,989,800 | 2 | 1.2% |
| James Street Capital Holdings | 11,984,631 | 3 | 1.4% | 6,240,000 | 4 | 1.1% |
| Muskegon SC Holdings LLC | 9,451,134 | 4 | 1.1% | 6,550,900 | 3 | 1.1% |
| Michigan Electrical Transmission Co | 5,526,900 | 5 | 0.7% | 4,790,700 | 5 | 0.8% |
| West Urban Properties | 4,636,073 | 6 | 0.6% | 4,595,700 | 6 | 0.8% |
| B & S Holding LLC | 4,511,100 | 7 | 0.5% | 4,260,600 | 7 | 0.7% |
| Glen Oaks Apartments | 4,032,170 | 8 | 0.5% | 3,942,791 | 8 | 0.7% |
| Verplank Port Facility LLC | 3,919,700 | 9 | 0.5% | 3,906,313 | 9 | 0.7% |
| OHAT-1 LLC/OHAT-2 LLC | 3,417,795 | 10 | 0.4% | 3,665,660 | 10 | 0.6% |
| Total - 10 Largest | 86,822,386 | | 10.32% | 77,028,398 | | 13.36% |
| Total - All Other | 754,565,698 | | 89.68% | 499,469,809 | | 86.64% |
| | \$ 841,388,084 | | 100.0% | \$ 576,498,207 | | 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 |
| 2015 | 10.0000 | 0.0869 | 3.0000 | 13.0869 | 2.4000 | 0.5611 |
| 2016 | 10.0000 | 0.0905 | 3.0000 | 13.0905 | 2.4000 | 0.4962 |
| 2017 | 10.0000 | 0.0908 | 3.0000 | 13.0908 | 2.4000 | 0.4999 |
| 2018 | 10.0000 | 0.0899 | 3.0000 | 13.0899 | 2.4000 | 0.4866 |
| 2019 | 10.0000 | 0.0865 | 3.0000 | 13.0865 | 2.4000 | 0.4522 |
| 2020 | 9.9930 | 0.0824 | 2.9979 | 13.0733 | 2.3997 | 0.4532 |
| 2021 | 9.9180 | 0.0788 | 2.9754 | 12.9722 | 2.3821 | 0.4351 |
| 2022 | 9.7880 | 0.0727 | 2.9364 | 12.7971 | 2.3516 | 0.4999 |
| 2023 | 9.7880 | 0.0674 | 2.9364 | 12.7918 | 2.3516 | 0.4999 |
| 2024 | 9.6127 | 0.0605 | 2.8838 | 12.5570 | 2.3097 | 0.2500 |

Overlapping - County-Wide Rates

| Year | Muskegon County | Intermediate School | Special Education | Vocational Education | Community College | MAISD Gen Ed | Community College Debt |
|------|-----------------|---------------------|-------------------|----------------------|-------------------|--------------|------------------------|
| 2015 | 6.6357 | 0.4597 | 2.2987 | 0.9996 | 2.2037 | 1.0000 | 0.3400 |
| 2016 | 6.8957 | 0.4597 | 2.2987 | 0.9996 | 2.2037 | 1.0000 | 0.3400 |
| 2017 | 6.8957 | 0.4597 | 2.2987 | 0.9996 | 2.2037 | 1.0000 | 0.3400 |
| 2018 | 6.8957 | 0.4597 | 2.2987 | 0.9996 | 2.2037 | 1.0000 | 0.3400 |
| 2019 | 6.8957 | 0.4597 | 2.2987 | 0.9996 | 2.2037 | 1.0000 | 0.3400 |
| 2020 | 6.8947 | 0.4593 | 2.2968 | 0.9988 | 2.2034 | 0.9992 | 0.3400 |
| 2021 | 6.8490 | 0.4562 | 2.2815 | 0.9922 | 2.1888 | 0.9926 | 0.3400 |
| 2022 | 6.7878 | 0.4518 | 2.2597 | 0.9827 | 2.1693 | 0.9831 | 0.3400 |
| 2023 | 6.7878 | 0.4518 | 2.2597 | 0.9827 | 2.1693 | 0.9831 | 0.2700 |
| 2024 | 6.7319 | 0.4480 | 2.2408 | 0.9745 | 2.1515 | 0.9749 | 0.2250 |

Overlapping - School District

Grand Total

| Year | Operating | Debt | Total | State Education | Homestead | Non-Homestead |
|------|-----------|--------|---------|-----------------|-----------|---------------|
| 2015 | 18.0000 | 6.8000 | 24.8000 | 6.0000 | 42.7854 | 60.7854 |
| 2016 | 18.0000 | 6.3500 | 24.3500 | 6.0000 | 42.5341 | 60.5341 |
| 2017 | 18.0000 | 7.6800 | 25.6800 | 6.0000 | 43.8681 | 61.8681 |
| 2018 | 18.0000 | 8.3600 | 26.3600 | 6.0000 | 44.5339 | 62.5339 |
| 2019 | 18.0000 | 8.3600 | 26.3600 | 6.0000 | 44.4961 | 62.4961 |
| 2020 | 17.9838 | 8.3581 | 26.3419 | 6.0000 | 44.4765 | 62.4603 |
| 2021 | 17.7518 | 9.3467 | 27.0985 | 6.0000 | 45.2364 | 62.9882 |
| 2022 | 17.3754 | 8.9712 | 26.3466 | 6.0000 | 44.5942 | 61.9696 |
| 2023 | 18.0000 | 8.7212 | 26.7212 | 6.0000 | 44.2689 | 62.2689 |
| 2024 | 18.0000 | 8.4519 | 26.4519 | 6.0000 | 43.3152 | 61.3152 |

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

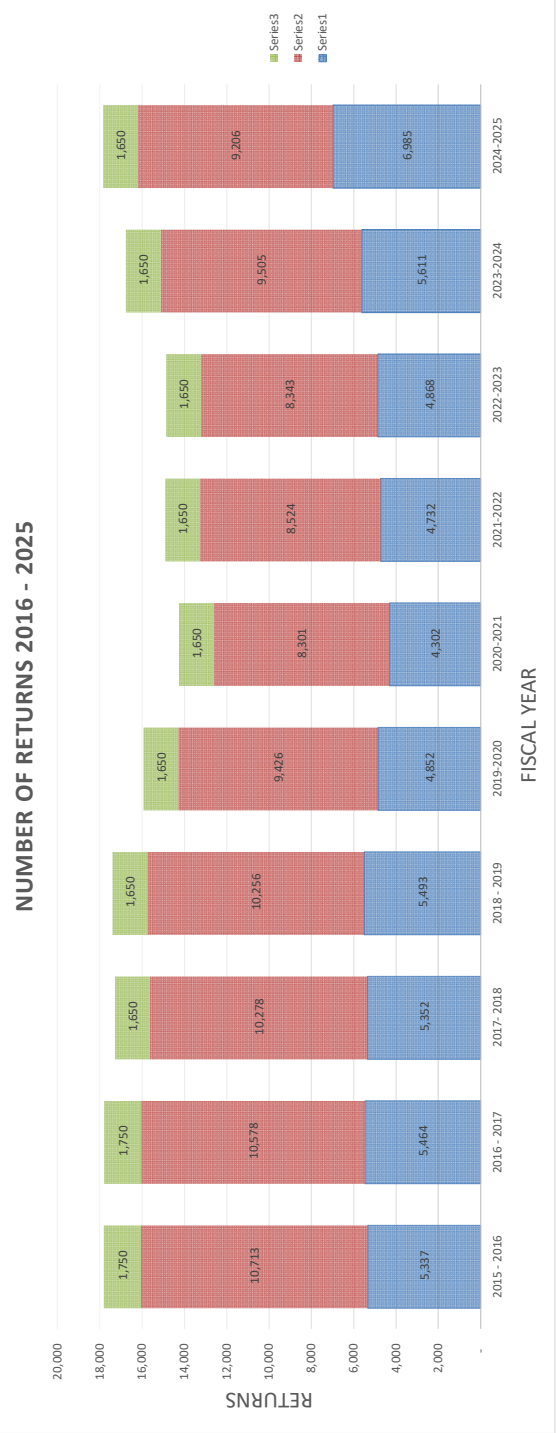
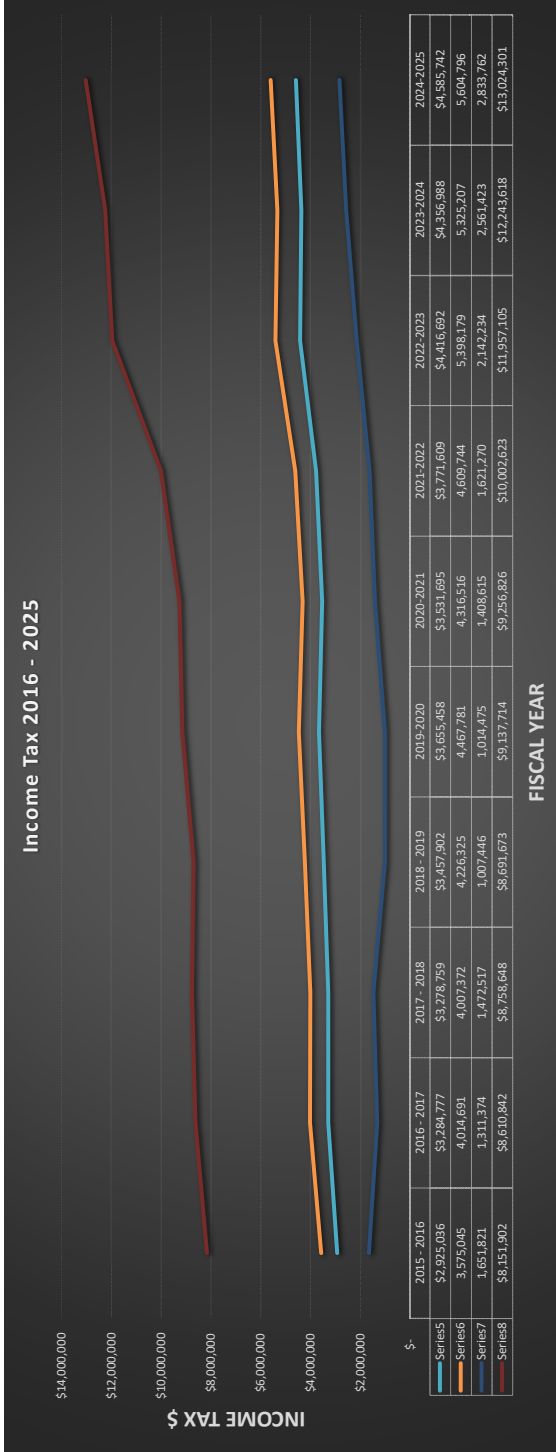
| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent Of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Tax Collections as % of Levy | Charge backs | | | Outstanding Delinquent Personal | Outstanding Delinquent Specific | Percent of Delinquent Taxes to Levy |
|-------------|----------------|-------------------------|---------------------------|----------------------------|-----------------------|------------------------------------|---------------------------------|------------------|------------------|---------------------------------|---------------------------------|-------------------------------------|
| | | | | | | | On Uncollected Delinquent Taxes | Delinquent Taxes | Delinquent Taxes | | | |
| 2015 | \$ 8,132,782 | \$ 7,247,701 | 89.1% | \$ 848,266 | \$ 8,095,967 | 99.5% | \$ 62,345 | \$ 33,407 | \$ 1,862 | 1.20% | | |
| 2016 | 7,719,829 | 6,828,816 | 88.5% | 853,639 | 7,682,455 | 99.5% | 42,063 | 23,671 | 1,365 | 0.87% | | |
| 2017 | 7,633,290 | 6,776,856 | 88.8% | 795,164 | 7,572,020 | 99.2% | 51,584 | 43,665 | 11,728 | 1.40% | | |
| 2018 | 9,545,232 | 8,631,502 | 90.4% | 839,208 | 9,470,710 | 99.2% | - | 53,873 | 13,529 | 0.71% | | |
| 2019 | 9,737,757 | 8,873,258 | 91.1% | 821,601 | 9,694,859 | 99.6% | - | 20,987 | 15,355 | 0.37% | | |
| 2020 | 9,943,231 | 9,114,832 | 91.7% | 749,195 | 9,864,027 | 99.2% | - | 35,111 | 31,560 | 0.67% | | |
| 2021 | 9,987,802 | 9,121,784 | 91.3% | 637,083 | 9,758,867 | 97.7% | - | 19,026 | 41,200 | 0.60% | | |
| 2022 | 11,061,640 | 9,944,396 | 89.9% | 904,123 | 10,848,519 | 98.1% | - | 49,489 | 96,863 | 1.32% | | |
| 2023 | 12,049,276 | 10,910,234 | 90.5% | 991,862 | 11,902,096 | 98.8% | - | 95,007 | 36,291 | 1.09% | | |
| 2024 | 13,502,220 | 12,289,838 | 91.0% | 1,110,449 | 13,400,287 | 99.2% | - | 67,432 | 32,935 | 0.74% | | |

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

TOTAL INCOME TAX COLLECTED AND NUMBER OF RETURNS FILED - GRAPHICAL

Last Ten Fiscal Years



City of Muskegon

TOTAL INCOME TAX COLLECTED AND NUMBER OF RETURNS FILED - DATA

Last Ten Fiscal Years

Income Tax 2016 - 2025

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

Number of Returns 2016-2025

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

City of Muskegon

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Year | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Per Capita |
|------|--------------------------------------|---------------------------------|-------------|-------------------------------|--------------------------|--------------|--------------------------------|--------------------------|--------------------------|------------|
| | General Obligation Limited Tax Bonds | Installment Purchase Agreements | State Loans | Total Governmental Activities | Revenue Bonds | State Loans | Total Business-Type Activities | Total Primary Government | | |
| 2016 | \$ 6,243,903 | \$ - | \$ 76,509 | \$ 6,320,412 | \$ 2,246,962 | \$ 7,675,000 | \$ 9,921,962 | \$ 16,242,374 | \$ 436 | |
| 2017 | 5,940,903 | - | 57,946 | 5,998,849 | 1,523,661 | 6,980,000 | 8,503,661 | 14,502,510 | 378 | |
| 2018 | 5,633,903 | - | 39,012 | 5,672,915 | 774,614 | 6,270,000 | 7,044,614 | 12,717,529 | 331 | |
| 2019 | 5,322,903 | - | 19,699 | 5,342,602 | - | 5,545,000 | 5,545,000 | 10,887,602 | 284 | |
| 2020 | 24,059,753 | 2,123,804 | - | 26,183,557 | - | 6,607,956 | 6,607,956 | 32,791,513 | 854 | |
| 2021 | 30,496,677 | - | - | 30,496,677 | - | 9,056,453 | 9,056,453 | 39,553,130 | 1,051 | |
| 2022 | 29,229,777 | 1,173,411 | - | 30,403,188 | - | 14,374,715 | 14,374,715 | 44,777,903 | 1,192 | |
| 2023 | 28,147,477 | 1,632,505 | - | 29,779,982 | - | 14,147,090 | 14,147,090 | 43,927,072 | 1,170 | |
| 2024 | 26,994,177 | 1,218,703 | - | 28,212,880 | - | 15,613,476 | 15,613,476 | 43,826,356 | 1,167 | |
| 2025 | 25,800,277 | 793,741 | - | 26,594,018 | - | 16,904,955 | 16,904,955 | 43,498,973 | 1,166 | |

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

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

City of Muskegon

DIRECT AND OVERLAPPING DEBT

June 30, 2025

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

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

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

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

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

City of Muskegon

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

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

Legal Debt Margin Calculation for 2025:

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

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

City of Muskegon
REVENUE BOND COVERAGE

Last Ten Fiscal Years

Water Supply System

| Fiscal Year | Gross Revenue (a) | Direct Operating Expenses (b) | Net Revenue Available For Debt Service | Debt Service Requirements | | | Revenue Bond Coverage Ratio |
|-------------|-------------------|-------------------------------|--|---------------------------|------------|--------------|-----------------------------|
| | | | | Principal | Interest | Total | |
| 2016 | \$ 7,498,376 | \$ 4,460,076 | \$ 3,038,300 | \$ 1,370,000 | \$ 283,360 | \$ 1,653,360 | 1.84 |
| 2017 | 7,449,646 | 4,997,912 | 2,451,734 | 1,405,000 | 246,434 | 1,651,434 | 1.48 |
| 2018 | 7,507,323 | 4,949,807 | 2,557,516 | 1,450,000 | 203,106 | 1,653,106 | 1.55 |
| 2019 | 8,472,413 | 5,672,522 | 2,799,891 | 1,495,000 | 158,260 | 1,653,260 | 1.69 |
| 2020 | 8,417,771 | 6,374,033 | 2,043,738 | 745,000 | 109,916 | 854,916 | 2.39 |
| 2021 | 8,762,308 | 6,481,996 | 2,280,312 | 760,000 | 107,860 | 867,860 | 2.63 |
| 2022 | 9,026,192 | 7,255,731 | 1,770,461 | 994,750 | 146,568 | 1,141,318 | 1.55 |
| 2023 | 10,752,667 | 8,581,636 | 2,171,031 | 1,020,000 | 157,421 | 1,177,421 | 1.84 |
| 2024 | 10,477,251 | 8,286,595 | 2,190,656 | 1,030,000 | 162,364 | 1,192,364 | 1.84 |
| 2025 | 11,633,100 | 8,761,522 | 2,871,578 | 1,093,130 | 131,286 | 1,224,416 | 2.35 |

Sewage Disposal System

| Fiscal Year | Gross Revenue (a) | Direct Operating Expenses (b) | Net Revenue Available For Debt Service | Debt Service Requirements | | | Revenue Bond Coverage Ratio |
|-------------|-------------------|-------------------------------|--|-------------------------------|----------|---------|-----------------------------|
| | | | | Principal | Interest | Total | |
| 2016 | | | | No Direct System Indebtedness | | | |
| 2017 | | | | No Direct System Indebtedness | | | |
| 2018 | | | | No Direct System Indebtedness | | | |
| 2019 | | | | No Direct System Indebtedness | | | |
| 2020 | \$ 8,399,047 | \$ 9,307,397 | \$ (908,350) | \$ - | \$ - | \$ - | - |
| 2021 | 9,298,294 | 7,481,042 | 1,817,252 | - | 3,151 | 3,151 | 576.72 |
| 2022 | 10,303,063 | 7,502,182 | 2,800,881 | 272,000 | 84,439 | 356,439 | 7.86 |
| 2023 | 10,190,360 | 7,738,670 | 2,451,690 | 275,000 | 124,455 | 399,455 | 6.14 |
| 2024 | 10,515,742 | 8,083,834 | 2,431,908 | 282,000 | 143,188 | 425,188 | 5.72 |
| 2025 | 10,578,001 | 8,996,429 | 1,581,572 | 485,000 | 167,912 | 652,912 | 2.42 |

(a) "Gross Revenue" equals total operating revenues plus interest income.

(b) "Direct Operating Expenses" equal total operating expenses net of depreciation expense.

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

City of Muskegon

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income | Per Capita Income | Median Age | Public School Enrollment | Building Permits | | Unemployment |
|-------------|------------|-----------------|-------------------|------------|--------------------------|------------------|-------------|--------------|
| | | | | | | Number | Value | |
| 2016 | 37,213 | 808,760,311 | 21,733 | 35.8 | 4,206 | 1,112 | 58,924,856 | 8.3% |
| 2017 | 38,349 | 854,285,543 | 22,277 | 35.8 | 3,985 | 1,075 | 78,271,395 | 4.8% |
| 2018 | 38,401 | 876,830,025 | 22,834 | 35.4 | 3,732 | 1,202 | 171,523,877 | 4.1% |
| 2019 | 38,401 | 898,750,775 | 23,404 | 35.4 | 3,589 | 1,295 | 94,667,004 | 4.2% |
| 2020 | 38,401 | 921,219,545 | 23,989 | 36.3 | 3,625 | 1,233 | 92,319,998 | 17.7% |
| 2021 | 37,633 | 925,365,524 | 24,589 | 35.8 | 3,472 | 1,266 | 53,810,437 | 5.0% |
| 2022 | 37,552 | 946,458,144 | 25,204 | 34.9 | 3,478 | 1,051 | 65,634,790 | 10.3% |
| 2023 | 38,220 | 987,376,731 | 25,834 | 35.3 | 3,353 | 1,050 | 158,396,766 | 8.8% |
| 2024 | 38,318 | 1,014,656,178 | 26,480 | 36.1 | 3,559 | 1,126 | 246,148,439 | 8.8% |
| 2025 | 37,306 | 1,012,554,999 | 27,142 | 36.0 | 3,325 | 1,171 | 388,284,055 | 8.5% |

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

City of Muskegon

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

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

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

BUDGETED FULL-TIME CITY GOVERNMENT POSITIONS BY DEPARTMENT

Last Ten Fiscal Years

| Department | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Affirmative Action | 1.30 | 1.46 | 0.40 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Cemetaries | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 2.25 | 2.25 | 2.25 | 2.25 | 1.25 |
| City Clerk & Elections | 3.00 | 3.54 | 3.80 | 3.80 | 4.80 | 5.80 | 5.80 | 5.80 | 5.80 | 5.00 |
| City Commission | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| City Hall Maintenance | 0.55 | 0.55 | 0.55 | 0.55 | 1.05 | 1.00 | 1.00 | 1.00 | 1.00 | 1.50 |
| City Manager's Office | 2.05 | 1.75 | 2.75 | 2.75 | 2.75 | 3.30 | 3.30 | 4.30 | 4.30 | 3.55 |
| City Treasurer's Office | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.30 | 5.30 | 5.50 | 5.50 | 6.00 |
| Environmental Services | 2.00 | 2.00 | 2.00 | - | - | - | - | - | - | - |
| Farmers Market | 0.05 | - | 0.20 | 1.20 | 1.20 | 0.70 | 0.70 | 1.20 | 1.20 | 1.00 |
| Finance Administration | 3.00 | 3.00 | 3.60 | 3.00 | 3.45 | 3.70 | 3.70 | 3.70 | 3.70 | 4.60 |
| Fire | 35.00 | 35.00 | 35.00 | 26.00 | 29.00 | 29.50 | 29.50 | 29.50 | 29.50 | 29.50 |
| Income Tax Administration | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.70 | 3.70 | 3.50 | 3.50 | 4.00 |
| Information Systems | 3.00 | 3.00 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| Parks | 6.00 | 7.05 | 7.05 | 10.05 | 10.05 | 10.05 | 10.05 | 11.00 | 11.00 | 10.75 |
| Recreation | - | - | - | - | - | - | - | - | - | 2.70 |
| Planning, Zoning & Economic Development | 3.40 | 3.45 | 3.45 | 5.45 | 6.00 | 7.00 | 7.00 | 6.75 | 6.75 | 7.50 |
| Police | 88.00 | 88.00 | 88.00 | 89.00 | 89.00 | 91.00 | 91.00 | 92.00 | 92.00 | 93.00 |
| Sanitation | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| MVH-Major Streets | 10.70 | 10.70 | 10.70 | 12.20 | 12.20 | 13.20 | 13.20 | 12.75 | 12.75 | 13.20 |
| MVH-Local Streets | 6.70 | 6.70 | 6.70 | 7.20 | 7.20 | 7.20 | 7.20 | 6.75 | 6.75 | 8.20 |
| Community Development | 4.00 | 4.00 | 3.55 | 3.55 | 4.30 | 5.30 | 5.30 | 5.30 | 5.30 | 5.40 |
| Sewer Maintenance | 9.80 | 9.80 | 9.80 | 9.80 | 10.80 | 10.95 | 10.95 | 10.70 | 10.70 | 11.10 |
| Water Filtration | 10.00 | 10.00 | 10.00 | 10.00 | 11.00 | 12.15 | 12.15 | 11.90 | 11.90 | 11.90 |
| Water Maintenance | 11.75 | 11.75 | 11.75 | 11.75 | 12.75 | 14.90 | 14.90 | 16.65 | 16.65 | 15.10 |
| Hartshorn Marina Fund | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.25 | 0.25 | 1.35 |
| Mercy Health Arena | - | - | - | - | 3.00 | 6.00 | 6.00 | 6.50 | 6.50 | 6.50 |
| Public Service Building | 8.50 | 8.50 | 8.50 | 8.50 | 8.75 | 8.75 | 8.75 | 9.50 | 9.50 | 11.15 |
| Engineering | 4.95 | 4.95 | 4.95 | 5.95 | 5.20 | 4.25 | 4.25 | 5.50 | 5.50 | 5.35 |
| Equipment | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 5.95 |
| | 231.00 | 232.45 | 233.50 | 232.50 | 245.25 | 257.50 | 257.50 | 263.50 | 263.50 | 270.50 |

SOURCE: City of Muskegon Finance Department

City of Muskegon

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

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

SOURCE: City of Muskegon Departments

City of Muskegon

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| Function/Program | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Public Safety | | | | | | | | | | |
| Fire Protection | | | | | | | | | | |
| Number of stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Police Protection | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Highways, Streets and Bridges | | | | | | | | | | |
| Miles of Streets | 196.95 | 196.95 | 196.95 | 197.19 | 187.34 | 187.34 | 187.28 | 187.28 | 184.29 | 184.29 |
| Number of streetlights | 2,900 | 2,984 | 2,967 | 2,930 | 2,995 | 2,995 | 2,995 | 2,995 | 2,994 | 2,994 |
| Culture and Recreation | | | | | | | | | | |
| Number of parks (acres) | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 |
| Lake Michigan beaches (acres) | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 |
| Hockey/Entertainment Arena | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 177.04 | 177.04 | 177.04 | 177.04 | 177.04 | 176.69 | 166.63 | 166.63 | 167.50 | 167.50 |
| Storm sewers (miles) | 184.35 | 184.35 | 184.35 | 184.35 | 184.35 | 147.58 | 148.38 | 148.38 | 148.38 | 148.38 |
| Water | | | | | | | | | | |
| Water mains (miles) | 195.95 | 195.95 | 195.95 | 195.27 | 195.27 | 213.92 | 214.70 | 214.70 | 215.60 | 215.60 |

SOURCE: City of Muskegon Departments

SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

City Commission
City of Muskegon
Muskegon, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Muskegon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Muskegon's basic financial statements and have issued our report thereon dated December 23, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

City Commission
City of Muskegon
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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



Muskegon, Michigan
December 23, 2025

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

City Commission
City of Muskegon
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Muskegon's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Muskegon's major federal programs for the year ended June 30, 2025. City of Muskegon's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, City of Muskegon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Muskegon and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Muskegon's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program—Continued

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Muskegon's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Muskegon's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Muskegon's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

City Commission
City of Muskegon
Page 3

Report on Internal Control Over Compliance—Continued

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

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

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



Muskegon, Michigan
December 23, 2025

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

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

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

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

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

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number | Assistance Listing Number | Entitlement Program or Award Amount | Accrued (Unearned) Revenue July 1, 2024 | Adjustments and Transfers | Cash or Payments In- Kind Received (Cash Basis) | Amount of Grant Expenditures | Accrued (Unearned) Revenue June 30, 2025 | Passed Through to Subrecipients |
|--|---------------------------------|--|--|---------------------------------|--|------------------------------------|---|---------------------------------------|
| <i>Environmental Protection Agency</i> | | | | | | | | |
| Passed through Michigan Department of Environment, Great Lakes, and Energy | | | | | | | | |
| Clean Water State Revolving Fund | 66.458 | | | | | | | |
| 5767-01 | | \$ 114,747 | \$ - | \$ - | \$ 114,747 | \$ 114,747 | \$ - | \$ - |
| 5790-01 | | 755,984 | - | - | 755,984 | 755,984 | - | - |
| | | 870,731 | - | - | 870,731 | 870,731 | - | - |
| <i>Drinking Water State Revolving Fund</i> | | | | | | | | |
| 7566-01 | 66.468 | 90,309 | - | 60,593 | 90,309 | 29,716 | - | - |
| 7467-01 | | 2,757,963 | - | - | 193 | 193 | - | - |
| 7832-01 | | 4,100,996 | - | - | 883,270 | 1,686,562 | 803,292 | - |
| | | 6,949,268 | - | 60,593 | 973,772 | 1,716,471 | 803,292 | - |
| Total Environmental Protection Agency | | 7,819,999 | - | 60,593 | 1,844,503 | 2,587,202 | 803,292 | - |
| <i>U.S. Department of Energy</i> | | | | | | | | |
| Passed through Michigan Department of Environment, Great Lakes, and Energy | | | | | | | | |
| State Energy Program | 81.041 | 75,000 | - | - | - | 24,500 | 24,500 | - |
| DE-EE0010079 | | | | | | | | |
| <i>U.S. Department of Health and Human Services</i> | | | | | | | | |
| Passed through Michigan Department of Health and Human Services | | | | | | | | |
| Children's Health Insurance Program | 93.767 | 1,500,000 | 235,323 | - | 584,627 | 349,304 | - | - |
| E20241696-00 | | 1,200,000 | - | - | 496,791 | 760,567 | 263,776 | - |
| E20252121-00 | | 2,700,000 | 235,323 | - | 1,081,418 | 1,109,871 | 263,776 | - |
| Total U.S. Department of Health and Human Services | | 5,199,000 | 470,646 | - | 1,666,836 | 1,159,741 | 527,552 | - |
| TOTAL FEDERAL ASSISTANCE | | \$ 51,693,308 | \$ (2,848,370) | \$ 60,593 | \$ 9,803,902 | \$ 10,788,529 | \$ (1,803,150) | \$ 496,605 |

The accompanying notes are an integral part of this statement.

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

1. The accompanying Schedule of Expenditures of Federal Awards (the "schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net position of the City.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City is not using the de minimis indirect cost rate as allowed under the Uniform Guidance.
3. The beginning accrual for Drinking Water State Revolving Fund 7566-01 was restated as the State of Michigan retroactively changed the split between Federal and State grant funding sources.
4. The following is a reconciliation of federal revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances of the City of Muskegon's financial statements for the year ended June 30, 2025 and federal expenditures per the Schedule of Expenditures of Federal Awards.

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

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

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

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

B. Federal Awards

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

4. Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

21.027

U.S. Department of Treasury

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

Environmental Protection Agency

66.458

• **Clean Water State Revolving Fund**

66.468

• **Drinking Water State Revolving Fund**

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

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CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 23, 2025

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

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

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

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

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

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

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

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

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

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

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

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Sincerely,



Ken Grant
Finance Director

CORRECTIVE ACTION PLAN

December 23, 2025

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

City of Muskegon respectfully submits the following Corrective Action Plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2025

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2025 provided *no* findings in either Section II or Section III. Accordingly, there are *no* matters requiring corrective action as shown below.

SECTION II – FINANCIAL STATEMENT FINDINGS

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

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

Sincerely,



Ken Grant
Finance Director



Agenda Item Review Form

Muskegon City Commission

| | | | | | |
|--|--|-----|--|-----|---|
| Commission Meeting Date: January 13, 2026 | Title: Establishment of a Commercial Redevelopment District —356 W. Western Ave. | | | | |
| Submitted by: Jocelyn Hines, Development Analyst | Department: Economic Development | | | | |
| Brief Summary: Pursuant to Public Act 255 of 1978, as amended, King Real Estate Holdings, LLC has requested the establishment of a Commercial Redevelopment District. | | | | | |
| Detailed Summary & Background: King Real Estate Holdings, LLC has requested the establishment of a Commercial Redevelopment District for 356 W. Western Ave. Creating the district will enable the property owner to apply for a Commercial Facilities Exemption certificate. If approved, the certificate will freeze the taxable value of the building and exempt the new real property investment from local property taxes for the duration of the exemption. The proposed redevelopment will repurpose the Century Club into a pediatric office, retail suite spaces, family-friendly entertainment space, and keep the event venue. | | | | | |
| Goal/Action Item: 2027 Goal 2: Economic Development Housing and Business - Progress toward new and ongoing economic development projects | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | |
| Amount Requested: N/A | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">█</td> </tr> </table> | Yes | No | N/A | █ |
| Yes | No | N/A | █ | | |
| Fund(s) or Account(s): N/A | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">█</td> </tr> </table> | Yes | No | N/A | █ |
| Yes | No | N/A | █ | | |
| Recommended Motion: I move to close the public hearing and approve the establishment of the Commercial Redevelopment District for 356 W. Western Ave. and authorize the Mayor and City Clerk to sign the attached resolution. | | | | | |
| Approvals: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Immediate Division</td> <td style="width: 20%; text-align: center;">█</td> </tr> </table> | Immediate Division | █ | Name the Policy/Ordinance Followed: Public Act 255 of 1978, as amended | | |
| Immediate Division | █ | | | | |

| | | |
|------------------------|--|--|
| Head | | |
| Information Technology | | |
| Other Division Heads | | |
| Communication | | |
| Legal Review | | |

Resolution No. _____

**RESOLUTION APPROVING THE ESTABLISHMENT OF A COMMERCIAL
REDEVELOPMENT DISTRICT
356 W. Western Ave.**

WHEREAS, pursuant to PA 255 of 1978, the City of Muskegon has the authority to establish "Commercial Redevelopment Districts" within the City of Muskegon at request of a commercial business enterprise or on its own initiative; and

WHEREAS, King Real Estate Holdings, LLC is requesting the establishment of the Commercial Redevelopment District for an area in the vicinity of 356 W. Western Ave. located in the City of Muskegon hereinafter described; and

WHEREAS, the City Commission of the City of Muskegon determined that the district meets the requirements set forth in section 5 of PA 255 of 1978; and

WHEREAS, written notice has been given by certified mail to all owners of real property located within the proposed district as required by section 5(3) of PA 255 of 1978; and

WHEREAS, on January 13, 2026 a public hearing was held and all residents and taxpayers of the City of Muskegon were afforded an opportunity to be heard thereon; and

WHEREAS, the City of Muskegon deems it to be in the public interest of the City of Muskegon to establish the Commercial Redevelopment District as proposed;

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Muskegon that the following described parcel(s) of land situated in the City of Muskegon, County of Muskegon, and State of Michigan, to wit:

CITY OF MUSKEGON DOWNTOWN MUSKEGON DEVELOPMENT CENTER NO 1
UNIT 5 SBJT TO VAC ST/ALLEYS RECOR'D 1041/965 SBJT TO VAC ST/ALLEYS
RECOR'D 1035/629 SBJT TO ESMNT MI BELL TEL CO RECOR'D 94M/564 SBJT TO
ESMNT RECOR'D 1559/795 SBJT TO ESMNT FOR OVERHEAD/UNDERGROUND
ELECTRIC LNS RECOR'D 3724/701

Adopted this 13th Day of January 2026

AYES:

NAYS:

ABSENT:

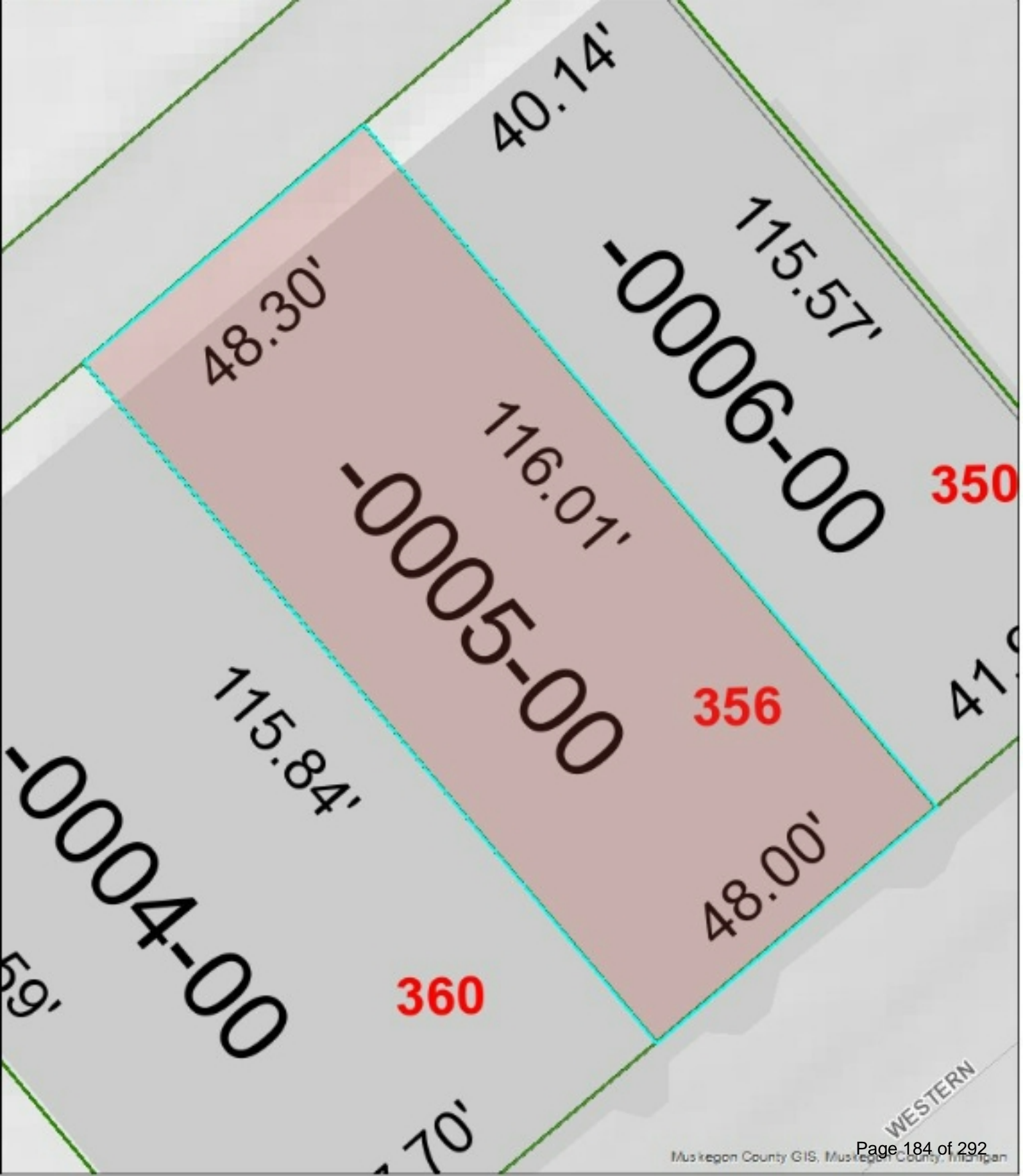
BY: _____
Ken Johnson, Mayor

ATTEST: _____
Ann Meisch, Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission of the City of Muskegon, County of Muskegon, Michigan at a regular meeting held on January 13, 2026.

Ann Meisch, Clerk



Request to Establish Commercial Redevelopment District for Century Club

Hi Jocelyn,

Thank you for the detailed information on PA 255 and the Facade Improvement Grant. We would like to move forward with establishing a Commercial Redevelopment District for the Century Club property at 356 W Western Ave.

Project Overview:

We are purchasing the Century Club building to serve as the new home for Muskegon Pediatrics, PLC, a pediatric medical practice currently located at 888 Terrace St. The project includes:

- Main floor: Full build-out for Muskegon Pediatrics (~5,000 SF pediatric clinic)
- Upper floor: Continued operation of the Century Club Ballroom as an event venue
- Lower floor: Retained commercial tenant (Skees Tees); future plans include potential family-friendly entertainment business

Rehabilitation Scope:

The primary renovation is a complete interior build-out of the second floor for medical use, including:

- Demolition and new framing/wall layout
- New HVAC system (\$55,000)
- Electrical (\$52,000)
- Plumbing (\$12,000)
- Flooring (\$48,000)
- Doors and frames (\$45,000)
- Built-in casework (\$40,000)
- Painting, finishes, and interior improvements

Estimated Cost of Rehabilitation: \$475,232 (see attachments for details)

Timeline:

- Closing: mid-February 2026 (target)
- Construction: 6 months
- Occupancy: July/August 2026

We would like to request placement on the January 14 City Commission agenda if possible. Please let me know what additional documentation you need to complete the application.

Thank you again for your guidance on this. Happy to meet or call if that would be helpful.

Sincerely,

Aaron King
King Real Estate Holdings, LLC
aaron@kingfamilyinc.com

Attachment A - Builder's Construction Estimates

Muskegon Quality Builders, Inc.

| Muskegon Pediatrics - Century Club Budget | | | |
|--|-------------|------------------|-----------------------------------|
| General Requirements | Cost | | Comments |
| Contingency Allowance | \$25,000 | | Construction Contingency |
| Field and Office Personnel | \$19,631 | | MQB |
| Insurance | \$785 | | |
| Temporary Utilities | \$0 | | Port-a-Jon, etc. |
| Field Office | \$236 | | Storage for owner equip. by owner |
| Construction Aids | \$785 | | |
| Mobilization | \$785 | | |
| Temporary Barricades and Enclosures | \$2,500 | | MQB |
| Project Identification | \$236 | | Job Site Sign |
| Progress Cleaning | \$785 | | |
| Div 1 - General Requirements | \$50,743 | | For entire project |
| Total GR | | \$50,743 | |
| Building | | | |
| Demo | \$11,000 | | |
| Doors and Frames | \$45,000 | | |
| Labor | \$13,000 | | |
| Framing | \$12,000 | | |
| Framing Labor | \$22,000 | | |
| Casework | \$40,000 | | |
| LPDA | \$51,000 | | |
| Blinds | \$5,000 | | |
| Toilet Accessories | \$800 | | |
| Toilet Accessories Labor | \$300 | | |
| Fire Extinguisher and Cabinets | \$1,210 | | |
| Signage Allowance | \$5,000 | | |
| FE Labor | \$300 | | |
| Painting | \$18,000 | | |
| Caulking and Sealants | \$1,000 | | |
| Flooring | \$48,000 | | |
| Plumbing | \$12,000 | | |
| Fire Suppression | NA | | |
| Mechanical | \$55,000 | | |
| Electrical | \$52,000 | | |
| | | | |
| Total Building | \$392,610 | | |
| Total Construction = | | \$392,610 | |
| Construction Support | | | |
| OH and Profit | \$27,483 | | MQB |
| General Conditions (Permits) | \$4,397 | | |
| Architectural Drawings | NA | | By owner |
| Total Fees | \$31,880 | | |
| Total = | | \$31,880 | |
| Total Project Cost | | \$475,232 | |



Agenda Item Review Form

Muskegon City Commission

| | | | | | |
|---|--|-----|----|-----|--|
| Commission Meeting Date: January 13, 2026 | Title: Issuance of a Commercial Facilities Exemption Certificate — 356 W. Western Ave. | | | | |
| Submitted by: Jocelyn Hines, Development Analyst | Department: Economic Development | | | | |
| Brief Summary: Pursuant to Public Act 255 of 1978, as amended, King Real Estate Holdings, LLC has requested the issuance of a Commercial Facilities Exemption Certificate. The certificate will freeze the taxable value of the building and exempt new real property investment from local taxes. | | | | | |
| Detailed Summary & Background: King Real Estate Holdings, LLC plans to rehabilitate the 15,000-square-foot Century Club building beginning in February 2026. The project represents a \$475,232 investment and is expected to create two (2) new permanent healthcare positions, retain six (6) existing positions, and generate four (4) construction jobs. This rehabilitation will serve as the new home of Muskegon Pediatrics. Skee Tees, a current tenant, will remain in the building. The existing event venue space will also be maintained, with the potential addition of a family-friendly entertainment business. A public hearing for the establishment of the Commercial Redevelopment District is scheduled for the January 13, 2026, City Commission meeting. The internal tax committee has reviewed the application and, based on its findings and calculations, recommends approval of the attached resolution for a term of four (4) years for real property. The applicant has submitted all required documentation. | | | | | |
| Goal/Action Item: 2027 Goal 2: Economic Development Housing and Business - Progress toward new and ongoing economic development projects | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | |
| Amount Requested: N/A | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; background-color: black;"></td> </tr> </table> | Yes | No | N/A | |
| Yes | No | N/A | | | |
| Fund(s) or Account(s): N/A | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; background-color: black;"></td> </tr> </table> | Yes | No | N/A | |
| Yes | No | N/A | | | |
| Recommended Motion: | | | | | |

I move to close the public hearing and approve a four (4) year Commercial Facilities Exemption Certificate for King Real Estate Holdings, LLC, and authorize the Mayor and City Clerk to sign the application and resolution.

Approvals:

| | | |
|-------------------------|--|--|
| Immediate Division Head | | |
| Information Technology | | |
| Other Division Heads | | |
| Communication | | |
| Legal Review | | |

Name the Policy/Ordinance Followed:

Public Act 255 of 1978, as amended

Resolution No. _____

MUSKEGON CITY COMMISSION

**RESOLUTION APPROVING APPLICATION FOR ISSUANCE OF A COMMERCIAL
FACILITIES EXEMPTION CERTIFICATE
King Real Estate Holdings, LLC**

WHEREAS, the City of Muskegon legally established the Commercial Redevelopment District [REDACTED] on January 13, 2026, after a public hearing held on January 13, 2026; and

WHEREAS, the state equalized value of the property proposed to be exempt plus the aggregate state equalized value of property previously exempt and currently in force under Public Act 255 of 1978 and under Public Act 198 of 1974 (IFT's) does not exceed 5% of the total state equalized value of the City of Muskegon; and

WHEREAS, the application was approved at a public hearing as provided by section 6(2) of Public Act 255 of 1978 on January 13, 2026; and

WHEREAS, King Real Estate Holdings, LLC is not delinquent in any taxes related to the facility; and

WHEREAS, the application is for commercial property as defined in section 3(3) of Public Act 255 of 1978; and

WHEREAS, the applicant King Real Estate Holdings, LLC has provided answers to all required questions under Section 6(1) of PA 255 of 1978 to the City of Muskegon; and

WHEREAS, the City of Muskegon requires that the construction, restoration or replacement of the facility shall be completed by August 31, 2026; and

WHEREAS, the Commercial Facilities Exemption Certificate is granted for a period of four (4) years and no extension will be allowed; and

WHEREAS, the commencement of the construction, restoration or replacement of the facility did not occur more than 45 days prior to the filing of the application for exemption; and

WHEREAS, the commencement of the construction, restoration or replacement of the facility did not occur prior to the establishment of the Commercial Redevelopment District; and

WHEREAS, the application relates to a construction, restoration or replacement program which when completed constitutes a new, replacement or restored facility within the meaning of Public Act 255 of 1978 and that is situated within a Commercial Redevelopment District established under Public Act 255 of 1978; and

WHEREAS, completion of the facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment and retain employment in which the facility is situated; and

WHEREAS, the restoration includes improvements aggregating 10% or more of the true cash value of the property at commencement of the restoration as provided by section 4(6) of Public Act 255 of 1978.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Muskegon

Be and hereby is granted a Commercial Facilities Exemption for the real property, excluding land, located in Commercial Redevelopment District [redacted] at 356 W. Western Ave. for a period of four (4) years, beginning December 31, 2026, and ending December 31, 2030 pursuant to the provisions of PA 255 of 1978, as amended.

Adopted this 13th Day of January 2026.

AYES:

NAYS:

Absent:

BY: _____
Ken Johnson, Mayor

ATTEST: _____
Ann Meisch, Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission of the City of Muskegon, County of Muskegon, Michigan at a regular meeting held on January 13, 2026.

Ann Meisch, Clerk

| STATE USE ONLY | | |
|--------------------|---------------|-----------|
| Application Number | Date Received | LUCI Code |
| | | |

Application for Commercial Facilities Exemption Certificate

Issued under authority of Public Act 255 of 1978, as amended.

Read the instructions page before completing the application. **This application must be filed after a Commercial Redevelopment District is established.** The original application and required documents are filed with the clerk of the Local Governmental Unit (LGU).

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)

| | | | |
|--|---|---|--------------------------|
| Applicant (Company) Name King Real Estate Holdings, LLC | | NAICS or SIC Code | |
| Facility's Street Address 356 W Western Ave | City Muskegon | State MI | ZIP Code 49440 |
| Name of City, Township or Village (taxing authority) Muskegon | | School District Where Facility is Located Muskegon | |
| <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village | | | |
| Date of Rehabilitation Commencement (mm/dd/yyyy) 2/18/2026 | | Planned Date of Rehabilitation Completion (mm/dd/yyyy) 6/30/2026 | |
| Estimated Cost of Rehabilitation \$475,232 | | Number of Years Exemption Requested (1-12) 12 | |
| Expected Project Outcomes (check all that apply) | | | |
| <input type="checkbox"/> Increase Commercial Activity <input checked="" type="checkbox"/> Retain Employment <input checked="" type="checkbox"/> Revitalize Urban Areas <input checked="" type="checkbox"/> Create Employment <input type="checkbox"/> Prevent Loss of Employment <input checked="" type="checkbox"/> Increase Number of Residents in Facility's Community | | | |
| No. of perm. jobs to be created due to facility's rehab. 2 | No. of perm. jobs to be retained due to facility's rehab. 6 | Number of construction jobs to be created during rehabilitation 4 FTE | |
| Each year, the State Treasurer may approve 25 additional reductions of half the state education tax for a period not to exceed six years. | | | |
| <input checked="" type="checkbox"/> Check this box if you wish to be considered for this exclusion. | | | |

PART 2: APPLICATION DOCUMENTS

Prepare and attach the following items:

| | |
|--|--|
| <input checked="" type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage) | <input checked="" type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the facility |
| <input checked="" type="checkbox"/> General description of the facility's proposed use | <input checked="" type="checkbox"/> Time schedule for undertaking and completing the facility's restoration, replacement or construction |
| <input checked="" type="checkbox"/> General description of the nature and extent of the restoration, replacement, or construction to be undertaken | <input checked="" type="checkbox"/> Statement of the economic advantages expected from receiving the exemption |
| <input checked="" type="checkbox"/> Legal description of the facility | |

PART 3: APPLICANT CERTIFICATION

| | | | |
|--|--|---------------------------|--------------------------|
| Name of Authorized Company Officer (no authorized agents) Aaron King | Telephone Number 313-600-7792 | | |
| Fax Number | E-mail Address aaron@kingfamilyinc.com | | |
| Mailing Address 17885 W Spring Lake Rd | City Spring Lake | State MI | ZIP Code 49456 |
| <p><i>I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 255 of 1978, as amended, and to the best of my knowledge the company has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local governmental unit and the issuance of a Commercial Facilities Exemption Certificate by the State Tax Commission.</i></p> <p><i>I further certify that this application relates to a program, when completed, will constitute a facility, as defined by Public Act 255 of 1978, as amended.</i></p> | | | |
| Signature of Authorized Company Officer (no authorized agents) | Title Member | Date 12/15/2025 | |

PART 4: LGU ASSESSOR CERTIFICATION

Provide the Taxable Value and State Equalized Value of the Commercial Property.

| | Taxable Value (excluding land) | State Equalized Value (SEV) (excluding land) |
|----------|--------------------------------|--|
| Building | 131,959 | 247,600 |

The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Commercial Facilities Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Commercial Facilities Exemption that would also put the same property on the Commercial Facilities specific tax roll.

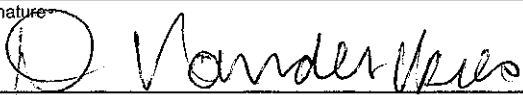
By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Commercial Facilities Exemption specific tax roll and not on any other specific tax roll.

Name of Assessor (first and last name) **Donna VanderVries** Telephone Number **231 750-6750**

Fax Number **231 724-1129** E-mail Address **Vanderuriesdo@muskegoncounty.net**

Mailing Address **173 E Apple Ave Ste 201** City **Muskegon** State **MI** ZIP Code **49442**

I certify that, to the best of my knowledge, the information contained in Part 4 of this application is complete and accurate.

Assessor's Signature  Date **1/6/26**

PART 5: LGU ACTION / CERTIFICATION (LGU Clerk must complete Part 5)

Action Taken By LGU:

Exemption approved for _____ years, ending December 30, _____ (not to exceed 12 years)

Exemption Denied

Date District Established (attach resolution for district) _____ Local Unit Classification Identification (LUCI) Code _____ School Code _____

Name of Clerk (first and last name) _____ Telephone Number _____

Fax Number _____ E-mail Address _____

Mailing Address _____ City _____ State _____ ZIP Code _____

LGU Contact Person for Additional Information _____ LGU Contact Person Telephone Number _____ Fax Number _____

I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate.

Clerk's Signature _____ Date _____

If you have questions, need additional information or sample documents, call 517-335-7491 or visit www.michigan.gov/propertytaxexemptions.

Instructions for Completing Form 4757

Application for Commercial Facilities Exemption Certificate

The Commercial Facilities Exemption Certificate was created by Public Act 255 of 1978, as amended. Applications for a certificate of exemption are filed, reviewed, and approved by the Local Governmental Unit (LGU). A copy of the certificate is filed with the State Tax Commission.

Owner / Applicant Instructions

1. Complete Parts 1, 2 and 3 of the application. Restoration, replacement, or construction may commence after establishment of a district.
2. The following must be provided to the LGU as attachments to the application:
 - a. General description of the facility (year built, original use, most recent use, number of stories, square footage).
 - b. General description of the proposed use of the facility.
 - c. General description of the nature and extent of the restoration, replacement, or construction to be undertaken.
 - d. Legal description of the facility.
 - e. Descriptive list of the fixed building equipment that will be a part of the facility.
 - f. Time schedule for undertaking and completing the restoration, replacement, or construction of the facility.
 - g. Statement of the economic advantages expected from the exemption.
3. After reviewing Parts 1, 2, and 3 for complete and accurate information, sign the application where indicated.

LGU Assessor Instructions

1. Complete Part 4 of the application.
2. After completing Part 4, sign where indicated to certify that if approved, the property will appear on the Commercial Facilities Exemption specific tax roll only.

LGU Clerk Instructions

1. After the LGU passes a resolution approving the application, complete Part 5 of the application. A resolution template with required statements can be found at www.michigan.gov/propertytaxexemptions.
2. After reviewing the application for complete and accurate information, sign the application to certify the application meets the requirements as outlined by Public Act 255 of 1978, as amended.
3. Issue a certificate to the applicant using the certificate templates found at www.michigan.gov/propertytaxexemptions.
4. If in Part 1 the applicant did not wish to be considered for the State Education Tax exclusion, submit only a copy of the Certificate to the State Tax Commission at PTE@michigan.gov for faster service. An additional submission option is to mail a copy of the Certificate to Michigan Department of Treasury, State Tax Commission, PO Box 30471, Lansing, MI 48909.
5. If in Part 1 the applicant did wish to be considered for the State Education Tax exclusion, submit a copy of the Certificate, application and attachments to the State Tax Commission at PTE@michigan.gov for faster service. An additional submission option is to mail a copy of the Certificate to Michigan Department of Treasury, State Tax Commission, PO Box 30471, Lansing, MI 48909.

APPLICATION FOR COMMERCIAL FACILITIES EXEMPTION CERTIFICATE

Part 2: Application Documents

Applicant: King Real Estate Holdings, LLC
Property: 356 W. Western Ave, Muskegon, MI 49440

1. General Description of the Facility

The Century Club is a three-story Victorian-style commercial building located in Downtown Muskegon. Constructed in 1891 during Muskegon's Lumber Era, the building originally served as a private social clubhouse for local business and industry leaders. The property comprises approximately 15,000 square feet across three floors. The building has undergone prior renovations including updated electrical, plumbing, mechanical, HVAC, and fire suppression systems, facade restoration, new windows, barrier-free accessibility improvements, restrooms, elevator, and security system. Current uses include retail tenants (art gallery and boutique shops) and a second-floor event venue. The subject rehabilitation covers approximately 5,000 square feet on the main floor.

2. General Description of the Facility's Proposed Use

The rehabilitated space will serve as a pediatric medical office for Muskegon Pediatrics, providing primary care services to children and families in the Muskegon area. The facility will include patient examination rooms, clinical support areas, reception and waiting areas, administrative offices, and accessible restrooms.

3. Nature and Extent of Restoration, Replacement, or Construction

The rehabilitation involves the buildout of approximately 5,000 square feet of main-floor commercial space for medical office use. Work includes: selective demolition of existing interior partitions; new interior framing and wall construction; installation of interior doors and frames; custom casework and millwork for reception and clinical areas; installation of commercial flooring; interior painting and finish work; plumbing modifications for clinical use; HVAC modifications; electrical work including lighting, power, and data infrastructure; installation of window treatments; toilet accessories; fire safety equipment; and interior signage. Estimated project cost is \$475,232.

4. Legal Description of the Facility

Unit 5, Downtown Muskegon Development Center No. 1, a Site Condominium according to the Master Deed dated May 31, 2006 and recorded June 2, 2006 in Liber 3702, Page 204, First Amendment and Restated Master Deed recorded in Liber 3748, Page 758, First Amendment to First Amended and Restated Master Deed recorded in Liber 4133, Page 876, 2nd Amendment to First Amended and Restated Master Deed recorded in Liber 4169, Page 774, Third Amendment to First Amended and Restated Master Deed recorded in Liber 4196, Page 222, and designated as Muskegon County Condominium Subdivision Plan No. 160, together with rights in general common elements and limited common elements, as set forth in the above Master Deed and as described in Act 59 of the Public Acts of 1978, as amended.

Located in the City of Muskegon, County of Muskegon, State of Michigan.

5. Descriptive List of Fixed Building Equipment

The following fixed building equipment will be installed as part of the facility rehabilitation:

- HVAC system modifications and controls
- Plumbing fixtures (sinks, faucets, toilets, clinical handwashing stations)
- Electrical distribution, lighting fixtures, and data/communication wiring
- Custom built-in casework and cabinetry (reception desk, clinical casework, storage)
- Toilet accessories (dispensers, grab bars, mirrors, partitions)
- Fire extinguishers and cabinets
- Window blinds/treatments
- Interior signage (wayfinding, room identification, ADA-compliant signage)

6. Time Schedule for Restoration

| Phase | Target Date |
|---------------------------|---------------|
| Construction Commencement | March 1, 2026 |
| Substantial Completion | June 30, 2026 |
| Estimated Duration | 4 months |

7. Statement of Economic Advantages Expected from the Exemption

The Commercial Facilities Exemption will support the rehabilitation of a historic downtown property, enabling its continued productive use and contributing to the economic vitality of Downtown Muskegon. The project will create 2 new permanent healthcare positions (physician and clinical aide), retain 6 existing positions, and generate approximately 4 construction jobs during the renovation period.

The tax savings realized through this exemption will be reinvested in the facility and support the expansion of pediatric healthcare services in the community. The project advances local goals for downtown revitalization, job creation, and access to essential healthcare services.

This rehabilitation will transform underutilized commercial space in a landmark 1891 building into a modern medical facility, increasing commercial activity in the downtown core while preserving the historic character of the Century Club. The presence of a pediatric practice will draw families to the downtown area, supporting adjacent retail and service businesses.



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | | | | | | | | | |
|--|--|-----|----|------------------------|---|--|----------------------|--|--|---------------|--|--|--------------|--|--|---|
| Commission Meeting Date: January 13, 2026 | Title: Approval of Minutes | | | | | | | | | | | | | | | |
| Submitted by: Ann Meisch, City Clerk | Department: City Clerk | | | | | | | | | | | | | | | |
| Brief Summary: To approve minutes of the December 9, 2025, City Commission Meeting. | | | | | | | | | | | | | | | | |
| Detailed Summary & Background: | | | | | | | | | | | | | | | | |
| <u>Goal/Action Item:</u> | | | | | | | | | | | | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | | | | | | | | | | | | |
| Amount Requested: | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 25%;">No</td> <td style="width: 25%;">N/A</td> <td style="width: 25%;">x</td> </tr> </table> | Yes | No | N/A | x | | | | | | | | | | | |
| Yes | No | N/A | x | | | | | | | | | | | | | |
| Fund(s) or Account(s): | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 25%;">No</td> <td style="width: 25%;">N/A</td> <td style="width: 25%;">x</td> </tr> </table> | Yes | No | N/A | x | | | | | | | | | | | |
| Yes | No | N/A | x | | | | | | | | | | | | | |
| Recommended Motion: Approval of the minutes. | | | | | | | | | | | | | | | | |
| Approvals: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Immediate Division Head</td> <td style="width: 10%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> </tr> <tr> <td>Other Division Heads</td> <td></td> <td></td> </tr> <tr> <td>Communication</td> <td></td> <td></td> </tr> <tr> <td>Legal Review</td> <td></td> <td></td> </tr> </table> | Immediate Division Head | | | Information Technology | | | Other Division Heads | | | Communication | | | Legal Review | | | <u>Name the Policy/Ordinance Followed:</u> |
| Immediate Division Head | | | | | | | | | | | | | | | | |
| Information Technology | | | | | | | | | | | | | | | | |
| Other Division Heads | | | | | | | | | | | | | | | | |
| Communication | | | | | | | | | | | | | | | | |
| Legal Review | | | | | | | | | | | | | | | | |

CITY OF MUSKEGON

CITY COMMISSION MEETING

December 9, 2025 @ 5:30 PM

**MUSKEGON CITY COMMISSION CHAMBERS
933 TERRACE STREET, MUSKEGON, MI 49440**

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, December 9, 2025. Pastor Jeremy Lenertz from First Wesleyan Church of Muskegon, opened the meeting with prayer, after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL

Present: Mayor Ken Johnson, Vice Mayor Rebecca St. Clair, Commissioners Rachel Gorman, Katrina Kochin, Jay Kilgo, and Destinee Keener, City Manager Jonathan Seyferth, City Attorney John Schrier, and City Clerk Ann Marie Meisch
Absent: Commissioner Willie German, Jr.

2025-96 HONORS, AWARDS, AND PRESENTATIONS

A. 2025 Years of Service Awards Employee Relations

Dwana Thompson, EEO and Employee Relations Director, Mayor Johnson and Commissioners congratulated and thanked City employees for their Years of Service ranging from 5 to 35 years with the City of Muskegon. Certificates were presented by Dwana Thompson and Mayor Johnson to those in attendance.

B. Outgoing Commissioner Recognition Manager's Office

Mayor Johnson read a proclamation honoring Commissioner Rachel Gorman thanking her for her exemplary service, leadership, and lasting contributions to our Community.

C. Proclamation Honoring Kwame James City Clerk

Mayor Johnson read a proclamation honoring Kwame James for 11 plus years of dedicated service providing music at the Farmers Market.

D. Recognition of John C. Schrier, City Attorney Manager's Office

Mayor Johnson and Commission thanked John C. Schrier for his service as City Attorney and dedicated and named the traffic circle located at the end of Terrace Street as John C. Schrier Circle.

Motion by Commissioner Kilgo, second by Commissioner Kochin to adopt and approve the proclamation/resolution for John Schrier.

VOTE: All Ayes

MOTION PASSES

2025-97 PUBLIC HEARINGS

A. Neighborhood Enterprise Zone Certificates - 502 Mary St. and 508 Mary St. Economic Development

Staff is requesting the approval of Neighborhood Enterprise Zone (NEZ) certificates for 15 years for a new construction home at 502 Mary St. and 508 Mary St.

Stephens Homes and Investments LLC has submitted two applications for Neighborhood Enterprise Zone (NEZ) certificates for the construction of single-family homes at 502 Mary St. and 508 Mary St. The project cost for 502 Mary St. is estimated at \$175,000 and the project cost for 508 Mary St. is estimated at \$140,000. These properties were previously owned by the City of Muskegon. The applicant has met all local and state requirements for the issuance of NEZ certificates. The Neighborhood Enterprise Zone Act provides for the development and rehabilitation of residential housing located within eligible distressed communities. Approval of these applications would grant the future property owners a tax abatement that reduces their property taxes by approximately 50% for up to 15 years.

STAFF RECOMMENDATION: I move to close the public hearing and approve Neighborhood Enterprise Zone (NEZ) certificates for 15 years at 502 Mary St. and 508 Mary St. and authorize the City Clerk and Mayor to sign the applications and resolutions.

The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Kilgo, second by Commissioner Keener, to close the public hearing and approve Neighborhood Enterprise Zone (NEZ) certificates for 15 years at 502 Mary St. and 508 Mary St. and authorize the City Clerk and Mayor to sign the applications and resolutions.

**ROLL VOTE: Ayes: St.Clair, Johnson, Kilgo, Keener, Gorman, and Kochin
Nays: None**

MOTION PASSES

B. Neighborhood Enterprise Zone Certificates - 1355 Adams Ave. and 1366 Leonard Ave. Economic Development

Staff is requesting the approval of Neighborhood Enterprise Zone (NEZ) certificates for 15 years for a new construction home at 1355 Adams Ave. and 1366 Leonard Ave.

West Urban Properties LLC has submitted two applications for Neighborhood Enterprise Zone (NEZ) certificates for the construction of single-family homes at 1355 Adams Ave. and 1366 Leonard Ave. The estimated project cost for both of these properties is \$294,900. The finished layout for both properties will consist of two bedrooms and one bathroom, but homeowners can upgrade to four bedrooms and two bathrooms. These properties were previously owned by the City of Muskegon. The applicant has met all local and state requirements for the issuance of NEZ certificates. The Neighborhood Enterprise Zone Act provides for the development and rehabilitation of residential housing located within eligible distressed communities. Approval of these applications would grant the future property owners a tax abatement that reduces their property taxes by approximately 50% for up to 15 years.

STAFF RECOMMENDATION: I move to close the public hearing and approve Neighborhood Enterprise Zone (NEZ) certificates for 15 years at 1355 Adams Ave. and 1366 Leonard Ave. and authorize the City Clerk and Mayor to sign the applications and resolutions.

The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Keener, second by Commissioner Kochin, to close the public hearing and approve Neighborhood Enterprise Zone (NEZ) certificates for 15 years at 1355 Adams Ave. and 1366 Leonard Ave. and authorize the City Clerk and Mayor to sign the applications and resolutions.

**ROLL VOTE: Ayes: Johnson, Kilgo, Keener, Gorman, Kochin, and St.Clair
Nays: None**

MOTION PASSES

C. Neighborhood Enterprise Certificate - 289 Meeking St. Economic Development

Staff is requesting the approval of Neighborhood Enterprise Zone (NEZ) certificates for 15 years for a new construction home at 289 Meeking St. Deanna Myers "A Venture Investments LLC" has submitted an application for a Neighborhood Enterprise Zone (NEZ) certificate for the construction of a single-family home at 289 Meeking Street. The property has three bedrooms and 2 bathrooms. The estimated project cost is \$166,000. The applicant has met all local and state requirements for the issuance of a NEZ certificate. The Neighborhood Enterprise Zone Act provides for the development and rehabilitation of residential housing located within eligible distressed

communities. Approval of these applications would grant the future property owners a tax abatement that reduces their property taxes by approximately 50% for up to 15 years.

STAFF RECOMMENDATION: I move to close the public hearing and approve a Neighborhood Enterprise Zone (NEZ) certificate for 15 years at 289 Meeking St. and authorize the City Clerk and Mayor to sign the application and resolution. The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Kochin, second by Commissioner Keener, to close the public hearing and approve a Neighborhood Enterprise Zone (NEZ) certificate for 15 years at 289 Meeking St. and authorize the City Clerk and Mayor to sign the application and resolution.

**ROLL VOTE: Ayes: Kilgo, Keener, Gorman, Kochin, St.Clair, and Johnson
Nays: None**

MOTION PASSES

D. Establishment of a Commercial Redevelopment District — 380 W. Western Ave., Suite 140 Economic Development

Pursuant to Public Act 255 of 1978, as amended, the City of Muskegon has requested the establishment of a Commercial Redevelopment District on behalf of ZINI LLC.

The City of Muskegon has requested the establishment of a Commercial Redevelopment District for 380 W. Western Ave., Suite 140 on behalf of ZINI LLC. Creating the district will enable the property owner to apply for a Commercial Facilities Exemption certificate. If approved, the certificate will freeze the taxable value of the building and exempt the new real property investment from local property taxes for the duration of the exemption.

The proposed redevelopment will take an old Subway and turn it into a tasting room offering craft cocktails and small bites.

STAFF RECOMMENDATION: I move to close the public hearing and approve the establishment of the Commercial Redevelopment District for 380 W. Western Ave., Suite 140 and authorize the Mayor and City Clerk to sign the resolution. The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Keener, second by Commissioner Gorman, to close the public hearing and approve the establishment of the Commercial Redevelopment District for 380 W. Western Ave., Suite 140 and authorize the Mayor and City Clerk to sign the resolution.

**ROLL VOTE: Ayes: Keener, Gorman, Kochin, St.Clair, Johnson, and Kilgo
Nays: None**

MOTION PASSES

E. Issuance of a Commercial Facilities Exemption Certificate — 380 W. Western Ave., Suite 140 Economic Development

Pursuant to Public Act 255 of 1978, as amended, ZINI LLC has requested the issuance of a Commercial Facilities Exemption Certificate. The certificate will freeze the taxable value of the building and exempt new real property investment from local taxes.

ZINI LLC plans to rehabilitate a 2,304 sq. ft. facility beginning in December 2025 located in the Hines Building. The project represents a \$73,000 investment and is expected to create between seven (7) and 10 jobs.

The applicant owns Zini, a vodka brand, and plans to bring craft cocktails and small bites to the downtown area.

A public hearing on the establishment of the Commercial Redevelopment District is scheduled for the December 9, 2025, City Commission meeting. The internal tax committee has reviewed the application and, based on their findings and calculations, recommends approval of the resolution for a term of four (4) years for real property. The applicant has submitted all required documentation.

STAFF RECOMMENDATION: I move to close the public hearing and approve a four (4) year Commercial Facilities Exemption Certificate for ZINI LLC, and authorize the Mayor and City Clerk to sign the application and resolution. The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Kilgo, second by Commissioner Kochin, to close the public hearing and approve a four (4) year Commercial Facilities Exemption Certificate for ZINI LLC, and authorize the Mayor and City Clerk to sign the application and resolution.

**ROLL VOTE: Ayes: Gorman, Kochin, St.Clair, Johnson, Kilgo, and Keener
Nays: None**

MOTION PASSES

F. Brownfield Plan Amendment #2 - Betten Brownfield Economic Development

The City of Muskegon is requesting approval of Betten Brownfield Plan Amendment #2. This amendment includes extending the brownfield years until 2039.

In 2008, the BRA and the City of Muskegon approved a brownfield plan amendment for 2410, 2474, 2477, & 2501 South Henry Street. This brownfield tax capture was used to reimburse any eligible activities for the Betten project with additional interest at 6.5% until reimbursement was complete. The total capture was around \$16 million for a 16-year period which ends December 31, 2025.

The Brownfield Plan was experiencing low performance, so the City loaned the BRA \$1.66 million to pay off the Betten brownfield and to reduce the interest burden and accelerate the reimbursement commitment. The BRA would then repay the City over several years at an interest rate of 3.25 through tax increments on the property. Because this plan ends this year, it has not performed enough to be able to pay the City the whole \$1.6 million. A few things to note:

- Table 3 – Row 19. Per the original agreement, the BRA should have been receiving \$10,000 per annum. I have made sure to model this for the full cycle.
- Table 3 – Simple Interest Expenses: It started at 6.5%, was reduced to 3.5%, and then I have it coming back to 5% to bring it back to the standard that is being used with every other property. This should be included with the BRA amendment.
- Timeline: I am showing the following:
 - The last amended plan had this completing December 31, 2025.
 - Once amended, this should be complete in 2031.
 - The 5 year capture will end in 2036.
 - I recommended adding 14 years to the plan to bring this to a full 30 year term regardless, to ensure enough time even if this doesn't perform as I forecasted it.
- Financials
 - Presently the Brownfield is underperforming by \$613k.
 - Once amended, it will break even in 2031.
 - The 5 year capture is forecasted at \$778k
 - This is a total swing of \$1,391,000, taking the brownfield from being in the red to being in the black.

STAFF RECOMMENDATION: I move to close the public hearing and approve the resolution for Brownfield Plan Amendment #2 for Betten Brownfield and authorize the Mayor and City Clerk to sign. The Public Hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Kochin, second by Commissioner Kilgo, to close the public hearing and approve the resolution for Brownfield Plan Amendment #2 for Betten Brownfield and authorize the Mayor and City Clerk to sign.

**ROLL VOTE: Ayes: Gorman, Kochin, St.Clair, Johnson, Kilgo, and Keener
Nays: None**

MOTION PASSES

FEDERAL/STATE/COUNTY OFFICIALS UPDATE

Muskegon County Commissioner Jessica Cook read and presented resolutions from the State to Commissioner Gorman and Attorney John Schrier.

PUBLIC COMMENT ON AGENDA ITEMS

Public comments received.

Chief Kozal gave an update on the Jackson Hill tragedy and thanked the community for their help.

2025-98 CONSENT AGENDA

A. Approval of Minutes City Clerk

To approve minutes of the November 25, 2025, City Commission Meeting.

STAFF RECOMMENDATION: Approval of the minutes.

B. PA 198 Industrial Facilities Exemption — 2034 Latimer Drive Economic Development

Pursuant to Public Act 198 of 1974, as amended, Johnson Technology, INC has requested the issuance of an Industrial Facilities Exemption Certificate for their property located at 2034 Latimer Drive.

Johnson Technology, Inc., a subsidiary of GE Aerospace, has submitted an application for an Industrial Facilities Exemption (IFT) certificate for real property improvements at 2034 Latimer Drive. The company is proposing a 20,000 sq. ft. addition with a total investment of \$9,078,845. This addition will expand shipping and receiving facilities and add manufacturing floor space to support increasing production demands.

If approved, the IFT certificate would reduce property taxes on the real property improvements by 50% for the duration of the exemption.

Johnson Technology, Inc. is an aircraft engine parts manufacturer headquartered in the City of Muskegon, with additional facilities in Norton Shores. GE Aerospace employs over 330 people at its Muskegon location and plans to hire an additional 90 employees as part of this expansion. GE Aerospace (formerly GE Aviation) has been part of the Muskegon area since 1997, when it acquired Johnson Technology. The company is also investing \$70 million in a separate expansion in Norton Shores and has announced a broader \$1 billion nationwide commitment.

Due to Johnson Technology's status as a federal contractor and pursuant to Executive Order 14173, the company is not subject to local affirmative action plan requirements. However, Johnson Technology remains committed to non-discrimination and ensuring equal opportunity for all employees and applicants, and has provided the City with a copy of its Respectful Workplace Policy reflecting that commitment.

Following its review, the City's Internal Tax Committee recommends approval of a 12-year abatement term for the proposed investment.

STAFF RECOMMENDATION: I move to approve the issuance of an Industrial Facilities Exemption certificate for a period of 12 years for the property located at 2034 Latimer Dr. and to authorize the Mayor and City Clerk to sign the application and the resolution.

C. Sale of 496 Octavius, 669 Jackson, 677 Jackson, 704 Leonard, 58 E Grand, 181 Irwin, 316 E. Forest, 326 E. Forest, 1608 Smith, 1679 Terrace, 1728 Terrace, and 1163 Sanford. Planning

Staff is seeking authorization to sell the City-owned vacant lots at 496 Octavius, 669 Jackson, 677 Jackson, 704 Leonard, 58 E Grand, 181 Irwin, 316 E. Forest, 326 E. Forest, 1608 Smith, 1679 Terrace, 1728 Terrace, and 1163 Sanford to Stephen Benedict, Stephens Home and Investments LLC.

Stephen Benedict, Stephens Home and Investments LLC, would like to purchase the City-owned buildable lots at 496 Octavius, 669 Jackson, 677 Jackson, 704 Leonard, 58 E Grand, 181 Irwin, 316 E. Forest, 326 E. Forest, 1608 Smith, 1679 Terrace, 1728 Terrace, and 1163 Sanford to build single family homes. 1680 Smith will be split into two buildable lots, with new addresses on E. Forest. The purchase price will be \$37,800 (75% of the True Cash Value of \$50,400).

STAFF RECOMMENDATION: To authorize the Code Coordinator to complete the sale of 496 Octavius, 669 Jackson, 677 Jackson, 704 Leonard, 58 E Grand, 181 Irwin, 316 E. Forest, 326 E. Forest, 1608 Smith, 1679 Terrace, 1728 Terrace, and 1163 Sanford, to Stephen Benedict, Stephens Home and Investments LLC, as described in the purchase agreement and to have the Mayor and Clerk sign the purchase agreement.

E. Landscaping Contract Extension Public Works

In 2023, Barry's Greenhouse & Landscaping was awarded a three-year landscaping contract for various areas downtown. There is an opportunity for a 4th-year extension of this contract.

In 2022, staff had a request for proposals for a landscaping contract that covers various areas downtown. At the Commission meeting on February 28, 2023, the contract was awarded to Barry's Greenhouses & Landscaping for three years with options to extend a fourth and fifth year. The fourth-year contract total will be \$119,118.79. This amount will cover:

- Western Avenue, Third Street, and downtown flower pots are paid for by the DDA.
- City Hall and Shoreline Dr are paid from the general fund.
- Hackley Park is reimbursed from the Community Foundation.
- The Farmers Market is paid for through the Farmers Market's budget.

STAFF RECOMMENDATION: I move to authorize staff to extend the existing landscaping contract with Barry's Greenhouses & Landscaping for an additional year with a contract total of \$119,118.79.

F. HOME ARP Duplex Developer Selection Community & Neighborhood Services

To approve staff selection of developers of duplex housing.

On September 29th, 2025, the City of Muskegon requested proposals from qualified housing development agencies, nonprofits, or development teams to utilize up to \$1,000,000 in HOME-ARP funds to develop duplex housing units in the City of Muskegon for qualifying populations as defined by HUD's HOME-ARP guidelines. The objective is to increase the availability of affordable rental housing units targeted to individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations as defined in the HOME-ARP Notice (CPD-21-10).

The City's goal is to create, at minimum, six to twelve units of housing in the City of Muskegon for qualifying populations. The City has not established any preferences related to the qualifying population and intends for each unit to be filled first come, first served. HUD defines the qualifying population as:

1. Homeless
2. At risk of experiencing homelessness
3. Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking; or
4. An "other" qualifying population.

4 proposals were received and outlined below:

1. Orange Fin Properties LLC/ Builder- Sjaarda Homes — Requested \$375,000 to create 2 stacked duplexes 3 bedroom/ 1 bath each. Location is 300 and 370 Allen Ave. Lots have been purchased from the City of Muskegon. The company estimates the rents to be around \$615 per month. They have obtained a loan in the amount of \$330,000 at 6.5 interest over 25 years. The total cost is \$780,000 and owner equity of \$75,000. Homes will be marketed to populations at or below 30% AMI. The timeline is 12 months.

2. Artision Group — Proposes to create a 4-unit duplex that will house 12 individuals. This project is an adult foster care model to assist with medication management, activities of daily living, social connections, outings and transportation. The start date is late spring 2026 with a completion date of January 2027. Artision is requesting \$1,000,000 for hard, soft and startup costs.

3. Organic Care — Proposes to build a modular triplex at 967 Reynolds for foster care housing at \$400,000. They are requesting \$100,000 in funding to support this development. Marketed to those who are at risk of homelessness, existing foster care (adult foster care), veterans or housing cost burden adults. The triplex will contain 9 bedrooms at a rate of \$1,000 per month per room. The timeline provided is 6 months.

4. Blue Fin Properties LLC — Proposes Duplexes and 3 Accessory Dwelling Units (ADU) development housing options for the City of Muskegon. There are two options:

Option A: \$279,750 — total project cost (contingent upon payment in lieu of

taxes (PILOT) approval)

Option B: down payment plus subsidy to sustain affordable housing under the standard millage rate.

3 stacked duplexes, 3 ADU. Target is clients who are served through Goodwill and Michigan Works. The intent is to establish a workforce housing portfolio. The location is 499 Oak Ave. 638 and 644 Oak Ave. The estimated rent is around \$1200 a month or \$500 room with ensuite. 1 Bed/ bath at around \$700.

Of all the proposals, Orange Fin and Blue Fin are the most qualified respondents to ensure HUD compliance. The next step is to negotiate a development/sub-recipient agreement that lays out the requirements of the HOME ARP program. The amount of the request for both proposals is around \$700,000 and the City will grant the entire allocated amount of \$1,000,000 to cover expenses for environmental review and other soft costs associated with building duplexes.

STAFF RECOMMENDATION: Motion to approve the recommended qualified bidders — Orange Fin and Blue Fin Properties LLC for the HOME ARP Program as presented, and to authorize the CNS Director to create a development agreement with said bidders for Commission consideration.

G. Fireworks Display for NYE Ball Drop City Clerk

Pyrotecnico is requesting approval of a fireworks display permit for January 1, 2026, in the parking lot between 3rd and 4th Street, west of Shoreline Drive. The Fire Marshall will inspect the fireworks on the day of the event.

STAFF RECOMMENDATION: To approve the fireworks display permit for Pyrotecnico, contingent upon inspection of the fireworks and approval of the insurance.

J. SAFEBuilt Contract Award Public Safety

Staff recommends awarding a three-year contract to SAFEBuilt to continue providing Building Inspection Services for the City of Muskegon. SAFEBuilt is the City's current provider and has demonstrated strong performance, comprehensive service capability, and reliable responsiveness. After reviewing the three proposals received, staff determined that SAFEBuilt is the most qualified firm to continue providing these services.

On Monday, December 1, 2025, the City Commission at its Legislative Policy Committee meeting directed staff to develop a 3-year contract renewal with SAFEBuilt. The updated Contract follows this memo and will run from January 1, 2026, through December 31, 2028.

The contract does have an auto-renewal for 12 months at the end of December 2028 "as approved by the City Commission" (Sec. 8.1). The City can give 90 days' notice at any time to terminate the agreement (Sec. 8.3). Please see Exhibit C, "Performance Standards," for SAFEBuilt's expectations (p. 19 of the contract). This includes the following: "SAFEBuilt will utilize customer service surveys to determine if department activity is satisfactory for the end user and to identify areas of strengths and areas that need improvement."

STAFF RECOMMENDATION: I move to award SAFEBuilt a three-year contract for the building and inspection services for the City of Muskegon.

K. Zoning Ordinance Amendment - Permitted Yard Encroachments SECOND READING Planning

Staff-initiated request to amend Section 2307 of the zoning ordinance to modify the permitted yard encroachment criteria.

This amendment is to clarify some information found in Section 2307 (permitted yard encroachments) of the zoning ordinance. The amendment will clean up some language regarding porches that encroach on the front setback requirement and will also allow steps on a porch to encroach a little further than currently allowed. This amendment will also eliminate #4 in the section that describes regulations for subdivisions that were 90% developed prior to 1940. Zoning reform has replaced the need for these requirements.

The Planning Commission unanimously recommended approval of the request at their November 13 meeting.

STAFF RECOMMENDATION: I move the request to amend Section 2307 of the zoning ordinance to modify the permitted yard encroachment criteria be approved.

L. Zoning Ordinance Amendment - Residential Design Criteria SECOND READING Planning

Staff-initiated request to amend Section 2319 of the zoning ordinance to modify the residential design criteria.

These minor amendments are to address some incorrect information in the zoning ordinance that was created when zoning reform was approved. These changes would also require a house to have a door at the front of the house, which is not required as of now. The numbering of the design requirements has also been updated.

The Planning Commission unanimously recommended approval of the request at their November 13 meeting.

STAFF RECOMMENDATION: I move the request to amend Section 2319 of the zoning ordinance to modify the residential design criteria be approved.

Motion by Commissioner Keener, second by Commissioner Kilgo, to adopt the Consent Agenda as presented minus Items D, H, I, and M.

**ROLL VOTE: Ayes: Johnson, Kilgo, Keener, Gorman, Kochin, and St.Clair
Nays: None**

MOTION PASSES

2025-99 ITEMS REMOVED FROM THE CONSENT AGENDA

D. Amendment to Purchase and Development Agreement: 450/454 Orchard. Planning

Staff is seeking authorization to amend the Purchase and Development Agreement with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025).

Staff is seeking authorization to amend the Purchase and Development Agreement with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025) to allow the total number of homes to be built to be four (4) instead of the original five (5). This agreement approved the purchase of three parent parcels that were to be split into five build-able lots for the construction of a single-family home on each lot. 450 Orchard was split into two lots, resulting in a new address of 454 Orchard. After construction began, the placement of two houses on this lot resulted in encroachment on neighboring properties. Maximizing density here would cause an undue hardship for the neighbor. Staff would like to seek approval for an amendment and combine this lot back to its original dimension and allow the developer to build one single-family home.

STAFF RECOMMENDATION: To authorize the Code Coordinator to amend the Purchase and Development Agreement with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025), as described, and to have the Mayor and Clerk sign the purchase agreement addendum.

Motion by Commissioner Kilgo, second by Commissioner Kochin, to authorize the Code Coordinator to amend the Purchase and Development Agreement with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025), as described, and to have the Mayor and Clerk sign the purchase agreement addendum.

**ROLL VOTE: Ayes: Kilgo, Keener, Kochin, St.Clair, and Johnson
Nays: None**

MOTION PASSES

H. Senior Municipal Funding FY26 Community & Neighborhood Services

To approve allocations of the Municipal Senior Millage funding to City programs geared toward citizens who are 60 years of age, or older.

An allocation of \$125,315.00 from the County of Muskegon FY26 Municipal Senior Millage funding is budgeted for the following programs:

Home Repairs (CNS): \$105,315.00

Senior Power of Produce: \$ 20,000.00

STAFF RECOMMENDATION: To approve the budget proposed for City of Muskegon programs utilizing FY26 Municipal Senior Millage Funds from the County of Muskegon.

Motion by Commissioner Kochin, second by Commissioner Keener, to approve the budget proposed for City of Muskegon programs utilizing FY26 Municipal Senior Millage Funds from the County of Muskegon.

**ROLL VOTE: Ayes: Keener, Gorman, Kochin, St.Clair, Johnson, and Kilgo
Nays: None**

MOTION PASSES

I. Issuance of a Commercial Facilities Exemption Certificate — 431 E. Laketon Ave. Economic Development

This is a repeat agenda item as the date was wrong on the certificate resolution.

Pursuant to Public Act 255 of 1978, as amended, Gigi's Grill has requested the issuance of a Commercial Facilities Exemption Certificate. The certificate will freeze the taxable value of the building and exempt new real property investment from local taxes.

This is a repeat agenda item as the date was wrong on the certificate resolution.

Gigi's Grill plans to rehabilitate an 18,686 sq. ft. facility beginning in November 2025. The project represents a \$65,000 investment and is expected to create between seven (7) and 10 jobs.

The applicant was the Pastor of the building when it was previously a church and now wants to make it into a restaurant. They have been operating outside the building selling authentic cuisine.

A public hearing on the establishment of the Commercial Redevelopment District was held at the October 14, 2025, City Commission meeting.

The internal tax committee reviewed the application and, based on their findings and calculations, recommends approval of the attached resolution for a term of eight (8) years for real property. The applicant has submitted all required documentation.

STAFF RECOMMENDATION: I move to approve an eight (8) year Commercial Facilities Exemption Certificate for Gigi's Grill, and authorize the Mayor and City Clerk to sign the amended resolution.

Motion by Commissioner Keener, second by Commissioner Kochin, to approve an eight (8) year Commercial Facilities Exemption Certificate for Gigi's Grill, and authorize the Mayor and City Clerk to sign the amended resolution.

**ROLL VOTE: Ayes: Gorman, Kochin, St.Clair, Johnson, Kilgo, and Keener
Nays: None**

MOTION PASSES

M. Request to establish a Plant Rehabilitation District at 701 W. Laketon Ave. Economic Development

Pursuant to Public Act 198 of 1974, as amended, SRS Fiberglass Products, 1041 E. Laketon Ave., Muskegon, MI has requested the establishment of a Plant Rehabilitation District for property located at 701 W. Laketon Ave., Muskegon, MI.

This is being brought back up to the Commission as the Michigan Department of Treasury is requiring us to add some verbiage to the resolution. The following language was added: *IT IS HEREBY DETERMINED that the property comprising not less than 50 percent of the state equalized valuation of the property within the proposed Plant Rehabilitation District is obsolete; and...*"

SRS Fiberglass Products has submitted a request to establish a Plant Rehabilitation District at 701 W. Laketon Avenue, the former Great Lakes Die Cast facility.

SRS is in the process of launching a new company to support and expand their current fiberglass product operations. The new entity plans to make significant capital investments into rehabilitating the facility and anticipates creating over 50 high-paying jobs within the next two years.

According to Public Act 198 of 1974, as amended, the creation of a Plant Rehabilitation District is a required first step before a business can apply for an Industrial Facilities Tax (IFT) Exemption Certificate, which provides a property tax abatement on qualified real property investments.

STAFF RECOMMENDATION: I move to approve the amended resolution establishing a Plant Rehabilitation District at 701 W. Laketon Ave. and authorize the City Clerk and Mayor to sign.

Motion by Commissioner Kochin, second by Vice Mayor St.Clair, to approve the amended resolution establishing a Plant Rehabilitation District at 701 W. Laketon Ave. and authorize the City Clerk and Mayor to sign.

**ROLL VOTE: Ayes: Gorman, Kochin, St.Clair, Johnson, Kilgo, and Keener
Nays: None**

MOTION PASSES

2025-100 UNFINISHED BUSINESS

A. AP Update Manager's Office

City Manager provided an update on items received from Adelaide Pointe as required by December 1, 2025.

2025-101 NEW BUSINESS

A. Rezoning of 501 E Western Ave from Open Space Recreation (OSR) to Waterfront Industrial PUD (WI-PUD) SECOND READING Planning

Staff-initiated request to rezone 501 E Western Ave from Open Space Recreation (OSR) to Waterfront Industrial PUD (WI-PUD).

Staff is requesting to rezone a portion of Fisherman's Landing (501 E Western) to WI-PUD to allow for port activities on-site. Once the property is rezoned to WI-PUD, the owner would be able to apply for a PUD for port-related activities. The remainder of the property will remain OSR zoning, and the boat launch, fishing areas, and bathrooms will remain open to the public. About 3.5 of the 5 parking lots on-site will remain (about 46 parking spaces to be eliminated). The map depicts the portion of the property to be rezoned and the zoning ordinance excerpts for WI-PUD and OSR.

This rezoning request is related to the "land swap" project between the City, Mart Dock, and Verplank. More information regarding the project can be found here: <https://muskegon-mi.civilspace.io/en/projects/connecting-community-to-the-water-ports-and-parks>

The land swap project would help complete several goals identified in City plans, including the following:

- Increasing publicly-accessible land along the waterfront - Imagine Muskegon Lake (page 10).
- Increasing publicly-accessible shoreline - Imagine Muskegon Lake (page 10)
- Increasing multi-use paths and trails along the shoreline - Imagine Muskegon Lake (page 10)
- Increasing mixed-use development along the waterfront - Imagine Muskegon Lake (page 11)
- Activating the Mart Dock property as an activity center - Imagine Muskegon Lake (page 37,40,41)
- Habitat restoration at the future park on the Verplank site - Imagine Muskegon Lake (page 59)
- Connecting the Western & Central Waterfront Districts to Downtown - Imagine Muskegon Lake (page 15)
- Become regionally and nationally designated by organizations that will bring visibility and economic development to Muskegon Lake - Master Plan (Economic Development, page 19)
- Improve the environmental quality of greenway corridors by cleaning up contaminated sites, safeguarding areas highly susceptible to private land use, and reducing dumping - Master Plan (Natural Features, page 13)
- Increase and enhance publicly-accessible amenities along the waterfront and soften shorelines where possible - Master Plan (Economic Development, page 18)
- Invest in placemaking opportunities that capitalize on community assets - Master Plan (Economic Development, page 10)
- Increase access to the Muskegon Lake shoreline - Master Plan (Jackson Hill, page 11).

The Planning Commission recommended approval of the rezoning by a 7-2 vote at their special meeting on October 23.

STAFF RECOMMENDATION: I move that the request to rezone a portion of the property at 501 E. Western Ave. from Open Space Recreation to Waterfront Industrial PUD be approved.

Motion by Commissioner Keener, second by Commissioner Kilgo, that the request to rezone a portion of the property at 501 E. Western Ave. from Open Space Recreation to Waterfront Industrial PUD be approved.

**ROLL VOTE: Ayes: St.Clair, Johnson, Kilgo, Keener, and Gorman
Nays: Kochin**

MOTION PASSES

B. Rezoning of 560 Mart St from Waterfront Marine (WM) to Waterfront Industrial PUD (WI-PUD) SECOND READING Planning

Request to rezone a portion of the property at 560 Mart St from Waterfront Marine (WM) to Waterfront Industrial PUD (WI-PUD), by West Michigan Dock & Market Corp.

The applicant is requesting to rezone 23.5 acres of the 43.5 acre site to WI-PUD. The area to be rezoned is located behind the existing security fence. This area has historically been used for port-related activities. Although these uses are not allowed in the WM zoning district, they are considered legally non-conforming (grandfathered). Rezoning this portion of the property to WI-PUD would allow the applicant to apply for a PUD for port-related uses, which would allow them to become legally-conforming. The rest of the parcel would remain under Waterfront Marine (WM) zoning.

This rezoning request is related to the "land swap" project between the City, Mart Dock, and Verplank. More information regarding the project can be found here: <https://muskegon-mi.civilspace.io/en/projects/connecting-community-to-the-water-ports-and-parks>

The land swap project would help complete several goals identified in City plans, including the following:

- o Increasing publicly-accessible land along the waterfront - Imagine Muskegon Lake (page 10).
- o Increasing publicly-accessible shoreline - Imagine Muskegon Lake (page 10)
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- o Increasing mixed-use development along the waterfront - Imagine Muskegon Lake (page 11)
- o Activating the Mart Dock property as an activity center - Imagine Muskegon Lake (page 37,40,41)

- Habitat restoration at the future park on the Verplank site - Imagine Muskegon Lake (page 59)
- Connecting the Western & Central Waterfront Districts to Downtown - Imagine Muskegon Lake (page 15)
- Become regionally and nationally designated by organizations that will bring visibility and economic development to Muskegon Lake - Master Plan (Economic Development, page 19)
- Improve the environmental quality of greenway corridors by cleaning up contaminated sites, safeguarding areas highly susceptible to private land use, and reducing dumping - Master Plan (Natural Features, page 13)
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- Invest in placemaking opportunities that capitalize on community assets - Master Plan (Economic Development, page 10)
- Increase access to the Muskegon Lake shoreline - Master Plan (Jackson Hill, page 11).

The Planning Commission recommended approval of the request by a 7-2 vote at their special meeting on October 23.

STAFF RECOMMENDATION: I move that the request to rezone a portion of the property at 560 Mart St. from Waterfront Marine to Waterfront Industrial PUD be approved.

Motion by Commissioner Kilgo, second by Commissioner Kochin, that the request to rezone a portion of the property at 560 Mart St. from Waterfront Marine to Waterfront Industrial PUD be approved.

**ROLL VOTE: Ayes: Johnson, Kilgo, Keener, Gorman, Kochin, and St.Clair
Nays: None**

MOTION PASSES

C. Fisherman's Landing/Third Street Wharf Lake Front Development Manager's Office

For nearly a year, and at the direction of the City Commission, the City Manager and legal counsel have been working with Mart Dock on the potential transition of Fisherman's Landing Campground into a commercial port.

In September, staff presented a draft of the development agreement. At that time, several exhibits were still incomplete. Following feedback from the Commission and the public, the development agreement, including exhibits, has been finalized.

Key points include:

- The City would lease Fisherman's Landing to Mart Dock for 50 years, with an optional 40-year renewal. Mart Dock would also have the option to purchase the site after 2028. The lease would begin March 15, 2026.
- The campground will remain in operation until the City closes on/acquires the conversion property (Verplank acreage).
- The City would purchase 2.5 acres of the Third Street Wharf property, using a portion of the \$2.8 million state appropriation to cover costs.
- The City would agree to riparian restrictions at Third Street Wharf to safeguard docking (cruise ships) and launching activities.
- The Mart Dock has agreed to keep the shoreline on the north side of the campground "soft" up to 25 feet beyond the ordinary highwater mark. There will not be public access in this area.
- The development agreement notes that Mart Dock would be responsible for the cost of moving the picnic pavilion and fishing dock at Fisherman's Landing.
- There will be an 18-month due diligence period regarding the Verplank Property
- Revenue sharing is outlined in the agreement.

Funding:

- The City will sponsor or co-sponsor with Mart Dock grants for port infrastructure at Fisherman's Landing (most likely Port Infrastructure Development grants).
- The City would be compensated for the Fisherman's Landing property in a pre-paid lease (same value as a property sale) and use those funds to acquire the Verplank property (with additional funding required to complete the purchase, the funding gap will be in the six-figure range).
- The cost to rehab Verplank is still unknown. Staff is working with the Great Lakes and St. Lawrence Seaway Cities Initiative to develop plans for the next steps in the redevelopment of the Verplank properties into a park. (Including a list of unknowns, possible avenues forward for grants, and

planning options.) We anticipate securing grants for the river estuary restoration.

- The \$2.8 million state enhancement grant (of which the City already holds one-quarter) would support:
 - Acquisition and improvements to the City-acquired Third Street property
 - Sewer relocation, historic vessel preservation
- If Mart Dock/the City secures a Port Infrastructure Development Grant and operations begin at Fisherman's Landing, Mart Dock must cease operations at Mart Dock Proper within five years (extendable one year at a time at the City Manager's discretion).
- A deed restriction would be placed on the Mart Dock Parcel, requiring commission approval to amend or remove. This restriction runs with the land and applies to current and future owners.
 - **Prohibited uses:** All port operations, including cargo handling, container storage, freight loading/unloading, and related logistics
 - **Permitted uses:**
 - Cruise ship operations and related activities
 - Boat storage, service, and repair (current allowable use under zoning via Special Land Use)
 - Marinas (by-right use under current zoning)
- Mart Dock Proper would be rezoned to Waterfront Industrial PUD (zoning ordinance), with final approval to occur alongside the agreement. (2 (e))
- Fisherman's Landing would also be rezoned to Waterfront Industrial PUD at the same time. This is not explicitly stated in the agreement because, as property owner, the City has sole authority to initiate the rezoning.

This summary highlights the main elements of the agreement. Staff will present additional details at Tuesday night's Commission Meeting focusing on what's changed since the last presentation, providing context and connecting this draft to the earlier public engagement presentations.

Public Engagement:

In Person:

- Muskegon Lake Watershed Partnership, January 7, 2025
- Muskegon Rotary, West Michigan Port Operators, January 9, 2025 (available on YouTube for viewing)
- Parks & Recreation Advisory Committee, February 15, 2025
- Public Information Session #1 - Sim Ray Community Building at Smith Ryerson, January 27, 2025
- Public Information Session #2 - Public Works Building, February 4, 2025
- Neighborhood Associations of Muskegon, February 5, 2025
- Public Information Session #3 - The HUB, February 17, 2025
- Muskegon Chamber Governmental Affairs Meeting, March 4, 2025
- Commission Worksession, September 8, 2025
- Public Q&A Session at Muskegon High School, October 21, 2025 (available online for viewing)
- Muskegon Rotary Presentation, November 6, 2026 (available on YouTube for viewing)
- Commission Meeting, November 25, 2025

(more than 20 hours of large-scale public engagement. This does not include Neighborhood Association Meetings attended where Ports & Parks have been a topic of discussion.)

Digital:

- Social media Q&A (taken from engagement questions/online/written feedback)
- Connect Muskegon Page
 - All documents available on Connect Muskegon
 - The public can provide feedback
 - The public can sign up for updates when documents change/information changes on the page (641 subscribers to Ports & Parks (86 only for Ports & Parks, 555 for all city projects on Connect Muskegon))
 - Summaries of public meetings can be viewed
 - Copies of feedback received can be viewed
 - Digital presentations (same presentations as given in the public information sessions)

Print:

- Covered in our Fall/Winter 2025 newsletter

STAFF RECOMMENDATION: To approve the development agreement between West Michigan Dock and the City of Muskegon as presented.

City Manager Jonathan Seyferth explained a few changes to the agreement and answered questions.

Motion by Commissioner Keener, second by Commissioner Kilgo, to approve the development agreement between West Michigan Dock and the City of Muskegon as presented.

**ROLL VOTE: Ayes: Kilgo, Gorman, St.Clair, and Johnson
Nays: Keener, and Kochin**

MOTION PASSES

ANY OTHER BUSINESS

Commissioner Kilgo asked that the community and non-profits continue coming together to help our youth and those who have less.

Commissioner Kochin agreed with Commissioner Kilgo.

Mayor Johnson and Commission wished everyone happy holidays.

Attorney John Schrier thanked the Commission for their kindness earlier tonight, it was deeply appreciated.

GENERAL PUBLIC COMMENT

Public comments received.

ADJOURNMENT

The City Commission meeting adjourned at 9:45 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC City Clerk



Agenda Item Review Form

Muskegon City Commission

| | |
|---|------------------------------------|
| Commission Meeting Date: January 13, 2026 | Title: BS&A Online Payments |
| Submitted by: Sarah Wilson, City Treasurer | Department: Treasury |
| Brief Summary: We are currently using Point & Pay, a third party processor, for online payments of tax and utility bills, as well as for credit card payments made at the counter. In 2024, BS&A launched their own online payment platform, BS&A Payments. After investigating the BS&A Payments option, we feel it is a better value and option for our municipality as a payment processor. We are recommending switching our payment processor to the BS&A Payments platform. | |
| Detailed Summary & Background: We have recently encountered some issues and limitations with our current payment processing system. Staff began investigating BS&A Payments as an alternative payment processor, to see if we could both reduce the issues that have occurred as well modernize the system that is available to our residents. After spending time meeting with BS&A Payments' team, as well as researching their capabilities and talking with various users of the system, we determined this system to be superior to what we are currently using. Some of the features we would gain with the BS&A Payments system include: <ul style="list-style-type: none">• An updated and modernized, easy-to-use customer interface for online payments• Increased safety features, such as ACH validation prior to payment processing, and the ability to read "chip" enabled credit cards• The ability to accept mobile wallet payments, such as Google or Apple Pay• Text to pay capabilities• Auto-pay and scheduled payment capabilities One important note regarding this system is that the fees customers pay to use the system would increase very slightly. The current fee for using a credit card is 2.8%. With the BS&A payments system, the fee would increase to 2.8% plus \$0.50. The current fee for paying online via ACH (or e-check) is \$0.85. The fee under the new system would be \$1.25. Although the fees are slightly higher, we believe the added value and convenience for the residents makes the switch worthwhile. It is also important to note that customers are not required to use these payment methods. We will still offer all of our other options that are free of charge, such as payment by check, cash, mail, etc. This system is strictly offered as a convenience for those who choose to use it. The only cost to the municipality is the cost of the terminals that would be located at the counters. The cost for each terminal is \$350, and we would need 15 terminals. There are no other fees to the municipality for using the BS&A Payments system. | |
| Goal/Action Item: | |

2027 Goal 4: Financial Infrastructure

Is this a repeat item?:

Explain what change has been made to justify bringing it back to Commission:

Amount Requested:

\$5,250.00

Budgeted Item:

Fund(s) or Account(s):

Various

Budget Amendment Needed:

No

Recommended Motion:

I move to approve changing the City's payment processor to BS&A Payments and authorize the Treasurer to sign the attached addendum.

Approvals:









Name the Policy/Ordinance Followed:

BS&A Payments



BS&A Payments: The What and How



| Challenges | Solutions |
|--|--|
|  Confusing and unpredictable fee schedule > |  Straightforward, All-Inclusive Pricing Model |
|  Lengthy onboarding and implementation process > |  We have taken customers live on BS&A Payments in as little as 48 hours |
|  Inefficient and disjointed customer support > |  One company, one team. Supporting you from implementation to go-live, and beyond |
|  Unresponsive to feedback > |  Full control over the end-to-end solution , enabling our teams to quickly incorporate customer feedback |

BS&A Payments: Why?

Customer Experience



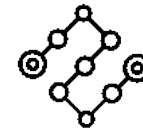
We pride ourselves on our unprecedented customer service, providing a singular contact point for payment support.

Streamlined Processing



Real-time transaction processing and posting, integrated with the BS&A Online Suite of Products, eliminate manual data entry and the need for flat file/batch file transaction imports.

Integration



Our payment solution integrates seamlessly with cash-receiving functions, simplifying financial management for municipalities.

Reimagining the User Experience

BS&A Online Refresh



Modern User Interface

4th user interface for
BS&A Online – first
since 2011

Mobile Responsive

A critical feature for
meeting users where
they are on the
devices they use

User Experience

Personal, intuitive,
and efficient

User Research

Leveraging user insights to create a better experience

Residents

Residents visit their municipality's website seeking information or to pay a bill

Professional Users

Title Companies, Real Estate Agents, Law Firms, Contractor users have different needs than residents

Municipal Users

Understanding of resident experience, focused on providing efficiency and ability to reconcile payments

Turning what was once a chore into a seamless journey, BS&A Payments was built with residents in mind.



Ease of Use

The user-friendly, mobile responsive, and accessible interface, all under one "roof" ensures all residents can make payments easily from anywhere.



Autopay Capability

Allows residents to configure ongoing automatic payments, ensuring they never miss a due date, and reducing late payments to the municipality



Automatic Card Updates

Embedded Card Account Updater capabilities maintain up-to-date credit and debit card information when resident cards expire or are replaced, reducing payment disruption.



Security, Compliance and Stability

Processing in a PCI Level 1 compliant environment with 99.999% uptime ensures the security of resident, municipality, and payment transaction data.

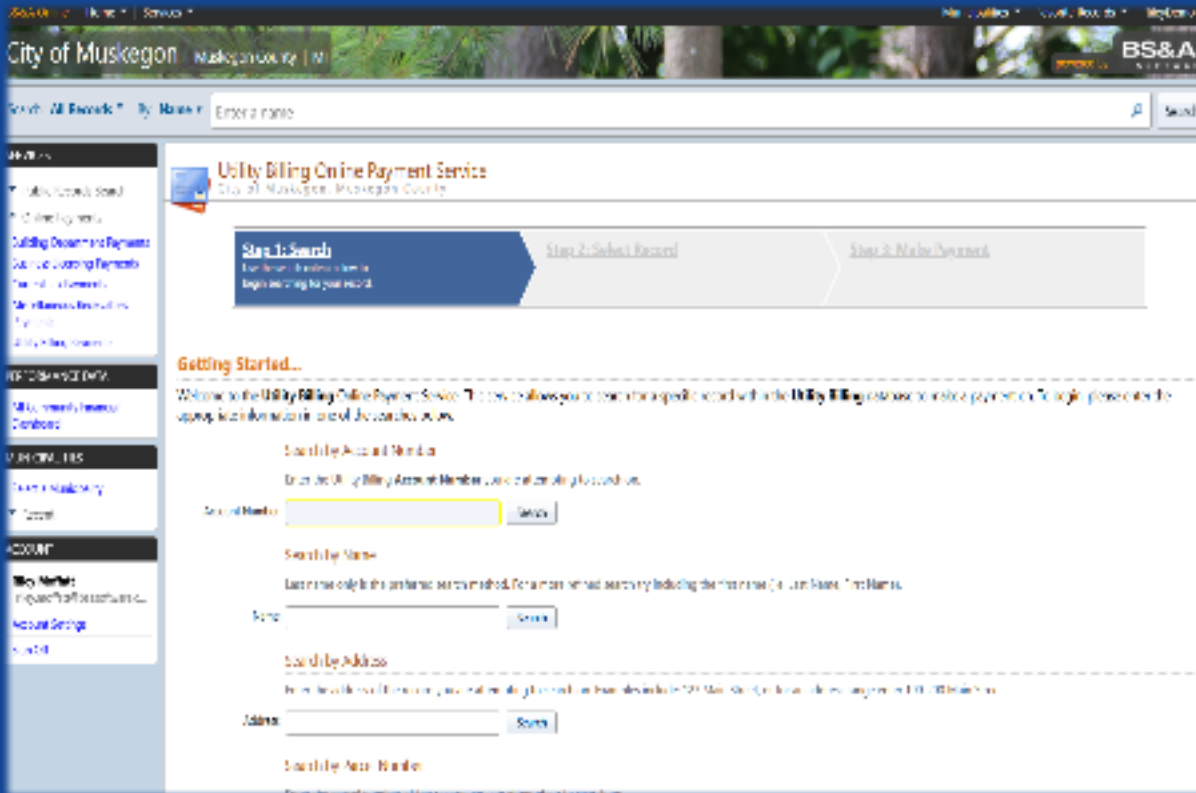


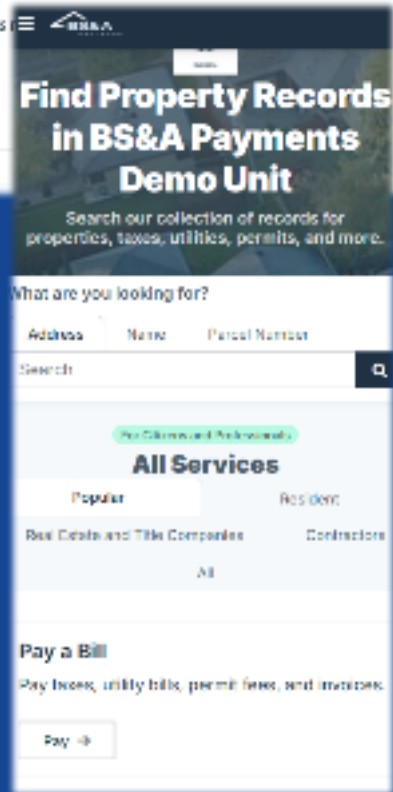
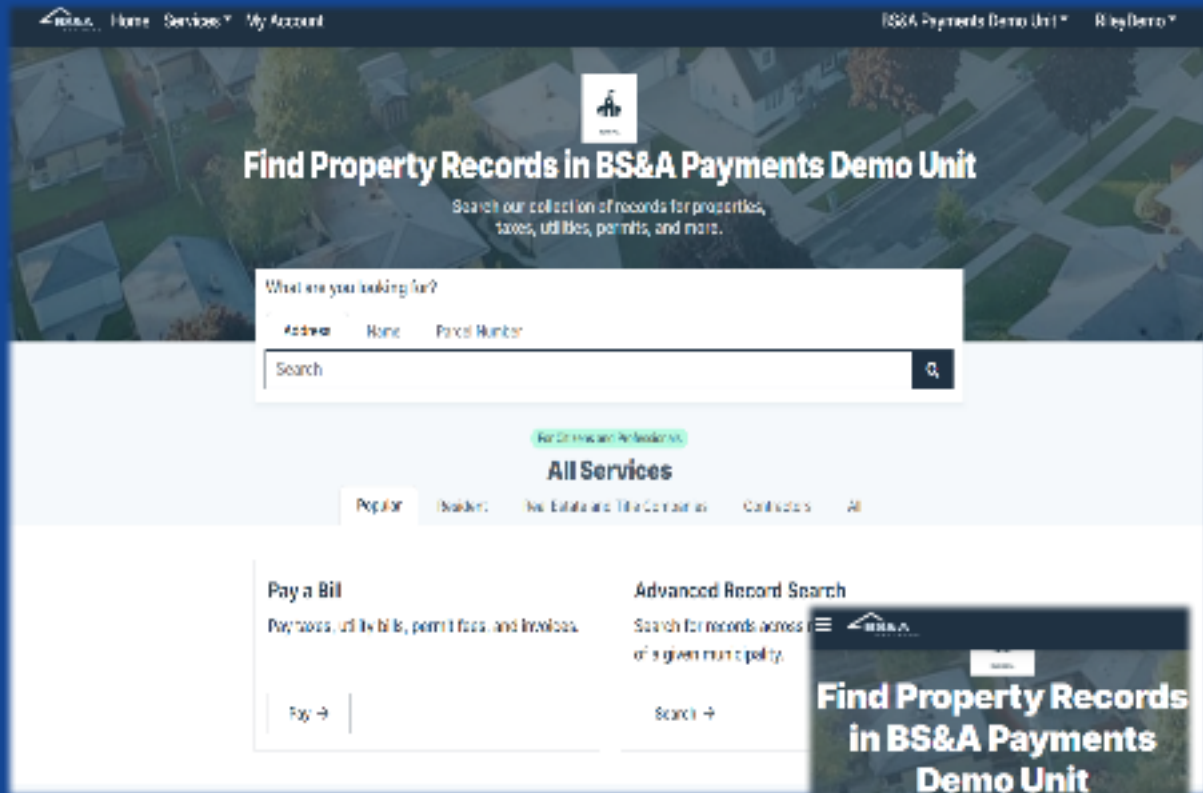
The Solution



Where We Are Today

- Desktop-first design
- Limited mobile usability
- More manual steps for residents





Where We're Going

- Modern, Intuitive User Interface
- Mobile-responsive design
- Single Login for BS&A Online
- Fully Integrated With BS&A Modules



Streamlined & Reliable Checkout Experience

- Flexible, Resident-Friendly Ways to Pay
- Increased Reliability & Fewer Failed Payments
- Seamless Autopay Management
- Secure, Consistent Experience

The screenshot shows a 'Take Payment' interface. At the top, there are navigation links for 'Home' and 'Services'. The main heading is 'Take Payment'. Below this, there are two radio button options: 'Card' and 'US bank account', with the latter being selected. A text input field for 'Full name' is labeled 'First and last name'. Below that is a search bar labeled 'Search for your bank'. A grid of 12 bank logos is displayed, including Chase, Huntington Bank, Citim, Bank of America, PNC Bank, Fifth Third Bank, Lake Michigan Cr., Capital One, Michigan State U., Comerica Bank, Wells Fargo, and Navy Federal Cr... To the right of the form is a 'Payment Summary' table:

| Payment Summary | |
|-----------------|-----------------|
| Amount | \$309.83 |
| Service Fee | \$3.00 |
| TOTAL | \$312.83 |

Below the table, there is a security notice: 'Guaranteed safe & secure checkout' with a lock icon. At the bottom, there are logos for various payment methods: VISA, Mastercard, American Express, Discover, Apple Pay, and Google Pay.

Operational Efficiencies & Staff Benefits

Less Manual Work

- Real-time posting
- Automated reconciliation
- Reduces repetitive tasks

Fewer Resident Issues

- Fewer failed payments
- More self-service options
- Clearer checkout process

Centralized Reporting

- Unified reporting across modules
- Quick access to transaction information
- Clear deposit sequencing

BS&A Payments Where We Are Today

A Year of Progress and Partnership

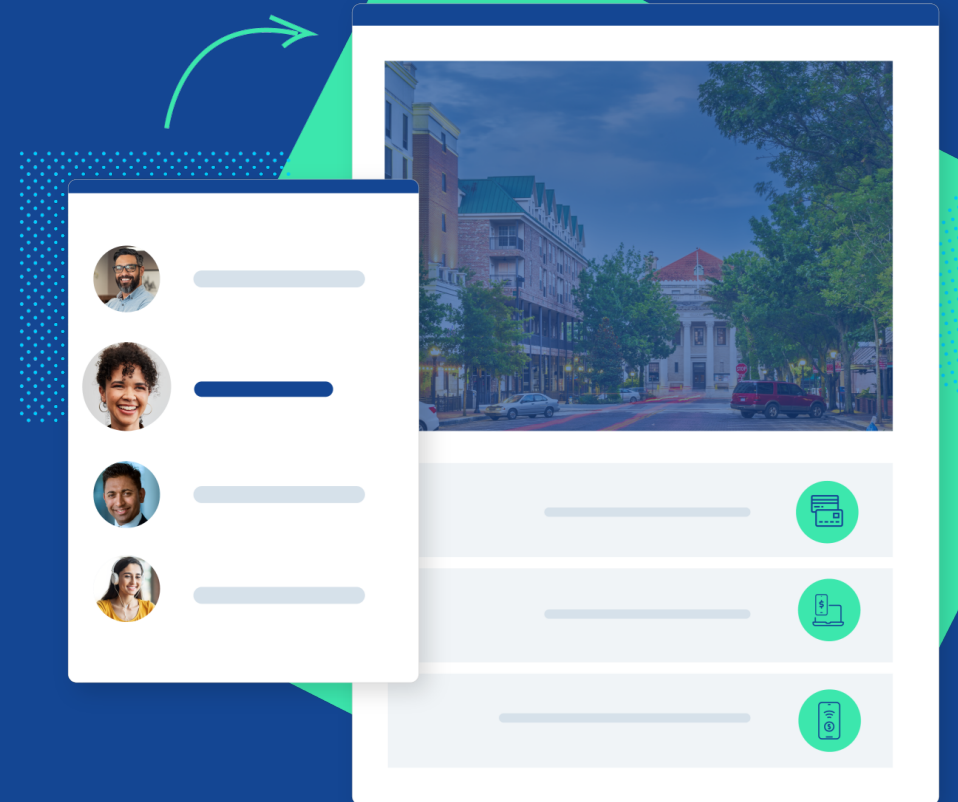
Since our initial beta launch in May 2024:

- **513** municipalities have signed on to BS&A Payments
- **406** are now live and actively processing payments
- **1.2+ million** transactions have been successfully completed
- **\$288+ million** in payments have been processed on the platform



What Does This Mean for 3rd Party Integrations?

- BS&A Payments is our ongoing focus for the best integrated payments experience purpose-built for BS&A customers and their residents.
- What does this mean for customers currently using third-party payment providers?
- Is BS&A still allowing choice, or are municipalities required to use BS&A's payment solution?
- I've heard integration fees might be coming. What does that mean for my municipality?



Thank You

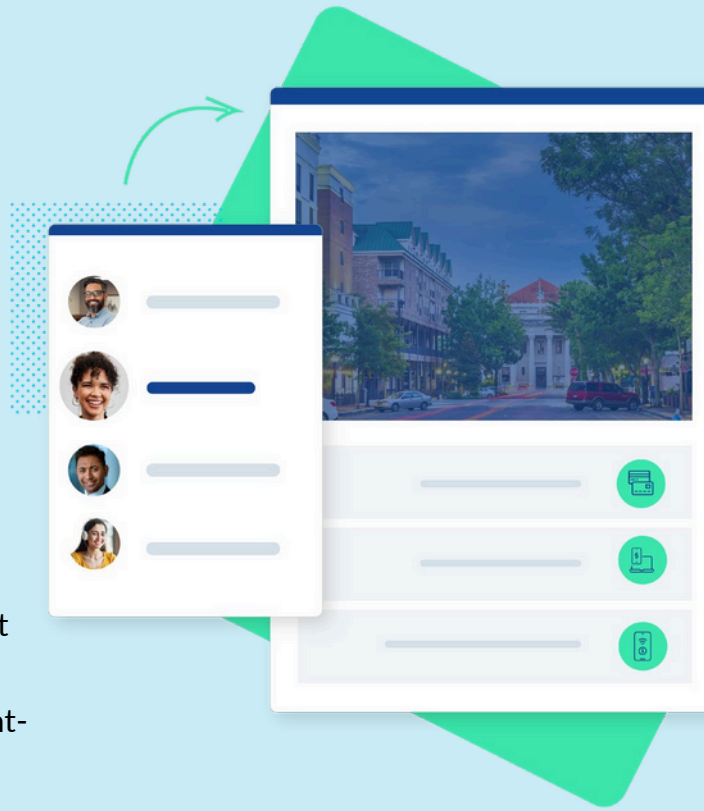




BS&A Payments

Streamlined payments for municipalities and their residents

For municipalities that invoice residents for taxes, utilities, and other civic fees, BS&A Payments offers a more efficient way to accept payments electronically, online, and over the counter. Native to BS&A's core software and online resident-facing platform, BS&A Payments improves workflows and reconciliation processes for staff and expands value for residents.



Designed Specifically for How Municipalities Operate.



Real-time Payment Processing Real-time transaction processing and posting for taxes, utilities, and other civic fees. Seamless ERP integration eliminates manual data entry and file imports, minimizing manual processes and potential for error.



Automated Reconciliation Streamlined bank reconciliation creates time savings, allowing municipal staff to focus on higher value initiatives.



Centralized Transaction Data All electronic payments data is accessible directly from BS&A's core platform, providing transaction level detail in a unified interface.



Modernize Your Payments Acceptance Position your municipality as tech-enabled and forward-thinking by offering residents the most modern payment methods, both in person and online.



All-Inclusive Pricing All-inclusive, flat-rate pricing eliminates hidden or unexpected fees and simplifies the budget forecasting process. No need to worry about fees for setup, monthly minimums, statements, recurring payments, PCI compliance, chargebacks, or batches.

Focusing on the Resident Experience.

Turning what was once a chore into a seamless journey, BS&A Payments was built with residents in mind.



Single Login for BS&A Online

A single user account streamlines access to electronic payments and other citizen engagement tools, all under one roof.



Ease of Use

The user-friendly, mobile responsive, and accessible interface ensures all residents can make payments easily from anywhere.



Autopay Capability

Allows residents to configure ongoing automatic payments, ensuring they never miss a due date, and reducing late payments to the municipality.



Security and Compliance.

Processing in a PCI Level 1 compliant environment ensures the security of resident, municipality, and payment transaction data.



Automatic Card Updates

Embedded Card Account Updater capabilities maintain up-to-date credit and debit card information when resident cards expire or are replaced, reducing payment disruption.

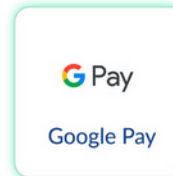
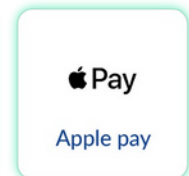
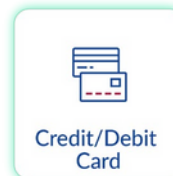
See BS&A Payments in Action

See for yourself how BS&A Payments streamlines payments for municipalities and their residents.

- <https://www.bsasoftware.com/bsa-payments>

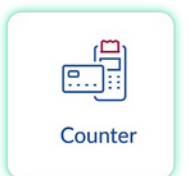
Comprehensive Payment Options

BS&A Payments accepts:

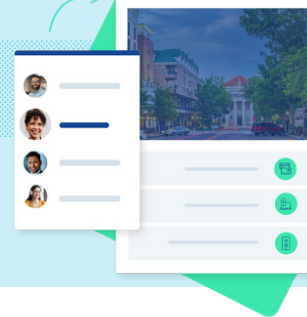


Extensive Payment Channels

Ability to pay invoices:



BS&A Payments Customer FAQs



1. Why is BS&A launching its own payments platform?

Over the years, we've consistently heard from customers about the frustrations of using separate, add-on payment solutions. These setups often resulted in a fragmented experience for residents, who had to manage multiple accounts and switch between the BS&A Online resident portal and an external payment portal, sometimes involving multiple browser windows, log-ins, and redirects. Municipalities have also faced challenges, such as reconciliation issues and the need to coordinate with two separate companies for implementation and support, making it difficult to address payment-related concerns quickly and efficiently.

With our all-new BS&A Payments solution, these challenges are eliminated. You work directly with the team at BS&A from sales to onboarding, implementation through ongoing support, and because we manage the solution end-to-end, we're committed to continuously improving it based on customer feedback to ensure it meets the unique needs of our municipal customers.

Built specifically for municipalities, BS&A Payments offers robust reconciliation, ease of use, and allows you to work exclusively with our top-tier support team. By managing payments directly, BS&A can help streamline your processes, reduce third-party dependencies, and provide real-time integration with your ERP system, ultimately enhancing productivity for your staff and convenience for residents.

2. What does this mean for customers currently using third-party payment providers?

For customers with third-party integrated payments, BS&A Payments offers a fully integrated, native option built exclusively for BS&A customers and their residents, with BS&A handling all aspects of implementation and support. While there's currently no end-of-life timeline for third-party integrations or a requirement to transition, our focus going forward is on enhancing and investing in our own payment solution to deliver a continuously improving experience.

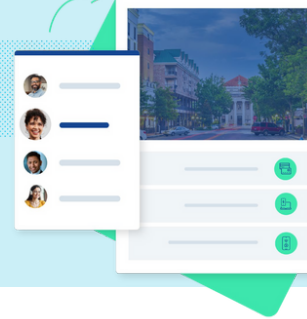
We also encourage customers to review any exclusivity or long-term renewal clauses with third-party providers, as these terms could limit your flexibility to take advantage of BS&A Payments' benefits when you're ready. Our team is here to assist in making the transition as smooth as possible, and we're available to answer any questions about the unique advantages of BS&A Payments.

3. Why is BS&A's fee schedule structured differently than typical payment processors?

BS&A Payments uses an all-inclusive pricing model, simplifying your budgeting by eliminating unexpected fees. This flat-rate approach covers processing, PCI compliance, support, chargebacks, ACH returns, and other fees that are typically additional with third-party providers. With BS&A, what you see is truly what you get, making it easier for municipalities to plan and control costs without surprise expenses.

BS&A Payments

Customer FAQs



4. How did BS&A approach building the payments product, and what's next?

BS&A Payments was designed specifically with municipalities and their residents in mind. We gathered direct feedback from customers to understand common themes, frustrations, and gaps in third-party solutions, creating a platform that addresses the real needs of municipalities. BS&A Payments includes integrated real-time transaction processing, centralized data access, and a user-friendly resident interface. We continue to invest in expanding support for additional payment channels and enhancing functionality.

5. Is BS&A still allowing choice, or are municipalities required to use BS&A's payment solution?

Our primary goal is to offer a streamlined, secure, and effective payments solution that integrates seamlessly with BS&A ERP software. While BS&A Payments is optimized for our ERP, our merchant processing agreement is non-exclusive, providing flexibility to work concurrently with other processors if desired. BS&A respects each municipality's choice and is committed to supporting informed decision-making.

6. What happens to resident payment information during the transition?

Transitioning from third-party processors to BS&A Payments involves the transfer of sensitive payment data. While we aim to minimize disruptions, some residents may need to re-register payment methods due to data transfer policies set by existing providers. Our support team is ready to assist municipalities in this transition to ensure residents experience minimal impact and can continue making payments seamlessly.

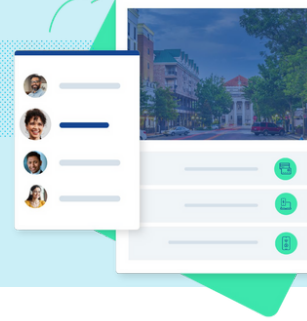
7. What payment methods and channels does BS&A Payments support?

BS&A Payments provides multiple channels tailored for convenience and security:

- ACH/Electronic Check: Includes verification tools like Financial Connections and GIACT to ensure account validity and reduce the risk of failed payments. Autopayment options are also available, especially beneficial for utility billing.
- Credit Card: Online and in-person with fully integrated, EMV-compliant point-of-sale terminals, providing municipalities with the only seamlessly integrated solution for secure, in-person transactions.
- Digital Wallet: Supports Apple Pay and Google Wallet online and in-person.
- Text-2-Pay: Simple text authorizations for registered users.
- Interactive Voice Response (IVR): Automated payments over the phone in a secure PCI-compliant environment.

Our roadmap includes additional payment channels to meet evolving needs, and we'll continue updating our product offering based on customer feedback.

BS&A Payments Customer FAQs



8. Are there any channels BS&A Payments doesn't currently support?

BS&A Payments currently does not support bank direct payments or kiosk payments. If you rely on these channels, please reach out—we'd love to discuss your needs. These options are under consideration, and a phased approach may be possible depending on demand and customer requirements.


9. How does BS&A Payments improve reconciliation and reporting?

BS&A Payments consolidates all transaction data within your ERP, streamlining the reconciliation process. This tight integration provides staff with detailed transaction data and automated bank reconciliation, reducing manual entries, minimizing errors, and saving staff time.

10. How does BS&A support municipalities with onboarding and training?

Addressing customer feedback around lengthy and complex account set up, our onboarding process is designed to be smooth, supportive, and fast. With BS&A Payments, your municipality can be up and running in a matter of days. We provide comprehensive training, documentation, and ongoing support to ensure your team feels confident and prepared to use the platform effectively. Additionally, our team is available to troubleshoot any issues and provide support to your residents if needed, offering a seamless transition from setup through to ongoing operations.

Get in Touch to Find Out More.

 (855) 272-7638

 paymentsinfo@bsasoftware.com

Integrated Payments Addendum

This Addendum (“**Addendum**”) supplements the Customer Agreement entered into by and between BS&A Software, LLC (“**BS&A**”) and the (“**Customer**”) together with the BS&A Customer Terms and Conditions (collectively, the “**Agreement**”), effective on the date of the Customer signature.

Payment processing services accessible through an integration with BS&A’s platform are provided by BS&A’s designated payment processor, as BS&A may designate from time to time (“**Processor**”). As of the effective date of this Addendum, the Processor is Stripe, Inc. (“**Stripe**”). This Addendum will apply if Customer sets up an account with the Processor (with Stripe as processor, such account is referred to herein as the “**Stripe Connected Account**”), to receive payment processing services from Processor (“**Payment Processing Services**”) through such integration. Capitalized terms used but not defined here will have the meanings given to them in the Agreement or in the Stripe Agreements (defined below).

1. Payment Processing Services

1.1 Processor Agreements. As of the effective date of this Addendum, use of the Payment Processing Services is subject to the [Stripe Connected Account Agreement](#), the [Stripe Privacy Policy](#), and other terms and conditions of Stripe, as each may be updated or modified by Stripe from time to time (collectively, the “**Stripe Agreements**”). Customer may not use any Payment Processing Services until Customer agrees to the Stripe Agreements, and by agreeing to this Addendum, Customer expressly (a) accepts and agrees to the Stripe Agreements, and (b) authorizes BS&A to capture Customer’s electronic or digital acceptance of the Stripe Agreement and provide proof of such acceptance to Stripe as may be requested by Stripe. Customer understands that the Stripe Agreements are solely between Customer and Stripe, and the Payment Processing Services are provided solely by Stripe. BS&A is not a party to the Stripe Agreements, has no control over the Payment Processing Services and the Stripe Agreements, and will have no liability under the Stripe Agreements or in any way relating to the Payment Processing Services. Customer is responsible for checking for applicable updates to the Stripe Agreements from time to time, and any use by Customer of the Payment Processing Services following a change to the Stripe Agreements shall constitute acceptance of such change.

1.2 Customer Information and onboarding. Customer will follow the onboarding procedures and policies provided by BS&A and Stripe (as may be amended from time to time), and Customer will provide all requested information. All information provided by Customer to BS&A must be truthful and accurate. Customer acknowledges that Processor has the ultimate decision whether to approve Customer for the Payment Processing Services.

1.3 Transaction Processing and Settlement. Transactions are processed by Processor, not BS&A. Stripe (or its partner banks) will settle Transaction proceeds to Customer’s designated bank account in accordance with the Stripe Agreements. Customer acknowledges and agrees that its processed transactions may be deposited into to a pooled account held for the benefit of Customer and other customers of BS&A held at any financial institution so that such funds may be combined and aggregated with other funds that are ultimately settled to Customer by such financial institution. Customer understands and agrees that BS&A does not process, receive, or hold Customer funds at any time and that BS&A is not a bank, money transmitter, or other money services business (as such terms are defined by the Bank Secrecy Act or any state law). To the extent BS&A is deemed to hold or receive funds (constructively or otherwise) of any customer of Customer at any point in time, Customer hereby irrevocably appoints BS&A as its non-fiduciary agent for the limited purpose of collecting, receiving, holding, and settling funds from Customer’s customer (the cardholder) on Customer’s behalf. In such

event, such funds shall be deemed received by Customer upon receipt by BS&A and shall satisfy the cardholder's obligation to Customer in connection with the transaction for the goods or services sold by Customer. If BS&A fails to remit such funds to Customer, Customer's sole recourse for such event is solely against BS&A and not against the cardholder or the cardholder's financial source.

1.4 Data Usage and Sharing. Customer authorizes BS&A to (a) access and receive data relating to Customer's Stripe Connected Account (as such term is defined in the Stripe Agreements), including transaction and usage data and other data about the Stripe Connected Account; (b) share data regarding the Stripe Connected Account, related activity and other Customer data with Stripe in connection with the Payment Processing Services; and (c) issue instructions to Stripe regarding Transactions and funds processed by Stripe. Customer agrees to complete and submit any additional authorization forms or other such documentation as requested by BS&A or Stripe.

2. Payment Terms

2.1 Fees. The fees for the Payment Processing Services will be as set forth in Schedule A of this Addendum and will be automatically debited by BS&A via ACH from the depository account designated by Customer that is on file with BS&A ("**Customer Account**"). Customer hereby authorizes BS&A, Processor, their financial institutions and any of their assignees to collect amounts owed under this Addendum (including, but not limited to, the fees for the Payment Processing Services set forth on Schedule A and any liabilities arising under this Addendum) by debiting funds from the Customer Account ("**ACH Debit Authorization**"). All payments are non-refundable. If Customer fails to make any payment when due (or any ACH Debit of the Customer Account is returned or rejected for any reason), late charges will accrue as permitted pursuant to Section 7.1 of the Agreement. For clarity, any fees or payment terms that may be posted on Stripe's website for Stripe's direct customers are not applicable. All fees are exclusive of any applicable taxes, unless otherwise provided. Customer agrees that all ACH transactions authorized pursuant to this authorization comply with all applicable laws and with the Network Rules (including the Nacha Operating Rules). Notwithstanding anything to the contrary in the Agreement, fees for the Payment Processing Services can be amended upon thirty days notice to Customer.

2.2 Disputes. If Customer believes that there is an error in any statement provided by BS&A or any information reported by BS&A regarding a Transaction, or any error made in the amount of a payment or settlement, Customer must notify BS&A within thirty (30) days of Customer's receipt of the statement or payment containing the error or it will waive such claim.

2.3 Tax Reporting. BS&A may send documents to Customer and the Internal Revenue Service (IRS) or other tax authority for Transactions processed using the Payment Processing Services. BS&A may have tax reporting responsibilities in connection with the Payment Processing Services such as an Internal Revenue Service report on Form 1099-K (which reports Customer's gross transaction amounts each calendar year to the IRS), or state or other taxing authority requirements. Customer acknowledges that BS&A or Stripe (as determined in their sole discretion) will report the total amount of transactions received by Customer in connection with the Payment Processing Services each calendar year as required by the taxing authorities. Customer will cooperate with BS&A and Stripe in providing accurate and complete tax reporting information, including any other information that may be required by the taxing authorities to fulfil tax reporting described herein. Customer represents and warrants that all information that it submits for tax reporting purposes is complete and accurate to the best of its knowledge, and that BS&A and Stripe may rely on all such information submitted by Customer. Customer agrees that neither Stripe nor BS&A will be liable for any penalty or other damages stemming from any 1099-K form that is issued incorrectly if it comports with the information provided by

Customer, and neither Stripe nor BS&A will have any obligation to verify the legal name or tax ID number for reporting purposes. Customer understands and agrees that BS&A and Stripe may submit tax reporting information exactly as provided by Customer. Notwithstanding the foregoing, BS&A or Stripe may in their sole discretion investigate or validate any tax reporting information or other information submitted by Customer.

2.4 Electronic Delivery of Tax Documents. In connection with the tax reporting activities described above, Customer may elect to receive electronic delivery of the referenced tax-related documents from BS&A or Stripe, including through BS&A's platform or another online portal whereby Customer can access and download the applicable statements. If Customer elects to receive tax documents electronically, it will provide such consent by clicking an "I Accept" or similar button or checking a box captioned with acceptance and consent language ("**Tax E-Delivery Consent**"). The Tax E-Delivery Consent will remain in effect until withdrawn by Customer. The Tax E-Delivery Consent may be printed or downloaded. If Customer does not specifically consent to the electronic delivery of tax-related documents, Customer will receive paper copies of all required tax-related documents, including Form 1099-K. BS&A or Stripe will notify Customer once the applicable tax forms become available via the email address BS&A has on file for Customer.

3. Compliance

3.1 Laws and Rules. Customer agrees to comply at all times with all applicable laws and regulations as well as the rules and regulations of all applicable payment networks ("**Network Rules**"), including industry standards such as the Payment Card Industry Data Security Standards ("**PCI-DSS**"). Additional data protection standards and policies which Customer must comply with are set forth in the Stripe Agreements. Furthermore, Customer acknowledges and agrees that it is fully responsible for all acts and omissions of its employees, contractors, and agents and will ensure their compliance with all laws and Network Rules as well as Customer's other obligations under this Addendum and the Stripe Agreements.

3.2 Customer's Business. Customer understands that any transactions involving Customer's goods or services which are processed through the Payment Processing Services pursuant to this Addendum ("**Transactions**") are between Customer and its customer (the cardholder), and any issues relating to a Transaction are solely between Customer and the cardholder. Customer is solely responsible for all liabilities associated with Customer's payment processing activity and use of the Payment Processing Services, including without limitation with respect to chargebacks, refunds, identity theft, fraud and any assessments or fees imposed by Stripe, a sponsor bank, the card networks or any third party. Customer is responsible for determining what, if any, taxes apply to the goods and services Customer provides to its cardholders and the payments Customer makes or receives, and it is Customer's responsibility to collect, report and remit the correct tax to the appropriate tax authority. Customer will comply with any and all applicable tax laws, including those in connection with Transactions.

3.3 Prohibited Activities. Customer will not use the Stripe Connected Account for any activity prohibited by Stripe, including but not limited to those activities listed in the section of Stripe Services Agreement titled "Services Restrictions" or those activities listed in the [Stripe Restricted Businesses List](#). Customer shall not use the Payment Processing Services to conduct a Restricted Business or transact with a Restricted Business. Customer may not use the Payment Processing Services in breach of the Connected Account Agreement or for any activity that applicable law or the Stripe Agreements prohibit.

3.4 Fraud Monitoring. BS&A and Stripe may monitor Transactions for the purpose of determining fraudulent activity and whether Customer is in good standing. Such monitoring if conducted, will be for the benefit of BS&A and/or Stripe only. BS&A does not have any obligation to monitor Transactions on

Customer's behalf. Based on BS&A's methods, which are subject to change without notice, BS&A may decide to suspend Customer's access to the Payment Processing Services, or in other ways limit Customer's privileges to the extent BS&A deems necessary or useful to prevent fraud or losses. Without limiting the foregoing, BS&A may delay, in its sole discretion, or at the direction of Stripe sending instructions on Customer's behalf if BS&A reasonably believes that Customer's instructions may involve fraud or misconduct, or violate applicable law, rule, regulation, order, this Addendum, or other applicable BS&A or Stripe policies, as determined by BS&A or Stripe in their sole and absolute discretion.

3.5 Cardholder Fee Programs. If Customer elects to impose a fee on cardholders with respect to Transactions (including a surcharge for credit cards, a convenience fee, service fee or other similar type of fee) or implement a discount based on the type of payment method used for a Transaction (including cash, check, or ACH) (collectively, "**Cardholder Fee Program**"), Customer must first seek approval from BS&A. Customer is solely responsible for its compliance with all applicable Network Rules and all present and future federal and state laws and regulations relating to any such Cardholder Fee Program and any required consumer disclosures related thereto. Although BS&A may, in its discretion, assist Customer with disclosures and practices relating to such Cardholder Fee Programs, BS&A's provision or approval of any materials or practices shall not be deemed a confirmation that such materials or practices comply with the Network Rules or applicable law and shall not in any way relieve Customer from its responsibility to ensure that all program materials and practices comply with the Network Rules and applicable law. Customer must provide BS&A with at least at thirty (30) days prior written notice before implementing (or announcing publicly that it intends to implement) any Cardholder Fee Program that would be considered a surcharge program under the Network Rules.

4. Chargebacks

4.1 Chargebacks. If BS&A determines in its sole discretion that Customer is incurring excessive chargebacks, BS&A may establish controls or conditions governing Customer's use of the Payment Processing Services, including without limitation, by (a) establishing new fees, (b) instructing Stripe to require a reserve, (c) instruct Stripe to delay payouts, and/or (d) terminating this Addendum and access to the Payment Processing Services. Notwithstanding anything to the contrary herein, for any Transaction that results in a chargeback, BS&A may direct the withholding of the chargeback amount and any associated fees. Customer authorizes BS&A to deduct or debit the amount of any chargeback and any associated fees, fines, or penalties assessed by a third party, from Customer's Account or offset from any amounts otherwise due to Customer. Further, if BS&A reasonably believes that a chargeback is likely with respect to any Transaction, BS&A may instruct Stripe to withhold the amount of the potential chargeback from payments otherwise due to Customer until such time that: (a) a chargeback is assessed, in which case BS&A will retain the funds; (b) the period of time under applicable law or Rule by which the cardholder may dispute the Transaction has expired; or (c) BS&A determines that a chargeback on the Transaction will not occur, in which case BS&A will instruct the release of the withheld funds to Customer. If BS&A is unable to recover funds related to a chargeback for which Customer is liable, BS&A may set off or debit Customer's Account for the full amount of the applicable chargeback, or, if BS&A is unable to do so, Customer shall pay BS&A the amount of such chargeback and any associated fees, fines or penalties immediately upon demand. Customer will pay all costs and expenses, including without limitation attorneys' fees, other legal expenses, and handling fees incurred by or on behalf of BS&A in connection with the collection of all chargebacks. This section will survive termination of this Addendum. Additional chargeback terms and requirements are set forth in the Stripe Agreements.

4.2 Investigations. BS&A is not obligated to intervene in any dispute arising between Customer and cardholders. Notwithstanding anything to the contrary herein, if BS&A needs to conduct an investigation or resolve any pending dispute related to chargebacks or Transactions, Customer will assist BS&A when requested, at Customer's expense, to investigate such Transactions. Customer will timely submit all applicable information, documentation, or evidence related to such chargeback to BS&A, within the timeframe instructed by BS&A, necessary for BS&A to meet card network timelines for submitting evidence and responding to a chargeback. Customer authorizes BS&A to share information about a chargeback with the cardholder, the cardholder's financial institution and Customer's financial institution in order to investigate or mediate a chargeback. BS&A will request necessary information from Customer to contest the chargeback. If a chargeback dispute is not resolved in Customer's favor by the card network or issuing bank or Customer chooses not to contest the chargeback, BS&A may recover the chargeback amount and any associated fees. Customer acknowledges that its failure to assist BS&A in a timely manner when investigating a Transaction, including providing necessary documentation within the time period specified in BS&A's request, may result in an irreversible chargeback. BS&A will charge a fee as set forth in the applicable price schedule for mediating or investigating chargeback disputes, in addition to any other chargeback fees set forth in this Addendum or the Agreement, if applicable. BS&A reserves the right to change such fee at any time. If BS&A reasonably suspects that the Customer's access to the BS&A platform or Payment Processing Services has been used for an unauthorized, illegal, or criminal purpose, Customer gives BS&A express authorization to (but understands that BS&A is not obligated to) share information about Customer and any Transactions with law enforcement.

5. Liability

5.1 Indemnification.

- 5.1.1** In addition to the indemnification obligations under the Agreement, Customer will indemnify and hold harmless BS&A and its officers, affiliates, and representatives from and against any and all losses, damages, claims, assessments, chargebacks, fees, and other amounts incurred arising out of or in any way related to: (a) Customer's breach of any of its representations, warranties or covenants in this Addendum; (b) the Stripe Agreements or Customer's use of the Payment Processing Services, including all activity on Customer's Stripe account; (c) Customer's violation or non-compliance with any applicable law, rule, regulation, order, or Network Rules (including non-compliance of PCI-DSS); (d) all Merchant Losses (as defined in the Stripe Agreements); (e) Customer's implementation of a Cardholder Fee Program; and (f) Customer's gross negligence or willful misconduct.
- 5.1.2** In addition to the indemnification obligations under the Agreement, BS&A will indemnify and hold harmless Customer and its officers, affiliates, and representatives from and against any and all losses, damages, claims, and other amounts incurred resulting from third party claims to the extent directly and solely arising out of: (a) BS&A's breach of any of its representations, warranties or covenants in this Addendum; (b) BS&A's violation or non-compliance with any applicable law, rule, regulation, or order; and (c) BS&A's gross negligence or willful misconduct.

5.2 Limitation of Liability. TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT SHALL BS&A, ITS OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, OR AGENTS, BE LIABLE TO CUSTOMER OR ANY OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL OR EXEMPLARY DAMAGES, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE), OR ANY OTHER LEGAL THEORY, AND WHETHER OR NOT BS&A IS ADVISED OF THE POSSIBILITY OF SUCH

DAMAGES. EXCEPT FOR BS&A'S INDEMNITY OBLIGATIONS SET FORTH IN SECTION 5.1.2, TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT WILL BS&A'S TOTAL CUMULATIVE LIABILITY ARISING OUT OF OR RELATED TO THIS ADDENDUM EXCEED IN THE AGGREGATE THE TOTAL FEES CUSTOMER PAID TO BS&A UNDER THIS ADDENDUM IN THE SIX (6) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE LIABILITY. THE EXISTENCE OF MULTIPLE CLAIMS WILL NOT ENLARGE THIS LIMIT. BS&A'S LIABILITY IN CONNECTION WITH ITS INDEMNITY OBLIGATIONS SET FORTH IN SECTION 5.1.2, SHALL NOT EXCEED IN THE AGGREGATE THE TOTAL FEES CUSTOMER PAID TO BS&A UNDER THIS ADDENDUM IN THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE LIABILITY. FOR THE AVOIDANCE OF DOUBT, CUSTOMER AGREES AND ACKNOWLEDGES THAT ANY ASSESSMENT, FINE, PENALTY, FEE, OR OTHERWISE IMPOSED BY STRIPE, A BANK, A CARD NETWORK OR A GOVERNMENT AGENCY OR REGULATOR WILL BE DEEMED TO BE A DIRECT DAMAGE AND NOT INDIRECT, CONSEQUENTIAL, OR INCIDENTAL.

5.3 Force Majeure. BS&A is not responsible for any delay or failure in performing its obligations under this Addendum, in whole or in part, for any cause or circumstance outside its reasonable control, including, without limitation: fires, floods, storms, earthquakes, civil disturbances, disruption of telecommunications, pandemics, transportation, utilities, services or supplies, governmental action, computer viruses, corruption of data, failures of Processor or other third party provider, DDoS or other computer attacks, incompatible or defective equipment, software, or services, or otherwise.

6. Term and Termination

6.1 Term. This Addendum will be effective on the date that BS&A approves Customer for the Payment Processing Services and will continue for one (1) year ("**Initial Term**") unless earlier terminated in accordance with this section. This Addendum will automatically renew for consecutive one (1)-year renewal terms (each a "**Renewal Term**" and together with the Initial Term, the "**Term**") unless either party gives the other party written notice of non-renewal no less than sixty (60) days before the end of the then-current Term.

6.2 Termination. This Addendum will automatically terminate upon termination of the Agreement.

6.3 Termination by BS&A. In addition to the termination rights set forth under the Agreement, BS&A will have the right to terminate this Addendum immediately, with or without notice, for: (a) Customer breaches any provision of this Addendum or any Stripe Agreements; (b) Customer or its employees and agents use the Payment Processing Services in a manner inconsistent with the intended purpose; (c) Customer or its employees and agents violate any applicable laws or Network Rules; or (d) BS&A is required to terminate this Addendum by Stripe, government agency, payment network, or other regulator. BS&A will not be liable to Customer or other third party for termination of the Payment Processing Services for any reason. Upon the termination of the Stripe Agreements or the Customer's Stripe Connected Account for any reason, this Addendum will automatically terminate.

6.4 Effect of Termination. The termination of this Addendum will not affect any of BS&A's rights or Customer's obligations arising under this Addendum. After termination of this Addendum and/or Customer's Stripe account, Customer shall continue to be liable for all chargebacks, refunds, fees, card network liabilities, credits, and adjustments resulting from or relating to Transactions processed pursuant to this Addendum. The termination of Customer's access to Payment Processing Services will be effective immediately. Customer authorizes BS&A to notify Stripe of any termination of this Addendum; however, Customer is responsible to manually close its Stripe Connected Account separately in accordance with Stripe procedures.

7. General

7.1 Precedence. Any inconsistency, conflict, or ambiguity between these Addendum and the Agreement will be resolved by giving precedence and effect to this Addendum, but only to the extent of the inconsistency, conflict, or ambiguity. Other than as expressly amended by this Addendum, all other provisions of the Agreement will remain in full force and effect.

7.2 Amendments. Except as set forth below in this section, this Addendum may only be amended with the written consent of both parties. Notwithstanding the foregoing, BS&A reserves the right to amend this Addendum without the consent of Customer if such amendment is required to comply with applicable laws, Network Rules or the directives of the Processor or any payment network. BS&A will use reasonable efforts to give Customer thirty (30) days’ prior notice of any such amendment. Additionally, during the Term and upon at least 30 days’ prior written notice, BS&A may amend this Addendum to pass through increases in third party costs and fees, including but not limited to fees and assessments charged by Stripe, payment networks, or BS&A’s vendors and service providers. BS&A may amend this Agreement other than as indicated herein, including applicable fees and rates, no less than ninety (90) days before the end of the then-current Term.

7.3 Dispute Resolution. The dispute resolution provisions of the Agreement, including the choice of law and venue will apply to any and all disputes or claims arising under this Addendum.

7.4 Counterparts. This Addendum may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. An electronic signature shall be accepted as an original for all purposes. This Addendum may be executed and delivered by electronic means (including click-to-accept) and the parties agree that such electronic execution and delivery will have the same force and effect as delivery of an original document with original signatures, and that each party may use such electronic signatures as evidence of the execution and delivery of this Addendum to the same extent that an original signature could be used.

Signature: _____

Name:

Title:

Date:

Tax E-Delivery Consent

Please read this information carefully and print or download a copy for your files.

Consent to Electronic Delivery of Tax-Related Documents

By executing the Addendum or otherwise accepting this Tax E-Delivery Consent (“**Consent**”), you acknowledge that you have read and understand the terms of this Consent, and you affirmatively elect and consent to receive tax-related documents in connection with the Payment Processing Services (“**Tax Documents**”), including but not limited to IRS Form 1099-K, via electronic delivery.

This Tax E-Delivery Consent (“**Consent**”) is effective until withdrawn in the manner described below. You understand you will **NOT** receive hard (paper) copies of Tax Documents unless and until such withdrawal.

This is your copy of the Consent. Please print, download, and save a copy of this Consent for your records.

Electronic Delivery

You agree that BS&A may deliver Tax Documents to you in any of the following ways:

- (a) via email at the email address BS&A has on file for you; and/or
- (b) via an online interface which allows you to view and download the Tax Documents. For example, such interface may be provided through your account or profile on the BS&A services, if applicable. If Tax Documents are provided via the BS&A services or other online interface, BS&A (or its processor or service provider, as applicable) will notify you via email once each Tax Document becomes available.

Additional or Substitute Paper Copies

In addition to obtaining electronic copies, you may also request paper copies of your Tax Documents by contacting BS&A at the contact information provided below. Note that requesting a paper copy of Tax Documents will be considered a one-time request and will not be considered a withdrawal of this Consent. You must formally withdraw this Consent in the manner described below to begin regularly receiving paper copies of Tax Documents on a going-forward basis.

For information that is required by law to be sent to you, including Form 1099-K and other Tax Documents, as applicable, if BS&A receives notice that an email is undeliverable due to an incorrect or inoperable email address, or if BS&A is otherwise unable to deliver your Tax Documents via electronic means, BS&A will attempt to send such information via U.S. Postal Service to the mailing address BS&A has on file for you.

Notification of Change of Tax Information or Email

You must notify BS&A promptly if your email address used to receive Tax Documents, notifications, or other account information changes. You must also notify BS&A promptly of any relevant change in your information as it appears on your Form W-9, including your name, address, or taxpayer identification number. BS&A must have such information exactly as it appears on your Form W-9 in order to properly fill out and issue your Form 1099-K.

By agreeing to this Consent, you agree to notify BS&A promptly of any such change, by contacting BS&A by mail or email at the contact information provided below

Withdrawal or Termination this Consent

You may withdraw this Consent at any time by providing written notice of withdrawal to BS&A by mail or email at the contact information provided below. In each case, you must state that you are withdrawing consent to paperless delivery of tax-related documents, and you must provide your name and taxpayer identification number exactly as they appear on your IRS Form W-9.

You understand that withdrawal of this Consent is prospective only; withdrawal ensures that future Tax Documents will be delivered to you in paper, but does not apply to any Tax Document that has already been furnished to you electronically. BS&A may take up to 10 business days after receipt of your withdrawal to process your request.

In addition, BS&A reserves the right to terminate this Consent and stop electronic delivery of Tax Documents at any time by giving notice to you. If BS&A does so, BS&A will send future Tax Documents as paper copies, via mail.

System Requirements

To access Tax Documents electronically, you need a computer system or mobile device that, at minimum, has the following features and capabilities:

- internet access;
- browser software (at least 128-bit encryption, JavaScript enabled);
- application that can read and display PDF files;
- sufficient hardware necessary to support the above features, including sufficient storage to download and retails files to keep a copy for your records; and
- printer (if you want to print a hard copy).

By agreeing to this Consent you certify that your computer system or mobile device meets these hardware and software requirements.

Contact BS&A

You may contact BS&A by mail or email to update your Form W-9 information or to withdraw this Consent at:

BS&A Software, LLC

- 14965 Abbey Ln, Bath Twp, MI 48808
- payments@bsasoftware.com

Signature: _____

Name:

Title:

Date:

Schedule A – Payment Processing Services & Fees

| Service | Fee |
|---|-----|
| Payment Processing Implementation | \$0 |
| Monthly Account Fee | \$0 |
| Gateway | \$0 |
| PCI DSS | \$0 |
| Tokenization | \$0 |
| Chargeback / Dispute Management | \$0 |
| Real-Time ACH Validation | \$0 |
| Real-Time Transaction Fraud & Risk Monitoring | \$0 |
| Text – to – Pay | \$0 |
| IVR | \$0 |

| Credit Card – Visa, Mastercard, Discover, American Express – Pass-Through to Payor | | |
|--|------------|-----------------|
| Online, Text, IVR, Counter | Percentage | Per Transaction |
| Utility Billing | 2.80% | \$0.50 |
| Tax | 2.80% | \$0.50 |
| Misc. | 2.80% | \$0.50 |

| Credit Card – Visa, Mastercard, Discover, American Express – Absorbed by Municipality | | |
|---|------------|-----------------|
| Online, Text, IVR, Counter | Percentage | Per Transaction |
| Utility Billing | 2.80% | \$0.50 |
| Tax | 2.80% | \$0.50 |
| Misc. | 2.80% | \$0.50 |

| ACH – Pass-Through to Payor | |
|-----------------------------|---------------------|
| Transaction Amount | Fee per Transaction |
| \$0 - \$1,000 + | \$1.25 |

| ACH – Absorbed by Municipality | |
|--------------------------------|---------------------|
| Transaction Amount | Fee per Transaction |
| \$0 - \$1,000 | \$1.50 |
| \$1,000 - \$5,000 | \$3.00 |
| \$5,000 + | \$6.00 |

| Item | Price | Quantity | Total |
|-------------------------------|----------|----------|-------|
| Stripe S700 Terminal and Dock | \$415.00 | | \$ |
| Stripe S700 Terminal | \$350.00 | | \$ |
| Stripe S700 Dock | \$65.00 | | \$ |
| Stripe S700 Hub | \$50.00 | | \$ |
| Stripe S700 Case | \$35.00 | | \$ |

| Payment Type | Accept Payments Using This Method |
|------------------------------|-----------------------------------|
| Online with BS&A Online | |
| Text-to-Pay | |
| IVR Phone Payments | |
| Counter with Cash Receipting | |

| Type | Pass Through to Payor | Absorbed by Municipality |
|----------------------------|-----------------------|--------------------------|
| Credit Card Fees - Online | | |
| Credit Card Fees - Text | | |
| Credit Card Fees - IVR | | |
| Credit Card Fees - Counter | | |
| ACH Fees - Online | | |
| ACH Fees - Text | | |
| ACH Fees - IVR | | |



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | | | | | | | | | |
|---|---|-----|--|------------------------|--|-----|----------------------|--|--|---------------|--|--|--------------|--|--|--|
| Commission Meeting Date: January 13, 2026 | Title: 2026 Wage Matrix for Non-Union Part-Time and Limited Term Employees | | | | | | | | | | | | | | | |
| Submitted by: Dwana Thompson, Employee Relations Director | Department: Employee Relations | | | | | | | | | | | | | | | |
| Brief Summary: The part-time and limited-term wage matrix is for long-term part-time positions and seasonal staffing positions. It reflects the increase to the minimum wage that, if approved, will be retroactive to January 1, 2026. | | | | | | | | | | | | | | | | |
| Detailed Summary & Background: | | | | | | | | | | | | | | | | |
| Goal/Action Item: Administrative Action | | | | | | | | | | | | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | | | | | | | | | | | | |
| Amount Requested: | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 25%;">No</td> <td style="width: 10%;"></td> <td style="width: 20%;">N/A</td> <td style="width: 10%;"></td> </tr> </table> | Yes | | No | | N/A | | | | | | | | | | |
| Yes | | No | | N/A | | | | | | | | | | | | |
| Fund(s) or Account(s): | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 25%;">No</td> <td style="width: 10%;"></td> <td style="width: 20%;">N/A</td> <td style="width: 10%;"></td> </tr> </table> | Yes | | No | | N/A | | | | | | | | | | |
| Yes | | No | | N/A | | | | | | | | | | | | |
| Recommended Motion: Recommending adoption of the 2026 Wage Matrix for non-union, part-time and limited-term employees | | | | | | | | | | | | | | | | |
| Approvals: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Immediate Division Head</td> <td style="width: 10%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> </tr> <tr> <td>Other Division Heads</td> <td></td> <td></td> </tr> <tr> <td>Communication</td> <td></td> <td></td> </tr> <tr> <td>Legal Review</td> <td></td> <td></td> </tr> </table> | Immediate Division Head | | | Information Technology | | | Other Division Heads | | | Communication | | | Legal Review | | | Name the Policy/Ordinance Followed: |
| Immediate Division Head | | | | | | | | | | | | | | | | |
| Information Technology | | | | | | | | | | | | | | | | |
| Other Division Heads | | | | | | | | | | | | | | | | |
| Communication | | | | | | | | | | | | | | | | |
| Legal Review | | | | | | | | | | | | | | | | |

CITY OF MUSKEGON

2026 WAGE MATRIX FOR NON-UNION PART-TIME AND LIMITED TERM EMPLOYEES

Michigan Minimum Wage is \$ 13.73 as of January 1, 2026

Minor Minimum Wage is \$11.67

| JOB TITLE | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | STEP 6 | STEP 7 |
|---|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GRADE 1 | \$ 13.00 | \$ 13.50 | \$ 14.00 | \$ 14.50 | | | |
| INTERNS AGE 16-17 (Minimum wage for Employees under Age 18) SEASONAL YOUTH WORKERS BOYS & GIRLS CLUB & COMMUNITY ENCOMPASS | | | | | | | |
| GRADE 2 | \$ 17.00 | \$ 18.00 | \$ 19.00 | \$ 20.00 | \$ 21.00 | \$ 22.00 | \$ 23.00 |
| ARENA MAINTENANCE SEASONAL LEISURE SERVICE MAINTENANCE WORKER SEASONAL SUPERVISORS BOYS & GIRLS CLUB & COMMUNITY ENCOMPASS | | | | | | | |
| GRADE 3 | \$ 17.00 | \$ 17.50 | \$ 18.00 | \$ 18.50 | \$ 19.00 | \$ 19.50 | \$ 20.00 |
| ARENA CUSTODIAN FARMERS MARKET CUSTODIAN BUILDING FACILITY CARETAKER FARMERS MARKET ASSISTANT I -EBT SCHOOL CROSSING GUARD SOCIAL DISTRICT SEASONAL WORKER | | | | | | | |
| GRADE 4 | \$ 18.00 | \$ 19.00 | \$ 20.00 | \$ 21.00 | \$ 22.00 | \$ 23.00 | |
| FACILITY SUPERVISOR II BEACH/PARK RANGERS (PUBLIC SAFETY) SUPERVISORY INTERN (OVER 18) | | | | | | | |
| GRADE 5 | \$ 17.00 | \$ 18.00 | \$ 19.00 | \$ 20.00 | \$ 21.00 | \$ 22.00 | |
| INTERNS OVER 18 ARBORIST | | | | | | | |
| GRADE 6 | \$ 17.00 | \$ 17.50 | \$ 18.00 | \$ 18.50 | \$ 19.00 | \$ 19.50 | \$ 20.00 |
| FACILITY SUPERVISOR I SEASONAL BEACH EQUIPMENT OPERATOR | | | | | | | |
| GRADE 7 | | | | | | | |
| BOARD OF CANVASSERS | \$25.00 PER DIEM | | | | | | |
| BOARD OF REVIEW | \$13.50 per hour / 4 hour minimum | | | | | | |
| RECEIVING BOARD | \$75.00 per day | | | | | | |
| ELECTION WORKERS (INSPECTORS) | \$15.50 per hour | | | | | | |
| ELECTION WORKER CHAIRPERSON | \$18.50 per hour | | | | | | |
| ELECTIONWORKER CO-CHAIRPERSON | \$17.50 per hour | | | | | | |
| ELECTION SUPERVISOR | \$20.50 per hour | | | | | | |
| ELECTION SPECIALISTS | \$25.50 per hour | | | | | | |
| GRADE 8 | \$ 25.00 | \$ 26.00 | \$ 27.00 | \$ 28.00 | \$ 29.00 | \$ 30.00 | |
| POLICE RECRUIT FARMERS MARKET MANAGERS ASSISTANT | | | | | | | |

| | | | | | | | | | | | | |
|-----------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|
| GRADE 9A | \$ | 16.00 | \$ | 16.80 | \$ | 17.64 | \$ | 18.52 | \$ | 19.44 | \$ | 20.42 |
|-----------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|

EVENT SECURITY MANAGER

| | | | | | | | | | | |
|-----------------|----|-------|----|-------|----|-------|----|-------|----|-------|
| GRADE 9B | \$ | 25.85 | \$ | 27.14 | \$ | 28.50 | \$ | 29.93 | \$ | 31.43 |
|-----------------|----|-------|----|-------|----|-------|----|-------|----|-------|

PART TIME POLICE OFFICER

PART TIME PROPERTY ROOM OFFICER

STEP-2 (500 hours); STEP-3 (1000 hours); STEP-4 (1500 hours); STEP-5 (2000 hours)

| | | | | | | | | | | |
|-----------------|----|-------|----|-------|----|-------|----|-------|----|-------|
| GRADE 9C | \$ | 31.00 | \$ | 32.00 | \$ | 33.00 | \$ | 34.00 | \$ | 35.00 |
|-----------------|----|-------|----|-------|----|-------|----|-------|----|-------|

PT - FIRE INSPECTOR



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | |
|--|--|-----|---|-----|---|-----|--|--|
| Commission Meeting Date: January 13, 2026 | Title: 2024 Justice Assistance Grant | | | | | | | |
| Submitted by: Emily Morgenstern, Public Safety Community Engagement | Department: Public Safety | | | | | | | |
| <p>Brief Summary: The Police Department is seeking approval to enter into a MOU with the County of Muskegon and Muskegon Heights to receive funds for the allocated 2024 Edward Byrne Memorial Justice Assistance Grant (JAG) program funds. Local JAG allocations to disparate jurisdictions in our county totals \$34,675.</p> | | | | | | | | |
| <p>Detailed Summary & Background: The Police Department is seeking approval to enter into a MOU with the County of Muskegon and Muskegon Heights to receive funds for the allocated 2024 Edward Byrne Memorial Justice Assistance Grant (JAG) program funds. Local JAG allocations to disparate jurisdictions in our county totals \$34,675.</p> <p>This is a grant the community has received before. The City of Muskegon will continue to act as the fiduciary and receive \$21,486, the City of Muskegon Heights would be a sub-recipient and receive \$13,189 and the County of Muskegon would not receive funding.</p> <p>Similar to past years, the City of Muskegon's portion of this grant will be used for the prosecution of city ordinance cases dealing primarily with neighborhood issues.</p> | | | | | | | | |
| <p>Goal/Action Item: 2027 Goal 1: Destination Community & Quality of Life</p> | | | | | | | | |
| <p>Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission:</p> | | | | | | | | |
| <p>Amount Requested: \$34,675</p> | <p>Budgeted Item:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">Yes</td> <td style="width: 15%; text-align: center;">X</td> <td style="width: 15%; text-align: center;">No</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">N/A</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> </tr> </table> | Yes | X | No | | N/A | | |
| Yes | X | No | | N/A | | | | |
| <p>Fund(s) or Account(s): 101-266-802</p> | <p>Budget Amendment Needed:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">Yes</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">No</td> <td style="width: 15%; text-align: center;">X</td> <td style="width: 15%; text-align: center;">N/A</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> </tr> </table> | Yes | | No | X | N/A | | |
| Yes | | No | X | N/A | | | | |
| <p>Recommended Motion: I move to approve the 2024 JAG Grant Memorandum of Understanding and authorize the Mayor to sign to receive the grant funds.</p> | | | | | | | | |
| Approvals: | Name the Policy/Ordinance Followed: | | | | | | | |

| | | |
|-------------------------|--|--|
| Immediate Division Head | | |
| Information Technology | | |
| Other Division Heads | | |
| Communication | | |
| Legal Review | | |

**MEMORANDUM OF UNDERSTANDING
THE CITY OF MUSKEGON
THE COUNTY OF MUSKEGON
THE CITY OF MUSKEGON HEIGHTS**

**FY 2024 JUSTICE ASSISTANCE GRANT (JAG) PROGRAM AWARD
Regular Funding/Local Solicitation**

This Agreement is made and entered into on the ____ day of January, 2026 by and between the County of Muskegon, acting by and through its governing body, the Board of County Commissioners, located at 1903 Marquette, Muskegon, Michigan 49442 and the City of Muskegon, acting by and through its governing body, the City Commission, located at 933 Terrace Street, Muskegon, Michigan 49440, and the City of Muskegon Heights, acting by and through its governing body, the City Council, located at 2724 Peck Street, Muskegon Hts., MI 49444, all of Muskegon County, State of Michigan, witnesseth:

WHEREAS, the CITY OF MUSKEGON has agreed to serve as the applicant/fiscal agent for the joint funds under the: Edward Byrne Memorial Justice Assistance Grant Program (Local Solicitation) as the Bureau of Justice Assistance has designated the allocation to the law enforcement communities in Muskegon County as a disparate allocation; and

WHEREAS, each governing body, in performing governmental functions or in paying for the performance of governmental functions, hereunder, shall make that performance or those payments from current revenues legally available to that party; and

WHEREAS, each governing body finds that the performance of this Agreement is in the best interest of all parties, that the undertaking will benefit the public, and that the division of costs fairly compensates the performing party for the services or functions under this Agreement; and

WHEREAS, the breakdown of allocated funding agreed upon by those entities involved in the disparate funding is \$ 21,486 to the CITY OF MUSKEGON and \$ 13,189 to the CITY OF MUSKEGON HEIGHTS; and

WHEREAS, the CITY OF MUSKEGON, CITY OF MUSKEGON HEIGHTS and COUNTY OF MUSKEGON believe it to be in their best interests to allocate the JAG funds as specified in this Agreement.

NOW THEREFORE, THE COUNTY OF MUSKEGON, CITY OF MUSKEGON AND CITY OF MUSKEGON HEIGHTS agree as follows:

AGREEMENT

1. THE CITY OF MUSKEGON will act as the fiscal agent/applicant agency.
2. The total eligible joint allocation for the disparate jurisdictions of \$34,675 will be allocated as follows: COUNTY OF MUSKEGON - \$ 0; CITY OF MUSKEGON - \$21,486; CITY OF MUSKEGON HEIGHTS - \$ 13,189.
3. Each municipality will be responsible for its actions in the use of any equipment purchased under this Agreement and the fiscal agent shall not be liable for any civil liability that may arise from the purchase of the use of the equipment.
4. The CITY OF MUSKEGON HEIGHTS will be responsible for submitting quarterly reports to the CITY OF MUSKEGON by the third day of the month following the quarter in the reporting fashion required by the CITY OF MUSKEGON and for any month in which an expenditure under the grant has occurred the CITY OF MUSKEGON HEIGHTS will submit a reimbursement request to the CITY OF MUSKEGON by the third day of the following month along with backup documentation such as invoices.
5. The CITY OF MUSKEGON HEIGHTS will be responsible for the accuracy of all data submitted to the CITY OF MUSKEGON for submission to the Bureau of Justice

Programs and will be liable for penalties as a result of submitting the data late and for any inaccurate data.

6. Nothing in the performance of this Agreement shall impose any liability for claims against the CITY OF MUSKEGON passing from this program or from the CITY OF MUSKEGON HEIGHT's expenditure of the JAG funds.
7. By entering into this Agreement, the parties do not intend to create any obligations, express or implied, other than those set out herein. Further, this Agreement shall not create any rights in any party not a signatory hereto.

COUNTY OF MUSKEGON

Dated: _____, 2023

By: _____
Charles Nash, Chairman
County Board of Commissioners

CITY OF MUSKEGON

Dated: _____, 2023

By: _____
Kenneth Johnson, Mayor

CITY OF MUSKEGON HEIGHTS

Dated: _____, 2023

By: _____
Bonnie McGlothlin, Mayor



Agenda Item Review Form

Muskegon City Commission

| | | | | | |
|--|--|-----|-------------------------------------|-----|-------------------------------------|
| Commission Meeting Date: January 13, 2026 | Title: Resolution Revoking an Obsolete Property Rehabilitation Act (OPRA) Exemption Certificate for Ghezzi Investments LLC | | | | |
| Submitted by: Isabela Gonzalez, Development Analyst | Department: Economic Development | | | | |
| Brief Summary: Staff has drafted a resolution to revoke the OPRA certificate for the property located at 1937 Lakeshore Drive. | | | | | |
| Detailed Summary & Background: On March 12th, 2019, the City Commission approved a resolution to establish an Obsolete Property Rehabilitation Act (OPRA) Exemption Certificate for Richard Ghezzi, of Ghezzi Investments LLC. The property at 1937 Lakeshore Drive (the former Harbor Theater in Lakeside) was previously approved for rehabilitation under OPRA to support a redevelopment project. The project was required to commence within two years of the certificate's issuance, with a completion deadline of March 12, 2021. Unfortunately, that project was not completed within the required construction period, and the property has since changed ownership. A new mixed-use redevelopment project is now proposed for the site. Staff has prepared a resolution to revoke the existing OPRA certificate in order to allow the current property owners to consider future development incentives for the property. Revoking the existing OPRA certificate is a necessary step to clear the prior approval and enable the current property owners to pursue a new tax abatement for their proposed redevelopment project. | | | | | |
| Goal/Action Item: 2027 Goal 2: Economic Development Housing and Business | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | |
| Amount Requested: N/A | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> | Yes | No | N/A | <input checked="" type="checkbox"/> |
| Yes | No | N/A | <input checked="" type="checkbox"/> | | |
| Fund(s) or Account(s): N/A | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> | Yes | No | N/A | <input checked="" type="checkbox"/> |
| Yes | No | N/A | <input checked="" type="checkbox"/> | | |
| Recommended Motion: I move to adopt the resolution revoking the Obsolete Property Rehabilitation Act (OPRA) Exemption Certificate for Ghezzi Investments LLC at 1937 Lakeshore Drive. | | | | | |

Approvals:

| | | |
|-------------------------|--|--|
| Immediate Division Head | | |
| Information Technology | | |
| Other Division Heads | | |
| Communication | | |
| Legal Review | | |

Name the Policy/Ordinance Followed:

Public Act 146 of 2000, as amended.

Resolution No. _____

MUSKEGON CITY COMMISSION

**RESOLUTION REVOKING AN OBSOLETE PROPERTY REHABILITATION ACT
(OPRA) EXEMPTION CERTIFICATE FOR GHEZZI INVESTMENTS LLC**

WHEREAS, pursuant to Public Act 146 of 2000, as amended, the Obsolete Property Rehabilitation Act, after a duly noticed public hearing held on March 12, 2019, the City Commission of the City of Muskegon established the 1937 Lakeshore Drive Obsolete Property Rehabilitation District; and

WHEREAS, the City of Muskegon approved an Obsolete Property Rehabilitation Act (OPRA) application for Ghezzi Investments LLC, owned by Richard Ghezzi, and issued OPRA Exemption Certificate No. 3-19-0015 for property located at 1937 Lakeshore Drive, Muskegon, Michigan; and

WHEREAS, the rehabilitation work authorized under OPRA Exemption Certificate No. 3-19-0015 was required to be completed by March 12, 2021, was not completed within the approved construction period, and the subject property has since been sold for a separate redevelopment project; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MUSKEGON, COUNTY OF MUSKEGON, MICHIGAN, that the City Commission hereby revokes Obsolete Property Rehabilitation Act Exemption Certificate No. 3-19-0015 issued to Ghezzi Investments LLC for the property located at 1937 Lakeshore Drive, Muskegon, Michigan.

Adopted this 13th Day of January 2026.

AYES:

NAYS:

Absent:

BY: _____
Ken Johnson, Mayor

ATTEST: _____
Ann Meisch, Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission of the City of Muskegon, County of Muskegon, Michigan at a regular meeting held on January 13, 2026.

Ann Meisch, Clerk



Agenda Item Review Form

Muskegon City Commission

| | |
|--|---|
| Commission Meeting Date: January 13, 2026 | Title: Amendment to Purchase and Development Agreement: 286/294 Myrtle |
| Submitted by: Samantha Pulos, Code Coordinator | Department: Planning |
| Brief Summary: Staff is seeking authorization to amend the Purchase and Development Agreement with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025). | |
| Detailed Summary & Background: <p>In an effort to minimize disruption of established neighboring properties due to encroachment issues, staff is seeking authorization to amend the Purchase and Development Agreement (attached) with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025) to allow the total number of homes to be built to be three (3) instead of the currently obligated four (4).</p> <p>The original number of housing units in this agreement was five (5), reduced to four (4) after a previously approved amendment (attached). This agreement approved the purchase of three parent parcels that were to be split into five build-able lots for the construction of a single-family home on each lot. The first amendment, approved by the city commission on 12/9/25, reduced the number of homes to be built on 450 Orchard from two (2) to one (1). 450 Orchard was split into two lots, resulting in a new address of 454 Orchard. After construction began, the placement of two houses on this lot resulted in encroachment on neighboring properties.</p> <p>Another property on the original purchase agreement, 286 Myrtle — later split into two lots (286 & 294 Myrtle), has been found to also have encroachment issues. The house on the property to the east straddles the parcel line, as well as, the location of a neighbor's deck/shed/parking area to the northwest is extending onto the parcel (drawing attached: yellow=areas of encroachment, teal=proposed new house placement). Staff is recommending reducing the builders' obligation to one home to be built here, to combine the current lots (286 & 294 Myrtle) back to one lot, and adjusting the boundaries to accommodate the encroachment issues.</p> <p>Staff would like to seek approval for a second amendment for this agreement, and combine this lot back to its original dimensions and allow the developer to build one single-family home.</p> | |
| Goal/Action Item: 2027 Goal 2: Economic Development Housing and Business | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: Staff would like to amend the original purchase and development agreement and allow developer to build one single-family home on 286 Myrtle. | |

| | | | | | | | | |
|---------------------------------|---|-----|--|-----|---|-----|---|--|
| Amount Requested: N/A | Budgeted Item: <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 20%;">No</td> <td style="width: 10%;"></td> <td style="width: 20%;">N/A</td> <td style="width: 10%; text-align: center;">x</td> <td style="width: 10%;"></td> </tr> </table> | Yes | | No | | N/A | x | |
| Yes | | No | | N/A | x | | | |

| | | | | | | | | |
|--------------------------------------|---|-----|--|-----|---|-----|---|--|
| Fund(s) or Account(s): N/A | Budget Amendment Needed: <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 20%;">No</td> <td style="width: 10%;"></td> <td style="width: 20%;">N/A</td> <td style="width: 10%; text-align: center;">x</td> <td style="width: 10%;"></td> </tr> </table> | Yes | | No | | N/A | x | |
| Yes | | No | | N/A | x | | | |

Recommended Motion:
 To authorize the Code Coordinator to amend the Purchase and Development Agreement with RSW Holdings LLC and Barrowstone Capital LLC (approved on June 10, 2025), as described, and to have the Mayor and Clerk sign the purchase agreement addendum.

| | | | | | | | | | | | | | | | | |
|---|-------------------------|---|--|------------------------|--|--|----------------------|---|--|---------------|--|--|--------------|---|--|---|
| Approvals: <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">Immediate Division Head</td> <td style="width: 10%; text-align: center;">x</td> <td style="width: 20%;"></td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> </tr> <tr> <td>Other Division Heads</td> <td style="text-align: center;">x</td> <td></td> </tr> <tr> <td>Communication</td> <td></td> <td></td> </tr> <tr> <td>Legal Review</td> <td style="text-align: center;">x</td> <td></td> </tr> </table> | Immediate Division Head | x | | Information Technology | | | Other Division Heads | x | | Communication | | | Legal Review | x | | Name the Policy/Ordinance Followed: Master Plan, Zoning Ordinance, Policy for the Use & Sale of City-Owned Residential Property |
| Immediate Division Head | x | | | | | | | | | | | | | | | |
| Information Technology | | | | | | | | | | | | | | | | |
| Other Division Heads | x | | | | | | | | | | | | | | | |
| Communication | | | | | | | | | | | | | | | | |
| Legal Review | x | | | | | | | | | | | | | | | |

ADDENDUM NO. 2 TO LOT PURCHASE AND DEVELOPMENT AGREEMENT

This Addendum No. 2 to Lot Purchase Agreement ("Addendum") is entered into January 13, 2025, between **RSW Holdings LLC and Barrowstone Capital LLC**, Michigan limited liability companies, of 691 Ottawa Beach Road, Holland, MI, 49423 ("Purchaser") and the **City of Muskegon**, a Michigan municipal corporation, of 933 Terrace Street, Muskegon, Michigan 49440 ("Seller") as follows:

BACKGROUND

- A. On June 10, 2025, Purchaser and Seller entered into a Lot Purchase Agreement (the "Agreement"), which included the purchase of three (3) Lots located in the City of Muskegon, Muskegon County, Michigan (the "Land").
- B. On December 9, 2025, Purchase and Seller executed Addendum No. 1 to replace Letter "B", under the "Background" Section (page 1).
- C. The parties now seek to further amend Letter "B", under the "Background" Section (page 1) as set forth below, to account for the boundary adjustment of 286 Myrtle (Parcel No. 61-24-205-199-0008-01) and 294 Myrtle (Parcel No. 61-24-205-199-0008-10).

AGREEMENT

Based upon satisfactory consideration, acknowledged by the parties, they agree as follows:

- 1. 286 Myrtle Ave has been split into Parcel No. 61-24-205-199-0008-01 (286 Myrtle Ave) and Parcel No. 61-24-205-199-0008-10 (294 Myrtle). These parcels will be combined into the original parent parcel of 286 Myrtle and the boundary lines adjusted to address encroachment issues with adjacent properties to the east and northwest. One single-family home will be built. This will result in the total of single-family homes to be built under this agreement to be three (3) homes.
- 2. Except as modified by Addendum No. 1 and No. 2, the parties verify and affirm the Lot Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum No. 2 as of the date first written above.

SELLER:

CITY OF MUSKEGON

By: _____
Name: Ken Johnson
Title: Mayor
Dated: _____

By: _____
Name: Ann Marie Meisch
Title: City Clerk
Dated: _____

PURCHASER:

RSW Holdings LLC

By: _____
Name: Ron Webb
Dated: _____

Barrowstone Capital LLC

By: _____
Name: _____
Dated: _____

ADDENDUM NO. 1 TO LOT PURCHASE AND DEVELOPMENT AGREEMENT

This Addendum No. 1 to Lot Purchase Agreement ("Addendum") is entered into December 9, 2025, between **RSW Holdings LLC and Barrowstone Capital LLC**, Michigan limited liability companies, of 691 Ottawa Beach Road, Holland, MI, 49423 ("Purchaser") and the **City of Muskegon**, a Michigan municipal corporation, of 933 Terrace Street, Muskegon, Michigan 49440 ("Seller") as follows:

BACKGROUND

- A. On June 10, 2025, Purchaser and Seller entered into a Lot Purchase Agreement (the "Agreement"), which included the purchase of three (3) Lots located in the City of Muskegon, Muskegon County, Michigan (the "Land").
- B. The parties now seek to delete and replace Letter "B", under the "Background" Section (page 1) as set forth below.

AGREEMENT

Based upon satisfactory consideration, acknowledged by the parties, they agree as follows:

- 1. 450 Orchard Ave has been split into Parcel No. 61-24-205-045-0017-01 (450 Orchard Ave) and Parcel No. 61-24-205-045-0017-10 (454 Orchard Ave). These parcels will be combined into the original parent parcel of 450 Orchard Ave. One single-family home will be built. This will result in the total of single-family homes to be built under this agreement to be four (4) homes.
- 2. Except as modified by Addendum No. 1, the parties verify and affirm the Lot Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum No. 1 as of the date first written above.

SELLER:

CITY OF MUSKEGON

By: 

Name: Ken Johnson

Title: Mayor

Dated: 12-9-2025

By: 

Name: Ann Marie Meisch

Title: City Clerk

Dated: 12-9-2025

PURCHASER:

RSW Holdings LLC

By: 

Name: Ron Webb

Dated: _____

Barrowstone Capital LLC

By: 

Name: Taylor Webb

Dated: _____

PURCHASE AND DEVELOPMENT AGREEMENT

This Purchase and Development Agreement (“Agreement”) is made **June 10, 2025** (“Effective Date”), between the **City of Muskegon**, a Michigan municipal corporation, of 933 Terrace Street, Muskegon, Michigan 49440 (“City”), and RSW Holdings LLC and Barrowstone Capital LLC, 691 Ottawa Beach Road, Holland, MI, 49423. (“Developer”), with reference to the following facts:

Background

A. Developer proposes to purchase and develop three (3) vacant properties owned by City which is located in the City of Muskegon, Muskegon County, Michigan, and each commonly known and legally described on the attached **Exhibit A** (each property individually, a “Parcel” and collectively “Project Property”).

B. City and Developer desire to establish the terms, covenants, and conditions upon which City will sell and Developer will purchase and develop the Project Property. Developer intends to develop on each of the Project Property one (1) single-family home, for a total of five (5) single-family homes. (the “Project”).

Therefore, for good and valuable consideration, the parties agree as follows:

1. **Sale and Purchase of Project Property.** City agrees to sell to Developer, and Developer agrees to purchase from City, on the terms and subject to the conditions set forth in this Agreement, the Project Property, subject to reservations, restrictions, and easements of record.

2. **Purchase Price.** The total purchase price for the Project Property shall be **\$8,400.00**, which shall be paid in cash or other immediately available funds at Closing (defined below) less the \$500 deposit that the Developer has paid to the City of Muskegon.

Pursuant to Paragraph 3(b) below, the parties acknowledge and agree that Developer shall be eligible to be reimbursed all or a portion of the purchase price for the Parcel upon the completion of certain design standards as further described herein.

3. **Construction and Development Requirements.**

a. **Construction Dates.** The parties acknowledge and agree that Developer shall have a period of twenty-four (24) months from the date of Closing to complete the Project (“Construction Period”), except as otherwise provided in this Agreement or as otherwise mutually agreed upon by the parties in writing.

b. **Construction Details; Purchase Price Reimbursement.** Developer’s construction and development of the Project Property, including single-family homes, duplexes, triplexes, and accessory dwelling units, shall be in substantial conformance with its plans and specifications provided to City by Developer or as otherwise agreed upon in writing between City and Developer. As referenced above, Developer shall be eligible for reimbursement of all or a portion of the purchase price for the Project Property upon Developer’s satisfaction of the following design standards for each single-family home, duplex, triplex, and accessory dwelling unit it constructs on the Project Property. If the Project includes an accessory dwelling unit, both the primary dwelling unit (single-family home, duplex, triplex) and the accessory dwelling unit must meet the design standards outlined below to be eligible for reimbursement.

| Design Standard | Purchase Price Reimbursement for Parcel |
|---|---|
| Open front porch of at least 60 sq. ft. | 20% |
| Picture or bay window | 20% |
| Alley-loaded parcel | 20% |
| Shutter or other acceptable window treatments | 20% |
| Underground Sprinkling | 20% |

(By way of example only: If Developer completes three of the design standards listed above for the construction at the Parcel located at 518 Oak, Developer would be reimbursed \$1,440.00, which is 60% of the \$2,400.00 purchase price for this Parcel. If Developer completes all five design standards, Developer would be reimbursed the entire purchase price for this Parcel. If Developer builds a duplex or small multiplex, Developer would be reimbursed 100% of the purchase price for this Parcel.)

4. **Right of Reversion.** Notwithstanding anything herein to the contrary, and as security for Developer's obligation to commence and complete construction of a single-family home on each of the Project Property, the quit claim deed conveying the Project Property to Developer shall contain a right of reversion in all of the Project Property ("City's Reversionary Right"), which may be exercised by City, in its sole and absolute discretion, if any of the following conditions occur:

a. Developer does not commence construction within sixty (60) days after the date of Closing, in which case title to all of the Project Property shall automatically revert to City upon the terms and conditions further provided in this Paragraph 4 below. For purposes of this Paragraph 4(a), commencing construction means furnishing labor and materials to the Parcel of the Project Property and beginning installation of the approved single-family homes.

b. Developer does not complete construction of the Project Property prior to expiration of the Construction Period, in which case title to any of the Project Property that are not complete by the end of the Construction Period shall automatically revert to City upon the terms and conditions further provided in this Paragraph 4 below. For purposes of this Paragraph 4(b), completing construction means the issuance of an occupancy permit by City for the Project Property. Provided, however, the parties agree to reasonably negotiate an extension of the Construction Period up to a period of six (6) months for the Project Property that have a completed foundation before the expiration of the initial Construction Period.

If any of the above conditions occur, City shall automatically have City's Reversionary Right to reacquire title to the Project Property, as the case may be. To exercise City's Reversionary Right described herein, City must provide written notice to Developer (or its permitted successors, assigns, or transferees) within thirty (30) days of Developer's failure under this Agreement, but in any event prior to Developer satisfying the conditions set forth in Paragraph 4(a) or Paragraph 4(b) above, as the case may be, and record such notice with the Muskegon County Register of Deeds. Upon request of City, Developer shall take all reasonable steps to ensure City acquires marketable title to the Project Property, as the case may be, through its exercise of its rights under this Paragraph within thirty (30) days of City's demand, including without limitation, the execution of appropriate deeds and other documents.

In addition, if the Project Property revert to City, City may retain the purchase price for such Project Property free and clear of any claim of Developer or its assigns. In the event of reversion of title of the

Project Property, improvements made on such Project Property shall become the property of City. In no event shall the Project Property be in a worse condition than upon the date of Closing. These covenants and conditions shall run with the land and be recorded in the quit claim deed from City to Developer.

5. **Title Insurance.** Within five (5) days after the Effective Date, Developer shall order a title commitment for an extended coverage ALTA owner's policy of title insurance issued by Transnation Title Agency (the "Title Company") for the Project Property in the amount of the total purchase price for the Project Property and bearing a date later than the Effective Date, along with copies of all of the underlying documents referenced therein (the "Title Commitment"). Developer shall cause the Title Company to issue a marked-up commitment or *pro forma* owner's policy with respect to the Project Property at the Closing naming Developer as the insured and in form and substance reasonably satisfactory to Developer, but subject to Permitted Exceptions (defined below). As soon as possible after the Closing, Developer shall cause the Title Company to furnish to Developer an extended coverage ALTA owner's policy of title insurance with respect to the Project Property (the "Title Policy"). City shall be responsible for the cost of the Title Policy; provided, however, Developer shall be solely responsible for the cost of any endorsements to the Title Policy that Developer desires.

6. **Title Objections.** Developer shall have until the end of the Inspection Period (as defined below) within which to raise objections to the status of City's title to the Project Property. If objection to the title is made, City shall have seven (7) days from the date it is notified in writing of the particular defects claimed to either (a) remedy the objections, or (b) notify Developer that it will not remedy the objections. If Developer does not notify City in writing as to any title or survey objections, then Developer will be deemed to have accepted the condition of title as set forth in the Title Commitment. If City is unwilling or unable to remedy the title or obtain title insurance over such defects within the time period specified, then notwithstanding anything contained herein to the contrary, Developer may, at its option, upon written notice to City, either (i) terminate this Agreement and neither City nor Developer shall have any further obligation to the other pursuant to this Agreement, except as otherwise provided herein, or (ii) waive such objection, in which case such objection shall become a Permitted Exception, and thereafter proceed to the Closing according to the terms of this Agreement. Any matter disclosed on the Title Commitment that is waived or not objected to by Developer shall be deemed a "Permitted Exception."

7. **Property Taxes and Assessments.** City shall be responsible for the payment of all real estate taxes and assessments that become due and payable prior to Closing, without proration. Developer shall be responsible for the payment of all real estate taxes and assessments that become due and payable after Closing, without proration.

8. **Survey.** Developer at its own expense may obtain a survey of any or all of the Project Property, and Buyer or its surveyor or other agents may enter any of the Project Property for that purpose prior to Closing. If no survey is obtained, Developer agrees that Developer is relying solely upon Developer's own judgment as to the location, boundaries, and area of the Project Property and improvements thereon without regard to any representations that may have been made by City or any other person. In the event that a survey by a registered land surveyor made prior to Closing discloses an encroachment or substantial variation from the presumed land boundaries or area, City shall have the option of affecting a remedy within seven (7) days after disclosure, or terminate this Agreement. Developer may elect to purchase the Project Property subject to said encroachment or variation.

9. **Inspection Period.** At Developer's sole option and expense, Developer and Developer's agents may conduct inspections of each of the Project Property within thirty (30) days after the Effective Date ("Inspection Period"). Developer's inspection under this Paragraph may include, by way of example but not limitation, inspections of any existing improvements to each Parcel, other systems servicing the Parcel, zoning, and the suitability for Developer's intended purposes for each Parcel. If Developer, in

Developer's reasonable discretion, is not satisfied with the results of the inspections for any reason, Developer shall notify City in writing of Developer's prior to expiration of the 30-day Inspection Period. If Developer so notifies City, this Agreement shall be terminated and have no further force and effect. If no written objection is made by Developer within the stated period, this inspection contingency shall be deemed to be waived by Developer and the parties shall proceed to Closing in accordance with the terms of this Agreement.

10. **Condition of Project Property.** City and Developer acknowledge and agree that the Parcel in the Project Property is being sold and delivered "AS IS", "WHERE IS" in its present condition. Except as specifically set forth in this Agreement or any written disclosure statements, City has not made, does not make, and specifically disclaims any and all representations, warranties, or covenants of any kind or character whatsoever, whether implied or express, oral or written, as to or with respect to (i) the value, nature, quality, or condition of any of the Project Property, including without limitation, soil conditions, and any environmental conditions; (ii) the suitability of the Project Property for any or all of Developer's activities and uses; (iii) the compliance of or by the Project Property with any laws, codes, or ordinances; (iv) the habitability, marketability, profitability, or fitness for a particular purpose of the Project Property; (v) existence in, on, under, or over the Project Property of any hazardous substances; or (vi) any other matter with respect to the Project Property. Developer acknowledges and agrees that Developer has or will have the opportunity to perform inspections of the Project Property pursuant to this Agreement and that Developer is relying solely on Developer's own investigation of the Project Property and not on any information provided to or to be provided by City (except as specifically provided in this Agreement). If the transaction contemplated herein closes, Developer agrees to accept the respective Project Property acquired by Developer and waive all objections or claims against City arising from or related to such Project Property and any improvements thereon except for a breach of any representations or warranties or covenants specifically set forth in this Agreement. In the event this transaction closes, then subject to City's express representations, warranties, and covenants in this Agreement, Developer acknowledges and agrees that it has determined that the respective Project Property it has acquired and all improvements thereon are in a condition satisfactory to Developer based on Developer's own inspections and due diligence, and Developer has accepted such Project Property in their present condition and subject to ordinary wear and tear up to the date of Closing. The terms of this Paragraph shall survive the Closing and/or the delivery of the deed.

11. **Developer's Representations and Warranties of Developer.** Developer represents, covenants, and warrants the following to be true:

a. **Authority.** Developer has the power and authority to enter into and perform Developer's obligations under this Agreement.

b. **Litigation.** No judgment is outstanding against Developer and no litigation, action, suit, judgment, proceeding, or investigation is pending or outstanding before any forum, court, or governmental body, department or agency or, to the knowledge of Developer, threatened, that has the stated purpose or the probable effect of enjoining or preventing the Closing.

c. **Bankruptcy.** No insolvency proceeding, including, without limitation, bankruptcy, receivership, reorganization, composition, or arrangement with creditors, voluntary or involuntary, affecting Developer or any of Developer's assets or property, is now or on the Closing Date will be pending or, to the knowledge of Developer, threatened.

12. **Conditions Precedent.** This Agreement and all of the obligations of Developer under this Agreement are, at Developer's option, subject to the fulfillment, before or at the time of the Closing, of each of the following conditions:

a. **Performance.** The obligations, agreements, documents, and conditions required to be signed and performed by City shall have been performed and complied with before or at the date of the Closing.

b. **City Commission Approval.** This Agreement is approved by the Muskegon City Commission.

13. **Default.**

a. **By Developer.** In the event Developer fails to comply with any or all of the obligations, covenants, warranties, or agreements under this Agreement and such default is not cured within ten (10) days after receipt of notice (other than Developer's failure to tender the purchase price in full at Closing, a default for which no notice is required), then City may terminate this Agreement.

b. **By City.** In the event City fails to comply with any or all of the obligations, covenants, warranties or agreements under this Agreement, and such default is not cured within ten (10) days after receipt of notice, then Developer may either terminate this Agreement or Developer may pursue its legal and/or equitable remedies against City including, without limitation, specific performance.

14. **Closing.**

a. **Date of Closing.** The closing date of this sale shall be as mutually agreed by the parties, but in no event later than 60 days from the City Commission's approval of the sale ("Closing"), unless this Agreement is terminated in accordance with its provisions. The Closing shall be conducted at such time and location as the parties mutually agree.

b. **Costs.** The costs associated with this Agreement and the Closing shall be paid as follows: (i) Developer shall pay any state and county transfer taxes in the amount required by law; (ii) City shall pay the premium for the owner's Title Policy, provided that Developer shall pay for any and all endorsements to the Title Policy that Developer desires; (iii) City shall be responsible to pay for the recording of any instrument that must be recorded to clear title to the extent required by this Agreement; (iv) Developer shall pay for the cost of recording the deed; and (v) Developer and City shall each pay one-half of any closing fees charged by the Title Company.

c. **Deliveries.** At Closing, City shall deliver a quit claim deed for the Project Property and Developer shall pay the purchase price. The quit claim deed to be delivered by City at closing shall include the City Right of Reversion described in Paragraph 4 above. The parties shall execute and deliver such other documents reasonably required to effectuate the transaction contemplated by this Agreement.

15. **Real Estate Commission.** Developer and City shall each be responsible for any fees for any real estate agents, brokers, or salespersons regarding this sale that it has hired, but shall have no obligation as to any fees for any real estate agents, brokers, or salespersons regarding this sale that the other party has hired.

16. **Notices.** All notices, approvals, consents and other communications required under this Agreement shall be in writing and shall be deemed given: (i) when delivered in person; (ii) when sent by fax or email; (iii) when sent by a nationally-recognized receipted overnight delivery service with delivery

fees prepaid; or (iv) when sent by United States first-class, registered, or certified mail, postage prepaid. The notice shall be effective immediately upon personal delivery or upon transmission of the fax or email; one day after depositing with a nationally recognized overnight delivery service; and five (5) days after sending by first class, registered, or certified mail.

Notices shall be sent to the parties as follows:

To City: City of Muskegon
Attn.: Samantha Pulos, Code Coordinator
933 Terrace Street
Muskegon, MI 49440

w/ copy to: Parmenter Law
Attn.: John C. Schrier
601 Terrace Street, Suite 200
Muskegon, MI 49440
Email: john@parmenterlaw.com

To Developer: RSW Holdings LLC & Barrowstone Capital LLC
Ron Webb
691 Ottawa Beach Road
Holland MI, 49423
Email: ron.webb@cbgreatlakes.com
Cell: 616-291-2782

17. **Miscellaneous.**

a. **Governing Law.** This Agreement will be governed by and interpreted in accordance with the laws of the state of Michigan.

b. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes any other agreements, written or oral, that may have been made by and between the parties with respect to the subject matter of this Agreement. All contemporaneous or prior negotiations and representations have been merged into this Agreement.

c. **Amendment.** This Agreement shall not be modified or amended except in a subsequent writing signed by all parties.

d. **Binding Effect.** This Agreement shall be binding upon and enforceable by the parties and their respective legal representatives, permitted successors, and assigns.

e. **Counterparts.** This Agreement may be executed in counterparts, and each set of duly delivered identical counterparts which includes all signatories, shall be deemed to be one original document.

f. **Full Execution.** This Agreement requires the signature of all parties. Until fully executed, on a single copy or in counterparts, this Agreement is of no binding force or effect and if not fully executed, this Agreement is void.

g. **Non-Waiver.** No waiver by any party of any provision of this Agreement shall constitute a waiver by such party of any other provision of this Agreement.

h. **Severability.** Should any one or more of the provisions of this Agreement be determined to be invalid, unlawful, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be impaired or affected.

i. **No Reliance.** Each party acknowledges that it has had full opportunity to consult with legal and financial advisors as it has been deemed necessary or advisable in connection with its decision to knowingly enter into this Agreement. Neither party has executed this Agreement in reliance on any representations, warranties, or statements made by the other party other than those expressly set forth in this Agreement.


j. **Assignment or Delegation.** Except as otherwise specifically set forth in this Agreement, neither party shall assign all or any portion of its rights and obligations contained in this Agreement without the express or prior written approval of the other party, in which approval may be withheld in the other party's sole discretion.

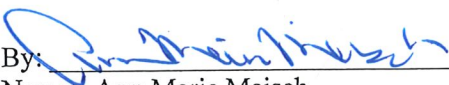
k. **Venue and Jurisdiction.** The parties agree that for purposes of any dispute in connection with this Agreement, the Muskegon County Circuit Court shall have exclusive personal and subject matter jurisdiction and that Muskegon County is the exclusive venue.

This Agreement is executed effective as of the Effective Date set forth above.

CITY:


CITY OF MUSKEGON

By: 
Name: Ken Johnson
Title: Mayor
Dated: 6-23-2025

By: 
Name: Ann Marie Meisch
Title: City Clerk
Dated: 6-23-2025

DEVELOPER:

RSW Holdings LLC

By: 
Name: Ron Webb
Dated: _____

Barrowstone Capital LLC


By: 
Name: Kurt Johnson
Dated: _____

Exhibit A

The following described premises located in the City of Muskegon, County of Muskegon, State of Michigan, and legally described as follows:

Legal Description: CITY OF MUSKEGON REVISED PLAT 1903 LOT 8 BLK 199

Address: 286 MYRTLE AVE, MUSKEGON, MI 49442

Parcel #: 61-24-205-199-0008-00

Price: \$3,000.00

(Parcel will be split and a single-family home will be built on each half)

Legal Description: CITY OF MUSKEGON REVISED PLAT OF 1903 W 1/2 LOT 12 BLK 41

Address: 518 OAK AVE, MUSKEGON, MI 49442

Parcel #: 61-24-205-041-0012-00

Price: \$2,400.00

Legal Description: CITY OF MUSKEGON REVISED PLAT OF 1903 LOT 17 BLK 45

Address: 450 ORCHARD AVE, MUSKEGON, MI 49442

Parcel #: 61-24-205-045-0017-00

Price: \$3,000.00

(Parcel will be split and a single-family home will be built on each half)

NOTE: Care has been taken to meet proper setback requirements. However, municipal approval of the proposed location should be obtained prior to commencement of construction.



This sketch was made from the legal description shown above. The description should be compared with the Abstract of Title or Title Policy for accuracy, easements and exceptions.

© 2025 Nederveld, LLC

Adjacent Parcel:
794 Rathborne

Adjacent Parcel:
304 Myrtle

LEGEND

- Iron-Set
- Set Wood Stake
- Zoning Setback Line
-  Existing Building
-  Concrete
- P = Platted
- M = Measured


DESCRIPTION

City of Muskegon Revised Plat of 1903,
Westerly 1/2 Lot 8, Block 199.
(Tax Description)



By: *Scott A. Hendges*
Scott A. Hendges Licensed Professional Surveyor No. 4001047953

SCALE: 1" = 20' 0' 10' 20'

| | | |
|--|--------------------|--|
| Sjaarda Homes and Properties, LLC Derek Sjaarda 15131 Blueberry Ct West Olive, MI 49460 | |  NEDERVELD <small>www.nederveld.com • 800.222.1668</small> Holland 730 Chicago Dr. Holland, MI 49423 Phone: 616.393.0449 Grand Rapids • Ann Arbor |
| 286 Myrtle Ave | | |
| DRAWN BY: FJ | DATE: 6-18-25 | PRJ #: 25200976.1 |
| REV. BY: BS | REV. DATE: 7-14-25 | |
| REV.: STAKED BOUNDARY AND HOUSE | | |
| 1 OF 1 | | |

25200976.dwg BS 7/17/2025 09:50



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | | | | | | | | | | |
|---|--|-----|--|------------------------|--|-----|----------------------|---|--|---------------|--|--|--------------|--|--|--|--|
| Commission Meeting Date: January 13, 2026 | Title: Sale of 502 Oak | | | | | | | | | | | | | | | | |
| Submitted by: Samantha Pulos, Code Coordinator | Department: Planning | | | | | | | | | | | | | | | | |
| Brief Summary: Staff is seeking authorization to sell the City-owned vacant lot at 502 Oak to David Arnoldink. | | | | | | | | | | | | | | | | | |
| Detailed Summary & Background: David Arnoldink, would like to purchase the City-owned buildable lot at 502 Oak for \$2,000 (50% of the True Cash Value of \$4,000) plus half of the closing costs, and the fee to register the deed. David Arnoldink will be constructing a duplex and an ADU on the property. | | | | | | | | | | | | | | | | | |
| Goal/Action Item: 2027 Goal 2: Economic Development Housing and Business | | | | | | | | | | | | | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | | | | | | | | | | | | | |
| Amount Requested: n/a | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 25%;"></td> <td style="width: 25%;">No</td> <td style="width: 25%;"></td> <td style="width: 25%;">N/A</td> <td style="width: 25%;"></td> <td style="width: 25%;">x</td> <td style="width: 25%;"></td> </tr> </table> | Yes | | No | | N/A | | x | | | | | | | | | |
| Yes | | No | | N/A | | x | | | | | | | | | | | |
| Fund(s) or Account(s): n/a | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Yes</td> <td style="width: 25%;"></td> <td style="width: 25%;">No</td> <td style="width: 25%;"></td> <td style="width: 25%;">N/A</td> <td style="width: 25%;"></td> <td style="width: 25%;">x</td> <td style="width: 25%;"></td> </tr> </table> | Yes | | No | | N/A | | x | | | | | | | | | |
| Yes | | No | | N/A | | x | | | | | | | | | | | |
| Recommended Motion: Authorize staff to sell the City-owned vacant lot at 502 Oak to David Arnoldink. | | | | | | | | | | | | | | | | | |
| Approvals: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Immediate Division Head</td> <td style="width: 10%; text-align: center;">x</td> <td style="width: 10%;"></td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> </tr> <tr> <td>Other Division Heads</td> <td style="text-align: center;">x</td> <td></td> </tr> <tr> <td>Communication</td> <td></td> <td></td> </tr> <tr> <td>Legal Review</td> <td></td> <td></td> </tr> </table> | Immediate Division Head | x | | Information Technology | | | Other Division Heads | x | | Communication | | | Legal Review | | | Name the Policy/Ordinance Followed: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="height: 20px;">Master Plan, Zoning Ordinance, Policy for the Use & Sale of City-Owned Residential</td> </tr> </table> | Master Plan, Zoning Ordinance, Policy for the Use & Sale of City-Owned Residential |
| Immediate Division Head | x | | | | | | | | | | | | | | | | |
| Information Technology | | | | | | | | | | | | | | | | | |
| Other Division Heads | x | | | | | | | | | | | | | | | | |
| Communication | | | | | | | | | | | | | | | | | |
| Legal Review | | | | | | | | | | | | | | | | | |
| Master Plan, Zoning Ordinance, Policy for the Use & Sale of City-Owned Residential | | | | | | | | | | | | | | | | | |

PURCHASE AND DEVELOPMENT AGREEMENT

This Purchase and Development Agreement (“Agreement”) is made **January 13, 2026** (“Effective Date”), between the **City of Muskegon**, a Michigan municipal corporation, of 933 Terrace Street, Muskegon, Michigan 49440 (“City”), and **David Arnoldink**, 4485 Grand Point, Holland, MI, 49424 (“Developer”), with reference to the following facts:

Background

A. Developer proposes to purchase and develop one (1) vacant property owned by the City which is located in the City of Muskegon, Muskegon County, Michigan, and is commonly known and legally described on the attached **Exhibit A** (each property individually, a “Parcel” and collectively “Project Property”).

B. City and Developer desire to establish the terms, covenants, and conditions upon which City will sell and Developer will purchase and develop the Project Property. Developer intends to develop on the Project Property, one (1) duplex on each Parcel and one (1) accessory dwelling unit, for a total of one (1) duplex and one (1) accessory dwelling unit. (the “Project”).

Therefore, for good and valuable consideration, the parties agree as follows:

1. **Sale and Purchase of Project Property.** City agrees to sell to Developer, and Developer agrees to purchase from City, on the terms and subject to the conditions set forth in this Agreement, the Project Property, subject to reservations, restrictions, and easements of record.

2. **Purchase Price.** The total purchase price for the Project Property shall be **\$2,000.00**, which shall be paid in cash or other immediately available funds at Closing (defined below) less the \$400 deposit that the Developer has paid to the City of Muskegon.

Pursuant to Paragraph 3(b) below, the parties acknowledge and agree that Developer shall be eligible to be reimbursed all or a portion of the purchase price for the Parcel upon the completion of certain design standards as further described herein.

3. **Construction and Development Requirements.**

a. **Construction Dates.** The parties acknowledge and agree that Developer shall have a period of eighteen (18) months from the date of Closing to complete the Project (“Construction Period”), except as otherwise provided in this Agreement or as otherwise mutually agreed upon by the parties in writing.

b. **Construction Details; Purchase Price Reimbursement.** Developer’s construction and development of the Project Property, including single-family homes, duplexes, triplexes, and accessory dwelling units, shall be in substantial conformance with its plans and specifications provided to City by Developer or as otherwise agreed upon in writing between City and Developer. As referenced above, Developer shall be eligible for reimbursement of 80% of the purchase price for the Project Property upon Developer’s completion of construction for each single-family home, duplex, triplex, and accessory dwelling unit on the Project Property.

4. **Right of Reversion.** Notwithstanding anything herein to the contrary, and as security for Developer’s obligation to commence and complete construction of a duplex and an accessory dwelling unit on each of the Project Property, the quit claim deed conveying the Project Property to Developer shall

contain a right of reversion in all of the Project Property (“City’s Reversionary Right”), which may be exercised by City, in its sole and absolute discretion, if any of the following conditions occur:

a. Developer does not commence construction within sixty (60) days after the date of Closing, in which case title to all of the Project Property shall automatically revert to City upon the terms and conditions further provided in this Paragraph 4 below. For purposes of this Paragraph 4(a), commencing construction means furnishing labor and materials to the Parcel of the Project Property and beginning installation of the approved duplex and an accessory dwelling unit.

b. Developer does not complete construction of the Project Property prior to expiration of the Construction Period, in which case title to any of the Project Property that are not complete by the end of the Construction Period shall automatically revert to City upon the terms and conditions further provided in this Paragraph 4 below. For purposes of this Paragraph 4(b), completing construction means the issuance of an occupancy permit by City for the Project Property. Provided, however, the parties agree to reasonably negotiate an extension of the Construction Period up to a period of six (6) months for the Project Property that have a completed foundation before the expiration of the initial Construction Period.

If any of the above conditions occur, City shall automatically have City’s Reversionary Right to reacquire title to the Project Property, as the case may be. To exercise City’s Reversionary Right described herein, City must provide written notice to Developer (or its permitted successors, assigns, or transferees) within thirty (30) days of Developer’s failure under this Agreement, but in any event prior to Developer satisfying the conditions set forth in Paragraph 4(a) or Paragraph 4(b) above, as the case may be, and record such notice with the Muskegon County Register of Deeds. Upon request of City, Developer shall take all reasonable steps to ensure City acquires marketable title to the Project Property, as the case may be, through its exercise of its rights under this Paragraph within thirty (30) days of City’s demand, including without limitation, the execution of appropriate deeds and other documents.

In addition, if the Project Property revert to City, City may retain the purchase price for such Project Property free and clear of any claim of Developer or its assigns. In the event of reversion of title of the Project Property, improvements made on such Project Property shall become the property of City. In no event shall the Project Property be in a worse condition than upon the date of Closing. These covenants and conditions shall run with the land and be recorded in the quit claim deed from City to Developer.

5. **Title Insurance.** Within five (5) days after the Effective Date, Developer shall order a title commitment for an extended coverage ALTA owner’s policy of title insurance issued by Transnation Title Agency (the “Title Company”) for the Project Property in the amount of the total purchase price for the Project Property and bearing a date later than the Effective Date, along with copies of all of the underlying documents referenced therein (the “Title Commitment”). Developer shall cause the Title Company to issue a marked-up commitment or *pro forma* owner’s policy with respect to the Project Property at the Closing naming Developer as the insured and in form and substance reasonably satisfactory to Developer, but subject to Permitted Exceptions (defined below). As soon as possible after the Closing, Developer shall cause the Title Company to furnish to Developer an extended coverage ALTA owner’s policy of title insurance with respect to the Project Property (the “Title Policy”). City shall be responsible for the cost of the Title Policy; provided, however, Developer shall be solely responsible for the cost of any endorsements to the Title Policy that Developer desires.

6. **Title Objections.** Developer shall have until the end of the Inspection Period (as defined below) within which to raise objections to the status of City’s title to the Project Property. If objection to the title is made, City shall have seven (7) days from the date it is notified in writing of the particular defects claimed to either (a) remedy the objections, or (b) notify Developer that it will not remedy the objections.

If Developer does not notify City in writing as to any title or survey objections, then Developer will be deemed to have accepted the condition of title as set forth in the Title Commitment. If City is unwilling or unable to remedy the title or obtain title insurance over such defects within the time period specified, then notwithstanding anything contained herein to the contrary, Developer may, at its option, upon written notice to City, either (i) terminate this Agreement and neither City nor Developer shall have any further obligation to the other pursuant to this Agreement, except as otherwise provided herein, or (ii) waive such objection, in which case such objection shall become a Permitted Exception, and thereafter proceed to the Closing according to the terms of this Agreement. Any matter disclosed on the Title Commitment that is waived or not objected to by Developer shall be deemed a "Permitted Exception."

7. **Property Taxes and Assessments.** City shall be responsible for the payment of all real estate taxes and assessments that become due and payable prior to Closing, without proration. Developer shall be responsible for the payment of all real estate taxes and assessments that become due and payable after Closing, without proration.

8. **Survey.** Developer at its own expense may obtain a survey of any or all of the Project Property, and Buyer or its surveyor or other agents may enter any of the Project Property for that purpose prior to Closing. If no survey is obtained, Developer agrees that Developer is relying solely upon Developer's own judgment as to the location, boundaries, and area of the Project Property and improvements thereon without regard to any representations that may have been made by City or any other person. In the event that a survey by a registered land surveyor made prior to Closing discloses an encroachment or substantial variation from the presumed land boundaries or area, City shall have the option of affecting a remedy within seven (7) days after disclosure, or terminate this Agreement. Developer may elect to purchase the Project Property subject to said encroachment or variation.

9. **Inspection Period.** At Developer's sole option and expense, Developer and Developer's agents may conduct inspections of each of the Project Property within thirty (30) days after the Effective Date ("Inspection Period"). Developer's inspection under this Paragraph may include, by way of example but not limitation, inspections of any existing improvements to each Parcel, other systems servicing the Parcel, zoning, and the suitability for Developer's intended purposes for each Parcel. If Developer, in Developer's reasonable discretion, is not satisfied with the results of the inspections for any reason, Developer shall notify City in writing of Developer's prior to expiration of the 30-day Inspection Period. If Developer so notifies City, this Agreement shall be terminated and have no further force and effect. If no written objection is made by Developer within the stated period, this inspection contingency shall be deemed to be waived by Developer and the parties shall proceed to Closing in accordance with the terms of this Agreement.

10. **Condition of Project Property.** City and Developer acknowledge and agree that the Parcel in the Project Property is being sold and delivered "AS IS", "WHERE IS" in its present condition. Except as specifically set forth in this Agreement or any written disclosure statements, City has not made, does not make, and specifically disclaims any and all representations, warranties, or covenants of any kind or character whatsoever, whether implied or express, oral or written, as to or with respect to (i) the value, nature, quality, or condition of any of the Project Property, including without limitation, soil conditions, and any environmental conditions; (ii) the suitability of the Project Property for any or all of Developer's activities and uses; (iii) the compliance of or by the Project Property with any laws, codes, or ordinances; (iv) the habitability, marketability, profitability, or fitness for a particular purpose of the Project Property; (v) existence in, on, under, or over the Project Property of any hazardous substances; or (vi) any other matter with respect to the Project Property. Developer acknowledges and agrees that Developer has or will have the opportunity to perform inspections of the Project Property pursuant to this Agreement and that Developer is relying solely on Developer's own investigation of the Project Property and not on any information provided to or to be provided by City (except as specifically provided in this Agreement). If

the transaction contemplated herein closes, Developer agrees to accept the respective Project Property acquired by Developer and waive all objections or claims against City arising from or related to such Project Property and any improvements thereon except for a breach of any representations or warranties or covenants specifically set forth in this Agreement. In the event this transaction closes, then subject to City's express representations, warranties, and covenants in this Agreement, Developer acknowledges and agrees that it has determined that the respective Project Property it has acquired and all improvements thereon are in a condition satisfactory to Developer based on Developer's own inspections and due diligence, and Developer has accepted such Project Property in their present condition and subject to ordinary wear and tear up to the date of Closing. The terms of this Paragraph shall survive the Closing and/or the delivery of the deed.

11. **Developer's Representations and Warranties of Developer.** Developer represents, covenants, and warrants the following to be true:

a. **Authority.** Developer has the power and authority to enter into and perform Developer's obligations under this Agreement.

b. **Litigation.** No judgment is outstanding against Developer and no litigation, action, suit, judgment, proceeding, or investigation is pending or outstanding before any forum, court, or governmental body, department or agency or, to the knowledge of Developer, threatened, that has the stated purpose or the probable effect of enjoining or preventing the Closing.

c. **Bankruptcy.** No insolvency proceeding, including, without limitation, bankruptcy, receivership, reorganization, composition, or arrangement with creditors, voluntary or involuntary, affecting Developer or any of Developer's assets or property, is now or on the Closing Date will be pending or, to the knowledge of Developer, threatened.

12. **Conditions Precedent.** This Agreement and all of the obligations of Developer under this Agreement are, at Developer's option, subject to the fulfillment, before or at the time of the Closing, of each of the following conditions:

a. **Performance.** The obligations, agreements, documents, and conditions required to be signed and performed by City shall have been performed and complied with before or at the date of the Closing.

b. **City Commission Approval.** This Agreement is approved by the Muskegon City Commission.

13. **Default.**

a. **By Developer.** In the event Developer fails to comply with any or all of the obligations, covenants, warranties, or agreements under this Agreement and such default is not cured within ten (10) days after receipt of notice (other than Developer's failure to tender the purchase price in full at Closing, a default for which no notice is required), then City may terminate this Agreement.

b. **By City.** In the event City fails to comply with any or all of the obligations, covenants, warranties or agreements under this Agreement, and such default is not cured within ten (10) days after receipt of notice, then Developer may either terminate this Agreement or Developer may pursue its legal and/or equitable remedies against City including, without limitation, specific performance.

14. **Closing.**

a. **Date of Closing.** The closing date of this sale shall be as mutually agreed by the parties, but in no event later than 60 days from the City Commission's approval of the sale ("Closing"), unless this Agreement is terminated in accordance with its provisions. The Closing shall be conducted at such time and location as the parties mutually agree.

b. **Costs.** The costs associated with this Agreement and the Closing shall be paid as follows: (i) Developer shall pay any state and county transfer taxes in the amount required by law; (ii) City shall pay the premium for the owner's Title Policy, provided that Developer shall pay for any and all endorsements to the Title Policy that Developer desires; (iii) City shall be responsible to pay for the recording of any instrument that must be recorded to clear title to the extent required by this Agreement; (iv) Developer shall pay for the cost of recording the deed; and (v) Developer and City shall each pay one-half of any closing fees charged by the Title Company.

c. **Deliveries.** At Closing, City shall deliver a quit claim deed for the Project Property and Developer shall pay the purchase price. The quit claim deed to be delivered by City at closing shall include the City Right of Reversion described in Paragraph 4 above. The parties shall execute and deliver such other documents reasonably required to effectuate the transaction contemplated by this Agreement.

15. **Real Estate Commission.** Developer and City shall each be responsible for any fees for any real estate agents, brokers, or salespersons regarding this sale that it has hired, but shall have no obligation as to any fees for any real estate agents, brokers, or salespersons regarding this sale that the other party has hired.

16. **Notices.** All notices, approvals, consents and other communications required under this Agreement shall be in writing and shall be deemed given: (i) when delivered in person; (ii) when sent by fax or email; (iii) when sent by a nationally-recognized receipted overnight delivery service with delivery fees prepaid; or (iv) when sent by United States first-class, registered, or certified mail, postage prepaid. The notice shall be effective immediately upon personal delivery or upon transmission of the fax or email; one day after depositing with a nationally recognized overnight delivery service; and five (5) days after sending by first class, registered, or certified mail.

Notices shall be sent to the parties as follows:

To City: City of Muskegon
Attn.: Samantha Pulos, Code Coordinator
933 Terrace Street
Muskegon, MI 49440

w/ copy to: Parmenter Law
Attn.: City Attorney
601 Terrace Street, Suite 200
Muskegon, MI 49440

To Developer: David Arnoldink
4485 Grand Point
Holland, MI 49424
Email: davida@westedgerealty.com
Cell: 616-886-8262

17. **Miscellaneous.**

a. **Governing Law.** This Agreement will be governed by and interpreted in accordance with the laws of the state of Michigan.

b. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes any other agreements, written or oral, that may have been made by and between the parties with respect to the subject matter of this Agreement. All contemporaneous or prior negotiations and representations have been merged into this Agreement.

c. **Amendment.** This Agreement shall not be modified or amended except in a subsequent writing signed by all parties.

d. **Binding Effect.** This Agreement shall be binding upon and enforceable by the parties and their respective legal representatives, permitted successors, and assigns.

e. **Counterparts.** This Agreement may be executed in counterparts, and each set of duly delivered identical counterparts which includes all signatories, shall be deemed to be one original document.

f. **Full Execution.** This Agreement requires the signature of all parties. Until fully executed, on a single copy or in counterparts, this Agreement is of no binding force or effect and if not fully executed, this Agreement is void.

g. **Non-Waiver.** No waiver by any party of any provision of this Agreement shall constitute a waiver by such party of any other provision of this Agreement.

h. **Severability.** Should any one or more of the provisions of this Agreement be determined to be invalid, unlawful, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be impaired or affected.

i. **No Reliance.** Each party acknowledges that it has had full opportunity to consult with legal and financial advisors as it has been deemed necessary or advisable in connection with its decision to knowingly enter into this Agreement. Neither party has executed this Agreement in reliance on any representations, warranties, or statements made by the other party other than those expressly set forth in this Agreement.

j. **Assignment or Delegation.** Except as otherwise specifically set forth in this Agreement, neither party shall assign all or any portion of its rights and obligations contained in this Agreement without the express or prior written approval of the other party, in which approval may be withheld in the other party's sole discretion.

k. **Venue and Jurisdiction.** The parties agree that for purposes of any dispute in connection with this Agreement, the Muskegon County Circuit Court shall have exclusive personal and subject matter jurisdiction and that Muskegon County is the exclusive venue.

This Agreement is executed effective as of the Effective Date set forth above.

CITY:

DEVELOPER:

CITY OF MUSKEGON

DAVID ARNOLDINK

By: _____
Name: Ken Johnson
Title: Mayor
Dated: _____

By: _____
Name: David Arnoldink
Dated: _____

By: _____
Name: Ann Marie Meisch
Title: City Clerk
Dated: _____

Exhibit A

The following described premises located in the City of Muskegon, County of Muskegon, State of Michigan, and legally described as follows:

Legal Description: CITY OF MUSKEGON REVISED PLAT OF 1903 LOT 10 BLK 41

Address: 502 OAK AVE, MUSKEGON, MI 49442

Parcel #: 61-24-205-041-0010-00

Price: \$2,000.00



Agenda Item Review Form

Muskegon City Commission

| | | | | | | | | |
|---|--|-----|-------------------------------------|-----|-------------------------------------|-----|--|--|
| Commission Meeting Date: January 13, 2026 | Title: Sewer Jet Truck Purchase | | | | | | | |
| Submitted by: Dawson Romanosky, DPW Equipment Supervisor | Department: Public Works | | | | | | | |
| Brief Summary: DPW staff would like to replace our existing sewer jet truck with the 2026 Freightliner M2 offered from Fredrickson Supply for \$318,448.07 | | | | | | | | |
| Detailed Summary & Background: DPW staff use our existing sewer jet truck daily. This truck is used to ensure our sewer and drain systems are working properly and help remove any blockages. This truck is commonly used to clear blocked sewer pipelines when residents call regarding sewer backups at their home. This piece of equipment is one of the City's most commonly used and its reliability is essential for DPW staff. The current sewer jet truck is 13 years old and has started showing signs of its age. One option to replace it would be a 2026 Freightliner from Fredrickson Supply. We have explored several options for replacement from various vendors and, based on the feedback of staff, the sewer jet truck from Fredrickson is the best fit for our staff. The control system of this vehicle mirrors that of similar equipment we currently own and use. This will allow for cross-training between the departments and equipment. This replacement will provide the reliability and versatility we need. Fredrickson Supply had quoted the truck with Sourcewell pricing. Sourcewell is a cooperative purchasing program that allows agencies to purchase equipment or services through pre-bid contracts, satisfying the City's purchasing policy and bidding requirements. | | | | | | | | |
| Goal/Action Item: 2027 Goal 4: Financial Infrastructure | | | | | | | | |
| Is this a repeat item?: Explain what change has been made to justify bringing it back to Commission: | | | | | | | | |
| Amount Requested: \$318,448.07 | Budgeted Item: <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 12.5%;">Yes</td> <td style="width: 12.5%;"><input checked="" type="checkbox"/></td> <td style="width: 12.5%;">No</td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;">N/A</td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table> | Yes | <input checked="" type="checkbox"/> | No | | N/A | | |
| Yes | <input checked="" type="checkbox"/> | No | | N/A | | | | |
| Fund(s) or Account(s): Equipment Fund 661-563-977 | Budget Amendment Needed: <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 12.5%;">Yes</td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;">No</td> <td style="width: 12.5%;"><input checked="" type="checkbox"/></td> <td style="width: 12.5%;">N/A</td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table> | Yes | | No | <input checked="" type="checkbox"/> | N/A | | |
| Yes | | No | <input checked="" type="checkbox"/> | N/A | | | | |
| Recommended Motion: Staff recommends the purchase of a 2026 Freightliner Sewer Jet Truck from Fredrickson Supply for the amount of \$318,448.07 | | | | | | | | |
| Approvals: | Name the Policy/Ordinance Followed: | | | | | | | |

| | | | |
|-------------------------|---|--|-------------------|
| Immediate Division Head | X | | Purchasing Policy |
| Information Technology | | | |
| Other Division Heads | | | |
| Communication | | | |
| Legal Review | | | |



| | |
|--|-----------------------|
| December 3, 2025 | PO# |
| | Product Class: |
| Sourcewell: City of Muskegon ID# 118431, Sewer Equipment# 101221-SCA | REV: |
| Distributor: Fredrickson Supply | WO# |
| Salesman: Alex Pummill | |
| End User: City of Muskegon | |
| Address: 1350 E Keating | |
| City, State, Zip: Muskegon, MI 49442 | |
| Phone: 231-724-4100 | |
| Contact: Dawson Romanosky | |
| Email: dawson.romanosky@shorelinecity.com | |

800-HPR ECO Series IV

Rear Compartment Options:

- Giant 65 GPM @ 2000 PSI w/30 Min Run Dry Capability
- Hydrostatic Drive Via Trans Power PTO
- Hydraulic Pressure Gauge
- Lighted NEMA 4 Control Panel
- Tachometer / Hour Meter
- Air Purge Valve
- Recirculation System at Highway Speed
- Painted Steel Shroud Enclosure w/3 Roll-Up Doors
- Midship Water Manifold System
- Consolidated Water Drain System

Hose Reel & Hose Option:

- Telescoping & Rotating Safety Reel w/700' Capacity of 1" Hose

Tank & Fill:

- 1500 Gallon Duraprolene™ (Black) Water Tank w/10 Year Warranty
- 2.5" Fill System

Truck:

- Mounting to Approved Chassis
- Mudflaps & Aluminum Side Skirting
- Bumper / Hitch Receiver
- Aluminum Underbody Toolboxes (2) Per Side, (1) Rear
- D.O.T. Approved LED Lighting

Nozzles & Accessories:

- 10' Leader Hose
- BB Hose Guide
- Tri-Star (Chisel Point) Nozzle
- DD (High Flow) Nozzle
- Finned Nozzle Extension
- Nozzle Rack
- 25' Fill Hose
- Washdown Gun w/25' Ext. Hose
- Upstream Pulley Guide
- Paper Operator / Owner Manual

| | | | |
|------------------------------------|----------------------|----------|---------------------|
| BASE UNIT AS OUTLINED ABOVE | \$ 160,758.00 | 1 | \$160,758.00 |
|------------------------------------|----------------------|----------|---------------------|

| | |
|---|--|
| LIST PRICE OF SELECTED OPTIONS: | \$64,873.00 |
| LESS PERCENTAGE DISCOUNT (enter % →) 3% | (\$6,768.93) |
| NET PRICE OF UNIT: | \$218,862.07 |
| Factory Supplied Chassis 80966-00-K Freightliner M2 106+ | Chassis: \$97,586.00 |
| | ESTIMATED FREIGHT & PDI: \$2,000.00 |
| | ESTIMATED TOTAL: \$318,448.07 |

| <u>STANDARD OPTIONS:</u> | <u>LIST PRICE</u> | <u>QTY</u> | <u>TOTAL</u> |
|---|-------------------|------------|--------------|
| REAR COMPARTMENT OPTIONS: | | | |
| UPGRADE WATER PUMP TO GIANT 55GPM @ 3,000PSI PLUNGER STYLE TRIPLEX WATER PUMP W/ 30 MINUTE RUN DRY CAPABILITY | \$ 10,751.00 | | \$ - |
| UPGRADE WATER PUMP TO GIANT 80GPM @ 2,000PSI PLUNGER STYLE TRIPLEX WATER PUMP W/ 30 MINUTE RUN DRY CAPABILITY | \$ 11,476.00 | 1 | \$ 11,476.00 |
| UPGRADE WATER PUMP TO GIANT 80GPM @ 2,500PSI PLUNGER STYLE TRIPLEX WATER PUMP W/ 30 MINUTE RUN DRY CAPABILITY | \$ 12,833.00 | | \$ - |
| GIANT PUMP PULSATION SYSTEM | \$ 311.00 | | \$ - |
| UPGRADE TO ENVIRONMENTALLY FRIENDLY HYDRAULIC FLUID (ECOTERRA) | \$ 705.00 | | \$ - |
| HYDRAULIC TOOL CIRCUIT - (9.5GPM w/ hand control valve, quick connects, and hydraulic heat exchanger) | \$ 4,209.00 | | \$ - |
| LATERAL LINE CLEANING KIT (300' x 1/2" sewer hose on a stationary reel w/ electric rewind. Includes a dedicated auxiliary cleaning circuit rated at system pressure, a flushing nozzle, and a penetrating nozzle.) | \$ 5,178.00 | | \$ - |
| LATERAL LINE CLEANING KIT (300' x 1/2" sewer hose on a stationary reel w/ variable electric rewind. Includes a dedicated auxiliary cleaning circuit rated at system pressure, a flushing nozzle, and a penetrating nozzle.) | \$ 8,125.00 | | \$ - |
| WASHDOWN SYSTEM W/ 50FT RETRACTABLE HOSE REEL | \$ 1,695.00 | 1 | \$ 1,695.00 |
| 400,000 BTU WATER HEATER RATED 12GPM @ SYSTEM PRESSURE - 45°F HEAT RISE (not available w/ winterization system or foaming root control options) | \$ 11,376.00 | | \$ - |

| | | | |
|--|---------------|-----|-------------|
| 800,000 BTU WATER HEATER RATED 20GPM @ SYSTEM PRESSURE - 60°F HEAT RISE (not available w/ winterization system or foaming root control options) | \$ 17,439.00 | | \$ - |
| SANITIZING SYSTEM (Includes sewer hose clamp on sanitizer nozzle and separate washdown system with 50' of hose and spray nozzle on a retractable reel. Not available w/ Root Foam Control, Degreaser, or Lateral Line Cleaning Kit options) | \$ 14,551.00 | | \$ - |
| WINTERIZATION SYSTEM (Includes 68 gallon antifreeze tank with reclamation circuit. Not available with water heater or Root Foam Control System options.) | \$ 1,867.00 | | \$ - |
| ROOT FOAM CONTROL SYSTEM (Includes Patented root foaming system w/ touch screen controller and automatic mixing system for air, water and foaming agent. Requires chassis to have an air compressor Not available w/ Lateral Line Cleaning Kit, Sanitizing System, Winterization System, Degreaser System, or Water Heater options.) | \$ 52,081.00 | | \$ - |
| ROOT FOAM CONTROL SYSTEM INSTALLATION OF CUSTOMER SUPPLIED SYSTEM (Not available w/ Lateral Line Cleaning Kit, Sanitizing System, Winterization System, Degreaser System, or Water Heater options.) | \$ 5,482.00 | | \$ - |
| DEGREASER SYSTEM (Includes 15 gallon tank. Not available w/ Sanitizing System or Lateral Line Cleaning Kit options.) | \$ 9,600.00 | | \$ - |
| UPGRADE TO ALUMINUM SHROUD | \$ 7,401.00 | 1 | \$ 7,401.00 |
| ALUMINUM FIXED OVERHEAD CANOPY - 2' EXTENSION | \$ 863.00 | | \$ - |
| ELECTRIC OVERHEAD CANOPY - 8' EXTENSION | \$ 7,750.00 | 1 | \$ 7,750.00 |
| DEDUCT TO REMOVE COMPARTMENT HEATER | \$ (1,343.00) | | \$ - |
| POLAR PACK INSULATION SYSTEM (Includes a sealed underbelly and insulated walls.) | \$ 7,777.00 | | \$ - |
| HOSE REEL AND HOSE OPTIONS: | | | |
| HIGH CAPACITY HOSE REEL (1,000' x 1" sewer hose) | \$ 3,350.00 | | \$ - |
| TESTING FEE (for units ordered without sewer hose) | \$ 578.00 | | \$ - |
| 3/4" ID X 3,000 PSI OPERATING PRESSURE - PER FT | \$ 5.62 | | \$ - |
| 1" ID x 2,500 PSI OPERATING PRESSURE - PER FT | \$ 5.67 | 600 | \$ 3,402.00 |
| 1" ID x 3,000 PSI OPERATING PRESSURE - PER FT | \$ 7.44 | | \$ - |
| AUTOMATIC LEVELWIND W/ HYDRAULIC UP/DOWN ACTION | \$ 8,551.00 | 1 | \$ 8,551.00 |
| DIGITAL REFERENCE DISTANCE METER ±10% ACCURACY | \$ 1,832.00 | | \$ - |
| DIGITAL 'SMART COUNTER' FOOTAGE METER ±3% ACCURACY | \$ 3,778.00 | 1 | \$ 3,778.00 |
| DUAL REEL OPTIONS: | | | |
| DUAL HOSE REEL (600' x 1" or 900' x 3/4" capacity on main reel and 600' x 3/4" or 1000' x 5/8" capacity on aux reel. Includes 2 additional nozzles and nozzle rack.) | \$ 8,783.00 | | \$ - |
| HIGH CAPACITY DUAL HOSE REEL (1,000' x 1" capacity on main reel and 1,000' x 3/4" capacity on aux reel. Includes 2 additional nozzles and nozzle rack.) | \$ 14,920.00 | | \$ - |
| DUAL HOSE REEL W/ PLATFORM (1,000' x 1" capacity on hose reel, platform 25" wide) | \$ 5,996.00 | | \$ - |
| DUAL AUTOMATIC LEVELWIND W/ HYDRAULIC UP/DOWN ACTION | \$ 14,804.00 | | \$ - |
| 1/2" ID X 4,000 PSI OPERATING PRESSURE - PER FT | \$ 5.08 | | \$ - |
| 5/8" ID X 4,000 PSI OPERATING PRESSURE - PER FT | \$ 5.34 | | \$ - |
| 3/4" ID X 2,500 PSI OPERATING PRESSURE - PER FT | \$ 5.21 | | \$ - |
| DIGITAL REFERENCE DISTANCE METER FOR DUAL REEL UNITS ±10% ACCURACY | \$ 2,296.00 | | \$ - |
| DIGITAL 'SMART COUNTER' FOOTAGE METER FOR DUAL REEL UNITS ±3% ACCURACY | \$ 5,392.00 | | \$ - |
| TANK & FILL OPTIONS: | | | |
| DECREASE TO 1,000 GALLON DURAPROLENE™ (BLACK) WATER TANK W/ 10 YEAR WARRANTY | \$ (1,384.00) | | \$ - |
| UPGRADE TO FULLY BAFFLED 2,000 GALLON DURAPROLENE™ (BLACK) WATER TANK W/ 10 YEAR WARRANTY | \$ 7,567.00 | | \$ - |
| UPGRADE TO FULLY BAFFLED 2,500 GALLON DURAPROLENE™ (BLACK) WATER TANK W/ 10 YEAR WARRANTY | \$ 24,209.00 | | \$ - |
| UPGRADE TO FULLY BAFFLED 3,000 GALLON DURAPROLENE™ (BLACK) WATER TANK W/ 10 YEAR WARRANTY | \$ 27,988.00 | | \$ - |
| UPGRADE TO LOW PROFILE FULLY BAFFLED 1,500 GALLON DURAPROLENE™ (BLACK) WATER TANK W/ 10 YEAR WARRANTY (reduces overall height by 8") | \$ 24,234.00 | | \$ - |
| FILL HOSE STORAGE RACK | \$ 263.00 | 1 | \$ 263.00 |
| CONTINUOUS FILL SYSTEM | \$ 1,912.00 | | \$ - |
| 2" WYE-STRAINER ON INLET FILL SYSTEM | \$ 684.00 | 1 | \$ 684.00 |
| TANK ACCESS LADDER | \$ 1,102.00 | | \$ - |
| ELECTRICAL & LIGHTING: | | | |
| LED COMPARTMENT LIGHT | \$ 270.00 | 1 | \$ 270.00 |

| | | | |
|--|-------------|---|-------------|
| LED TOOLBOX LIGHTING | \$ 1,245.00 | 1 | \$ 1,245.00 |
| LED MANHOLE AREA WORK LIGHT MOUNTED ON HOSE REEL | \$ 574.00 | 1 | \$ 574.00 |
| LED WORK LIGHT PACKAGE (4 lights total - 1 light right side of shroud, 1 light left side of shroud, and 2 lights on rear) | \$ 2,058.00 | | \$ - |
| LED AMBER STROBE LIGHT MOUNTED ON TOP OF HEATED COMPARTMENT | \$ 670.00 | | \$ - |
| LED STROBE LIGHT PACKAGE (8 lights total - 2 lights in grill, 2 lights right side of shroud, 2 lights left side of shroud, and 2 lights on rear) | \$ 2,859.00 | 1 | \$ 2,859.00 |
| LED ARROW STICK | \$ 1,361.00 | 1 | \$ 1,361.00 |
| LED ARROW BOARD | \$ 1,618.00 | | \$ - |
| HAND-HELD WIRELESS LED SPOTLIGHT (rechargeable with 12v and 110v and includes storage bracket) | \$ 428.00 | | \$ - |
| 12VDC POWER OUTLET | \$ 85.00 | | \$ - |
| DC/AC 2000W PURE SINE WAVE POWER INVERTER (inverter mounted in cab w/ 1 GFCI power outlet in cab and 1 GFCI power outlet at midship on curbside of unit) | \$ 3,655.00 | | \$ - |
| WIRELESS REMOTE PENDANT CONTROL (w/ hose reel payout/retreive, throttle up/down, water on/off, water pressure up/down, hose reel speed up/down, water pressure display, and kill switch) | \$ 8,900.00 | 1 | \$ 8,900.00 |
| <u>PAINT:</u> | | | |
| SHROUD - ALUMINUM OR STEEL PAINTED STANDARD WHITE (specify color in special options) | | | |
| HOSE REEL & UPRIGHT - STANDARD SEWER BLUE (specify color in special options) | \$ 875.00 | | \$ - |
| FRAME & FENDERS - STANDARD BLACK (specify color in special options) | | | |
| CONTACT FACTORY FOR METALLIC PAINT AND CLEAR COAT OPTIONS | \$ - | | \$ - |
| <u>TRUCK MOUNTING AND TOOL STORAGE OPTIONS:</u> | | | |
| NON-STOCK CHASSIS MOUNTING ALTERATIONS | \$ 4,350.00 | | \$ - |
| AIR PURGE SYSTEM (powered via chassis air system) | \$ 1,742.00 | | \$ - |
| HYDROSTATIC FRONT CRACKSHAFT DIRECT DRIVE (requires chassis to have front frame rail extensions and FEPTO drive option) | \$ 2,722.00 | | \$ - |
| ADJUSTABLE FRONT SPRAY NOZZLE (not available with lateral cleaning kit option) | \$ 1,905.00 | | \$ - |
| REAR BACKUP CAMERA W/ 7" COLOR MONITOR MOUNTED IN CAB | \$ 1,417.00 | 1 | \$ 1,417.00 |
| REAR BACKUP CAMERA W/ BLIND SPOT CAMERAS AND 7" COLOR MONITOR MOUNTED IN CAB | \$ 3,045.00 | | \$ - |
| REAR DOOR ACCESS (step mounted on rear bumper and grab handle on shroud) | \$ 190.00 | 1 | \$ 190.00 |
| TOW PACKAGE (10,000 lbs. maximum towing capacity with Reese style receiver, brake controller, and 7 pin RV type receptical. Subject to chassis approval.) | \$ 936.00 | | \$ - |
| TOW PACKAGE (20,000 lbs. maximum towing capacity with combination heavy duty ball hitch, brake controller, and 7 pin RV type receptical. Subject to chassis approval.) | \$ 1,378.00 | | \$ - |
| SIX 28" D.O.T. SAFETY CONES AND HOLDER | \$ 1,491.00 | 1 | \$ 1,491.00 |
| LONG HANDLE TOOL STORAGE (two 4" tubes behind lockable shroud door) | \$ 1,041.00 | 1 | \$ 1,041.00 |
| ROOT CUTTER MAINTENANCE BOX (mounted inside underdeck toolbox) | \$ 3,081.00 | | \$ - |
| <u>MANUALS & TRAINING:</u> | | | |
| ADDITIONAL PAPER OPERATOR'S MANUAL | \$ 102.00 | | \$ - |
| USB OPERATOR'S MANUAL | \$ 76.00 | 1 | \$ 76.00 |
| TRAINING AT CUSTOMER'S LOCATION (1 day) | \$ 2,133.00 | | \$ - |
| TRAINING AT CUSTOMER'S LOCATION (additional day) | \$ 1,589.00 | | \$ - |
| SEWER UNIVERSITY FOR 800 MODELS | \$ 1,300.00 | | \$ - |
| <u>NOZZLES & ACCESSORIES:</u> | | | |
| MINI MISSILE NOZZLE | \$ 566.00 | | \$ - |
| PATRIOT II ROOT CUTTER KIT W/ CONCAVE SAWS | \$ 3,396.00 | | \$ - |
| 1/2" X 25' LEADER HOSE (in lieu of standard 10') | \$ 189.00 | | \$ - |
| 3/4" X 25' LEADER HOSE (in lieu of standard 10') | \$ 278.00 | | \$ - |
| 1" X 25' LEADER HOSE (in lieu of standard 10') | \$ 449.00 | 1 | \$ 449.00 |
| STOCK 1" HOSE PATCH KIT (Includes 5 swage tool, swage fitting, hose die, 5 hose mender, and hose pusher) | \$ 3,524.00 | | \$ - |
| MANUAL LEVELWIND FOOTAGE COUNTER (not compatible with auto-levelwind option) | \$ 2,011.00 | | \$ - |
| 1/2" HIGH EFFICIENCY DUMP GUN | \$ 401.00 | | \$ - |
| GREASE GUN KIT (Includes grease gun, 2 grease tubes, and mount) | \$ 188.00 | | \$ - |
| WHEEL CHOCKS (stored in toolbox) | \$ 52.00 | | \$ - |
| <u>SPECIAL ITEMS:</u> | | | |
| On-Site Training by Fredrickson Supply (included) | \$ - | 1 | \$ - |
| | | | \$ - |
| | | | \$ - |

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|---|--------------|---------------|-------------|---|
| | | | \$ | - |
| | | | \$ | - |
| | | | \$ | - |
| Non-Stock Chassis | | | | |
| Make: | Year: | Model: | VIN: | |
| | | | | |
| SIGNATURE | | | DATE | |
| Please return a signed copy to bigequipment@SewerEquipment.com | | | | |

The city's current 2013 Sewer Jet Truck.



An example of a new sewer jet truck.

