

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 13, 2026**

**NEW ISSUE-Book-Entry-Only**

**RATING<sup>†</sup>: S&P Global Ratings: "AA"**

*In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the County, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and "APPENDIX I" hereto.*



**\$9,675,000\*\*  
COUNTY OF MUSKEGON  
STATE OF MICHIGAN**

**MUSKEGON COUNTY WASTEWATER MANAGEMENT SYSTEM – NUMBER ONE  
(Charter Township of Muskegon, Township of Egelston and Township of Dalton Section)  
REFUNDING BONDS, SERIES 2026  
(LIMITED TAX GENERAL OBLIGATION)**

**Dated: Date of Delivery**

**Due: November 1, as shown below**

The Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the "Bonds") are being issued by the County of Muskegon, State of Michigan (the "County") pursuant to the provisions of Act 185, Public Acts of Michigan, 1957, as amended ("Act 185"), and Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the County on December 16, 2025 (the "Resolution"), for the purpose of refunding all or a portion of a prior bond issue of the County and paying costs incidental to the issuance of the Bonds and the refunding. The Bonds will constitute full faith and credit, limited tax general obligations of the County and will be payable as to principal and interest from payments (the "Contract Payments") to be made by the Charter Township of Muskegon and the Townships of Egelston and Dalton (each a "Local Unit" and collectively, the "Local Units") to the County pursuant to the refunding contract between the County and the Local Units dated as of January 5, 2026 (the "Contract"). Each Local Unit has pledged its full faith and credit for the payment of its Contract Payments. Pursuant to the Resolution authorizing the issuance of the Bonds, the full faith and credit of the County has been pledged for the prompt payment of the principal of, and interest on the Bonds. The full faith and credit pledges of the Local Units and the County are limited tax general obligations of each, and the Local Units and the County are required to pay their respective debt service commitments as a first budget obligation from their respective general funds including the collections of any ad valorem taxes which each is authorized to levy. However, the ability of the Local Units and the County to levy such taxes is subject to applicable constitutional and statutory tax limitations. See "THE BONDS-Security" herein.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS-Book-Entry-Only System" herein.

Principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Detroit, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing May 1, 2026, to the Bondholders of record as of the applicable record dates herein described.

(Base CUSIP\$: \_\_\_\_\_)

<b>Maturity**</b>	<b>Amount**</b>	<b>Interest</b>		<b>CUSIP\$</b>	<b>Maturity**</b>	<b>Amount**</b>	<b>Interest</b>		<b>Price</b>	<b>CUSIP\$</b>
		<b>Rate</b>	<b>Price</b>				<b>Rate</b>	<b>Price</b>		
2026	\$805,000				2032	\$ 905,000				
2027	690,000				2033	950,000				
2028	725,000				2034	1,000,000				
2029	770,000				2035	1,050,000				
2030	810,000				2036	1,120,000				
2031	850,000									

THE BONDS MATURING ON OR AFTER NOVEMBER 1, 2036\*\* ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING NOVEMBER 1, 2035\*\*, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. SEE "THE BONDS – Optional Redemption" HEREIN.

The Bonds will be offered when, as and if issued by the County and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Varnum LLP, Grand Rapids, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about February \_\_, 2026.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**STIFEL**

The date of this Official Statement is January \_\_, 2026.

<sup>†</sup> For an explanation of ratings, see "RATING" herein.

<sup>\*</sup> As of date of delivery.

<sup>\*\*</sup> Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the County, the Local Units or the Underwriter. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the County, the Local Units, The Depository Trust Company, and other sources believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING" which was obtained from the Underwriter).

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the County, approved the Bonds for sale.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY'S AND LOCAL UNITS' FINANCIAL RECORDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as "may," "intend," "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations on them or by comparable terminology. In particular, any statements, express or implied, concerning future operating results or the ability to generate revenues or cash flow to service indebtedness are forward-looking statements. Such forward-looking statements include, among others, statements contained in APPENDIX A, APPENDIX C, APPENDIX E, and APPENDIX G hereto. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the administration of the County and of the Local Units believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those

assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the County or the Local Units that their respective plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. Neither the County nor the Local Units undertake any duty to update any forward-looking statements.

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## **COUNTY OF MUSKEGON, MICHIGAN**

Michael E. Kobza  
Hall of Justice  
990 Terrace Street  
Muskegon, Michigan 49442  
(231) 724-6520  
(231) 724-6673 *FAX*

## **BOARD OF COMMISSIONERS**

Charles Nash, *Chair*  
Jessica Cook, *Vice Chair*  
Kim Cyr  
Michelle Hazekamp  
J. Brett Herman  
Chris McGuigan  
Darrell Paige

## **ELECTED OFFICIALS**

Tony Moulatsiotis, *Treasurer*  
Karen D. Buie, *County Clerk*  
D.J. Hilson, *County Prosecutor*  
William Moulatsiotis, *Register of Deeds*  
Stephanie Barrett, *Water Resources Commissioner*  
Michael J. Poulin, *Sheriff*

## **ADMINISTRATION**

Mark E. Eisenbarth  
*County Administrator*

Matthew Farrar  
*Deputy Administrator*  
Angela Gasiewski  
*Finance Director*

## **PROFESSIONAL SERVICES**

Transfer Agent

**U.S. Bank Trust Company, National Association**  
Detroit, Michigan

Bond Counsel

**Miller, Canfield, Paddock and Stone, P.L.C.**  
Detroit, Michigan

Municipal Advisor

**PFM Financial Advisors LLC**  
Ann Arbor, Michigan

Independent Auditor

**Rehmann Robson LLC**  
Muskegon, Michigan

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**OFFICIAL STATEMENT  
relating to**

**\$9,675,000\***

**COUNTY OF MUSKEGON**

**STATE OF MICHIGAN**

**MUSKEGON COUNTY WASTEWATER MANAGEMENT SYSTEM – NUMBER ONE**

**(Charter Township of Muskegon, Township of Egelston and Township of Dalton Section)**

**REFUNDING BONDS, SERIES 2026**

**(LIMITED TAX GENERAL OBLIGATION)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the County of Muskegon, State of Michigan (the “County”) of its Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the “Bonds”) in the amount of \$9,675,000\*.

**PURPOSE AND SECURITY**

The Bonds will be issued by the County, acting by and through its Board of Commissioners, pursuant to Act 185, Public Acts of Michigan, 1957, as amended (the “Act”), and Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the Board of Commissioners adopted on December 16, 2025 (the “Resolution”) for the purpose of (i) refunding all or a portion of the County’s outstanding Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2015 (General Obligation Limited Tax), dated June 2, 2015, maturing November 1, 2026\* through November 1, 2030\*, inclusive, November 1, 2033\*, and November 1, 2036\* (the “Prior Bonds”), issued in the original aggregate principal amount of \$16,185,000 for the purpose of refunding the Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Bonds, Series 2006, and (ii) paying the costs of issuing the Bonds.

The County pursuant to the Act has previously established the Muskegon County Wastewater Management System – Number One (the “System”) to provide wastewater treatment services to the Charter Township of Muskegon and the Townships of Egelston and Dalton (together, the “Local Units”).

The Bonds are to be issued in anticipation of, and payable primarily from payments (the “Contract Payments”) to be made by the Local Units pursuant to a certain Refunding Contract among the County, by its Board of Public Works and the Local Units, dated January 5, 2026 (the “Contract”). The Contract Payments to be made by the Local Units will be in installments that will equal the principal and interest payments on the Bonds. The Bonds will be additionally secured by a limited tax, full faith and credit pledge of the County. Taxes imposed by the County and the Local Units are subject to applicable constitutional and statutory limitations. See “THE BONDS — Security” in this Official Statement.

The Local Units will pay their respective proportionate shares of principal of and interest on the Bonds as determined pursuant to a certain DPW Contract, dated as of October 1, 2005, between the County, through the Board, and the Local Units, as follows:

Charter Township of Muskegon	77.75%
Township of Egelston	8.26%
Township of Dalton	13.99%

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\* Preliminary, subject to change.

The rights and remedies of the holders of the Bonds may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditor's rights, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

### **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

THE COUNTY HAS NOT DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" UNDER SECTION 265(b)(3)(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

### **PLAN OF REFUNDING**

The proceeds of the Bonds will be used to pay certain costs of issuance relating to the refunding of the Prior Bonds and to establish an escrow fund (the "Escrow Fund") composed of cash and non-callable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing. The Escrow Fund will be held by U.S. Bank Trust Company, National Association, Detroit, Michigan, as escrow agent (the "Escrow Agent") and will be used to pay when due or upon call for redemption as described below, the principal of and interest on the Prior Bonds. The Escrow Fund will be held by the Escrow Agent pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably directs the Escrow Agent to make the payment of principal of and interest on the Prior Bonds when due or upon call for redemption. The Escrow Fund will be such that the cash and the earnings on the investments held therein will be sufficient, without reinvestment, except as provided in the Escrow Agreement, to pay the principal of and interest on the Prior Bonds as they become due and are called for redemption, as set forth in the table below.

#### **Principal of and Interest on the Prior Bonds to be Paid from the Escrow Fund\***

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
03/09/2026	\$10,495,000.00	\$176,144.44	\$10,671,144.44

The accuracy of the arithmetical and mathematical computations (i) of the adequacy of cash and principal of and interest on the obligations to be purchased with the proceeds of the Bonds and other available funds held in the Escrow Fund to pay the principal of and interest on the Prior Bonds when due or upon call for redemption, and (ii) demonstrating that the yield on the obligations held in the Escrow Fund is less than the yield on the Bonds, will be verified by Robert Thomas CPA, LLC, Overland Park, Kansas, based upon information supplied by the County and the Underwriter. See "VERIFICATION" herein.

### **ESTIMATED SOURCES AND USES OF FUNDS**

#### **SOURCES**

Par Amount of Bonds  
Net Original Issue Premium  
Total Sources

#### **USES**

Escrow Fund  
Underwriter's Discount  
Estimated Costs of Issuance  
Total Uses

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\* Preliminary, subject to change.

## THE BONDS

### **Security**

The Bonds are payable as to principal and interest from moneys to be paid to the County by the Local Units pursuant to the Contract, whereby the Local Units agree to pay to the County the Contract Payments in semiannual installments equal to the principal of and interest on the Bonds. The full faith and credit of each Local Unit is pledged for the prompt payment of its obligations pursuant to the Contract.

As additional security for the payment of the Bonds and the interest thereon, the County, as authorized by law, has pledged its full faith and credit for the prompt and timely payment thereof, should the Local Units' Contract Payments prove insufficient for any reason. The full faith and credit pledges of the Local Units and the County are a limited tax general obligation of each, and the Local Units and the County are required to pay their respective debt service commitments on the Bonds as a first budget obligation from their respective general funds, including the collections of any ad valorem taxes which each is authorized to levy. However, the ability of the Local Units and the County to levy such taxes is subject to applicable constitutional and statutory tax limitations.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity including those relating to equitable subordination.

### **Description and Form of the Bonds**

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of delivery. Interest on the Bonds shall be payable semiannually each May 1 and November 1 thereafter to maturity or early redemption, commencing May 1, 2026. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

U.S. Bank Trust Company, National Association, Detroit, Michigan or its successor will serve as the bond registrar and paying agent (the "Transfer Agent") for the Bonds. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" below.

### **Book-Entry-Only System**

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the County, the Transfer Agent or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the County, the Transfer Agent or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the County nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date.

The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or Transfer Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Transfer Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or Transfer Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

#### **Transfer Outside Book-Entry-Only System**

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its principal corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement Bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the County and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

#### **Optional Redemption\***

The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after November 1, 2036\* are subject to redemption prior to maturity at the option of the County in such order as the County may determine and by lot within any maturity, on any date occurring on or after November 1, 2035\* at par and accrued interest to the date fixed for redemption.

#### **Notice of Redemption and Manner of Selection**

Notice of redemption of any Bond shall be given not less than thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of

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\* Preliminary, subject to change.

denominations of more than \$5,000 may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. Upon surrender of a Bond to be redeemed in part a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the County. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem said Bonds.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Transfer Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

### **BONDHOLDERS' RISKS**

The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

This Official Statement does not describe all of the risks of an investment in the Bonds and the Underwriter disclaims any responsibility to advise prospective investors of such risks as they exist at the date of this Official Statement or as they change from time to time. Prospective investors should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of their particular circumstances. Prospective investors should be able to bear the risks relating to an investment in the Bonds and should carefully consider, among other factors, the matters described below.

#### **Assumptions with Regard to Local Unit Revenues**

Certain assumptions have been made with regard to the ability of the Local Units to charge and collect revenues from the customers of the System in amounts sufficient to pay their Contract Payments. These assumptions are believed to be reasonable, but to the extent that such revenues are not sufficient to enable the Local Units to pay their Contract Payments, the Contract Payments would nevertheless be required to be paid from the general funds of the Local Units, which could strain such general funds. Many factors may prevent these projections from being achieved. These include yearly changes in consumption, population, population growth, household income, competitive facilities, accessibility, absorption, occupancy, vacancy and market penetration.

**NO GUARANTY CAN BE MADE THAT THE PROJECTIONS CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE IN FORMULATING THE PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, CHANGES IN EMPLOYEE RELATIONS, APPLICABLE GOVERNMENTAL REGULATION, ECONOMIC AND DEMOGRAPHIC TRENDS, AND COMPETITION.**

### **Sufficiency of Rates and Charges**

Although it is expected that the rates and charges established by the Local Units will generate revenues in amounts sufficient to pay their Contract Payments, which in turn will be sufficient to pay debt service on the Bonds, there can be no assurance that such rates and charges will produce revenues sufficient to pay the Contract Payments nor the debt service on the Bonds. Future economic and other factors may adversely affect the respective revenues and expenses of the Local Units, and consequently, affect their ability to pay the Contract Payments. Among the factors that could have such adverse effects are population decline, population growth, household income, competitive facilities, accessibility, absorption, occupancy, vacancy and market penetration.

NO GUARANTY CAN BE MADE THAT THE PROJECTIONS CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE IN FORMULATING THE PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, CHANGES IN EMPLOYEE RELATIONS, APPLICABLE GOVERNMENTAL REGULATION, ECONOMIC AND DEMOGRAPHIC TRENDS, AND COMPETITION.

### **State and Federal Regulation**

The System is subject to numerous federal and State of Michigan regulatory requirements. Those regulations are subject to change at any time. Failure to comply with regulatory requirements or changes therein, or in the inability to comply with them in a timely manner, could cause portions of the System to be unavailable for use by the County and/or the Local Units. Any disruption of service could negatively impact collection of revenues by the Local Units. The County is currently in compliance with applicable environmental requirements with respect to the System. Should any additional regulations applicable to the operation and maintenance of the System become effective in the future, the County will be required to take action to comply with them in a timely manner.

### **Cybersecurity**

The County and the Local Units, like many other large public and private entities, rely on a large and complex technology environment to conduct their operations and face multiple cybersecurity threats including, but not limited to, hacking, phishing viruses, malware and other accts on their computing and other digital networks and systems (collectively, “Systems Technology”). As recipients and providers of personal, private, or sensitive information, the County and the Local Units may be the target of cybersecurity incidents that could result in adverse consequences to the County or the Local Units and their Systems Technology, requiring a response action to mitigate the consequences.

While cybersecurity and operational safeguards are periodically tested, no assurances can be given that such measures will protect against all cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the County’s or the Local Units’ finances and/or operations. The cost of remedying such damage or protecting against future attacks could be substantial. In addition, cybersecurity breaches could expose the County and the Local Units to material litigation and other legal risks resulting in material costs related to such legal claims or proceedings.

### **LITIGATION**

To the knowledge of the appropriate officials of the County, no litigation, administrative action or proceeding is pending or threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities

under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriter at the time of the original delivery of the Bonds.

## **TAX MATTERS**

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The County has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the County's certifications and representations and the continuing compliance with the County's covenants. Noncompliance with these covenants by the County may cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The opinions are not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

### **Tax Treatment of Accruals on Original Issue Discount Bonds**

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing

during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

### **Amortizable Bond Premium**

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

### **Market Discount**

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

## **Future Developments**

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the County in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

## **BOND COUNSEL'S RESPONSIBILITY**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX I. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from bond proceeds.

Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has made no inquiry as to any financial information, statements or materials contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

## **CERTAIN LEGAL MATTERS**

Certain legal matters will be passed upon for the Underwriter by its counsel, Varnum LLP, Grand Rapids, Michigan.

## **MICHIGAN DEPARTMENT OF TREASURY STATUS**

The County and the Local Units have each received a letter from the Department of Treasury of the State of Michigan (the "Department"), stating that they are in material compliance with the criteria of the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended for a municipality to be granted qualified status. The County may therefore proceed to issue the Bonds without further approval from the Department.

### **RATING**

S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "AA" to the Bonds.

No application has been made to any other ratings service for a rating on the Bonds. The County furnished to S&P certain materials and information in addition to that provided here. Generally, the rating agency bases its rating on such information and materials, and on investigations, studies and assumptions. There is no assurance that such rating will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any rating assigned represents only the view of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, NY 10014, (212) 438-1000.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by any rating agency should be evaluated independently. Except as may be required by the undertaking described under the heading "CONTINUING DISCLOSURE" none of the County, Municipal Advisor or the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

### **VERIFICATION**

Robert Thomas CPA, LLC, a firm of independent public accountants of Overland Park, Kansas, will deliver to the County its verification report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the County and its representatives. Included in the scope of its examination will be a verification of the accuracy of the arithmetical and mathematical computations (i) of the adequacy of the cash and the maturing principal of, and interest on, the Government Obligations deposited in the Escrow Fund to pay, when due, maturing principal of and interest on the Prior Bonds and (ii) demonstrating that the yield on the obligations held in the Escrow Fund is less than the yield on the Bonds.

### **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter" or "Stifel"), has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the County. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the County the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals \_\_\_\_\_ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair

the validity of the Bonds or the status of the Bonds or the interest thereon as exempt from taxation in the State of Michigan and interest on the Bonds is excluded from gross income for federal income tax purposes (except as described under the heading "TAX MATTERS" herein), and (ii) proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement further provides that the County will provide to the Underwriter, within seven business days of the date of the Bond Purchase Agreement, an electronic copy of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the County and to persons and entities with relationships with the County, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

#### **MUNICIPAL ADVISOR'S OBLIGATION**

PFM Financial Advisors LLC, Ann Arbor, Michigan (the "Municipal Advisor") has been retained by the County to provide certain municipal advisory services. The information contained in the Official Statement was prepared in part by the Municipal Advisor and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Municipal Advisor's knowledge, all of the information contained in the Official Statement, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material fact, or make any untrue statement which would be misleading in light of the circumstances under which these statements are being made. However, the Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statement.

The Municipal Advisor's duties, responsibilities and fees arise solely as municipal advisor to the County, and it has no underwriting, secondary market obligations or other responsibility to the County. The Municipal Advisor's fees are expected to be paid from Bond proceeds.

Further information concerning the Bonds may be secured from PFM Financial Advisors LLC, Ann Arbor, Michigan, Municipal Advisor to the County or from Muskegon County, 990 Terrace Street, Muskegon, Michigan 49442, telephone: (231) 724-6520.

## CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the County and the Local Units will execute separate Continuing Disclosure Undertakings (the “Undertakings”) for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. “Beneficial Owner” means, under this caption only, any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositaries or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertakings, are set forth in APPENDIX J, “Forms of Continuing Disclosure Undertakings.”

A failure by the County and/or the Local Units to comply with the Undertakings will not constitute an event of default under the Bonds and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertakings. A failure by the County and/or the Local Units to comply with their Undertakings must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Except as set forth below, neither the County nor the Local Units, in the previous five years, have failed to comply, in any material respect, with the requirements as described in the Rule of any continuing disclosure undertaking made by the County or the Local Units. The Charter Township of Muskegon timely filed its 2020-2024 audits and annual financial information for certain outstanding issues but failed to link the filings to certain outstanding issues that are subject to continuing disclosure undertakings, including the Prior Bonds. The Charter Township of Muskegon has since linked the filings to all outstanding issues that are subject to continuing disclosure undertakings. Dalton Township filed its 2023 and 2024 audits late but gave notice of the late filings.

## OTHER MATTERS

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The County certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the County and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

By: \_\_\_\_\_  
Chair, Board of Public Works

By: \_\_\_\_\_  
Chair, County Board of Commissioners

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**APPENDIX A\***  
**COUNTY OF MUSKEGON**  
**GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION**

**LOCATION AND DESCRIPTION**

The County of Muskegon (the “County”) is located on the west shore in the central portion of Michigan’s lower peninsula and has 25 miles of Lake Michigan shoreline. Muskegon Lake serves as a deep-water harbor and is connected to Lake Michigan by a navigable channel 6,050 feet long, 240 feet wide with a depth of 27 feet. There are six berths and warehousing facilities available for ocean vessels. The County encompasses an area of 527 square miles of relatively flat terrain. There are 16 townships and 7 incorporated cities within the corporate boundaries of the County.

**POPULATION**

The U.S. Census reported and 2023 estimated populations for the County are as follows:

	County of Muskegon	%
	2023 Estimate	Change
2023 Estimate	175,378	0.98%
2020 U.S. Census	173,679	0.87
2010 U.S. Census	172,188	1.17

*Source: U.S. Census Bureau via [data.census.gov](https://data.census.gov) website.*

**FISCAL YEAR**

The County’s fiscal year begins on October 1<sup>st</sup> and ends on September 30<sup>th</sup>.

**FORM OF GOVERNMENT**

The County’s legislative body is a seven member Board of Commissioners who are elected to four year terms on a district basis determined by population, representing all geographical areas within the County. The Commissioners elect a Chairperson and a Vice Chairperson from within their ranks. The administration of the County is vested in a County Administrator who is the chief administrative official of the County.

**PROPERTY VALUATIONS**

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as “Taxable Value”. Since 1995, taxable property has had two valuations—State Equalized Value (“SEV”) and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of: (a) the Taxable Value of property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property’s SEV from the preceding year to the current year, or the inflation rate, or 5%, plus additions, or (b) the property’s current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property’s SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the existing property is limited to the lesser of the net percentage change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. The Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

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\*Information included in APPENDIX A of this Official Statement was obtained from the County unless otherwise noted.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

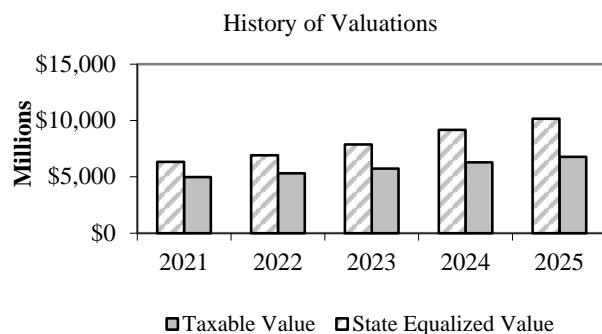
In addition to limiting the annual increase in Taxable Value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessor for each local unit of government within a county is responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes (churches, governmental property, public schools) is not included in the SEV or Taxable Value in this Official Statement. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan 1998, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value in this Official Statement except as noted.

## History of Valuations

A history of the property valuations in the County is shown below:

Property Value as of 12/31	Levy/Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2024	2025	\$6,773,858,306	7.90%	\$10,151,941,289	10.83%
2023	2024	6,277,919,793	9.72	9,160,011,825	16.39
2022	2023	5,721,958,609	7.80	7,870,281,000	13.92
2021	2022	5,307,848,140	6.69	6,908,658,100	9.21
2020	2021	4,975,161,394	----	6,325,782,600	----



## Annual Equivalent Valuation

A summary of the 2025 valuation subject to taxation is as follows:

2025 Taxable Value	\$6,773,858,306
Plus: 2025 Equivalent IFT Taxable Value <sup>1</sup>	69,918,837
Total 2025 Equivalent Taxable Value	\$6,843,777,143
Less: 2024 Captured Taxable Value <sup>2</sup>	(210,469,489)
2025 Disabled Veterans Exemption Taxable Value <sup>3</sup>	(40,795,252)
Net 2025 Taxable Value	<u>\$6,592,512,402</u>

<sup>1</sup>See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.

<sup>2</sup>See "TAX INCREMENT AUTHORITIES" herein.

<sup>3</sup>Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-married, surviving spouse is exempt from property taxes, subject to certain application requirements.

Source: Muskegon County Equalization Department

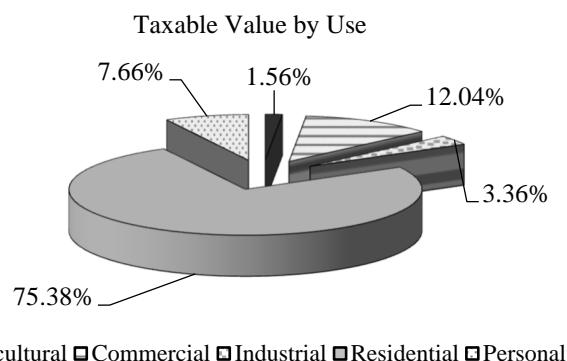
## Valuation Composition

A breakdown of the County's 2025 Taxable Value by class, use and municipality is as follows:

<u>By Class:</u>	2025 Taxable Value	Percent of Total
Real Property	\$6,254,768,504	92.34%
Personal Property	519,089,802	7.66%
<b>TOTAL</b>	<b>\$6,773,858,306</b>	<b>100.00%</b>

<u>By Use:</u>	2025 Taxable Value	Percent of Total
Agricultural	\$105,248,810	1.56%
Commercial	815,901,973	12.04%
Industrial	227,204,848	3.36%
Residential	5,106,412,873	75.38%
Personal	519,089,802	7.66%
<b>TOTAL</b>	<b>\$6,773,858,306</b>	<b>100.00%</b>



### By Municipality:

#### *Townships*

Blue Lake	\$112,653,158	1.66%
Casnovia	122,601,071	1.81
Cedar Creek	121,654,619	1.80
Dalton	357,859,937	5.28
Egelston	286,758,880	4.23
Fruitland	417,536,537	6.16
Fruitport	745,639,729	11.01
Holton	89,444,207	1.32
Laketon	345,968,140	5.11
Montague	107,396,222	1.59
Moorland	141,773,224	2.09
Muskegon	521,006,878	7.69
Ravenna	137,383,398	2.03
Sullivan	115,740,893	1.71
Whitehall	92,059,309	1.36
White River	152,129,157	2.25

#### *Cities*

Montague	104,195,394	1.54
Muskegon	906,317,251	13.38
Muskegon Heights	124,065,119	1.83
North Muskegon	212,105,202	3.13
Norton Shores	1,258,045,950	18.57
Roosevelt Park	140,037,981	2.07
Whitehall	161,486,050	2.38
<b>TOTAL</b>	<b>\$6,773,858,306</b>	<b>100.00%</b>

Source: Muskegon County Equalization Department

## **INDUSTRIAL FACILITY TAX ABATEMENTS**

Under the provisions of Act 198 of the Public Acts of Michigan, 1974, as amended (“Act 198”), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities in the area. The industrial facilities tax (“IFT”) is paid, at a lesser effective rate and in lieu of ad valorem property taxes, in such facilities for a period of up to 12 years. Qualifying facilities are issued abatement certificates for this period.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198.

The 2025 Taxable Value for the properties which have been granted IFT abatements within the County’s boundaries is \$137,975,874 for new facility IFT’s, all of which is taxed at half rate and \$930,900 for rehab IFT’s which remains frozen. For purposes of computing “Equivalent” Taxable Value, new facility IFT’s have been shown at 50% of the Taxable Value and rehab IFT’s have been shown at 100% of the Taxable Value, for a total “Equivalent” taxable value of \$69,918,837.

## **TAX INCREMENT AUTHORITIES**

Act 57 of the Public Acts of Michigan, 2018, as amended (the “Recodified Tax Increment Financing Act”) and Act 381 of the Public Acts of Michigan, 1996, as amended (the “Brownfield Act”) (together the “TIF Acts”) authorize the designation of specific districts known as Tax Increment Finance Authority (“TIFA”) Districts, Downtown Development Authority (“DDA”) Districts, Local Development Finance Authority (“LDFA”) Districts, Corridor Improvement Authority (“CIA”) Districts or Brownfield Redevelopment Authority (“BRDA”) Districts, which are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the district.

Tax increment financing permits the TIFA, DDA, LDFA, CIA or BRDA to capture tax revenues attributable to increases in value (“TIF Captured Value”) of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the District and are not passed on to the local taxing jurisdictions.

There are several districts within the County, under the authority contained in the TIF Acts. The TIF Captured Values within the County are included in the aggregate valuation reflected in this Official Statement. The 2024 total captured valuation for the County is \$210,469,489.

## **MICHIGAN PROPERTY TAX REFORM**

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 became exempt from ad valorem taxes beginning in 2014. Beginning in 2023, the exemption for commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit was increased to \$180,000. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions became effective. Pursuant to voter approval in August 2014, the 2014 legislation, as subsequently amended, also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduced the state use tax and created a Local Community Stabilization Authority which levies a local use tax component and distributes that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan’s property tax laws on the County’s finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the County.

## MAJOR TAXPAYERS

The County's top ten taxpaying and their 2025 Taxable Value are as follows:

Taxpayer	Product/Service	Taxable Value	"Equivalent" IFT Value <sup>1</sup>	Total Valuation
Consumers Energy	Utility	\$226,296,991	\$0	\$226,296,991
DTE Energy	Utility	98,005,281	0	98,005,281
Global Life Sciences Solutions USA LLC/Cytiva	Life Sciences & Therapeutics Mfg.	7,172,998	39,825,000	46,997,998
Michigan Electric Transmission Co.	Utility	27,270,689	0	27,270,689
Macbeth Solar LLC	Solar Energy Farm	23,337,400	0	23,337,400
Meijer Inc.	Retail & Grocery	17,464,733	0	17,464,733
THF Fruitport Dev LP <sup>2</sup>	Real Estate, Property Mgmt.	15,824,634	0	15,824,634
Wesco Inc.	Gas Station & Convenience Store	13,344,220	2,391,662	15,735,882
Howmet Aerospace	Aerospace Manufacturing	10,866,043	4,450,879	15,316,922
Comcast of Muskegon	Cable & Internet Service Provider	12,548,120	0	12,548,120
TOTALS		<u>\$452,131,109</u>	<u>\$46,667,541</u>	<u>\$498,798,650</u>
Total 2025 Values		<u>\$6,773,858,306</u>		<u>\$6,843,777,143</u>
Top 10 Taxpayers as a % of 2025 Total Values		6.67%		7.29%

<sup>1</sup>Represents 50% of the actual Taxable Value.

<sup>2</sup>Appealing \$671,200 of its valuations to the Michigan Tax Tribunal.

Source: Muskegon County Equalization Department

## TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total County tax rates for the past five years.

Taxing Jurisdiction	2025	2024	2023	2022	2021
County of Muskegon					
Operating	5.5069	5.5637	5.6097	5.6097	5.6601
Veteran Affairs	0.0724	0.0732	0.0739	0.0739	0.0746
Museum Operating	0.3110	0.3143	0.3169	0.3169	0.3198
Senior Millage	0.4830	0.4880	0.4921	0.4921	0.4966
Central Dispatch	0.2897	0.2927	0.2952	0.2952	0.2979
County Total	<u>6.6630</u>	<u>6.7319</u>	<u>6.7878</u>	<u>6.7878</u>	<u>6.8490</u>
City of Muskegon	12.2644	12.5570	12.7918	12.7971	12.9722
Muskegon Public Schools					
Non- Principal Residence	26.4390	26.5826	26.7212	26.3466	27.0985
Principal Residence	8.4390	8.5826	8.7212	8.9712	9.3467
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Muskegon ISD	4.5939	4.6382	4.6773	4.6773	4.7225
Community College	2.3295	2.3765	2.4393	2.5093	2.5288
Total Principal Residence	<u>40.2898</u>	<u>40.8862</u>	<u>41.4174</u>	<u>41.7427</u>	<u>42.4192</u>
Total Non-Principal Residence	<u>58.2898</u>	<u>58.8862</u>	<u>59.4174</u>	<u>59.1181</u>	<u>60.1710</u>

Source: Muskegon County Equalization Department

## TAX RATE LIMITATIONS

The current millage rates are as follows:

Purpose	Millage Authorized	2025 Maximum Allowable Millage after Rollback	2025 Millage Levied	Expiration Date of Levy
Operating	6.2000	5.5069	5.5069	N/A
Veteran Affairs	0.0770	0.0724	0.0724	12/30/2028
Museum Operating	0.3250	0.3110	0.3110	12/30/2030
Senior Millage	0.5000	0.4830	0.4830	12/30/2031
Central Dispatch	0.3000	0.2897	0.2897	12/30/2028

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported issues which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

## TAX LEVIES AND COLLECTIONS

Property taxes are due and payable when levied by the State, County, city, township or local school on July 1st and December 1st of each year, and become a lien against the property when levied. The total current tax collection due the County is transferred to the Muskegon County Treasurer, who distributes the proceeds to each taxing authority. Until March 1st of each year, local treasurers are responsible for the collection. Thereafter, a settlement is made by the Muskegon County Treasurer with each local unit. Those taxes not paid by March 1st become delinquent, and property tax administration fees and interest as prescribed by state law begin to accrue. The County-wide delinquent tax roll is prepared from these settlements and becomes the basis of the County General Obligation Tax Note sale each year. The proceeds of this sale are distributed to each taxing authority. If the taxes are not paid by March 1st of the following year, the property is forfeited to the County Treasurer and additional fees apply. If taxes are not paid by March 1st of the second year, the Circuit Court enters a judgment of foreclosure and within 30 days all taxpayer redemption rights expire. The property is then owned by the County. Property is then sold by the County at public auction and the delinquent tax fund is made whole.

A history of tax levies and collections for the County is as follows:

Levy Year	Operating Tax Levy	Collections to March 1, Following Year	
2024	\$33,304,580	\$32,261,658	96.87%
2023	30,993,663	30,036,001	96.91
2022	28,747,107	27,861,917	96.92
2021	27,557,470	26,696,214	96.87
2020	26,734,233	25,837,279	96.64

## REVENUES FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State Revenue Sharing Act of 1971, as amended (the “Revenue Sharing Act”), on a per capita basis. The County’s revenue sharing distribution is subject to annual legislative appropriation and may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

The State’s ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State’s overall financial condition and its ability to finance any temporary cash flow deficiencies. Act 357, Public Acts of Michigan, 2004 (“Act 357”) amended the General Property Tax Act to temporarily eliminate statutory revenue sharing payments to counties by creating a reserve fund, against which counties could draw in lieu of annual revenue sharing payments, paid for by the permanent advancement of the counties’ property tax levy from December to July each year, beginning in 2005. Under Act 357, a county would resume receiving state revenue sharing payments in the first year in which the county’s property tax revenue reserve was less than the amount the county would have otherwise received in state revenue sharing payments.

Under the fiscal year 2026 budget, signed into law on October 7, 2025 by Governor Whitmer, \$291.1 million has been appropriated for revenue sharing distributions to counties, resulting in no change from the fiscal year 2025 appropriation of \$291.1 million. Of that appropriation, \$261.1 million will be distributed pursuant to the Revenue Sharing Act and \$30 million will be distributed to each county based on the per capita taxable valuation of each county proportionate to the State-wide per capita taxable valuation.

The following table sets forth the annual revenue sharing payments and other moneys received by the County for the State's fiscal years ended September 30, 2021 through September 30, 2025 and the estimated revenue sharing payments for the State's fiscal year ending September 30, 2026.

State of Michigan Fiscal Year Ended September 30th	Total Revenue Sharing Payments <sup>1</sup>
2026	\$4,945,834 <sup>2</sup>
2025	4,945,834
2024	4,314,727
2023	4,070,285
2022	3,840,328
2021	3,765,368

<sup>1</sup>Amounts do not include state gas and weight tax distributions

<sup>2</sup>Projected.

Source: *Department of Treasury via website at [www.michigan.gov/treasury](http://www.michigan.gov/treasury)*

## AMERICAN RESCUE PLAN ACT OF 2021

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 ("ARPA"), which provides a total of \$350 billion in assistance to states, counties, municipalities, territories and tribal governments to cover expenses, make up for lost revenue and ease the overall economic impact from the COVID-19 pandemic.

ARPA funds may be used to address the economic effects of COVID-19, including through aid to households, small businesses, nonprofits, and impacted industries such as tourism and hospitality. State and local governments may also use ARPA funds to provide premium pay (up to \$13 per hour or \$25,000 per worker) to essential employees or make grants to the employers of essential employees. State and local governments may also use ARPA funds to make investments in water, sewer and broadband infrastructure, and to provide government services to the extent of any revenue reduction resulting from COVID-19. They may not use ARPA funds to make pension payments or to offset revenue losses resulting from any tax cut, tax delay or tax rebate enacted after March 3, 2021.

Michigan received a total allocation of \$10.6 billion in state and local relief under ARPA, of which the County received \$33,713,161. All ARPA funds must be obligated and spent on costs incurred on or before December 31, 2024 and must be expended on or before December 31, 2026.

## LABOR FORCE

A breakdown of the number of employees of the County and their affiliation with organized groups follows:

Employee Group	No. of Employees	Exp. Date of Contract
Local 517M, Service Employees International, AFL-CIO, Professional and Clerical Division: Public Works Unit	38	09/30/28
Fraternal Order of Police Labor Council: Sheriff Corrections Officers	47	09/30/28
Sheriff Deputies	44	09/30/28
Sheriff Sergeants	10	09/30/28
Sheriff Command Executive	4	09/30/28
Teamster Local 214 Affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America: District Court Employees	27	09/30/26
General Employees Unit	124	09/30/26
Circuit/Probate Court Unit	70	09/30/26
Michigan Nurses Association Public Health Nurses	3	09/30/26
<b>TOTAL</b>	<b>367</b>	

The County has not experienced a strike by any of its bargaining units within the past ten years.

## PENSION FUND

### Defined Benefit Plan

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

### Schedule of Employer Contributions

Fiscal Year Ended September 30,	Employer Contributions
2024	\$6,384,361
2023	5,767,356
2022	5,130,767
2021	3,885,819
2020	3,477,859

### Defined Contribution Plan

The County's defined contribution pension plan provides benefits to various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and employee contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rests with MERS.

#### Schedule of Employer Contributions

Fiscal Year Ended September 30,	Employer Contributions
2024	\$1,598,605
2023	1,427,536
2022	1,269,865
2021	1,030,052
2020	914,228

For additional information, please see Note 13 – Pension Plans in the Notes to Financial Statements of the County’s Annual Comprehensive Financial Report in APPENDIX B herein.

*Source: Audited Financial Statements*

### **OTHER POST-EMPLOYMENT BENEFITS**

#### **Defined Benefit Healthcare Plan**

The County administers a single-employer defined benefit postemployment healthcare benefit plan. In addition to the retirement benefits provided by the County’s defined benefit pension plan, the defined healthcare benefit plan provides health and dental benefits to its retired employees and beneficiaries. The plan is accounted for as an other postemployment benefits trust fund in the County’s financial statements, and utilizes the Retiree Health Funding Vehicle and Investment Services Program provided through the Michigan Municipal Employees’ Retirement System (MERS). Management of the OPEB Plan is vested with the County Board of Commissioners. Separate financial statements are not prepared for the plan.

#### Schedule of Employer Contributions

Fiscal Year Ended September 30,	Employer Contributions
2024	\$0
2023	0
2022	0
2021	39,711
2020	1,128,011

#### **Defined Contribution Postemployment Healthcare Plan**

The County's defined contribution postemployment healthcare plan provides postemployment healthcare benefits for various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rest with MERS.

#### Schedule of Employer Contributions

Fiscal Year Ended September 30,	Employer Contributions
2024	\$1,392,532
2023	1,375,222
2022	1,226,886
2021	1,040,701
2020	882,744

For additional information, please see Note 14 – Other Postemployment Benefits in the Notes to Financial Statements of the County’s Annual Comprehensive Financial Report in APPENDIX B herein.

*Source: Audited Financial Statements*

**DEBT STATEMENT<sup>1</sup> - (As of 01/13/26 – including the Bonds described herein)**

		Self-Supporting or Portion Paid Directly by Benefited Municipalities	
	GROSS		NET
<b>COUNTY-ISSUED DEBT</b>			
Limited Tax Bonds:			
General Obligation Bonds	\$75,765,000	\$0	\$75,765,000
Delinquent Tax Anticipation Notes	6,000,000	6,000,000	0
Building Authority Bonds	37,040,000	0	37,040,000
Wastewater System Bonds	11,190,000	11,190,000	0
Water Supply System Bonds	18,880,000	18,880,000	0
Limited Tax Pledge Total	148,875,000	36,070,000	112,805,000
Revenue Bonds with No County Limited Tax Pledge:			
Wastewater System Bonds	12,643,365	12,643,365	0
Total County-Issued Debt	161,518,365	48,713,365	112,805,000
<b>DRAIN-ISSUED DEBT BACKED BY COUNTY</b>			
County Limited Tax Pledge:			
Drainage District Bonds	16,175,000	13,037,798	3,137,202
County-issued and County-supported debt	\$177,693,365	\$61,751,163	\$115,942,202
Less: Prior Wastewater Bonds refunded by Wastewater Bonds	(10,495,000) <sup>2</sup>		
Less: Prior Water Bonds refunded by Water Bonds	(4,005,000) <sup>2</sup>		
Plus: Wastewater Refunding Bonds	9,675,000 <sup>2</sup>		
Plus: Water Refunding Bonds	3,700,000 <sup>2</sup>		
GROSS DIRECT DEBT	<u>\$176,568,365</u>		
<b>OVERLAPPING DEBT</b>			
Cities, Villages, and Townships		\$93,900,795	
School Districts		425,925,977	
Intermediate School Districts		266,475	
Community College		21,160,000	
Library		1,175,000	
TOTAL OVERLAPPING DEBT		<u>\$542,428,247</u>	
<b>NET DIRECT DEBT AND OVERLAPPING DEBT</b>			<u>\$658,370,449</u>

<sup>1</sup>Includes the Wastewater Management System - Number One Refunding Bonds, Series 2026 (Limited Tax General Obligation) and the Water Supply System Refunding Bonds, Series 2026 (Limited Tax General Obligation), both of which are currently in process.

<sup>2</sup>Preliminary, subject to change.

Source: *Municipal Advisory Council of Michigan*

## DEBT RATIOS\*

Estimated County Population	175,378
2025 Taxable Value	\$6,773,858,306
2025 State Equalized Value (SEV)	\$10,151,941,289
2025 True Cash Value (TCV)	\$20,303,882,578
Per Capita 2025 Taxable Value	\$38,624.33
Per Capita 2025 State Equalized Value	\$57,886.06
Per Capita 2025 True Cash Value	\$115,772.12
Per Capita Net Total Debt	\$661.10
Per Capita Net Total and Overlapping Debt	\$3,754.01
Percent of Net Total Debt of 2025 Taxable Value	1.71%
Percent of Net Total and Overlapping Debt of 2025 Taxable Value	9.72%
Percent of Net Total Debt of 2025 SEV	1.14%
Percent of Net Total and Overlapping Debt of 2025 SEV	6.49%
Percent of Net Total Debt of 2025 TCV	0.57%
Percent of Net Total and Overlapping Debt of 2025 TCV	3.24%

\*Preliminary, subject to change.

## LEGAL DEBT MARGIN\* - (As of 01/13/26 – including the Bonds described herein)

2025 State Equalized Value (SEV)	\$10,151,941,289
Legal Debt Limit - 10% of SEV	\$1,015,194,129
Total Bonded Debt Outstanding	\$176,568,365
Less: No County Credit Pledge Revenue Bonds	<u>(12,643,365)</u>
Total Bonded Debt Outstanding	<u>163,925,000</u>
LEGAL DEBT MARGIN AVAILABLE	<u><u>\$851,269,129</u></u>

\*Preliminary, subject to change.

## OTHER BORROWING

The County has no short-term borrowing outstanding.

## DEBT HISTORY

The County has no record of default on its obligations.

## FUTURE FINANCING

The County is considering issuing bonds in the approximate amount of \$9,000,000 for a landfill expansion in the next 12 months.

## SCHEDULE OF BOND MATURITIES\* - (As of 01/13/26 – including the Bonds described herein)

Fiscal Year End 30-Sep	General Obligation Tax Notes	General Obligation Bonds	Building Authority Bonds	Wastewater Bonds	Water Supply Bonds	Drainage District Bonds	TOTAL	Percent Repaid
2026	\$3,500,000	\$1,360,000	\$315,000	\$4,430,000	\$105,000	\$865,000	\$10,575,000	
2027	2,500,000	4,080,000	1,675,000	4,696,560	970,000	865,000	14,786,560	
2028	0	4,185,000	1,735,000	3,283,316	945,000	860,000	11,008,316	20.6%
2029	0	4,280,000	1,800,000	2,232,506	980,000	865,000	10,157,506	
2030	0	5,120,000	1,865,000	465,983	865,000	870,000	9,185,983	
2031	0	5,540,000	1,930,000	290,000	900,000	855,000	9,515,000	
2032	0	5,570,000	2,000,000	420,000	925,000	870,000	9,785,000	
2033	0	5,360,000	2,080,000	265,000	955,000	860,000	9,520,000	47.9%
2034	0	5,200,000	1,745,000	495,000	990,000	860,000	9,290,000	
2035	0	5,335,000	1,820,000	210,000	1,025,000	795,000	9,185,000	
2036	0	4,710,000	1,890,000	830,000	1,060,000	810,000	9,300,000	
2037	0	4,830,000	1,965,000	890,000	1,090,000	795,000	9,570,000	
2038	0	4,950,000	2,045,000	1,040,000	695,000	810,000	9,540,000	74.4%
2039	0	5,050,000	2,130,000	1,095,000	710,000	725,000	9,710,000	
2040	0	1,995,000	2,215,000	1,150,000	730,000	720,000	6,810,000	
2041	0	2,085,000	2,310,000	1,220,000	750,000	575,000	6,940,000	
2042	0	2,170,000	2,405,000	0	765,000	490,000	5,830,000	
2043	0	2,255,000	2,505,000	0	785,000	485,000	6,030,000	94.4%
2044	0	1,190,000	2,610,000	0	805,000	505,000	5,110,000	
2045	0	500,000	0	0	825,000	290,000	1,615,000	
2046	0	0	0	0	845,000	285,000	1,130,000	
2047	0	0	0	0	855,000	290,000	1,145,000	
2048	0	0	0	0	0	285,000	285,000	99.7%
2049	0	0	0	0	0	180,000	180,000	
2050	0	0	0	0	0	185,000	185,000	
2051	0	0	0	0	0	180,000	180,000	100.0%
Total	\$6,000,000	\$75,765,000	\$37,040,000	\$23,013,365	\$18,575,000	\$16,175,000	\$176,568,365	

\*Preliminary, subject to change.

## LARGEST EMPLOYERS

Listed below are the largest employers that are located within the County:

Employer	Product or Service	Approx. No. of Employees
<i>Within the County of Muskegon</i>		
Trinity Health - Muskegon Hospital	Healthcare & Hospital	4,100
Howment Aerospace, Inc.	Aerospace	3,775
Wesco, Inc. (multiple locations)	Gas Stations & Convenience Stores	1,050
Meijer, Inc. (3 locations)	Retail & Grocery	894
Walmart (3 locations)	Retail & Grocery	890
County of Muskegon	Government	833
Johnson Technology, Inc.	Aircraft Engine Parts	805
G.E. Aerospace/Aviation (3 locations)	Aerospace	800
ADAC Automotive	Automotive Plastics	750
Health West	Behavioral Health & Crisis Residential Center	715
Aludyne, Inc.	Automotive Parts	700
Structural Concepts Corp.	Display Cases	500
Mona Shores Public Schools	Education	462
Knoll, Inc	Office Furniture	450
Muskegon Public Schools	Education	358
Reeths-Puffer Schools	Education	357
Textron, Inc.	Automotive Camshafts	325
Renk America, LLC (HQ) (formerly L3Harris Tech)	Military Equipment	320
Michigan's Adventure	Water & Amusement Park	307
Whitehall District Schools	Education	260

Source: 2025 Michigan Manufacturers Directory, MEDC website via [michiganbusiness.org](http://michiganbusiness.org) and individual employers.

## EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2019-2023 American Community Survey reports the occupational breakdown of persons 16 years and over for the County of Muskegon as follows:

County of Muskegon		
	Number	Percent
PERSONS BY OCCUPATION	77,505	100.00%
Management, Business, Science & Arts	23,702	30.58
Service	14,189	18.31
Sales & Office	14,667	18.92
Natural Resources, Construction & Maintenance	6,673	8.61
Production, Transportation & Material Moving	18,274	23.58

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown by industry for persons 16 years and over for the County of Muskegon as follows:

County of Muskegon		
	Number	Percent
PERSONS BY INDUSTRY	77,505	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	749	0.98%
Construction	4,288	5.53
Manufacturing	20,050	25.87
Wholesale Trade	1,422	1.83
Retail Trade	8,552	11.03
Transportation	2,945	3.80
Information	697	0.90
Finance, Insurance & Real Estate	3,105	4.01
Professional & Management Services	5,990	7.73
Educational, Health & Social Services	16,045	20.70
Arts, Entertainment, Recreation & Food Services	7,440	9.60
Other Professional & Related Services	3,599	4.64
Public Administration	2,623	3.38

## UNEMPLOYMENT RATES

The U.S. Department of Labor, Bureau of Labor Statistics reports unemployment averages for the County of Muskegon as compared to the State of Michigan as follows:

Annual Average	County of Muskegon	State of Michigan
September, 2025	5.3%	4.6%
2024	5.1	4.7
2023	4.3	3.9
2022	4.7	4.2
2021	6.7	5.7

## POPULATION BY AGE

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown of population by age for the County of Muskegon as follows:

County of Muskegon		
	Number	Percent
Total Population	175,378	100.00%
0 through 19 years	43,744	24.94
20 through 64 years	100,038	57.04
65 years and over	31,596	18.02
Median Age	39.9 years	

## INCOME

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown of household income for the County of Muskegon as follows:

County of Muskegon		
	Number	Percent
HOUSEHOLDS BY INCOME	67,112	100.00%
Less than \$ 10,000	3,187	4.75
\$ 10,000 to \$ 14,999	2,682	4.00
\$ 15,000 to \$ 24,999	5,713	8.51
\$ 25,000 to \$ 34,999	5,872	8.75
\$ 35,000 to \$ 49,999	8,312	12.39
\$ 50,000 to \$ 74,999	13,122	19.55
\$ 75,000 to \$ 99,999	9,974	14.86
\$100,000 to \$149,999	11,369	16.94
\$150,000 to \$199,999	3,942	5.87
\$200,000 or MORE	2,939	4.38
Median Income	\$63,495	

## GENERAL FUND BUDGET SUMMARIES

### County of Muskegon General Fund Budget Summaries

	As Amended 2024/25	As Adopted 2025/26
<b>Revenues</b>		
Taxes	\$38,113,538	\$40,359,910
State	7,845,402	8,066,048
Charges for Services	9,010,663	9,226,860
Fines & Forfeitures	392,131	402,131
Investment Income	463,399	231,200
Federal	209,471	218,063
Contributions from Private Sources	6,000,000	4,000,000
Licenses & Permits	222,397	222,397
Rentals	148,799	120,070
Transfers	2,071,303	3,848,697
Special Assessments	75,624	72,178
Other	<u>3,081,333</u>	<u>3,172,381</u>
<b>Total Revenues</b>	<u>\$67,634,060</u>	<u>\$69,939,935</u>
<b>Expenditures</b>		
Judicial	\$14,637,822	\$15,844,397
General County Government	11,589,310	13,851,437
Public Safety	21,132,750	21,839,906
Welfare	5,764,856	3,769,783
Culture	8,423	69,378
Public Works	814,347	818,261
Health	58,115	47,751
Economic Development	930,523	1,086,727
Legislative	412,519	442,454
Other	<u>13,471,402</u>	<u>14,720,887</u>
Debt Service	<u>430,013</u>	<u>430,300</u>
<b>Total Expenditures</b>	<u>\$69,250,080</u>	<u>\$72,921,281</u>
<b>Excess of Expenditures (over) under Revenues</b>	<u>(\$1,616,020)</u>	<u>(\$2,981,346)</u>
<b>Fund Balance - October 1</b>	<u>\$17,545,907</u>	<u>\$15,929,887</u>
<b>Projected Fund Balance - September 30</b>	<u>\$15,929,887</u>	<u>\$12,948,541</u>

## COMPARATIVE FINANCIAL STATEMENTS

### County of Muskegon General Fund

#### Comparative Balance Sheet

	For Fiscal Years Ended September 30		
	2022	2023	2024
<b>Assets</b>			
Cash and Investments	\$8,011,858	\$7,961,722	\$7,241,865
Receivables, Net			
Accounts	280,539	50,672	804,233
Property Taxes	7,554,776	8,268,652	10,121,543
Due from Other Governments	1,259,842	1,892,409	1,733,243
Leases	187,188	87,599	--
Prepaid and Other Items	16,196	17,592	44,661
Advances to Component Units	100,000	100,000	100,000
<b>Total Assets</b>	<b>\$17,410,399</b>	<b>\$18,378,646</b>	<b>\$20,045,545</b>
<b>Liabilities</b>			
Payables			
Accounts	\$647,960	\$385,772	\$1,059,007
Due to Other Governments	342,850	407,751	238,426
Accrued Liabilities	779,036	803,320	1,199,395
Advances from Other Funds	--	2,500	2,810
Unearned Revenue	2,500	--	--
<b>Total Liabilities</b>	<b>\$1,772,346</b>	<b>\$1,599,343</b>	<b>\$2,499,638</b>
<b>Deferred Inflows of Resources</b>			
Deferred Lease Amounts	\$187,188	\$87,599	\$0
Unavailable Revenues - Grants	50,000	--	--
<b>Total Deferred Inflows of Resources</b>	<b>\$237,188</b>	<b>\$87,599</b>	<b>\$0</b>
<b>Fund Balances</b>			
Nonspendable	\$116,196	\$117,592	\$144,661
Restricted	54,119	27,805	30,530
Assigned	2,302,977	1,947,004	1,766,111
Unassigned	12,927,573	14,599,303	15,604,605
<b>Total Fund Balances</b>	<b>\$15,400,865</b>	<b>\$16,691,704</b>	<b>\$17,545,907</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$17,410,399</b>	<b>\$18,378,646</b>	<b>\$20,045,545</b>

Source: Audited Financial Statements

**County of Muskegon  
General Fund**

**Comparative Statement of Revenues,  
Expenditures and Changes in Fund Balance**

	For Fiscal Years Ended September 30		
	2022	2023	2024
<b>Revenues</b>			
Property Taxes	\$31,160,586	\$33,865,887	\$37,268,833
Grants & Contributions			
Federal Sources	119,659	290,100	189,981
State Sources	6,725,223	6,991,404	7,306,369
Local Sources	3,396,897	5,351,007	2,827,721
Charges for Services	10,749,316	10,360,028	10,560,380
Fines and Forfeitures	399,760	437,958	367,115
Investment Income	87,891	258,936	388,582
Rentals	125,043	130,356	153,464
Other	735,867	743,760	784,910
<b>Total Revenues</b>	<u>\$53,500,242</u>	<u>\$58,429,436</u>	<u>\$59,847,355</u>
<b>Expenditures</b>			
Current			
General Government	\$9,177,983	\$10,267,182	\$10,411,369
Public Safety	15,389,628	16,746,789	18,165,084
Public Works	657,752	733,737	734,391
Judicial	10,906,552	12,347,204	13,113,816
Legislative	397,013	316,993	345,058
Welfare	3,211,067	4,784,114	2,423,406
Cultural	35,647	3,337	4,349
Community & Economic Development	463,757	687,631	619,467
Debt Service			
Principal	290,000	322,470	328,093
Interest and fiscal charges	140,363	132,098	127,926
<b>Total Expenditures</b>	<u>\$40,669,762</u>	<u>\$46,341,555</u>	<u>\$46,272,959</u>
<b>Excess of Revenue Over (Under) Expenditures</b>			
	<u>\$12,830,480</u>	<u>\$12,087,881</u>	<u>\$13,574,396</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	\$6	\$1,353,032	\$48,955
Operating Transfers Out	(12,419,166)	(12,230,990)	(12,770,773)
Issuance of Long-Term Debt	--	80,916	--
Proceeds From Sale of Capital Assets	400	--	1,625
<b>Total Other Financing Sources (Uses)</b>	<u>(\$12,418,760)</u>	<u>(\$10,797,042)</u>	<u>(\$12,720,193)</u>
<b>Net Change in Fund Balances</b>	<u>\$411,720</u>	<u>\$1,290,839</u>	<u>\$854,203</u>
<b>Fund Balance - Beginning</b>	<u>\$14,989,145</u>	<u>\$15,400,865</u>	<u>\$16,691,704</u>
<b>Fund Balance - Ending</b>	<u>\$15,400,865</u>	<u>\$16,691,704</u>	<u>\$17,545,907</u>

Source: Audited Financial Statements

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**APPENDIX B**  
**COUNTY OF MUSKEGON**  
**AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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## INDEPENDENT AUDITORS' REPORT

March 24, 2025

Honorable Members of the  
Board of Commissioners  
of the County of Muskegon, Michigan  
Muskegon, Michigan

### Report on the Audit of Financial Statements

#### 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 **County of Muskegon, Michigan** (the "County"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entity, which represents the indicated percentages of total aggregate discretely presented component units:

Percent of Assets and Deferred Outflows	Percent of Revenues	Percent of Net Position
Muskegon County Road Commission	70.7%	81.2%

In addition, we did not audit the financial statements of the HealthWest fund, a major special revenue fund and therefore its own separate opinion unit. Those statements were audited by other auditors whose reports thereon were furnished to us, and our opinions, insofar as they relate to the amounts included for the above entities, are based solely on the reports of the other auditors.



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#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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. The financial statements of the Muskegon County Road Commission were not audited in accordance with *Government Auditing Standards*.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules and the schedules for the Muskegon Area Transit System (excluding Schedule 4N) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedules for the Muskegon Area Transit System (excluding Schedule 4N) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections and Muskegon Area Transit System Schedule 4N, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

#### ***Other Reporting Required by *Government Auditing Standards****

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 24, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in a separately issued single audit act compliance report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

As management of the County of Muskegon, Michigan (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found in the introductory section of this report and the County's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The *assets and deferred outflows of resources* of the County of Muskegon exceeded its *liabilities and deferred inflows of resources* at September 30, 2024; the difference representing net position of \$151.5 million reported by the primary government. Of this amount, a negative \$81.2 million in *unrestricted (deficit) net position* results from the reporting requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 68 to record a net pension liability in the amount of \$100.0 million on the government-wide financial statements. *Restricted net position* of \$46.9 million may be used for the County's ongoing obligations related to programs with external restrictions. The County's *net investment in capital assets* was \$185.8 million.
- The County's *net position* increased by \$19.9 million as a result of the current year's operations. Net position of governmental activities increased by approximately \$11.2 million and net position of business-type activities increased by approximately \$8.7 million for current year activities.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending *fund balances* of \$35.3 million, an increase of \$8.4 million from the prior year ending fund balance of \$26.9 million. Approximately \$15.6 million (44.2%) of the governmental funds total fund balance amount is *unassigned fund balance* in the General Fund.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and statistical information in addition to the basic financial statements themselves.

#### REPORTING THE COUNTY AS A WHOLE

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, legislative, judicial, public safety, public works, health, welfare, culture, recreation, community and economic development, and interest expense. The business-type activities of the County include regional water, delinquent tax revolving, local government public works financing, solid waste, airport operations, resource recovery center, and other enterprise activities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate Economic Development Corporation (no activity during the fiscal year), Muskegon County Road Commission, Office of the Muskegon County Water Resources Commissioner, and the Muskegon County Land Bank Authority for which the County is financially accountable. Information for these *component units* are reported separately from the financial information presented for the primary government itself.

#### REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and change in fund balances* for the General Fund and the HealthWest special revenue fund, which are considered *major funds*. Data is combined into a single aggregated presentation for the other governmental funds (*nonmajor governmental funds*). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules.

The County adopts an annual appropriated budget for its General Fund and special revenue funds as required by state law. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with this budget.

- **Proprietary Funds.** *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its regional water, solid waste, airport operations, resource recovery center, as well as other enterprise operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the County's various functions.

## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

The County utilizes *internal service funds* to account for its office services, south campus facilities management, maintenance garage, energy improvements, Marquette campus, equipment revolving, electronic content management, and insurance. Because these services primarily benefit the County's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the regional water, solid waste, airport operations, and resource recovery center funds, which are considered to be major funds of the County. Conversely, nonmajor enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis and required pension and other postemployment benefit (OPEB) information. Supplemental information follows the required pension and OPEB information and includes combining and individual fund statements and schedules.

## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

#### REPORTING THE COUNTY AS A WHOLE

##### Government-wide Financial Statements

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$151.5 million at the close of the most recent fiscal year. The following chart illustrates the composition of net position at September 30.

	Net Position (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 109.1	\$ 103.1	\$ 140.3	\$ 110.3	\$ 249.4	\$ 213.4
Capital assets, net	102.7	96.0	192.3	188.3	295.0	284.3
<b>Total assets</b>	<b>211.8</b>	<b>199.1</b>	<b>332.6</b>	<b>298.6</b>	<b>544.4</b>	<b>497.7</b>
<b>Deferred outflows of resources</b>						
	19.9	30.2	1.2	2.0	21.1	32.2
<b>Liabilities</b>						
Long-term liabilities	190.7	188.9	135.9	129.5	326.6	318.4
Other liabilities	30.4	38.9	29.6	10.7	60.0	49.6
<b>Total liabilities</b>	<b>221.1</b>	<b>227.8</b>	<b>165.5</b>	<b>140.2</b>	<b>386.6</b>	<b>368.0</b>
<b>Deferred inflows of resources</b>						
	8.0	10.1	19.4	20.2	27.4	30.3
<b>Net position</b>						
Net investment in capital assets	52.2	45.0	133.6	128.1	185.8	173.1
Restricted	46.5	40.5	0.4	-	46.9	40.5
Unrestricted (deficit)	(96.1)	(94.1)	14.9	12.1	(81.2)	(82.0)
<b>Total net position</b>	<b>\$ 2.6</b>	<b>\$ (8.6)</b>	<b>\$ 148.9</b>	<b>\$ 140.2</b>	<b>\$ 151.5</b>	<b>\$ 131.6</b>

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position amount of \$81.2 million.

**Statement of Activities.** The County's total revenue for the fiscal year ended September 30, 2024, was approximately \$261.9 million while total cost of all programs and services was \$242.0 million. The fiscal year's operations result in an increase in the primary government's net position of \$19.9 million. The *Changes in Net Position* table presents a summary for the years ended September 30.

## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

#### Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 107.2	\$ 105.0	\$ 40.0	\$ 37.4	\$ 147.2	\$ 142.4
Operating grants	36.2	42.0	4.8	5.9	41.0	47.9
Capital grants	0.4	5.5	4.8	0.9	5.2	6.4
General revenues:						
Property taxes	37.6	34.4	-	-	37.6	34.4
Other taxes	5.0	4.6	-	-	5.0	4.6
State shared	4.3	4.1	-	-	4.3	4.1
Unrestricted grants	10.7	7.1	-	-	10.7	7.1
Other	7.5	2.5	3.4	1.9	10.9	4.4
<b>Total revenues</b>	<b>208.9</b>	<b>205.2</b>	<b>53.0</b>	<b>46.1</b>	<b>261.9</b>	<b>251.3</b>
<b>Program expenses</b>						
General government	13.3	11.2	-	-	13.3	11.2
Legislative	0.4	0.3	-	-	0.4	0.3
Judicial	27.1	22.1	-	-	27.1	22.1
Public safety	23.1	19.7	-	-	23.1	19.7
Public works	1.0	0.9	-	-	1.0	0.9
Health	117.5	102.1	-	-	117.5	102.1
Welfare	6.3	8.8	-	-	6.3	8.8
Culture	0.1	0.1	-	-	0.1	0.1
Recreation	3.7	3.4	-	-	3.7	3.4
Community and economic development	0.8	0.8	-	-	0.8	0.8
Interest	3.7	3.8	-	-	3.7	3.8
Regional water	-	-	3.5	3.6	3.5	3.6
Delinquent tax revolving	-	-	1.2	1.0	1.2	1.0
Local govt public works financing	-	-	0.5	0.5	0.5	0.5
Solid waste	-	-	10.3	7.4	10.3	7.4
Airport operations	-	-	3.4	3.4	3.4	3.4
Resource recovery center	-	-	20.4	19.4	20.4	19.4
Other enterprise funds	-	-	5.7	5.6	5.7	5.6
<b>Total program expenses</b>	<b>197.0</b>	<b>173.2</b>	<b>45.0</b>	<b>40.9</b>	<b>242.0</b>	<b>214.1</b>
Change in net position before transfers	11.9	32.0	8.0	5.2	19.9	37.2
Transfers	(0.7)	-	0.7	-	-	-
<b>Change in net position</b>	<b>11.2</b>	<b>32.0</b>	<b>8.7</b>	<b>5.2</b>	<b>19.9</b>	<b>37.2</b>
Net position, beginning of year	(8.6)	(40.6)	140.2	135.0	131.6	94.4
<b>Net position, end of year</b>	<b>\$ 2.6</b>	<b>\$ (8.6)</b>	<b>\$ 148.9</b>	<b>\$ 140.2</b>	<b>\$ 151.5</b>	<b>\$ 131.6</b>

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

- Governmental Activities.** Governmental activities experienced a significant increase in net position in FY2024. Revenues for the County's governmental activities increased by 1.8% (\$3.7 million), while total expenses increased by 13.7% (\$23.8 million).

The increase in governmental activities revenues is primarily due to increases in the following categories: charges for services revenue (\$2.2 million), property tax (\$3.2 million), unrestricted grants (\$3.6 million), and other revenue (\$5.0 million), offset, in part, by a reduction in operating grants revenue (\$5.8 million) and capital grants revenue (\$5.1 million).

Charges for services revenue increased by approximately 2.2% from FY2023, primarily driven by a \$2.8 million increase in revenues from HealthWest due to service demand. Additionally, Circuit Court restitution collections rose by \$0.2 million. However, these gains were partially offset by a \$0.9 million decrease in opioid settlement revenues in FY2024.

Property tax revenue grew by 9.3% from FY2023, driven by a 9.7% increase in total assessed property values, resulting in an additional \$3.2 million in revenue. Other taxes also rose by 8.7%, primarily due to a \$0.4 million increase in marijuana tax collections, reflecting continued industry growth.

Coronavirus State and Local Fiscal Recovery (CSLFR) fund revenues increased by 50.7% from FY2023, as several projects reached peak activity in FY2024. However, revenues in this category are expected to decline in future years, as 86.1% of grant funds had been spent as of September 30, 2024. The remaining funds must be fully utilized by December 31, 2026.

Other revenues saw a significant 200.0% (\$5.0 million) increase, primarily due to higher unrestricted investment earnings, which benefited from favorable market conditions in FY2024.

Operating and capital grants decreased by 5.8% and 5.1%, respectively, from FY2023. The main factor behind this decline was the receipt of one-time \$10 million State and local grants in FY2023 for the acquisition of Dune Harbor Park. Additionally, operating grants experienced a reduction in local funding for the Residential Energy Efficiency program, offsetting an increase in funding in FY2023, for low-income household services. Federal grant reductions also impacted the HealthWest community mental health program as COVID-era funding expired. However, these declines were partially offset by an increase in state-funded operating grants for both the Public Defender's Office (Indigent Defense Fund) and the Prosecutor's Office, as the state prioritizes service improvements in these programs.

These increases in governmental activities revenues were offset by corresponding increases in expenses in the following categories: judicial (\$5.0 million), public safety (\$3.4 million), and health (\$15.4 million).

The increase in governmental activities expenses was largely driven by higher salary and benefit costs. Following a compensation study conducted at the end of FY2023, the County implemented its findings in FY2024, resulting in an average salary increase of 8.7%. Additionally, adjustments to retirement and pension benefits during the FY2023 contract negotiations further contributed to rising benefit costs across the county.

Health expenses rose by 15.1%. Beyond the salary and benefit increases mentioned above, this category saw additional cost growth primarily due to expanded services provided by HealthWest, which experienced a \$7.6 million increase in expenses. Similar to revenue trends, these rising costs were driven by increased demand for mental health and substance use disorder services in Muskegon County.

- Business-type Activities.** Business-type activities increased the County's net position by approximately 6.2% (\$8.7 million) during the year.

The increase in business-type activities is due to increases in the following categories: Charges for services revenue (\$2.6 million), capital grants revenue (\$3.9 million), and other revenue (\$1.5 million). These were offset, in part, by a reduction in operating grants (\$1.1 million).

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

Charges for services increased by 7.0% from FY2023, driven primarily by higher collection activity at both the Resource Recovery Center and Solid Waste. The Resource Recovery Center saw increased hauled waste collection, largely due to the expansion of area farm businesses in anticipation of the upcoming Southeast Regional Force main infrastructure addition. Meanwhile, Solid Waste experienced higher collection activity as a result of a planned 10.0% rate increase combined with a 15.0% rise in waste collection. A significant portion of this waste collection increase was attributed to the transfer of dried sludge from the Resource Recovery Center to Solid Waste.

Capital grant revenue saw a remarkable 433.3% increase, driven by state grants awarded to the Resource Recovery Center and the Airport. In FY2024, the Resource Recovery Center began construction on the \$65.0 million Southeast Regional Force main project, which will significantly enhance wastewater management capacity from the City of Coopersville to the facility. The Airport also benefited from increased state grant funding to support terminal and airfield improvement projects. These additional capital grant revenues directly fund the associated construction expenses.

Other revenue increased by 78.9%, primarily due to higher interest earnings from an unusually large fund balance. State and local grant funds for the Southeast Regional Force main project were received in advance of construction. However, due to procurement requirements and contractor mobilization, these funds remained in reserve for much of FY2024, generating additional interest revenue.

These increases in business-type revenues were partially offset by an 18.6% decline in operating grants, primarily due to a reduction in federal funding for the Airport, as COVID-era operating grants have been phased out.

These revenue increases were partially offset by a \$4.1 million rise in program expenses. The largest contributor was a \$2.9 million increase in costs for the Solid Waste program, driven primarily by heightened construction activity related to closure efforts as operations transitioned from filled cells to the newly expanded area. Additionally, the Resource Recovery Center experienced a \$0.9 million increase in depreciation expense in FY2024 due to the completion of major projects in FY2023. Lastly, the Delinquent Tax Revolving Fund saw higher interest expenses, reflecting market conditions affecting delinquent tax anticipation note rates.

### REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS: FUND FINANCIAL STATEMENTS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$35.3 million, an increase of \$8.4 million from the prior year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15.6 million while total fund balance amounted to \$17.5 million. The General Fund's total fund balance increased from the prior year by \$0.9 million. At September 30, 2024, the General Fund's unassigned fund balance was approximately 26.6% of the prior year's General Fund expenditures and transfers out, compared to 27.5% at the end of the previous year. The unassigned fund balance increased by about \$1.0 million (6.9%), primarily due to positive budget performance. However, prior year expenditures and transfers out grew at a faster rate, increasing by \$5.5 million (10.3%). Because expenditures and transfers out rose more significantly than the unassigned fund balance, the overall ratio of unassigned fund balance to expenditures and transfers out declined slightly.

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

The HealthWest special revenue fund had a current year increase in fund balance amounting to \$2.6 million, resulting in ending fund balance of \$1.4 million. This increase in fund balance was primarily due to the receipt of deferred inflows of resources from Michigan Department of Health and Human Services (MDHHS) funding through the Lakeshore Regional Entity (LRE) that had not been received prior to the period of availability for FY2022. Additional details can be located in the separately issued financial statements of the HealthWest fund.

**Proprietary Funds.** The County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The County enterprise funds provide service to most residents and businesses of the County and reported an increase in net position of \$8.7 million. The composition of the net position of the County's enterprise funds as September 30, 2024, is shown in the below table.

Enterprise Funds Net Position (dollars in 000s)	Net Investment in Capital Assets	Restricted for OPEB	Unre- stricted Net Position (Deficit)	Total Net Position
Regional water	\$ 8,902	\$ 20	\$ 2,645	\$ 11,567
Solid waste	7,582	79	(4,576)	3,085
Airport	28,617	-	(1,217)	27,401
Resource Recovery Center	81,604	331	8,929	90,864
Nonmajor enterprise funds	6,906	-	9,118	16,024
<b>Total net position</b>	<b>\$ 133,611</b>	<b>\$ 430</b>	<b>\$ 14,899</b>	<b>\$ 148,940</b>

Information regarding funds with deficit unrestricted net position balances can be found in Note 3 of this report.

**General Fund Budgetary Highlights.** The County Board of Commissioners adopts a General Fund operating budget prior to the start of each fiscal year. During the fiscal year ended September 30, 2024, the Board approved several project-oriented budget amendments and revised the full General Fund budget one time.

Significant revisions from the Original Budget included the following:

- Tax revenues were projected to increase by \$2.0 million. The most significant factor was a 9.72% increase in property tax values, exceeding the budgeted 5.0% growth. This was expected to generate an additional \$1.3 million in property tax revenue. Additionally, the County anticipated receiving an extra \$0.4 million from the distribution of taxes collected from recreational marijuana businesses, as required by MCL 333.27964 under the Michigan Regulation and Taxation of Marijuana Act, reflecting the industry's continued growth. Furthermore, delinquent tax collections were projected to rise by \$0.2 million based on historical trends.
- Revenue from local grants and contributions for the Residential Energy Efficiency program was projected to decline by \$0.9 million due to the timing variability within the program. As a result, welfare expenditures for the program were also expected to decrease by \$0.9 million. A significant portion of the program's funds were utilized in the last quarter of FY2023, reducing the amount projected to be available for FY2024.
- Investment income was expected to rise by \$0.2 million due to stronger-than-anticipated market performance.
- Revenue from charges for services was projected to increase by \$0.2 million, or 1.5%. This change was not driven by any single factor but was adjusted based on analysis of historical patterns and recent data to identify expected changes across all General Fund departments.

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

- Public safety expenditures were projected to increase by \$1.3 million, primarily due to higher salary and benefit costs. This increase was largely driven by wage adjustments from the FY2023 compensation study and benefit enhancements resulting from FY2023 contract negotiations.

- General county government expenditures were projected to increase by \$0.4 million. Of this amount, approximately \$0.2 million was attributed to higher salary and benefit costs, again, driven by wage adjustments and benefit enhancements approved after the original budget was created. Additionally, operating costs were expected to rise by \$0.2 million due to the planned use of reserve balances for one-time projects across multiple general county government departments.

- These increases in projected expenditures were offset by a \$0.1 million decrease in community and economic development expenditures. This reduction was primarily due to the use of a separate funding source, the Deeds Automation Fund, to cover software and operating costs for the Register of Deeds Office. These funds are specifically set aside from deed recording fees to support technology and other initiatives within the Register of Deeds Office.

- Due to the revenue increases mentioned above, the transfer from the Delinquent Tax Revolving Fund was not needed. As a result, the originally budgeted \$2.0 million transfer was removed from the amended budget.

- Transfers out to other funds were projected to decline by \$1.2M. This is primarily due to lower than anticipated need in the Child Care Fund program.

Significant Final Budget to Actual fluctuations included the following:

- Local grants and contributions ended the year \$1.0 million under budget, primarily due to lower-than-expected project revenues from the Residential Energy Efficiency program, which provides energy improvements to low-income households. As noted earlier, the timing of this program is variable. Although a budget adjustment was made to account for this change, the shortfall ended up being larger than anticipated. This revenue reduction was offset by a corresponding \$1.2 million decrease in welfare expenditures for the program.
- Charges for services were \$0.4 million under budget, primarily due to the volatile nature of restitution collections. A corresponding decrease of \$0.5 million was also realized in judicial expenditures.
- General county government expenditures were \$0.4 million under budget. About \$0.2 million of this variance was due to slightly lower-than-expected salary and fringe benefit costs, resulting from position vacancies in several departments. The remaining \$0.2 million was attributed to both lower-than-anticipated costs for State inpatient care, and reduced operating expenditures across all General Fund departments.
- Judicial expenditures were \$1.4 million under budget. As mentioned earlier, about \$0.5 million of this variance was due to lower-than-expected restitution activity. An additional \$0.4 million resulted from the projected use of reserve balances for one-time projects that did not materialize. Salaries and fringe benefit expenditures were \$0.3 million lower than anticipated, primarily due to position vacancies in most court-related departments. Lastly, \$0.2 million in savings came from other reductions in general operating costs within the judicial function.
- Public safety expenditures were \$0.5 million under budget. About \$0.1 million of this variance was due to slightly lower-than-expected salary and fringe benefit costs, mainly from position vacancies within the Sheriff's operations and jail budgets. The remaining \$0.4 million resulted from operating costs being lower-than-anticipated, as well as planned capital purchases that did not occur as expected.

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

- Total transfers out were \$0.4 million under budget, primarily due to lower-than-expected transfers to the Child Care, Friend of the Court, and Airport Funds, which ended the year a total of \$0.5 million under budget. The savings in all three funds were driven by lower program expenses, mainly from reduced salary, fringe benefit, and operating costs. These savings were partially offset by increased transfers in the Public Defender's Office, caused by lower state grant revenues and higher costs for contracted legal services.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of September 30 were as follows:

	Capital Assets (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 22.7	\$ 22.9	\$ 22.0	\$ 20.5	\$ 44.7	\$ 43.4
Construction in progress	13.5	5.4	8.0	20.2	21.5	25.6
Depreciable/amortizable capital assets	147.5	146.3	357.4	333.8	504.9	480.1
Accumulated depreciation/amortization	(81.0)	(78.6)	(195.1)	(186.2)	(276.1)	(264.8)
<b>Total capital assets, net</b>	<b>\$ 102.7</b>	<b>\$ 96.0</b>	<b>\$ 192.3</b>	<b>\$ 188.3</b>	<b>\$ 295.0</b>	<b>\$ 284.3</b>

As of September 30, 2024, net capital assets used in the primary government's governmental and business-type activities increased by \$10.7 million, or 3.8%, over the prior year. This year-to-year change represents about \$29.1 million in capital additions less \$17.4 million in depreciation/amortization expense, net of related disposals.

Additional information on the County's capital assets can be found in Note 9 of this report.

**Long-term Debt.** At the end of the current fiscal year, the County had total long-term debt, including compensated absences liabilities as follows:

	Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Bonds	\$ 86.1	\$ 90.2	\$ 79.4	\$ 76.1	\$ 165.5	\$ 166.3
Delinquent tax notes	-	-	12.4	11.9	12.4	11.9
Other debt	0.1	0.1	-	-	0.1	0.1
Total installment debt	86.2	90.3	91.8	88.0	178.0	178.3
Deferred premium and discount	(0.1)	(0.1)	1.8	2.0	1.7	1.9
Closure and sludge liability	-	-	33.9	31.3	33.9	31.3
Compensated absences	7.6	7.3	1.3	1.1	8.9	8.4
<b>Totals</b>	<b>\$ 93.7</b>	<b>\$ 97.5</b>	<b>\$ 128.8</b>	<b>\$ 122.4</b>	<b>\$ 222.5</b>	<b>\$ 219.9</b>

Overall outstanding debt increased by \$2.6 million, primarily due to a \$2.6 million rise in closure and sludge liabilities. Additionally, a new \$10.0 million debt was issued for delinquent tax notes within business-type activities, and compensated absence liabilities increased by \$0.5 million.

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

State statutes limit the amount of general obligation debt a local government may incur up to 10 percent of its total assessed property valuation. The current debt limitation for the County is approximately \$916.0 million, which is significantly in excess of the County's approximately \$183.0 million of outstanding general obligation debt.

More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following table shows a summary of the County General Fund changes in fund balance for the last two fiscal years along with a summary of the original fiscal 2025 budget.

	General Fund Changes in Fund Balance Fiscal 2023 & 2024 with 2025 Budget (dollars in thousands)		
	2025 Budget	2024	2023
Revenues	\$ 63,716	\$ 59,847	\$ 58,429
Expenditures			
Current:			
General government/legislative	11,528	10,756	10,584
Judicial	15,182	13,114	12,347
Public safety	19,991	18,165	16,747
Public works	819	734	734
Welfare	3,581	2,422	4,874
Cultural	72	4	3
Community and economic development	901	619	688
Debt service:			
Principal and interest	453	456	455
Total expenditures	52,527	46,272	46,342
Revenues over expenditures	11,189	13,575	12,087
Other financing sources (uses)			
Transfers in	1,561	49	1,353
Transfers out	(14,540)	(12,771)	(12,231)
Other	-	-	81
Total other financing sources (uses)	(12,979)	(12,722)	(10,797)
Change in fund balance	(1,790)	854	1,291
Fund balance, beginning	17,546	16,692	15,401
<b>Fund balance, ending</b>	<b>\$ 15,756</b>	<b>\$ 17,546</b>	<b>\$ 16,692</b>

The following economic factors were considered in preparing the County's budget for the 2025 fiscal year:

- Following a 9.7% rise in taxable values for fiscal year 2024, the General Fund property tax revenues for fiscal year 2025 are budgeted with an expected taxable value increase of 5.0%. This translates to a \$1.5 million increase in current property tax revenues compared to fiscal 2024. This growth is driven by projected inflation, new housing construction, home sales, and business expansions.

## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

- Personal Property Tax Replacement revenue is budgeted to increase by 4.0%, reaching \$1.5 million, based on recent trends.
- State Revenue Sharing is budgeted to rise by 17.0% to \$5.0 million, reflecting the State's budget allocation. This represents an increase of approximately \$0.7 million.
- Marijuana tax revenue is expected to remain unchanged, as fewer medical marijuana dispensaries are anticipated to open due to supply meeting demand in the recreational market.
- Revenue transfers are projected to increase by \$1.5 million in 2025. This includes a \$1.3 million transfer from the delinquent tax fund, a \$0.05 million transfer to partially support the new Housing Coordinator function, and a \$0.1 million transfer from opioid settlement funds to provide services for County residents affected by substance use disorders.
- Judicial expenditures are projected to rise, driven by expected increases in appeal fees, restitution payments, and the planned use of departmental reserves for various FY2025 projects. Additional cost increases include greater use of opioid settlement funds, higher software maintenance expenses, and rising equipment repair costs. These increases are partially offset by a reduction in Electronic Content Management (ECM) charges, resulting in a net cost increase of approximately \$0.9 million.
- Public Safety expenditures are projected to rise, driven by the planned use of departmental reserves for various FY2025 projects. Additional cost increases include greater use of opioid settlement funds, chargebacks to the Sheriff's Department for vehicle fleet purchases from the Equipment Revolving Fund, and contractual increases for jail medical services and vehicle fleet repairs. The total increase is approximately \$0.7 million.
- Culture expenditures are projected to increase by \$0.06 million due to planned capital improvement projects at the County fairground.
- Revenues for the Residential Energy Efficiency program are expected to increase by \$1.0 million in FY2025 due to anticipated higher activity compared to FY2024. This increase is offset by a corresponding \$1.2 million rise in welfare program expenditures. Program revenues and expenditures are primarily influenced by utility company allocations and local community needs.
- Expenditure transfers are projected to rise by \$1.8 million, primarily due to increased local match requirements for the Child Care, Family Court, and Public Health funds. Additional increases are driven by subsidies for Airport operations and other miscellaneous cost increases that raise grant match requirements.
- Community and Economic Development expenditures are expected to increase by \$0.2 million due to the introduction of the Housing Coordinator function in the FY2025 budget, which was created to address the ongoing housing shortage crisis.
- Employee medical insurance is expected to increase by \$0.7 million due to the anticipated increase in insurance premiums.
- Employee pension costs are expected to increase by \$0.6 million due to the rising defined benefit pension liability as identified in the most recent pension actuarial valuation.
- The remainder of the increases in the various expenditure functions are primarily due to board approved wage and step increases, the assumption that the majority of positions will be filled for the entire fiscal year, and expected general inflationary increases in operating expenditures.

## COUNTY OF MUSKEGON, MICHIGAN

### ■ Management's Discussion and Analysis

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Muskegon County, 1903 Marquette Ave., Muskegon, MI 49442.

**BASIC FINANCIAL STATEMENTS**

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COUNTY OF MUSKEGON, MICHIGAN

■ Statement of Net Position

September 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 43,202,784	\$ 88,186,877	\$ 131,389,661	\$ 21,190,027
Receivables, net	29,698,023	48,630,177	78,328,200	26,305,903
Internal balances	300,584	(300,584)	-	-
Other assets	2,645,508	54,808	2,700,316	4,419,989
Restricted assets	7,316,527	3,349,836	10,666,363	-
Advances to component units	100,000	-	100,000	-
Net pension asset	-	-	-	87,171
Net OPEB asset	25,990,679	430,392	26,421,071	1,008,592
Capital assets not being depreciated/amortized	36,177,238	30,039,261	66,216,499	36,805,037
Capital assets being depreciated/amortized, net	66,482,167	162,239,377	228,721,544	96,813,684
<b>Total assets</b>	<b>211,913,510</b>	<b>332,630,144</b>	<b>544,543,654</b>	<b>186,630,403</b>
<b>Deferred outflows of resources</b>				
Deferred charge on bond refunding	2,222,569	264,742	2,487,311	-
Deferred pension amounts	16,750,994	871,679	17,622,673	3,687,446
Deferred OPEB amounts	898,036	81,703	979,739	559,555
<b>Total deferred outflows of resources</b>	<b>19,871,599</b>	<b>1,218,124</b>	<b>21,089,723</b>	<b>4,247,001</b>
<b>Liabilities</b>				
Payables	25,281,845	8,064,313	33,346,158	2,090,916
Advances from primary government	-	-	-	100,000
Unearned revenue	5,131,234	21,540,553	26,671,787	281,468
Bonds, notes and other long-term liabilities:				
Due within one year	6,561,613	18,371,233	24,932,846	2,607,495
Due in more than one year	90,469,770	110,468,986	200,938,756	18,924,019
Net pension liability (due in more than one year)	93,657,962	6,341,706	99,999,668	-
Net OPEB liability (due in more than one year)	-	696,939	696,939	-
<b>Total liabilities</b>	<b>221,102,424</b>	<b>165,483,730</b>	<b>386,586,154</b>	<b>24,003,898</b>
<b>Deferred inflows of resources</b>				
Deferred lease amounts	1,521,934	18,830,802	20,352,736	6,365
Deferred OPEB amounts	6,520,941	593,273	7,114,214	762,650
<b>Total deferred inflows of resources</b>	<b>8,042,875</b>	<b>19,424,075</b>	<b>27,466,950</b>	<b>769,015</b>
<b>Net position</b>				
Net investment in capital assets	52,193,091	133,611,091	185,804,182	115,026,837
Restricted for:				
Grant programs and other activities	20,495,841	-	20,495,841	-
Debt service	-	-	-	2,474,581
Nonexpendable endowments	37,236	-	37,236	-
Pension	-	-	-	87,171
OPEB	25,990,679	430,392	26,421,071	1,008,592
County roads	-	-	-	22,232,541
Unrestricted (deficit)	(96,077,037)	14,898,980	(81,178,057)	25,274,769
<b>Total net position</b>	<b>\$ 2,639,810</b>	<b>\$ 148,940,463</b>	<b>\$ 151,580,273</b>	<b>\$ 166,104,491</b>

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

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COUNTY OF MUSKEGON, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-type Activities	Component Units
Governmental Activities:					Governmental Activities	Business-type Activities	Total
General government	\$ 13,198,048	\$ 4,512,660	\$ 2,675,785	\$ 422,446	\$ (5,587,157)	\$ -	\$ (5,587,157)
Legislative	354,315	29,907	-	-	(324,408)	-	(324,408)
Judicial	27,103,041	4,266,637	11,648,216	-	(11,188,188)	-	(11,188,188)
Public safety	23,095,281	1,279,264	1,774,149	-	(20,041,868)	-	(20,041,868)
Public works	950,896	-	190,362	4,632	(755,902)	-	(755,902)
Health	117,636,543	89,171,446	16,354,238	-	(12,110,859)	-	(12,110,859)
Welfare	6,333,150	4,737,223	3,284,234	-	1,688,307	-	1,688,307
Culture	73,401	-	60,666	-	(12,735)	-	(12,735)
Recreation	3,687,521	1,163,757	250,095	4,388	(2,269,281)	-	(2,269,281)
Community and economic development	829,420	1,737,889	-	-	908,469	-	908,469
Interest on long-term debt	3,707,148	345,116	-	-	(3,362,032)	-	(3,362,032)
Total governmental activities	<u>196,968,764</u>	<u>107,243,899</u>	<u>36,237,745</u>	<u>431,466</u>	<u>(53,055,654)</u>	<u>-</u>	<u>(53,055,654)</u>
Business-type activities:							
Regional water	3,524,007	4,121,073	196,654	-	-	793,720	793,720
Delinquent tax revolving	1,193,606	3,087,935	-	-	-	1,894,329	1,894,329
Local government public works financing	474,673	474,673	-	-	-	-	-
Solid waste	10,256,584	6,580,095	-	-	-	(3,676,489)	(3,676,489)
Airport operations	3,443,888	1,022,270	-	1,678,446	-	(743,172)	(743,172)
Resource recovery center	20,389,084	24,308,249	1,829	3,077,957	-	6,998,951	6,998,951
Other enterprise activities	5,603,882	432,126	4,604,681	-	-	(567,075)	(567,075)
Total business-type activities	<u>44,885,724</u>	<u>40,026,421</u>	<u>4,803,164</u>	<u>4,756,403</u>	<u>-</u>	<u>4,700,264</u>	<u>4,700,264</u>
Total primary government	<u>\$ 241,854,488</u>	<u>\$ 147,270,320</u>	<u>\$ 41,040,909</u>	<u>\$ 5,187,869</u>	<u>(53,055,654)</u>	<u>4,700,264</u>	<u>(48,355,390)</u>
Component units							
Road Commission	\$ 20,400,115	\$ 4,557,880	\$ 19,967,456	\$ 4,354,428	-	-	-
Water Resources Commissioner	1,717,844	86,573	-	5,903,616	-	-	-
Land Bank Authority	675,012	30,000	24,318	147,947	-	-	-
Total component units	<u>\$ 22,792,971</u>	<u>\$ 4,674,453</u>	<u>\$ 19,991,774</u>	<u>\$ 10,405,991</u>	<u>-</u>	<u>-</u>	<u>12,279,247</u>
Net (expense) revenue							
General revenues:							
Taxes:							
Property taxes					37,630,720	-	37,630,720
Liquor control taxes					1,236,311	-	1,236,311
Lodging excise taxes					2,260,335	-	2,260,335
Marijuana taxes					1,538,908	-	1,538,908
State shared revenue, not restricted to a specific program					4,314,727	-	4,314,727
Coronavirus State and Local Fiscal Recovery funds, not restricted to a specific program					10,670,282	-	10,670,282
Unrestricted investment earnings					4,960,400	2,899,307	7,859,707
Gain on sale of capital assets					-	453,839	453,839
Other revenue					2,393,609	-	35,500
Transfers - internal activities					(701,415)	701,415	360,193
Total general revenues and transfers					<u>64,303,877</u>	<u>4,054,561</u>	<u>68,358,438</u>
Change in net position					<u>11,248,223</u>	<u>8,754,825</u>	<u>20,003,048</u>
Net position, beginning of year					<u>(8,608,413)</u>	<u>140,185,638</u>	<u>131,577,225</u>
Net position, end of year					<u>\$ 2,639,810</u>	<u>\$ 148,940,463</u>	<u>\$ 151,580,273</u>
							<u>\$ 166,104,491</u>

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

COUNTY OF MUSKEGON, MICHIGAN

**Balance Sheet**

Governmental Funds  
September 30, 2024

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 7,241,865	\$ 8,400,722	\$ 17,378,122	\$ 33,020,709
Restricted cash and investments			7,316,527	7,316,527
Receivables, net:				
Accounts	804,233	235,597	7,481,181	8,521,011
Due from other governments	1,733,243	4,491,338	2,251,833	8,476,414
Accrued interest	-	-	208	208
Special assessments	-	-	63,836	63,836
Property taxes	10,121,543	-	-	10,121,543
Prepays and other items	44,661	420,674	138,223	603,558
Inventories			43,409	43,409
Advances to component units			100,000	100,000
<b>Total assets</b>	<b>\$ 20,045,545</b>	<b>\$ 13,548,331</b>	<b>\$ 34,673,339</b>	<b>\$ 68,267,215</b>
<b>Liabilities</b>				
Negative equity in pooled cash	\$ -	\$ -	\$ 1,170,779	\$ 1,170,779
Payables:				
Accounts payable	1,059,007	6,727,126	3,028,275	10,814,408
Due to other governments	238,426	4,174,776	1,267,308	5,680,510
Accrued liabilities	1,199,395	1,062,756	603,579	2,865,730
Advances from other funds		2,810		2,810
Unearned revenue	-	2,970	5,116,319	5,119,289
<b>Total liabilities</b>	<b>2,499,638</b>	<b>11,967,628</b>	<b>11,186,260</b>	<b>25,653,526</b>
<b>Deferred inflows of resources</b>				
Unavailable revenues - special assessments	-	-	63,343	63,343
Unavailable revenues - opioid settlement receivable	-	-	7,046,008	7,046,008
Unavailable revenues - Medicaid fee for service and capitation	-	217,465	-	217,465
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>217,465</b>	<b>7,109,351</b>	<b>7,326,816</b>
<b>Fund balances</b>				
Nonspendable	144,661	420,674	218,868	784,203
Restricted	30,530	942,564	11,912,907	12,886,001
Committed	-	-	3,415,004	3,415,004
Assigned	1,766,111	-	830,949	2,597,060
Unassigned	15,604,605	-	-	15,604,605
<b>Total fund balances</b>	<b>17,545,907</b>	<b>1,363,238</b>	<b>16,377,728</b>	<b>35,286,873</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>				
	<b>\$ 20,045,545</b>	<b>\$ 13,548,331</b>	<b>\$ 34,673,339</b>	<b>\$ 68,267,215</b>

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

COUNTY OF MUSKEGON, MICHIGAN

**Reconciliation**

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
September 30, 2024

<b>Fund balances - total governmental funds</b>	<b>\$ 35,286,873</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.	
Capital assets not being depreciated/amortized	35,777,238
Capital assets being depreciated/amortized, net	57,999,814
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service funds	9,397,499
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Deferred inflows of resources for unavailable revenues - special assessments	63,343
Deferred inflows of resources for unavailable revenues - opioid settlement receivable	7,046,008
Deferred inflows or resources for unavailable revenues - Medicaid fee for service and capitation	217,465
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment assets/liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(93,657,962)
Deferred outflows of resources related to the net pension liability	16,750,994
Net OPEB asset	25,990,679
Deferred outflows of resources related to the net OPEB asset	898,036
Deferred inflows of resources related to the net OPEB asset	(6,520,941)
Certain liabilities, such as bonds and leases payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds and notes payable, and related premium/discount	(79,179,204)
Lease liability	(724,418)
Unamortized deferred charge on bond refunding	2,184,432
Compensated absences	(7,516,221)
Accrued interest on long-term debt	(1,373,825)
<b>Net position of governmental activities</b>	<b>\$ 2,639,810</b>

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

COUNTY OF MUSKEGON, MICHIGAN

■ Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds  
For the Year Ended September 30, 2024

	General Fund (1010)	HealthWest (2220)	(Formerly Major Fund) American Rescue Plan Act (2851)	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 37,268,833	\$ -	\$ 5,416,850	\$ 42,685,683	
Special assessment	-	-	11,056	11,056	
Grants and contributions:					
Federal	189,981	4,570,889	17,775,726	22,536,596	
State	7,306,369	2,686,834	15,030,257	25,023,460	
Local	2,827,721	-	900,045	3,727,766	
Charges for services	10,560,380	95,572,640	4,812,123	110,945,143	
Fines and forfeitures	367,115	-	2	367,117	
Investment income	388,582	337,673	845,742	1,571,997	
Rentals	153,464	-	626,162	779,626	
Other	784,910	492,203	620,860	1,897,973	
<b>Total revenues</b>	<b>59,847,355</b>	<b>103,660,239</b>	<b>46,038,823</b>	<b>209,546,417</b>	
<b>Expenditures</b>					
Current:					
General government	10,411,369	-	1,191,017	11,602,386	
Legislative	345,058	-	-	345,058	
Judicial	13,113,816	-	12,842,841	25,956,657	
Public safety	18,165,084	-	2,647,180	20,812,264	
Public works	734,391	-	190,316	924,707	
Health	-	99,936,312	13,645,759	113,582,071	
Welfare	2,423,406	-	3,877,698	6,301,104	
Cultural	4,349	-	60,662	65,011	
Recreation	-	-	3,175,815	3,175,815	
Community and economic development	619,467	-	176,316	795,783	
Debt service:					
Principal	328,093	449,533	2,905,834	3,683,460	
Interest and fiscal charges	127,926	117,064	3,077,866	3,322,856	
Capital outlay	-	-	10,086,098	10,086,098	
<b>Total expenditures</b>	<b>46,272,959</b>	<b>100,502,909</b>	<b>53,877,402</b>	<b>200,653,270</b>	
Revenues over (under) expenditures	13,574,396	3,157,330	(7,838,579)	8,893,147	
<b>Other financing sources (uses)</b>					
Transfers in	48,955	727,819	13,097,102	13,873,876	
Transfers out	(12,770,773)	(1,276,138)	(768,214)	(14,815,125)	
Proceeds from sale of capital assets	1,625	-	427,244	428,869	
<b>Total other financing sources (uses)</b>	<b>(12,720,193)</b>	<b>(548,319)</b>	<b>12,756,132</b>	<b>(512,380)</b>	
<b>Net change in fund balances</b>	<b>854,203</b>	<b>2,609,011</b>	<b>4,917,553</b>	<b>8,380,767</b>	
Fund balances, beginning of year, as previously reported	16,691,704	(1,245,773)	\$ 241,988	11,218,187	26,906,106
Change within financial reporting entity	-	-	(241,988)	241,988	-
Fund balances, beginning of year, as adjusted	16,691,704	(1,245,773)	-	11,460,175	26,906,106
<b>Fund balances, end of year</b>	<b>\$ 17,545,907</b>	<b>\$ 1,363,238</b>	<b>\$ -</b>	<b>\$ 16,377,728</b>	<b>\$ 35,286,873</b>

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

COUNTY OF MUSKEGON, MICHIGAN

■ Reconciliation

Net Change in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds \$ 8,380,767

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.  
Purchase and construction of capital assets 10,593,426  
Depreciation/amortization expense (4,408,501)  
Proceeds from sale of capital assets (428,869)  
Loss on sale of capital assets (19,334)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in deferred inflows of resources for unavailable revenues - special assessments (6,424)  
Net change in deferred inflows of resources for unavailable revenues - opioid settlement receivable 2,698,848  
Net change in deferred inflows or resources for unavailable revenues - Medicaid fee for service and capitation (7,131,288)

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

Principal payments on bonds, notes and other long-term liabilities 3,683,460

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 governmental funds.

Change in accrued interest payable on bonds, notes and other long-term liabilities 44,485  
Amortization of deferred charge on refunding (191,928)  
Amortization of bond premiums/discount 8,479  
Change in the accrual for compensated absences (377,731)  
Change in net pension liability and related deferred amounts (11,666,391)  
Change in net OPEB asset and related deferred amounts 6,193,048

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Operating income from governmental activities in internal service funds 82,360  
Investment income from internal service funds 3,388,403  
Interest expense from internal service funds (245,328)  
Loss on sale of capital assets from internal service funds (11,539)  
Capital contributions to internal service funds 422,446  
Net transfers from internal service funds 239,834

Change in net position of governmental activities \$ 11,248,223

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

**COUNTY OF MUSKEGON, MICHIGAN**

**Statement of Revenues, Expenditures and Change in Fund Balance**

Budget and Actual - General Fund  
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 35,293,394	\$ 37,269,712	\$ 37,268,833	\$ (879)
Grants and contributions:				
Federal	173,038	191,037	189,981	(1,056)
State	7,233,079	7,294,339	7,306,369	12,030
Local	4,690,000	3,800,000	2,827,721	(972,279)
Charges for services	10,839,969	11,007,248	10,560,380	(446,868)
Fines and forfeitures	466,300	382,500	367,115	(15,385)
Investment income	190,000	363,261	388,582	25,321
Rentals	151,379	161,092	153,464	(7,628)
Other	791,193	819,586	784,910	(34,676)
<b>Total revenues</b>	<b>59,828,352</b>	<b>61,288,775</b>	<b>59,847,355</b>	<b>(1,441,420)</b>
<b>Expenditures</b>				
Current:				
General government	10,446,886	10,848,095	10,411,369	(436,726)
Legislative	396,271	365,856	345,058	(20,798)
Judicial	14,464,118	14,529,073	13,113,816	(1,415,257)
Public safety	17,459,952	18,716,238	18,165,084	(551,154)
Public works	777,480	788,028	734,391	(53,637)
Welfare	4,530,611	3,608,269	2,423,406	(1,184,863)
Cultural	66,337	66,715	4,349	(62,366)
Community and economic development	783,790	652,846	619,467	(33,379)
Debt service:				
Principal	332,500	332,500	328,093	(4,407)
Interest and fiscal charges	123,848	128,226	127,926	(300)
<b>Total expenditures</b>	<b>49,381,793</b>	<b>50,035,846</b>	<b>46,277,959</b>	<b>(3,762,887)</b>
Revenues over expenditures	10,446,559	11,252,929	13,574,396	2,321,467
<b>Other financing sources (uses)</b>				
Transfers in:				
Delinquent tax fund	2,031,720	-	-	-
Other funds	-	60,981	48,955	12,026
Total transfers in	2,031,720	60,981	48,955	12,026
Transfers out:				
Child care fund	(3,488,499)	(2,335,992)	(2,137,931)	(198,061)
Public health fund	(1,774,392)	(1,574,392)	(1,544,889)	(29,503)
Other funds	(9,138,870)	(9,293,548)	(9,087,953)	(205,595)
Total transfers out	(14,401,761)	(13,203,932)	(12,770,773)	(433,159)
Proceeds from sale of capital assets	-	-	1,625	1,625
<b>Total other financing sources (uses)</b>	<b>(12,370,041)</b>	<b>(13,142,951)</b>	<b>(12,720,193)</b>	<b>(422,758)</b>
<b>Net change in fund balances</b>	<b>(1,923,482)</b>	<b>(1,890,022)</b>	<b>854,203</b>	<b>2,744,225</b>
Fund balances, beginning of year	16,691,704	16,691,704	16,691,704	-
<b>Fund balances, end of year</b>	<b>\$ 14,768,222</b>	<b>\$ 14,801,682</b>	<b>\$ 17,545,907</b>	<b>\$ 2,744,225</b>

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

**COUNTY OF MUSKEGON, MICHIGAN**

**Statement of Revenues, Expenditures and Change in Fund Balance**

Budget and Actual - HealthWest Special Revenue Fund  
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Grants and contributions:				
Federal	\$ 9,141,583	\$ 4,260,297	\$ 4,570,889	\$ 310,592
State	275,253	2,864,045	2,686,834	(177,211)
Charges for services:				
Medicaid fee for service and capitation	74,003,159	108,828,450	94,833,635	(13,994,815)
Other insurance	558,626	776,770	739,005	(37,765)
Investment income	-	279,172	337,673	58,501
Other	73,944	1,196,644	492,203	(704,441)
<b>Total revenues</b>	<b>84,052,565</b>	<b>118,205,378</b>	<b>103,660,239</b>	<b>(14,545,139)</b>
<b>Expenditures</b>				
Current - Health	83,275,697	115,792,300	99,936,312	(15,855,988)
Debt service:				
Principal	-	-	449,533	449,533
Interest and fiscal charges	-	-	117,064	117,064
<b>Total expenditures</b>	<b>83,275,697</b>	<b>115,792,300</b>	<b>100,502,909</b>	<b>(15,289,391)</b>
Revenues over (under) expenditures	776,868	2,413,078	3,157,330	744,252
<b>Other financing sources (uses)</b>				
Transfers in	706,819	706,819	727,819	21,000
Transfers out	(1,483,687)	(1,671,061)	(1,276,138)	(394,923)
<b>Total other financing sources (uses)</b>	<b>(776,868)</b>	<b>(964,242)</b>	<b>(548,319)</b>	<b>415,923</b>
<b>Net change in fund balances</b>	-	1,448,836	2,609,011	1,160,175
Fund balances, beginning of year	(1,245,773)	(1,245,773)	(1,245,773)	-
<b>Fund balances, end of year</b>	<b>\$ (1,245,773)</b>	<b>\$ 203,063</b>	<b>\$ 1,363,238</b>	<b>\$ 1,160,175</b>

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

COUNTY OF MUSKEGON, MICHIGAN

■ Statement of Net Position

Proprietary Funds

September 30, 2024

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds			Governmental Activities	
				Resource Recovery Center (5920)		Nonmajor Enterprise Funds	Total	Internal Service Funds
	Regional Water (5910)	Solid Waste (5710)	Airport (5810)					
<b>Assets</b>								
Current assets:								
Cash and investments	\$ 3,320,922	\$ 26,843,814	\$ -	\$ 42,116,488	\$ 16,471,390	\$ 88,752,614	\$ 11,352,854	
Receivables:								
Accounts, net	1,022,815	957,104	52,227	1,543,500	148,054	3,723,700	490,628	
Due from other governments	31,260	25,085	1,073,797	1,676,525	730,050	3,536,717	29,659	
Accrued interest	-	-	-	-	(2,432)	(2,432)	472,790	
Taxes	-	-	-	-	9,651,854	9,651,854	-	
Installment sales agreements	-	-	-	-	872,304	872,304	-	
Special assessments	49,066	-	-	-	-	49,066	-	
Leases	37,998	-	-	319,997	-	357,995	168,916	
Prepays	-	-	557	-	-	557	1,569,107	
Inventories	-	7,254	-	46,997	-	54,251	-	
Total current assets	4,462,061	27,833,257	1,126,581	45,703,507	27,871,220	106,996,626	14,083,954	
Noncurrent assets:								
Advances to other funds	-	-	-	-	-	-	303,394	
Deposits held with others	-	-	-	-	-	-	429,434	
Restricted assets	-	3,223,664	-	-	126,172	3,349,836	-	
Receivables, net of current portion:								
Installment sales agreements	-	-	-	-	11,717,200	11,717,200	-	
Special assessments	250,966	-	-	-	-	250,966	-	
Leases	848,197	-	-	17,624,610	-	18,472,807	1,353,018	
Net OPEB asset	20,195	79,439	-	330,758	-	430,392	-	
Capital assets not being depreciated/amortized	149,939	2,996,446	13,073,987	13,464,136	354,753	30,039,261	400,000	
Capital assets being depreciated/amortized, net	29,710,420	21,463,951	15,671,133	88,805,031	6,588,842	162,239,377	8,482,353	
Total noncurrent assets	30,979,717	27,763,500	28,745,120	120,224,535	18,786,967	226,499,839	10,968,199	
<b>Total assets</b>	<b>35,441,778</b>	<b>55,596,757</b>	<b>29,871,701</b>	<b>165,928,042</b>	<b>46,658,187</b>	<b>333,496,465</b>	<b>25,052,153</b>	
<b>Deferred outflows of resources</b>								
Deferred charge on bond refunding	73,867	-	-	-	190,875	264,742	38,137	
Deferred pension amounts	65,221	245,849	2,398	187,100	371,111	871,679	-	
Deferred OPEB amounts	3,493	13,236	129	44,976	19,869	81,703	-	
<b>Total deferred outflows of resources</b>	<b>142,581</b>	<b>259,085</b>	<b>2,527</b>	<b>232,076</b>	<b>581,855</b>	<b>1,218,124</b>	<b>38,137</b>	

continued...

COUNTY OF MUSKEGON, MICHIGAN

■ Statement of Net Position

Proprietary Funds  
September 30, 2024

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds			Governmental Activities	
	Regional Water (5910)	Solid Waste (5710)	Airport (5810)	Resource Recovery Center (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Liabilities</b>								
Current liabilities:								
Negative equity in pooled cash								
Payables:								
Accounts payable	827,848	1,436,874	541,790	2,472,287	176,056	5,454,855	1,678,985	
Due to other governments	452,814	-	-	-	-	452,814	33,663	
Accrued liabilities	110,961	147,121	950	132,002	754,555	1,145,589	2,743,407	
Accrued interest	167,926	171,951	3,872	212,893	454,413	1,011,055	91,317	
Unearned revenue	-	-	4,715	21,535,838	-	21,540,553	11,945	
Current portion of accrued closure cost and sludge removal	-	313,404	-	664,146	28,971	1,006,521	-	
Current portion of compensated absences	4,005	29,458	-	77,721	40,751	151,935	13,713	
Current portion of lease liability	-	-	-	-	-	-	505,323	
Current portion of subscription liability	-	-	-	-	11,293	11,293	575,622	
Current portion of bonds and notes payable and related premium/discount	962,411	825,267	7,801	4,710,551	10,695,454	17,201,484	1,025,656	
Total current liabilities	2,525,965	2,924,075	1,122,859	29,805,438	12,163,499	48,541,836	6,679,631	
Noncurrent liabilities, net of current portion:								
Advances from other funds	-	-	300,584	-	-	300,584	-	
Accrued closure cost and sludge removal	-	22,225,503	-	10,454,838	195,517	32,875,858	-	
Compensated absences	30,608	225,147	-	594,029	311,461	1,161,245	104,805	
Lease liability	-	-	-	-	-	-	1,114,854	
Subscription liability	-	-	-	-	26,125	26,125	413,187	
Bonds and notes payable and related premium/discount	20,196,544	24,953,957	209,299	15,743,200	15,302,758	76,405,758	5,858,380	
Net pension liability	352,757	2,346,023	548,135	427,417	2,667,374	6,341,706	-	
Net OPEB liability	-	-	291,812	-	405,127	696,939	-	
Total noncurrent liabilities	20,579,909	49,750,630	1,349,830	27,219,484	18,908,362	117,808,215	7,491,226	
<b>Total liabilities</b>	<b>23,105,874</b>	<b>52,674,705</b>	<b>2,472,689</b>	<b>57,024,922</b>	<b>31,071,861</b>	<b>166,350,051</b>	<b>14,170,857</b>	
<b>Deferred inflows of resources</b>								
Deferred lease amounts	886,195	-	-	17,944,607	-	18,830,802	1,521,934	
Deferred OPEB amounts	25,361	96,110	940	326,585	144,277	593,273	-	
<b>Total deferred inflows of resources</b>	<b>911,556</b>	<b>96,110</b>	<b>940</b>	<b>18,271,192</b>	<b>144,277</b>	<b>19,424,075</b>	<b>1,521,934</b>	
<b>Net position</b>								
Net investment in capital assets	8,901,501	7,581,956	28,617,262	81,604,195	6,906,177	133,611,091	(572,532)	
Restricted for OPEB	20,195	79,439	-	330,758	-	430,392	-	
Unrestricted (deficit)	2,645,233	(4,576,368)	(1,216,663)	8,929,051	9,117,727	14,898,980	9,970,031	
<b>Total net position</b>	<b>\$ 11,566,929</b>	<b>\$ 3,085,027</b>	<b>\$ 27,400,599</b>	<b>\$ 90,864,004</b>	<b>\$ 16,023,904</b>	<b>\$ 148,940,463</b>	<b>\$ 9,397,499</b>	

concluded

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

**COUNTY OF MUSKEGON, MICHIGAN**

**Statement of Revenues, Expenses and Change in Fund Net Position**

Proprietary Funds  
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds			Governmental Activities	
	Regional Water (5910)	Solid Waste (5710)	Airport (5810)	Resource Recovery Center (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>Operating revenues</b>								
Charges for services	\$ 4,071,283	\$ 6,575,066	\$ 889,497	\$ 21,669,798	\$ 1,596,906	\$ 34,802,550	\$ 22,614,810	
Farm sales	-	-	-	2,530,145	-	2,530,145	-	
Interest and penalties	-	-	-	-	1,922,109	1,922,109	-	
Rentals	47,454	-	107,181	-	-	154,635	2,667,114	
Installment agreement	-	-	-	-	474,673	474,673	-	
Other	2,336	5,029	25,592	108,306	1,046	142,309	8,588,940	
<b>Total operating revenues</b>	<u>4,121,073</u>	<u>6,580,095</u>	<u>1,022,270</u>	<u>24,308,249</u>	<u>3,994,734</u>	<u>40,026,421</u>	<u>33,870,864</u>	
<b>Operating expenses</b>								
Salaries and fringes	375,620	1,649,741	26,672	4,655,692	2,726,783	9,434,508	3,208,751	
Supplies and other operating	2,219,366	6,957,547	2,079,615	8,033,198	2,789,742	22,079,468	3,017,076	
Insurance benefits and claims	-	-	-	-	-	-	697,552	
Insurance premiums	-	-	-	-	-	-	24,569,575	
Depreciation/amortization	685,123	769,342	1,328,285	7,175,984	747,904	10,706,638	2,295,550	
<b>Total operating expenses</b>	<u>3,280,109</u>	<u>9,376,630</u>	<u>3,434,572</u>	<u>19,864,874</u>	<u>6,264,429</u>	<u>42,220,614</u>	<u>33,788,504</u>	
Operating income (loss)	<u>840,964</u>	<u>(2,796,535)</u>	<u>(2,412,302)</u>	<u>4,443,375</u>	<u>(2,269,695)</u>	<u>(2,194,193)</u>	<u>82,360</u>	
<b>Nonoperating revenues (expenses)</b>								
Grants and contributions:								
Federal	-	-	-	407,305	2,207,690	2,614,995	-	
State	113,153	-	-	-	1,640,040	1,753,193	-	
Local	83,501	-	-	1,829	349,646	434,976	-	
Investment income	201,561	910,978	1,087	1,301,441	484,240	2,899,307	3,388,403	
Interest expense	(243,898)	(726,762)	(9,316)	(483,265)	(1,006,231)	(2,469,472)	(245,328)	
Bond issuance expense	-	(153,193)	-	(40,945)	(1,500)	(195,638)	-	
Gain (loss) on sale of capital assets	-	523,577	74,455	(144,193)	-	453,839	(11,539)	
<b>Total nonoperating revenues (expenses)</b>	<u>154,317</u>	<u>554,600</u>	<u>66,226</u>	<u>1,042,172</u>	<u>3,673,885</u>	<u>5,491,200</u>	<u>3,131,536</u>	
Income (loss) before capital contributions and transfers	<u>995,281</u>	<u>(2,241,935)</u>	<u>(2,346,076)</u>	<u>5,485,547</u>	<u>1,404,190</u>	<u>3,297,007</u>	<u>3,213,896</u>	
Capital contributions - federal	-	-	323,617	-	-	323,617	422,446	
Capital contributions - state	-	-	1,354,829	-	-	1,354,829	-	
Capital contributions - local	-	-	-	3,077,957	-	3,077,957	-	
<b>Transfers</b>								
Transfers in	-	-	711,116	-	-	711,116	419,371	
Transfers out	-	-	-	(256)	(9,445)	(9,701)	(179,537)	
<b>Change in net position</b>	<u>995,281</u>	<u>(2,241,935)</u>	<u>43,486</u>	<u>8,563,248</u>	<u>1,394,745</u>	<u>8,754,825</u>	<u>3,876,176</u>	
Net position, beginning of year	<u>10,571,648</u>	<u>5,326,962</u>	<u>27,357,113</u>	<u>82,300,756</u>	<u>14,629,159</u>	<u>140,185,638</u>	<u>5,521,323</u>	
<b>Net position, end of year</b>	<u><u>\$ 11,566,929</u></u>	<u><u>\$ 3,085,027</u></u>	<u><u>\$ 27,400,599</u></u>	<u><u>\$ 90,864,004</u></u>	<u><u>\$ 16,023,904</u></u>	<u><u>\$ 148,940,463</u></u>	<u><u>\$ 9,397,499</u></u>	

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

**COUNTY OF MUSKEGON, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds  
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds			Governmental Activities	
	Regional Water (5910)	Solid Waste (5710)	Airport (5810)	Resource Recovery Center (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>Cash flows from operating activities</b>								
Receipts from customers and users	\$ 3,982,899	\$ 6,220,159	\$ 1,009,652	\$ 42,166,309	\$ 15,872,576	\$ 69,251,595	\$ 33,743,230	
Payments to vendors	(1,742,839)	(5,753,263)	(2,184,761)	(6,294,337)	(2,913,728)	(18,886,928)	(26,526,830)	
Payments for personnel services	(246,047)	(1,499,136)	(26,685)	(4,741,484)	(2,385,565)	(8,898,917)	(3,052,205)	
Delinquent taxes purchased	-	-	-	-	(12,488,595)	(12,488,595)	-	
<b>Net cash provided by (used in) operating activities</b>	<b>1,994,013</b>	<b>(1,032,240)</b>	<b>(1,201,794)</b>	<b>31,130,488</b>	<b>(1,915,312)</b>	<b>28,975,155</b>	<b>4,164,195</b>	
<b>Cash flows from noncapital financing activities</b>								
Intergovernmental receipts	-	-	661,116	-	-	661,116	419,371	
Intergovernmental payments	-	-	-	(256)	(9,445)	(9,701)	(129,847)	
Issuance of tax notes	-	-	-	-	10,000,000	10,000,000	-	
Principal paid on pension bonds	(5,583)	(10,024)	(8,413)	-	(47,535)	(71,555)	-	
Interest paid on pension bonds	(6,205)	(11,241)	(9,394)	-	(47,262)	(74,102)	-	
Principal paid on tax notes	-	-	-	-	(9,500,000)	(9,500,000)	-	
Interest paid on tax notes	-	-	-	-	(440,822)	(440,822)	-	
Federal, state and/or local grants	196,654	-	-	409,134	4,210,567	4,816,355	-	
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>184,866</b>	<b>(21,265)</b>	<b>643,309</b>	<b>408,878</b>	<b>4,165,503</b>	<b>5,381,291</b>	<b>289,524</b>	
<b>Cash flows from capital and related financing activities</b>								
Proceeds from issuance of bonds payable	-	9,935,000	-	-	-	9,935,000	-	
Premium on issuance of bonds payable	-	141,271	-	-	-	141,271	-	
Principal paid on bonds, notes and other long-term liabilities	(855,000)	(505,000)	-	(4,590,000)	(640,000)	(6,590,000)	(1,949,880)	
Interest paid on bonds, notes and other long-term liabilities	(320,402)	(775,038)	-	(644,204)	(580,657)	(2,320,301)	(250,514)	
Capital contributions received	-	-	1,934,768	3,077,957	-	5,012,725	422,446	
Proceeds from sale of capital assets	-	597,705	158,921	305,801	-	1,062,427	100,483	
Purchase of capital assets	(4,433,101)	(1,254,904)	(1,536,291)	(7,501,874)	-	(14,726,170)	(956,341)	
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(5,608,503)</b>	<b>8,139,034</b>	<b>557,398</b>	<b>(9,352,320)</b>	<b>(1,220,657)</b>	<b>(7,485,048)</b>	<b>(2,633,806)</b>	
<b>Cash flows from investing activities</b>								
Investment income	201,561	910,978	1,087	1,301,441	486,672	2,901,739	3,388,403	
<b>Net change in cash and investments</b>	<b>(3,228,063)</b>	<b>7,996,507</b>	<b>-</b>	<b>23,488,487</b>	<b>1,516,206</b>	<b>29,773,137</b>	<b>5,208,316</b>	
Cash and investments, beginning of year	6,548,985	18,847,307	-	18,628,001	14,955,184	58,979,477	6,144,538	
Cash and investments, end of year	<b>\$ 3,320,922</b>	<b>\$ 26,843,814</b>	<b>\$ -</b>	<b>\$ 42,116,488</b>	<b>\$ 16,471,390</b>	<b>\$ 88,752,614</b>	<b>\$ 11,352,854</b>	

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**COUNTY OF MUSKEGON, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds  
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			Business-type Activities - Enterprise Funds			Governmental Activities	
	Regional Water (5910)	Solid Waste (5710)	Airport (5810)	Resource Recovery Center (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>								
Operating income (loss)	\$ 840,964	\$ (2,796,535)	\$ (2,412,302)	\$ 4,443,375	\$ (2,269,695)	\$ (2,194,193)	\$ 82,360	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation/amortization expense	685,123	769,342	1,328,285	7,175,984	747,904	10,706,638	2,295,550	
Changes in operating assets and liabilities that provided (used) cash:								
Accounts receivable	(85,061)	(360,749)	(12,720)	695,307	(65,413)	171,364	(77,073)	
Due from other governments	(31,260)	813	-	240,387	-	209,940	16,593	
Accrued interest receivable	-	-	-	-	-	-	(64,443)	
Taxes receivable	-	-	-	-	(1,293,140)	(1,293,140)	-	
Installment sales agreements receivable	-	-	-	-	747,800	747,800	-	
Special assessments receivable	(21,853)	-	-	-	-	(21,853)	-	
Prepays	-	-	24,125	-	-	24,125	256,327	
Inventories	-	950	-	7,032	-	7,982	-	
Deposits held with others	-	-	-	-	-	-	348,759	
Restricted assets	-	(166,710)	-	-	-	576	(166,134)	-
Negative equity in pooled cash	-	-	(320,657)	-	-	(637)	(321,294)	-
Accounts payable	456,935	61,208	216,499	365,915	(123,471)	977,086	1,138,262	
Due to other governments	19,592	75,127	(25,113)	-	-	69,606	14,025	
Accrued liabilities	105,891	-	(790)	-	-	21,298	161,838	288,237
Unearned revenue	-	-	102	16,922,366	-	16,922,468	191,152	
Accrued closure cost and sludge removal	-	1,233,709	-	1,365,914	(454)	2,599,169	-	
Compensated absences	2,341	70,643	-	72,142	57,441	202,567	(34,606)	
Net pension liability	24,368	86,112	60	3,764	112,460	226,764	-	
Deferred outflows of resources - pension amounts	21,055	85,112	1,610	126,545	146,003	380,325	-	
Net OPEB liability (asset)	(29,714)	(111,498)	(955)	(356,773)	(163,349)	(662,289)	-	
Deferred outflows of resources - OPEB amounts	11,432	44,346	560	170,478	69,834	296,650	-	
Deferred inflows of resources - OPEB amounts	(5,800)	(24,110)	(498)	(123,246)	(43,009)	(196,663)	-	
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,994,013</b>	<b>\$ (1,032,240)</b>	<b>\$ (1,201,794)</b>	<b>\$ 31,130,488</b>	<b>\$ (1,915,312)</b>	<b>\$ 28,975,155</b>	<b>\$ 4,164,195</b>	
<b>Non-cash capital and related financing activity</b>								
Capital assets acquired through lease liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,878,899	
Capital assets acquired through subscription liability	-	-	-	-	-	-	447,969	
Change in accounts payable related to capital asset additions	(17,840)	(161,574)	(127,858)	(211,221)	-	(518,493)	-	

concluded

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

COUNTY OF MUSKEGON, MICHIGAN

**Statement of Fiduciary Net Position**

Fiduciary Funds  
September 30, 2024

	Custodial Funds (7010)	Other Post- employment Benefits Trust (7360)
<b>Assets</b>		
Cash and investments	\$ 16,946,495	\$ -
MERS total market portfolio	-	69,159,757
Accounts receivable	5,275	546,236
Prepays	-	74,036
<b>Total assets</b>	<b>16,951,770</b>	<b>69,780,029</b>
<b>Liabilities</b>		
Negative equity in pooled cash	-	621,582
Accounts payable	2,804	-
Due to other governments	701,470	-
Undistributed current and delinquent taxes	15,136,801	-
Trust deposits	128,989	-
Unallocated receipts	478,617	-
<b>Total liabilities</b>	<b>16,448,681</b>	<b>621,582</b>
<b>Net position restricted for</b>		
Individuals, organizations and other governments	503,089	-
Other postemployment benefits	-	69,158,447
<b>Total net position</b>	<b>\$ 503,089</b>	<b>\$ 69,158,447</b>

COUNTY OF MUSKEGON, MICHIGAN

**Statement of Changes in Fiduciary Net Position**

Fiduciary Funds  
For the Year Ended September 30, 2024

	Custodial Funds (7010)	Other Post- employment Benefits Trust (7360)
<b>Additions</b>		
Contributions	\$ 40,403	\$ -
Investment earnings	4,204	10,653,383
Collections:		
Property and other taxes	107,232,717	-
Court and other fees	2,168,672	-
Library penal	354,867	-
HealthWest consumer	3,308,714	-
Inmate	1,287,092	-
Bonds and restitution	122,488	-
Other	1,247,333	-
<b>Total additions</b>	<b>115,766,490</b>	<b>10,653,383</b>
<b>Deductions</b>		
Benefit payments	-	1,841,206
Administrative expenses	-	137,861
Distributions:		
Property and other taxes	107,232,717	-
Court and other fees	2,168,672	-
Library penal	354,867	-
HealthWest consumer	3,550,454	-
Inmate	1,317,710	-
Bonds and restitution	122,488	-
Other	1,247,333	-
<b>Total deductions</b>	<b>115,994,241</b>	<b>1,979,067</b>
<b>Change in net position</b>	<b>(227,751)</b>	<b>8,674,316</b>
Net position, beginning of year	730,840	60,484,131
<b>Net position, end of year</b>	<b>\$ 503,089</b>	<b>\$ 69,158,447</b>

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

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

**COUNTY OF MUSKEGON, MICHIGAN**

**Combining Statement of Net Position**

Discretely Presented Component Units  
September 30, 2024

	Road Commission	Water Resources Commissioner	Land Bank Authority	Total
<b>Assets</b>				
Cash and investments	\$ 12,958,365	\$ 7,668,349	\$ 563,313	\$ 21,190,027
Receivables:				
Accounts	-	-	184,061	184,061
Assessments	-	20,681,387	-	20,681,387
Due from other governments	5,122,508	167,843	24,318	5,314,669
Leases	-	-	6,365	6,365
Other	119,421	-	-	119,421
Prepays and other assets	155,048	-	-	155,048
Inventories	2,431,496	2,495	-	2,433,991
Assets held for resale	-	-	1,830,950	1,830,950
Net pension asset	87,171	-	-	87,171
Net OPEB asset	1,008,592	-	-	1,008,592
Capital assets not being depreciated	34,726,116	2,078,921	-	36,805,037
Capital assets being depreciated, net	74,179,419	22,619,820	14,445	96,813,684
<b>Total assets</b>	<b>130,788,136</b>	<b>53,218,815</b>	<b>2,623,452</b>	<b>186,630,403</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	3,687,446	-	-	3,687,446
Deferred OPEB amounts	559,555	-	-	559,555
<b>Total deferred outflows of resources</b>	<b>4,247,001</b>	<b>-</b>	<b>-</b>	<b>4,247,001</b>
<b>Liabilities</b>				
Accounts payable	451,782	460,595	22,327	934,704
Accrued liabilities	888,193	-	18,549	906,742
Accrued interest	-	249,470	-	249,470
Advances from primary government	-	100,000	-	100,000
Unearned revenue	268,569	-	12,899	281,468
Bonds, notes and other long-term liabilities:				
Due within one year	308,000	2,299,495	-	2,607,495
Due in more than one year	122,104	18,801,915	-	18,924,019
<b>Total liabilities</b>	<b>2,038,648</b>	<b>21,911,475</b>	<b>53,775</b>	<b>24,003,898</b>
<b>Deferred inflows of resources</b>				
Deferred lease amounts	-	-	6,365	6,365
Deferred OPEB amounts	762,650	-	-	762,650
<b>Total deferred inflows of resources</b>	<b>762,650</b>	<b>-</b>	<b>6,365</b>	<b>769,015</b>
<b>Net position</b>				
Net investment in capital assets	108,905,535	6,106,857	14,445	115,026,837
Restricted for debt service	-	2,474,581	-	2,474,581
Restricted for pension	87,171	-	-	87,171
Restricted for OPEB	1,008,592	-	-	1,008,592
Restricted for county roads	22,232,541	-	-	22,232,541
Unrestricted	-	22,725,902	2,548,867	25,274,769
<b>Total net position</b>	<b>\$ 132,233,839</b>	<b>\$ 31,307,340</b>	<b>\$ 2,563,312</b>	<b>\$ 166,104,491</b>

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

**COUNTY OF MUSKEGON, MICHIGAN**

**Combining Statement of Activities**

Discretely Presented Component Units  
For the Year Ended September 30, 2024

	Road Commission	Water Resources Commissioner	Land Bank Authority	Total
<b>Expenses</b>				
Road Commission	\$ 20,400,115	\$ -	\$ -	\$ 20,400,115
Water Resources	-	1,717,844	-	1,717,844
Land Bank Authority	-	-	675,012	675,012
<b>Total expenses</b>	<b>20,400,115</b>	<b>1,717,844</b>	<b>675,012</b>	<b>22,792,971</b>
<b>Revenues</b>				
Program revenues:				
Charges for services	4,557,880	86,573	30,000	4,674,453
Operating grants and contributions	19,967,456	-	24,318	19,991,774
Capital grants and contributions	4,354,428	5,903,616	147,947	10,405,991
General revenues:				
Unrestricted investment earnings	350,757	237,049	36,431	624,237
Gain on sale of capital assets	35,500	-	-	35,500
Other revenue	53,031	682	306,480	360,193
<b>Total revenues</b>	<b>29,319,052</b>	<b>6,227,920</b>	<b>545,176</b>	<b>36,092,148</b>
<b>Change in net position</b>				
Net position, beginning of year	8,918,937	4,510,076	(129,836)	13,299,177
<b>Net position, end of year</b>	<b>\$ 132,233,839</b>	<b>\$ 31,307,340</b>	<b>\$ 2,563,312</b>	<b>\$ 166,104,491</b>

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

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**NOTES TO FINANCIAL STATEMENTS**

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Muskegon, Michigan (the "County") was incorporated on July 18, 1859, and covers an area of approximately 527.34 square miles with the County seat located in the City of Muskegon. The County operates under an elected Board of Commissioners (7 members) and provides services to its 177,000 residents in many areas, including law enforcement, administration of justice, transportation, waste disposal, road maintenance, community enrichment and development and human services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 County's accounting policies are described below.

#### Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. The discretely presented component units, excluding the Muskegon County Road Commission (the "Road Commission"), utilize the County's central accounting system and are part of the same internal control structures as the primary government.

#### Blended Component Unit

**Muskegon County Building Authority** – The Muskegon County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Its sole purpose is to construct or purchase and lease back buildings to the County. The Authority has no separately-reported financial activity as all costs are borne and reported by the County. A separate report is not prepared for the Building Authority.

#### Discretely Presented Component Units

**Economic Development Corporation** – The Economic Development Corporation of Muskegon County (EDC) is a separate legal entity that was established in 1976 pursuant to Michigan Public Act 338 of 1974, in order to stimulate business capital investment, contribute to the area's employment, increase tax base, and provide needed public services. In certain situations, members of the EDC Board of Directors may be removed by a majority decision of the County Board of Commissioners. A separate report is not prepared for the EDC. The EDC has no financial activity during the year, and has therefore not been included in the financial statements.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

**Muskegon County Road Commission** – The Muskegon County Road Commission is responsible for maintaining a primary and local road system within County boundaries. The members of the governing board are appointed by the County Board of Commissioners and the County has significant financial responsibility for its operations. The County board also approves all debt issuances. The Road Commission operates outside the County's central accounting system and is responsible for establishing and maintaining its own separate internal control structure. The component unit is audited individually and complete financial statements can be obtained from the Road Commission's administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements.

**Office of the Muskegon County Water Resources Commissioner** – The Office of the Muskegon County Water Resources Commissioner consists of individual drainage districts created for alleviating drainage problems. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district established pursuant to the Michigan Drain Code (Public Act 40 of 1956) is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for drainage. The Muskegon County Water Resources Commissioner manages the drainage districts with the Muskegon County Board of Commissioners exercising legislative oversight. The County is a direct beneficiary of the services provided and its employees run the day-to-day operations. In addition, the County can pledge its full faith and credit for the long-term debt of the drainage districts. The component unit is audited individually and complete financial statements can be obtained from the Office of the Water Resources Commissioner. Accordingly, the County has elected to omit substantially all note disclosures related to the drainage districts in these financial statements.

**Muskegon County Land Bank Authority** – The Muskegon County Land Bank Authority ("Land Bank") was established in 2007 pursuant to the Michigan Land Bank Fast Track Act (Public Act 258 of 2003, MCL 124.751 to 124.774) and an intergovernmental agreement entered into between the Michigan Land Bank Fast Track Authority and the Muskegon County Treasurer. This agreement established the Land Bank as a separate legal entity and public body corporate to administer and execute Land Bank objectives.

The Land Bank is governed by a seven-member board (the "Land Bank Board") including the Muskegon County Treasurer who is, by law, its Board Chair and six other members appointed by the Muskegon County Board of Commissioners (the "County Board"). The Land Bank was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The Land Bank is a component unit of the County as the County Board can significantly influence the operations of the Land Bank Board and is able to impose its will as evidenced by the ability to remove board members at will and modify/approve the Land Bank's budget. There are no separately-issued financial statements of this component unit.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### *Fiduciary Component Unit*

The County sponsors and administers a single-employer, defined benefit other postemployment benefits plan (the "Plan"), that provides healthcare benefits to plan members and their beneficiaries. The Plan was established and may be amended by the Board of Commissioners who appoints a voting majority of the Plan's board. The Plan is administered through a qualified trust. The Plan is included as a fiduciary component unit of the County because (1) the Plan is a legally separate entity; (2) the Board of Commissioners appoints a voting majority of the Plan's board; and (3) the County makes contributions to the Plan on behalf of its participants.

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Indirect expenses are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a specific function or segment and 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) other revenues that are by definition related to the cost of providing a specific function or segment. Taxes, fines and other items not specific to particular functions or segments are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue 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.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

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 collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. A ninety day availability period is used for revenue recognition for all governmental fund revenues, except for expenditure-driven grants, which must be collected within one year, and property taxes. As described under "Property Taxes" below, property taxes for the County are levied and payable within the current fiscal year are fully recognized inasmuch as any uncollected taxes are settled with the Delinquent Tax Revolving Fund not later than March 1 of the following fiscal year. While this schedule exceeds the normal availability period for property taxes of sixty days, management believes that fully recognizing property taxes in the year they are intended to finance better reflects the matching concept of generally accepted accounting principles. 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 claim and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County 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 for those accounted for and reported in another fund.

The *HealthWest Special Revenue Fund* accounts for funds earmarked to provide mental health services within County boundaries. Monies are provided by federal, state, and county appropriations, grants, contributions and charges for services. This fund has several separate programs for the mentally impaired and developmentally disabled individuals. Both out-patient and in-patient services for adults and children are provided.

The County reports the following major enterprise funds:

The *Regional Water System* provides for the continued operations of a regional water system for the townships of Dalton, Laketon, and Muskegon.

The *Solid Waste Management System* accounts for revenues received from, and the expenses made for, the operations of a solid waste landfill system. Monies for the operation of the system are received from customers.

The *Muskegon County Airport* provides direct and related services for both air carrier and general aviation aircraft. Airport activities are administratively divided into four areas: airfield, terminal buildings, hangars and other.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

The *Resource Recovery Center* provides an innovative, comprehensive plan for utilizing wastewater for land treatment by spray irrigation. The land treatment system nearly eliminates industrial and municipal pollutants and utilizes the wastewater as water and fertilizer to grow crops. Revenues are derived primarily from municipal users and private corporations. Additional revenue is generated from sales of crops grown at the facility.

Additionally, the County reports the following fund types:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Debt Service Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *Permanent Fund* is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs—that is, for the benefit of the County or its citizenry.

*Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

*Internal Service Funds* account for printing, building maintenance, automotive repair, building and equipment purchases, energy improvements, electronic content management, and insurance and risk management on a cost reimbursement basis.

*Custodial Funds* are used to account for assets that the government holds for others in a custodial capacity (such as taxes and fees collected for other governments).

The *Other Postemployment Benefits Trust Fund* accounts for the accumulated resources for other postemployment benefit payments to qualified employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are revenues in excess of expenses for tax collection. Elimination of the revenues would distort the activity of the functions and would not reflect the proper future uses of the excesses collected for their specific governmental purposes.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

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

Restricted net position represents assets that are subject to restrictions beyond the County's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

##### Deposits and Investments

The County's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- (c) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

(h) Obligations described in (a) through (g) if purchased through an inter-local agreement with the Urban Cooperation Act of 1967.

(i) The investment pools organized under the Surplus Investment Pool Act, 1982 PA 367, 129.111 to 129.118.

(j) The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

#### *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

As applicable, advances between funds are offset by nonspendable fund balance in the general fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

#### *Leases*

*Lessee.* The County is a lessee for noncancelable leases of buildings and improvements and machinery and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The County recognizes lease liabilities with an initial, individual value of \$25,000 or more.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

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

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

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

*Lessor.* The County is a lessor for noncancelable leases of buildings and improvements and land. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund, and discretely presented component units financial statements.

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

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County 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 County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### *Subscription-Based Information Technology Arrangements (SBITA)*

The County has noncancelable subscription-based information technology arrangements. The County recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements. The County recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

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

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

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

#### Other Assets

The County's inventories represent operating materials and supplies consumed while providing services and are stated at cost using the first in, first out (FIFO) method. Inventories are accounted for by the consumption method. Assets held for resale, including inventories held for resale, are stated at lower of cost or net realizable value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

#### Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

The American Rescue Plan Act fund's restricted assets consist of unspent Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) received. The Solid Waste and Fly Ash funds' restricted assets relate primarily to future maintenance of landfill sites, repair and maintenance of waste-to-energy operations, contract retainages for construction projects and debt retirement. The restricted assets in these enterprise funds are offset by related liabilities for closure cost, and as such there is no related restricted net position.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### Capital Assets

Property and equipment are stated at cost. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries and employee benefits during the construction period. Capital assets are defined as assets with an estimated useful life of more than one year and with a unit cost of \$25,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued and recorded at estimated acquisition cost at the date of donation. Capital assets are reported in the respective governmental or business-type activities columns in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, including those purchased/constructed prior to the implementation of GASB 34 have been included for the primary government and component units. The County has no infrastructure assets in its governmental activities. Property, plant, equipment and infrastructure of the County, as well as its component units, is depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10 - 100
Lagoon	98 - 100
Buildings and improvements	10 - 50
Machinery and equipment	3 - 25
W/W collection and distribution system	10 - 50
Capitalized interest and engineering costs	47 - 50

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources for the charge on bond refunding reported in the government-wide and proprietary fund statements of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. In addition, the County reports deferred outflows of resources related to its pension and OPEB plans. A portion of these costs also represent contributions to the pension plan subsequent to the plan measurement date.

#### *Self-insurance Fund*

The County maintains a self-insurance fund. The purpose of this fund is to pay premiums and claims as they are billed or occur. For the self-insured areas of liability, workers' compensation, and unemployment, the County maintains a reserve for unpaid claims. This reserve includes both case reserves estimated by adjusters on a case-by-case basis for claims reported but not settled, as well as actuarial estimates for claims incurred but not reported (IBNR). IBNR includes provisions for a) late reported claims, b) development on existing case reserves, c) potential claim re-openings, and d) claims that have been reported but for which a case reserve has not yet been recorded.

#### *Compensated Absences*

County employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. A liability for these amounts is accrued and reported in the government-wide and proprietary funds statements. Vacation and sick leave payoffs upon termination of employment are allocated as general administrative expense across all activities of the County's primary government and participating component units.

Upon termination, a *vacation leave payoff* is generally made at the final rate of pay for 100% of accumulated vacation leave hours, up to a maximum of between 102 and 384 vacation payoff hours, depending on the employee's work classification.

The employee generally receives a *sick leave payoff* equal to sick-leave-payoff-hours multiplied by the employee's final pay rate per hour. There is no limit to the number of sick hours an employee may accumulate, but at termination accumulated sick leave hours are converted into sick-leave-payoff-hours, which is a percentage of accumulated sick leave hours, subject to a maximum of 1,440 accumulated sick leave hours. To arrive at the number of sick-leave-payoff-hours to be paid at the final rate of pay, the accumulated sick leave hours are (1) multiplied by 75% for employees who qualify for full retirement or die, (2) multiplied by 50% for other voluntary terminations, or (3) not eligible for payoff for involuntary terminations.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Deferred charge on refunding is deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from special assessments, opioid settlements, and Medicaid fee for service and capitation for HealthWest not received within the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the County reports deferred inflows of resources related to its OPEB plan. Finally, the statements of net position report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

#### *Pensions and Other Postemployment Benefits*

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

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### *Fund Equity*

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners by resolution has delegated the authority to assign fund balance to the County Finance & Management Services Director or his/her designee. *Unassigned fund balance* is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Other governmental funds besides the general fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

The County Board of Commissioners has adopted a minimum fund balance policy in which the total fund balance of the General Fund will be equal to at least 14-19 percent of the prior year expenditures plus transfers out. If the General Fund balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy.

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

#### *Interfund Transactions*

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### *Capital Contributions*

Certain expenditures for airport and transit capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration and the U.S. Department of Transportation, with certain matching funds provided by the Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and change in fund net position, after nonoperating revenues and expenses as capital contributions.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

#### *Budgets*

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. General and special revenue funds budgets are presented to the Ways and Means Committee of the Board in September, at which time hearings on the budget are scheduled. A Public Hearing is held in August or September and a special meeting is held to give all elected officials the opportunity to discuss their budget with the Board.
2. The budget, and an appropriation ordinance implementing it, is then adopted in September.
3. Formal budget integration is employed as a management control device during the year for the General and special revenue funds. Formal budgetary integration is not employed for any other fund and only informational summaries are prepared as a management tool and are presented to the Board for consideration.
4. Budgets presented for the General and special revenue funds were prepared on the modified accrual basis of accounting. Encumbrances are not recorded at year end.
5. Expenditures may not legally exceed department totals in the General Fund. Special revenue fund expenditures cannot legally exceed their respective fund totals and must remain in accordance with their respective grant agreements with federal and state agencies.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

6. Budgets for the current year are carefully reviewed in June or July for any revision of estimates. Proposed increases or reductions in appropriations are presented to the Ways and Means Committee and the Board in August and September for their action. The legislative body amends the general appropriation act as soon as it becomes apparent this action is necessary.
7. The Governing Board has the authority to amend all budgets at the fund level through the appropriation ordinance. It further has the right to amend the General Fund at the department level if it desires. Management has no authority to amend budgets at the fund level. Management can do transfers within funds at the departmental level without governing board approval but not between General Fund departments. Some budgets are approved at the zero activity level when there appears to be no consistent operating data to project future revenues or expenses.
8. The budgetary information presented has been amended during the year by an official action of the County Board of Commissioners.
9. All budget appropriations lapse at the end of each fund's fiscal year.

#### Grants and Third Party Cost Reimbursement Settlements

The County receives grants from other governmental units to finance specific programs. The grant revenues are recorded based on qualifying program expenditures, as determined by the County, and are subject to audit by the responsible agencies. Adjustments to grant reimbursements required upon final settlements are recorded in the period of settlement. Third party cost reimbursements are recorded at prospective rates and provisions are made at the end of each year to adjust such revenues to the reimbursable cost expected to be received. Adjustments to third party cost reimbursements required upon final settlements are recorded in the period of settlement.

#### Property Taxes

Property taxes are levied and attached as an enforceable lien on property as of July 1 and December 1. Taxes are payable by March 1 with local treasurers. After March 1, taxes are delinquent and are collected by the County with additional penalty and interest added. Delinquent tax rolls are used to finance delinquent tax notes of which the proceeds are used to pay off the various taxing authorities around July 1. Collections of delinquent taxes (including penalty and interest) are kept by the County to repay the notes, with any remainder being remitted to the general fund. Any delinquent taxes not collected after two years have elapsed trigger the property to be foreclosed and offered for sale at public auction, with a minimum bid of amounts due for taxes, interest and fees. The foreclosure sales occur on or about September 1st. Therefore, under the statutes, total delinquency collection is assured for properties are sold at this first public auction. Parcels not sold at the first minimum-bid auction are offered at a second no-minimum-bid auction. Following the second auction, an unsold parcel is turned over to the County by the local unit of government.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 2. EXCESS OF EXPENDITURES OVER BUDGET

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budget appropriations of the County were adopted on the department level for the General Fund and at the fund level basis for special revenue funds.

During the year ended September 30, 2024, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
Nonmajor governmental funds:			
Parks	\$ 1,194,418	\$ 1,254,632	\$ 60,214
Lake Pollution Control	500,334	500,404	70
Special Investigative	14,590	16,125	1,535

#### 3. DEFICIT FUND EQUITY

At September 30, 2024, the following enterprise funds reported deficit unrestricted net position balances as shown in the following table:

Proprietary Fund	Unrestricted Net Position (Deficit)	Total Net Position		Working Capital	Total of Net Pension & Net OPEB Liabilities & Related Deferred Amounts
		Proprietary Fund	Total Net Position		
Solid Waste	\$ (4,576,368)	\$ 3,085,027	\$ 26,077,311	\$ 2,103,609	
Airport	(1,216,663)	27,400,599	11,523	838,360	
Muskegon Area Transit System	(2,647,326)	4,193,234	1,566,648	2,825,798	

All of these funds maintained positive working capital, which represents the excess of current assets over current liabilities (excluding the current portion of long-term liabilities). Net pension and net OPEB amounts contributed to the deficit unrestricted net position balances reported.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2024:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and investments	\$ 131,389,661	\$ 21,190,027	\$ 152,579,688
Restricted assets	10,666,363	-	10,666,363
	<u>142,056,024</u>	<u>21,190,027</u>	<u>163,246,051</u>
<b>Statement of Fiduciary Net Position</b>			
Custodial funds:			
Cash and investments	16,946,495	-	16,946,495
Other postemployment benefit trust fund:			
Negative equity in pooled cash	(621,582)	-	(621,582)
MERS total market portfolio	69,159,757	-	69,159,757
	<u>85,484,670</u>	<u>-</u>	<u>85,484,670</u>
<b>Total</b>	<u>\$ 227,540,694</u>	<u>\$ 21,190,027</u>	<u>\$ 248,730,721</u>
<b>Deposits and investments</b>			
Bank deposits:			
Checking and savings accounts		\$ 127,760,515	
Certificates of deposits		<u>6,520,000</u>	
Total bank deposits		<u>134,280,515</u>	
Investments:			
MERS total market portfolio		69,159,757	
Money market accounts		3,349,838	
Municipal bonds		17,667,931	
Government securities		13,869,596	
Non-cash commodity		430,857	
Total investments		<u>104,477,979</u>	
Investments - Road Commission		9,854,915	
Cash on hand		<u>117,312</u>	
<b>Total</b>	<u>\$ 248,730,721</u>		

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. It is County policy to reduce custodial credit risk related to deposits by using only pre-qualified financial institutions, broker/dealers, intermediaries and advisors. As of year-end, \$138,167,910 of the County's bank balance of \$139,252,833 was exposed to custodial credit risk because it was uninsured and uncollateralized.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

**Custodial Credit Risk – Investments.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2024, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County.

To limit the risk on the sale of the commodities grown as part of the farm sales in the Resource Recovery Center enterprise fund, the County elects to hedge up to 50 percent of the anticipated crop production. The funds are held with a third-party and the value has been adjusted based on the market value of the commodity at year end. See further information in Note 18.

**Credit Risk.** Statutes and various bond indentures authorize the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously. The County had no investment policy that would further limit its investment choices.

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

Moody AA1	\$ 4,995,263
Moody AA2	1,088,964
Moody AA3	1,697,640
Moody AAA	13,869,596
Moody A1	2,691,350
S&P AA	5,844,631
S&P AA-	1,350,083
Unrated	<u>72,940,452</u>
<b>Total</b>	<u>\$ 104,477,979</u>

**Interest Rate Risk.** Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies.

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

Due in 1-5 years	\$ 5,032,982
Due in 6-10 years	8,561,735
Due in 11-15 years	16,592,727
Due in 26-30 years	1,350,083
No maturity	<u>72,940,452</u>
<b>Total</b>	<u>\$ 104,477,979</u>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

#### Fair Value Measurement

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

Securities traded on a national or international exchange (Level 1) are valued at the last reported sales price at current exchange rates. Debt securities (Level 2), comprised of the municipal bonds and government securities, are valued by the County's investment custodian using independent pricing services based on the type of asset. The pricing services may use valuation models or matrix pricing, which consider: (a) benchmark yields, (b) reported trades, (c) broker/dealer quotes, (d) benchmark securities, (e) bids or offers, and (f) reference data.

The County has the following recurring fair value measurements as of September 30, 2024:

	Fair Value Measurements Using		
	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total			
<b>Investments</b>			
MERS total market portfolio	\$ 69,159,757	\$ 69,159,757	\$ -
Money market accounts	3,349,838	3,349,838	-
Municipal bonds	17,667,931	-	17,667,931
Government securities	13,869,596	-	13,869,596
Non-cash commodity	430,857	430,857	-
<b>Total investments</b>	<b>\$ 104,477,979</b>	<b>\$ 72,940,452</b>	<b>\$ 31,537,527</b>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 9,267,631	\$ 3,736,487	\$ 184,061
Less: allowance for uncollectibles	(255,992)	(12,787)	-
Due from other governments	8,506,073	3,536,717	5,314,669
Accrued interest	472,998	(2,432)	-
Taxes (current)	10,121,543	-	-
Taxes (delinquent)	-	9,651,854	-
Installment sales agreements	-	12,589,504	-
Special assessments	63,836	300,032	20,681,387
Leases	1,521,934	18,830,802	6,365
Other	-	-	119,421
	<b>\$ 29,698,023</b>	<b>\$ 48,630,177</b>	<b>\$ 26,305,903</b>

Of the amounts reported for receivables above, special assessments receivable in the amount of \$19,305,497, installment sales agreements receivable in the amount of \$11,717,200, and leases receivable of \$19,825,825 are not expected to be collected within one year. In addition, accounts receivable of \$6,357,143 related to various opioid settlements in governmental activities and accounts receivable of \$141,971 related to land bank contracts in component units is not expected to be collected within one year.

#### 6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 12,493,393	\$ 5,454,855	\$ 934,704
Due to other governments	5,714,173	452,814	-
Accrued liabilities	5,609,137	1,145,589	906,742
Accrued interest payable	1,465,142	1,011,055	249,470
	<b>\$ 25,281,845</b>	<b>\$ 8,064,313</b>	<b>\$ 2,090,916</b>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 7. OTHER ASSETS

Other assets are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Prepays and other items	\$ 2,172,665	\$ 557	\$ 155,048
Inventories	43,409	54,251	2,433,991
Deposits held with others	429,434	-	-
Assets held for resale	-	-	1,830,950
	<b>\$ 2,645,508</b>	<b>\$ 54,808</b>	<b>\$ 4,419,989</b>

#### 8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2024, was as follows:

##### Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ -	\$ 2,810
Airport	-	300,584
Internal Service Funds	<b>303,394</b>	-
	<b>\$ 303,394</b>	<b>\$ 303,394</b>

##### Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 100,000	\$ -
Water Resources Commissioner	-	100,000
	<b>\$ 100,000</b>	<b>\$ 100,000</b>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

For the year ended September 30, 2024, interfund transfers consisted of the following:

Transfers Out	Transfers In					
	General Fund	HealthWest	Nonmajor Governmental Funds	Airport	Internal Service Funds	Totals
General Fund	\$ -	\$ 706,819	\$ 11,050,783	\$ 593,800	\$ 419,371	\$ 12,770,773
HealthWest	-	-	1,276,138	-	-	1,276,138
Nonmajor Governmental Funds	48,955	-	601,943	117,316	-	768,214
Resource Recovery Center	-	-	256	-	-	256
Nonmajor Enterprise Funds	-	-	9,445	-	-	9,445
Internal Service Funds	-	21,000	158,537	-	-	179,537
<b>Totals</b>	<b>\$ 48,955</b>	<b>\$ 727,819</b>	<b>\$ 13,097,102</b>	<b>\$ 711,116</b>	<b>\$ 419,371</b>	<b>\$ 15,004,363</b>

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers are often necessary to cover local match requirements for grant programs that require them or to cover expenditures not covered by the grants or other funding sources. These include funding for Child Care fund services for youth in the County of Muskegon's youth home, Public Health services, Community Mental Health services (HealthWest), Indigent Defense funding, IV-D Cooperative Reimbursement (child support) funding, Emergency Management funding, various law enforcement grants, such as Highway Safety and Marine Safety programs, judicial grants such as Adult Drug Treatment Court funding, and for the Muskegon County Airport to cover operating costs not funded by enplanement revenues. Transfers are also made from the General Fund to the Equipment Revolving fund, an internal service fund that serves as a capital equipment pool that finances big ticket purchase for various County departments, for reimbursement for capital projects related to the Convention & Visitors Bureau and cruise ship port. Other transfers from the General Fund and other funds are necessary to move receipts to debt services funds as debt service payments become due, such as for pension obligation bonds issued in 2018, capital obligation bonds issued in 2015, Building Authority bonds issued in 2018 for the construction of the County jail complex, and for refunding bonds that were issued in 2018 to refinance bonds originally issued for the construction of the HealthWest facility.

Transfers are made to General Fund as well as to non-General Fund departments per the County of Muskegon Opioid Settlement Funding Distribution Plan, which allows departments to provide services to County residents affected by substance abuse disorders.

A one-time transfer from the General Fund to the Equipment Revolving fund was made in fiscal year 2024 to subsidize the purchase of Public Health fleet vehicles made from the Equipment Revolving Fund.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 9. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

##### Primary Government

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 22,864,420	\$ -	\$ (157,278)	\$ -	\$ 22,707,142
Construction-in-progress	5,437,817	9,594,178	(34,392)	(1,527,507)	13,470,096
	<u>28,302,237</u>	<u>9,594,178</u>	<u>(191,670)</u>	<u>(1,527,507)</u>	<u>36,177,238</u>
Capital assets being depreciated/amortized:					
Land improvements	8,075,576	-	(98,703)	-	7,976,873
Building and improvements	101,497,614	917,779	(3,183,630)	1,527,507	100,759,270
Machinery and equipment	33,448,481	1,037,810	(1,299,257)	-	33,187,034
Lease assets (Note 21):					
Building and improvements	1,537,956	427,516	-	-	1,965,472
Machinery and equipment	319,171	1,451,383	-	-	1,770,554
Subscription assets (Note 22)	1,420,392	447,969	-	-	1,868,361
	<u>146,299,190</u>	<u>4,282,457</u>	<u>(4,581,590)</u>	<u>1,527,507</u>	<u>147,527,564</u>
Less accumulated depreciation/amortization for:					
Land improvements	(5,331,053)	(205,972)	98,703	-	(5,438,322)
Building and improvements	(47,638,088)	(3,225,417)	2,865,323	-	(47,998,182)
Machinery and equipment	(25,029,388)	(2,211,711)	1,249,009	-	(25,992,090)
Lease assets (Note 21):					
Building and improvements	(455,820)	(520,607)	-	-	(976,427)
Machinery and equipment	(20,975)	(74,623)	-	-	(95,598)
Subscription assets (Note 22)	(79,057)	(465,721)	-	-	(544,778)
	<u>(78,554,381)</u>	<u>(6,704,051)</u>	<u>4,213,035</u>	<u>-</u>	<u>(81,045,397)</u>
Total capital assets being depreciated/amortized, net	<u>67,744,809</u>	<u>(2,421,594)</u>	<u>(368,555)</u>	<u>1,527,507</u>	<u>66,482,167</u>
<b>Governmental activities- capital assets, net</b>					
	<u>\$ 96,047,046</u>	<u>\$ 7,172,584</u>	<u>\$ (560,225)</u>	<u>\$ -</u>	<u>\$ 102,659,405</u>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

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

Depreciation/amortization of governmental activities by function	
General government	\$ 1,413,149
Judicial	19,788
Public safety	1,461,958
Health	1,234,141
Welfare	1,700
Culture	8,256
Recreation	269,509
Internal service funds	2,295,550
<b>Total depreciation/amortization expense - governmental activities</b>	<b>\$ 6,704,051</b>

**COUNTY OF MUSKEGON, MICHIGAN**
**Notes to Financial Statements**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 20,541,123	\$ 112,607	\$ (204,343)	\$ 1,553,674	\$ 22,003,061
Construction-in-progress	20,172,578	5,344,023	(45,271)	(17,435,130)	8,036,200
	<u>40,713,701</u>	<u>5,456,630</u>	<u>(249,614)</u>	<u>(15,881,456)</u>	<u>30,039,261</u>
Capital assets being depreciated/amortized:					
Land improvements	39,592,769	391,952	(76,401)	14,093,753	54,002,073
Buildings and improvements	28,460,279	267,644	(27,209)	62,447	28,763,161
Machinery and equipment	66,783,184	7,265,963	(2,036,011)	109,520	72,122,656
Lagoons	9,495,715	-	-	-	9,495,715
W/W collection and distribution	176,027,810	1,862,474	-	1,615,736	179,506,020
Capitalized interest and engineering	13,421,028	-	-	-	13,421,028
Subscription assets (Note 22)	44,807	-	-	-	44,807
	<u>333,825,592</u>	<u>9,788,033</u>	<u>(2,139,621)</u>	<u>15,881,456</u>	<u>357,355,460</u>
Less accumulated depreciation/amortization for:					
Land improvements	(18,569,461)	(1,280,997)	76,401	-	(19,774,057)
Building and improvements	(19,852,240)	(730,145)	23,601	-	(20,558,784)
Machinery and equipment	(27,091,305)	(2,915,849)	1,680,645	-	(28,326,509)
Lagoons	(4,765,248)	(95,085)	-	-	(4,860,333)
W/W collection and distribution	(106,324,310)	(5,484,877)	-	-	(111,809,187)
Capitalized interest and engineering	(9,587,528)	(190,724)	-	-	(9,778,252)
Subscription assets (Note 22)	-	(8,961)	-	-	(8,961)
	<u>(186,190,092)</u>	<u>(10,706,638)</u>	<u>1,780,647</u>	<u>-</u>	<u>(195,116,083)</u>
Total capital assets being depreciated/amortized, net	147,635,500	(918,605)	(358,974)	15,881,456	162,239,377
<b>Business-type activities</b>					
capital assets, net	<u>\$ 188,349,201</u>	<u>\$ 4,538,025</u>	<u>\$ (608,588)</u>	<u>\$ -</u>	<u>\$ 192,278,638</u>

**COUNTY OF MUSKEGON, MICHIGAN**
**Notes to Financial Statements**

Depreciation/amortization expense was charged to functions/programs of the primary government's business-type activities as follows:

**Depreciation/amortization of business-type activities by function**

Regional Water	\$ 685,123
Solid Waste	769,342
Airport	1,328,285
Resource Recovery Center	7,175,984
Nonmajor enterprise funds	<u>747,904</u>

**Total depreciation/amortization expense - business-type activities**

\$ 10,706,638

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Land Bank Authority</b>					
<b>Discretely Presented Component Unit</b>					
Capital assets being depreciated:					
Machinery and equipment	\$ 33,705	\$ -	\$ -	\$ -	\$ 33,705
Less accumulated depreciation for:					
Machinery and equipment	(14,445)	(4,815)	-	-	(19,260)
<b>Land Bank Authority</b>					
<b>capital assets, net</b>					
	<u>\$ 19,260</u>	<u>\$ (4,815)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,445</u>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 10. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities at September 30, 2024, are comprised of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Public placement:					
General obligation bonds	\$ 82,049,584	\$ -	\$ (3,410,834)	\$ 78,638,750	\$ 3,395,172
Direct placement:					
General obligation bonds	8,185,000	-	(750,000)	7,435,000	765,000
Installment purchase agreements	134,860	-	(81,456)	53,404	49,240
Total direct placement	<u>8,319,860</u>	<u>-</u>	<u>(831,456)</u>	<u>7,488,404</u>	<u>814,240</u>
Total installment debt	90,369,444	-	(4,242,290)	86,127,154	4,209,412
Lease liability (Note 21)	1,192,044	1,878,899	(726,348)	2,344,595	887,025
Subscription liability (Note 22)	1,205,542	447,969	(664,702)	988,809	575,622
Premium on bonds payable	72,328	-	(20,106)	52,222	13,423
Discount on bonds payable	(123,026)	-	6,890	(116,136)	(7,209)
Compensated absences	7,291,614	1,252,514	(909,389)	7,634,739	883,340
<b>Total governmental activities</b>	<u>\$ 100,007,946</u>	<u>\$ 3,579,382</u>	<u>\$ (6,555,945)</u>	<u>\$ 97,031,383</u>	<u>\$ 6,561,613</u>
<b>Business-type activities</b>					
Public placement:					
General obligation bonds	\$ 32,395,416	\$ 9,935,000	\$ (1,389,166)	\$ 40,941,250	\$ 1,709,828
Revenue bonds	<u>23,565,000</u>	<u>-</u>	<u>(1,585,000)</u>	<u>21,980,000</u>	<u>1,600,000</u>
Total public placement	<u>55,960,416</u>	<u>9,935,000</u>	<u>(2,974,166)</u>	<u>62,921,250</u>	<u>3,309,828</u>
Direct placement:					
Revenue bonds	20,183,365	-	(3,680,000)	16,503,365	3,755,000
Notes payable	11,880,000	10,000,000	(9,500,000)	12,380,000	9,880,000
Total direct placement	<u>32,063,365</u>	<u>10,000,000</u>	<u>(13,180,000)</u>	<u>28,883,365</u>	<u>13,635,000</u>
Total installment debt	88,023,781	19,935,000	(16,154,166)	91,804,615	16,944,828
Subscription liability (Note 22)	44,807	-	(7,389)	37,418	11,293
Premium on bonds payable	1,975,494	141,271	(298,046)	1,818,719	258,288
Discount on bonds payable	(17,670)	-	1,578	(16,092)	(1,632)
Closure and sludge cost	31,283,210	2,599,623	(454)	33,882,379	1,006,521
Compensated absences	1,110,613	287,670	(85,103)	1,313,180	151,935
<b>Total business-type activities</b>	<u>\$ 122,420,235</u>	<u>\$ 22,963,564</u>	<u>\$ (16,543,580)</u>	<u>\$ 128,840,219</u>	<u>\$ 18,371,233</u>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### Governmental Activities

##### Public placement

##### General obligation bonds

\$4,765,000 2018 Building Authority (Limited Tax) Refunding Bonds, Mental Health Building, due in annual installments of \$230,000 to \$400,000 plus interest ranging from 3.00% to 4.00%, payable semi-annually, through May 1, 2033.

\$ 3,165,000

\$43,455,000 2018 Building Authority (Limited Tax) Bonds, Jail and Juvenile Transition Center, due in annual installments of \$930,000 to \$2,610,000 plus interest ranging from 2.184% to 4.05% payable semi-annually, through November 1, 2043.

36,750,000

\$41,179,333 2018 Pension Bonds (governmental-activities portion), due in annual installments of \$1,068,848 to \$3,311,525 plus interest ranging from 3.19% to 4.55%, payable semi-annually, through November 1, 2038.

34,713,750

\$5,915,000 2014 Capital Improvement Bonds, due in annual installments of \$315,000 to \$510,000 plus interest ranging from 3.45% to 4.00%, payable semi-annually, through November 1, 2029.

2,770,000

\$2,325,000 2015 Capital Improvement Bonds, due in annual installments of \$130,000 to \$175,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034.

1,240,000

##### Total governmental activities public placement installment debt

\$ 78,638,750

##### Direct placement

##### General obligation bonds

\$5,095,000 2019 Refunding Bonds (Taxable), due in annual installments of \$405,000 to \$525,000 plus interest at 2.50%, payable semi-annually, through November 1, 2030.

\$ 3,410,000

\$5,220,000 2020 Judgment Bonds, due in annual installments of \$295,000 to \$420,000 plus interest at 2.85%, payable semi-annually, through June 1, 2035.

4,025,000

##### Installment purchase agreements

Various vehicle purchase agreements, due in various monthly installments plus interest maturing at various dates through October 21, 2025.

53,404

##### Total governmental activities direct placement installment debt

\$ 7,488,404

COUNTY OF MUSKEGON, MICHIGAN

■ Notes to Financial Statements

**Business-type Activities**

**Public placement**

**General obligation bonds**

\$16,185,000 Muskegon County Resource Recovery Center Management System (Muskegon, Egeland & Dalton Township Section) Refunding Bonds, Series 2015 (General Obligation Limited Tax), due in an annual installments of \$445,000 to \$1,220,000 plus interest ranging from 4.201% to 5.00%, payable semi-annually, through November 1, 2036.

\$ 11,880,000

\$3,800,000 2015 Capital Improvement Bonds, due in annual installments of \$155,000 to \$265,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034.

2,475,000

\$16,000,000 2022 Capital Improvement Bonds, due in annual installments of \$505,000 to \$1,155,000 plus interest at 4.00%, payable semi-annually, through September 1, 2043.

14,990,000

\$1,970,667 2018 Pension Bonds (business-type activities portion), due in annual installments of \$51,152 to \$158,475 plus interest ranging from 3.19% to 4.55%, payable semi-annually, through November 1, 2038.

1,661,250

\$9,935,000 2024 Capital Improvement Bonds, due in annual installments of \$255,000 to \$710,000 plus interest ranging from 4.00% to 4.13%, payable semi-annually, through September 1, 2044.

9,935,000

**Revenue bonds**

\$6,550,000 2015 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$225,000 to \$450,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2036.

4,570,000

\$4,940,000 2019 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$415,000 to \$585,000 plus interest ranging from 3.50% to 4.00%, payable semi-annually, through November 1, 2028.

2,705,000

\$13,500,000 2021 Muskegon County Water Supply System Revenue Bonds, due in annual installments of \$100,000 to \$855,000 plus interest ranging from 2.00% to 2.25%, payable semi-annually, through July 1, 2047.

13,295,000

\$3,625,000 2021 Resource Recovery Center Revenue Refunding Bond, payable in annual installments of \$695,000 to \$745,000 plus interest at 4.00% payable semi-annually, through July 1, 2026.

1,410,000

**Total business-type activities public placement installment debt**

\$ 62,921,250

COUNTY OF MUSKEGON, MICHIGAN

■ Notes to Financial Statements

**Business-type Activities (Concluded)**

**Direct placement**

**Revenue bonds**

\*\*\$17,386,586 2005 Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$745,000 to \$991,560 plus interest at 1.625%, payable semi-annually, through April 1, 2027.

\$ 2,966,560

\*\*\$14,000,000 2006 Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$595,000 to \$815,000 plus interest at 1.625%, payable semi-annually, through April 1, 2028.

3,175,000

\*\*\$1,800,000 2007 Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$75,000 to \$105,000 plus interest at 1.625%, payable semi-annually, through October 1, 2026.

310,000

\*\*\$898,316 2008 Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$35,000 to \$58,316 plus interest at 2.50%, payable semi-annually, through April 1, 2028.

228,316

\*\*\$15,154,830 2008B Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$620,000 to \$939,830 plus interest at 2.50%, payable semi-annually, through April 1, 2029.

4,479,830

\*\*\$16,132,676 2008C Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$670,000 to \$1,095,000 plus interest at 2.50%, payable semi-annually, through April 1, 2029.

4,757,676

\*\*\$1,664,983 2010 Resource Recovery Center Revenue Bond, payable to MFA in annual installments of \$70,000 to \$105,983 plus interest at 2.50%, payable semi-annually, through April 1, 2030.

585,983

**Notes payable**

\$10,000,000 2023 General Obligation Tax Note, due in installments of \$2,500,000 to \$4,000,000 plus interest at 5.58%, payable semi-annually, through December 1, 2025.

10,000,000

\$9,380,000 2022 General Obligation Tax Note, due in installments of \$2,380,000 to \$3,500,000 plus interest at 5.22%, payable semi-annually, through December 1, 2024.

2,380,000

**Total business-type activities direct placement installment debt**

\$ 28,883,365

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

In addition to the long-term debt items noted above, the County has been apportioned a percentage of various drain bonds and notes. At September 30, 2024, the total amount outstanding on the various bond and drain notes that will be assessed to the County in subsequent years is approximately \$4.1 million. The amounts will be assessed annually through 2044.

#### Pledged Revenues

\*\*The County has pledged future resource recovery center total revenues, net of specified operating expenses, to repay approximately \$67.0 million in certain resource recovery center system revenue bonds issued between September 2005 and January 2010. Proceeds from these bonds provided financing for improvements to the resource recovery center system. These particular bonds are payable solely from resource recovery center net revenues and are payable through 2030. Annual principal and interest payments on these bonds are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on these bonds is \$17,509,102. For the current year, principal and interest paid was \$4,111,351 and net revenues were \$12,920,800.

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended September 30,	Governmental Activities			
	Public Placement		Direct Placement	
	Principal	Interest	Principal	Interest
2025	\$ 3,395,172	\$ 3,094,705	\$ 814,240	\$ 195,164
2026	3,460,400	2,977,505	789,164	173,993
2027	3,520,858	2,853,754	810,000	153,035
2028	3,610,629	2,724,613	830,000	131,487
2029	3,691,085	2,589,184	855,000	109,342
2030-2034	24,414,129	10,241,103	2,970,000	254,121
2035-2039	24,501,477	5,135,004	420,000	11,967
2040-2044	12,045,000	1,262,247	-	-
	<u>\$ 78,638,750</u>	<u>\$ 30,878,115</u>	<u>\$ 7,488,404</u>	<u>\$ 1,029,109</u>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

Year Ended September 30,	Business-type Activities			
	Public Placement		Direct Placement	
	Principal	Interest	Principal	Interest
2025	\$ 3,309,828	\$ 2,401,096	\$ 13,635,000	\$ 876,239
2026	3,469,600	2,178,095	6,340,000	347,385
2027	2,899,142	2,041,393	3,891,560	198,130
2028	3,009,371	1,930,098	2,868,316	118,289
2029	3,123,915	1,813,184	2,042,506	53,712
2030-2034	17,105,871	7,243,668	105,983	2,650
2035-2039	16,158,523	3,733,549	-	-
2040-2044	11,320,000	1,382,470	-	-
2045-2047	2,525,000	114,298	-	-
	<u>\$ 62,921,250</u>	<u>\$ 22,837,851</u>	<u>\$ 28,883,365</u>	<u>\$ 1,596,405</u>

Bonds payable to Michigan Finance Authority (MFA), successor to the Michigan Municipal Bond Authority (MMBA), are under special State authority where bond funds are received based on reimbursable and allowed expenses for specific State Department of Environmental Quality approved projects. Funds are received until a predetermined limit is reached or the project is complete. Once the projects are complete, MFA issues a final bond payment schedule. Until that time, bond principal payments are estimated based on the original debt schedule and the amount drawn to date. Principal payments commence after 18 months from date of original approval.

The local government public works financing bonds were issued by the County under State of Michigan Public Act 185 of 1957 pursuant to contracts entered into with the City of Egerton, Muskegon and Dalton Townships for the financing of additional sewage collection and disposal and water supply systems for the contractees. Under the terms of the agreements, the contractees are to pay the County each year amounts sufficient to provide for debt service. The full faith and credit of the County and that of the respective participating municipalities are pledged for repayment of the bonds.

The Muskegon County Resource Recovery Center No. 1 Bonds issued are a general obligation (revenue) bond issue repayable from the proceeds of contract payments by participating users in the system. The full faith and credit of the County and that of participating municipalities are pledged for repayment of the bonds. The General Obligation tax notes are issued by the County to pay the various local units of government their respective share of delinquent property taxes. The notes are collateralized by the assets of the Delinquent Tax Revolving Fund and the full faith and credit of the County.

Proceeds of the outstanding Muskegon County Building Authority Limited Tax General Obligation Bonds were used to construct a community mental health center, to provide energy improvements across most of the County's buildings, and to remodel the County's Hall of Justice. Building lease payments are pledged for the payment of annual debt service along with the limited tax full faith and credit pledge of the County.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

The compensated absences liability is liquidated by allocating each payoff of earned but unused vacation and sick pay benefits as general administrative expense across all activities of the County primary government and participating component units when paid upon termination of employment. The General Fund paid 30% of the governmental activities expense for fiscal 2024, 46% was from the HealthWest major special revenue fund and the remainder 24% from nonmajor governmental funds.

### 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees and the public; and natural disasters. The County has a self-insurance (internal service) fund to account for and finance its uninsured risk of losses. Under this program, the self-insurance fund provides coverage for up to a maximum of \$300,000 for each Workers' Compensation claim, \$250,000 for each general liability claim, \$50,000 for each property damage claim and \$100,000 for each auto claim. The County purchases commercial insurance for claims in excess of the stated coverages and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

The County manages its risks internally and has set aside assets for claim settlement in its Insurance internal service fund. These funds allocate the cost of providing claims servicing and claims payments by charging a "premium" to each fund based upon various allocation bases. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophic losses.

Insurance internal service fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an accumulation of case estimates for losses reported prior to the close of the accounting period and estimates for claims that have been incurred but not reported (including future claim adjustment expenses) based on past loss experience and consideration of current claim trends, as well as prevailing social, economic and local conditions. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 4.0%.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

Changes in the balances of claims liabilities are as follows:

Year	Beginning of the year liability	Current year claims and change in estimates	Claim Payments	End of the year liability
2023	\$ 2,570,238	\$ 1,372,512	\$ (1,445,897)	\$ 2,496,853
2024	2,496,853	2,266,396	(2,310,009)	2,453,240

### 12. CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

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

### 13. PENSION PLANS

#### Defined Benefit Pension Plan

##### *General Information About the Plan*

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

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers at 2.25%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

*Employees Covered by Benefit Terms.* At the December 31, 2023 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1,171
Inactive employees entitled to but not yet receiving benefits	469
Active employees	255
<b>Total membership</b>	<b>1,895</b>

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

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended September 30, 2024:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - Public Works	\$ 2,477	4.51%
04 - MCF Union	6,254	8.57%
10 - Gnrl Local214	74,471	3.84%
11 - Gnrl NonUnion	286,098	11.00%
12 - District Court	13,397	1.50%
13 - Health Dpt Nrses	8,257	4.05%
14 - Mntl Hlth Wrks	11,853	3.86%
15 - Judges	-	4.13%
17 - Comm/E.O./Adm Dir	41,111	11.00%
20 - Corrections	19,363	2.69%
22 - Shrf Dpty Lcl214	33,861	8.67%
23 - Shrf Cmnd Unit	10,018	7.33%
24 - Correction Ofr hired af 9/1/10	3,594	5.69%
25 - Sheriff Deputy after 10/01/10	2,472	10.17%
27 - Gnrl Non-Union w/ Frozen FAC for Bridged Mult.	19,814	5.41%
28 - Elected Official w/ Frozen FAC for Bridged Mult.	892	5.20%
29 - Sheriff Command w/ Term. FAC for Bridged Mult.	8,980	11.00%
41 - AFSCME#570	20,188	5.58%
90 - Public Works after 02/01/11	2,332	6.50%
91 - Gnrl Local 214 after 11/1/10	4,515	6.00%
	<b>\$ 569,947</b>	

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

*Net Pension Liability.* The County's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	6.93%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	<u>20.0%</u>	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u>7.18%</u>

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income. Investment performance measured for the one-year period ending December 31, 2023 resulted in current year excess gains for use in lowering the assumed rate of investment return, as reflected above.

**Discount Rate.** The discount rate used to measure the total pension liability as of December 31, 2023 was 7.18% (down from 7.25% at December 31, 2022). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### *Changes in Net Pension Liability*

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 305,024,666	\$ 210,010,238	\$ 95,014,428
Changes for the year:			
Service cost	1,913,506	-	1,913,506
Interest	21,378,664	-	21,378,664
Changes in benefits	9,509,333	-	9,509,333
Differences between expected and actual experience	(642,966)	-	(642,966)
Changes in assumptions	2,006,428	-	2,006,428
Employer contributions	-	5,578,982	(5,578,982)
Employee contributions	-	1,003,359	(1,003,359)
Net investment income	-	23,079,333	(23,079,333)
Benefit payments, including refunds of employee contributions	(22,206,582)	(22,206,582)	-
Administrative expense	-	(481,949)	481,949
Net changes	11,958,383	6,973,143	4,985,240
<b>Balances at December 31, 2023</b>	<b>\$ 316,983,049</b>	<b>\$ 216,983,381</b>	<b>\$ 99,999,668</b>

**Changes in benefits.** The changes of benefit terms primarily related to change in the final average compensation (FAC) for certain plan members.

**Changes in assumptions.** Amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

Following is a reconciliation of the County's net pension liability as of September 30, 2024:

Governmental activities	\$ 93,657,962
Business-type activities	6,341,706
	<u>\$ 99,999,668</u>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the County, calculated using the discount rate of 7.18%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
\$ 132,817,516	\$ 99,999,668	\$ 72,084,428

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

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

For the year ended September 30, 2024, the County recognized pension expense of \$18,656,752. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
--------------------------------------	-------------------------------------	---

Net difference between projected and actual earnings on pension plan investments	\$ 12,493,190	\$ -	\$ 12,493,190
Contributions subsequent to the measurement date	<u>5,129,572</u>	<u>-</u>	<u>5,129,572</u>
<b>Total</b>	<b>\$ 17,622,673</b>	<b>\$ -</b>	<b>\$ 17,622,673</b>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2025	\$ 2,021,896
2026	4,704,721
2027	7,454,086
2028	<u>(1,687,513)</u>
<b>Total</b>	<b>\$ 12,493,190</b>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

*Payable to the Pension Plan.* At September 30, 2024, the County had \$569,947 payable for contributions to the pension plan.

For the governmental activities, the net pension liability is generally liquidated among the various governmental funds in proportion to each fund's wages of benefits-eligible employees. The General Fund made 31% of pension contributions by governmental activities for fiscal 2024, 46% was from the HealthWest major special revenue fund and the remainder 23% from nonmajor governmental funds.

#### Defined Contribution Pension Plan

The County's defined contribution pension plan provides benefits to various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and employee contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rests with MERS.

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes from 3.0-8.5% of each participant's base salary to the plan. Employees are required to contribute a minimum of 3.0-5.0% of base pay to the plan. Participating employees are immediately 100% vested in the participant's accumulated balance. Employees become vested in the employer contributions over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The employer and employee contributions were \$1,598,605 and \$2,217,856, respectively for the current year.

### 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### Plan Description

*Plan administration.* The County of Muskegon administers a single-employer defined benefit postemployment healthcare benefit plan that provides health and dental benefits to its retired employees and beneficiaries. The plan is accounted for as an other postemployment benefits trust fund in the County's financial statements, and utilizes the Retiree Health Funding Vehicle and Investment Services Program provided through the Michigan Municipal Employees' Retirement System (MERS). Management of the OPEB Plan is vested with the County Board of Commissioners. Separate financial statements are not prepared for the plan.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

The MERS Retiree Health Funding Vehicle (RHFV program) was created in 2004 with the establishment by MERS of an Internal Revenue Code Section 115 Integral Governmental Trust pursuant to an IRS Private Letter Ruling. The RHFV is made available to all municipalities in Michigan. Participating municipalities can contribute monies to the Trust as desired and no contribution method is imposed. These funds constitute a health care fund, which enable municipalities to accumulate monies to provide or subsidize health benefits for retirees and beneficiaries as defined by Code Section 213. The Retiree Health Funding Vehicle accounts are invested in the MERS portfolio choices and earnings are tax exempt as a result of the Private Letter Ruling obtained by MERS. Plan provisions and requirements are specified in the MERS Health Care Savings Program (HCSP) and Retiree Health Funding Vehicle Plan Document and the Restated MERS Trust Agreement.

**Plan membership.** The Plan is closed to new employees. Membership of the Plan consisted of the following at January 1, 2023, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	613
Active plan members	276
<b>Total membership</b>	<b>889</b>

**Benefits Provided.** The County has the authority to establish or amend benefit terms, to determine the types of benefits provided through the OPEB Plan, and to determine the classes of plan members covered. The OPEB Plan provides postemployment health insurance including medical, prescription drug and dental benefits to its disabled employees, retirees and their dependents. Employees are eligible for health coverage at retirement based on bargaining unit eligibility requirements.

**Contributions.** The contribution requirements of the Plan members and the County are established and may be amended by the Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. Retirees contribute a percentage of the single full plan premium depending on their date of hire. Any participants hired prior to the division specified hire date receive free coverage. Retirees contribute the full incremental cost for spousal coverage regardless of hire date. Surviving spouses always pay the full plan premium as well. Retiree contributions range from 0% to 60% based on service years.

### Investments

**Investment Policy.** The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board of Commissioners deems appropriate. The OPEB Plan's asset allocation policy is shown on the following pages.

**Concentrations.** At September 30, 2024, the OPEB Plan's investments were fully invested in the MERS Retiree Health Funding Vehicle. Within this account, the OPEB Plan's account balance at September 30, 2024 was comprised of 100% total market portfolio funds.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

**Rate of Return.** For the year ended September 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 17.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Net OPEB Asset of the County*

The components of the net OPEB asset of the County at September 30, 2024, were as follows:

Total OPEB liability	\$ 43,434,315
Plan fiduciary net position	(69,158,447)
County's net OPEB asset	<u><u>\$ (25,724,132)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	159.2%

Following is a reconciliation of the County's net OPEB liability (asset) as of September 30, 2024:

	Net OPEB Liability	Net OPEB Asset	Net OPEB Liability (Asset)
Governmental activities	\$ -	\$ (25,990,679)	\$ (25,990,679)
Business-type activities	696,939	(430,392)	266,547
	<u><u>\$ 696,939</u></u>	<u><u>\$ (26,421,071)</u></u>	<u><u>\$ (25,724,132)</u></u>

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to the measurement date of September 30, 2024, using the following actuarial assumptions (which were determined by management utilizing the best information available), applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	2.5%
Investment rate	7.0%, net of OPEB Plan investment expense, including inflation of return
Healthcare cost	Trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.5% trend rates
Retirement age for active employees	Assumed rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Retirement rates project the probability of eligible employees who will retire during the next year.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

**Marital status** Marital status of members at the valuation date was assumed to continue throughout retirement. Ten percent (10%) of future participating retirees are assumed to have a covered spouse during retirement.

**Mortality** Life expectancies were based on mortality tables from Society of Actuaries RPH Headcount-weighted General and Public Safety Mortality table with MP-2021 Full Generational Improvement for healthy life; and Society of Actuaries RPH Headcount-weighted General and Public Safety Disabled Mortality Table with MP-2021 Full Generational Improvement for disabled life.

**Turnover** Assumed turnover rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Turnover rates are not applied when retirement eligibility is achieved. Annual base rates are multiplied by a scaling factor of .88 to obtain the assumed rates for the County.

**Long-term Expected Rate of Return.** The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private assets	<u>20.0%</u>	7.00%	<u>1.40%</u>
		<u>100.0%</u>	<u>4.50%</u>
Inflation			<u>2.50%</u>
<b>Investment rate of return</b>			<u>7.00%</u>

**Discount Rate.** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that the employer will contribute the average over the recent years of actual contributions in the future. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### Changes in Net OPEB Asset

The components of the change in the net OPEB asset are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at September 30, 2023	\$ 42,759,535	\$ 60,484,131	\$ (17,724,596)
Changes for the year:			
Service cost	368,581	-	368,581
Interest	2,941,621	-	2,941,621
Differences between expected and actual experience	(1,452,856)	-	(1,452,856)
Changes of assumptions	658,640	-	658,640
Net investment income	-	10,653,383	(10,653,383)
Benefit payments	(1,841,206)	(1,841,206)	-
Administrative expense	-	(137,861)	137,861
Net changes	674,780	8,674,316	(7,999,536)
Balances at September 30, 2024	\$ 43,434,315	\$ 69,158,447	\$ (25,724,132)

**Change in assumptions.** The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial valuation. In addition, the return on assets was 17.7% compared to the beginning of year expected return of 7.0%.

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate.** The following presents the net OPEB asset of the County, calculated using the discount rate of 7.00%, as well as what the County's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB asset	\$ (21,662,457)	\$ (25,724,132)

Net OPEB asset      \$ (21,662,457)      \$ (25,724,132)      \$ (29,195,599)

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB asset of the County, as well as what the County's net OPEB asset would be if it were calculated using healthcare trend cost rates that are 1-percentage-point lower (6.25% decreasing to 3.5%) or 1-percentage-point higher (8.25% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.25% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (7.25% decreasing to 4.5%)	1% Increase (8.25% decreasing to 5.5%)
Net OPEB asset	\$ (30,007,190)	\$ (25,724,132)	\$ (20,677,943)

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

For the year ended September 30, 2024, the County recognized OPEB benefit of \$6,775,351. The County reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 4,119,022	\$ (4,119,022)
Changes in assumptions	979,739	-	979,739
Net difference between projected and actual earnings			
on OPEB plan investments	_____ -	2,995,192	(2,995,192)
<b>Total</b>	<b>\$ 979,739</b>	<b>\$ 7,114,214</b>	<b>\$ (6,134,475)</b>

The amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2025	\$ (3,926,069)
2026	898,823
2027	(1,824,114)
2028	(1,283,115)
<b>Total</b>	<b>\$ (6,134,475)</b>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

*Payable to the OPEB Plan.* At September 30, 2024, the County had \$546,216 outstanding contribution amounts payable to the plan for the year ended September 30, 2024.

For the governmental activities, the net OPEB asset is generally liquidated among the various governmental funds by contributions in proportion to each fund's wages of benefits-eligible employees. The County did not make any OPEB contributions during fiscal year 2024 due to the Plan currently being overfunded.

#### Defined Contribution Postemployment Healthcare Plan

The County's defined contribution postemployment healthcare plan provides postemployment healthcare benefits for various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rest with MERS. Employees do not contribute to the plan.

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes 3.0% of each participant's base salary to the plan. Participating employees are immediately 100% vested in the member's accumulated balance. Employees become vested in the employers contribution over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The County contributions were \$1,392,532 for the year ended September 30, 2024.

### 15. CLOSURE AND POST-CLOSURE CARE COST

#### Landfill Closure and Post-closure Care

State and federal laws and regulations require the County to place a final cover on its Solid Waste and Fly Ash Program landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$22.8 million reported as landfill closure and post-closure care liability at September 30, 2024 represents the cumulative amount reported to date based on the use of 88 percent of the estimated capacity of the landfills. The remaining life of the landfill is estimated to be 0.6 years. The County will recognize the remaining estimated cost of closure and post-closure care of the total \$27.4 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

In accordance with Michigan Department of Environmental Quality requirements, funding for closure and post-closure cost have been assured with two \$1,000,000 letters of credit and one \$3,000,000 letter of credit with a local financial institution and \$3,349,836 held in trust as of September 30, 2024. The County expects that future inflation costs will be paid from interest earnings in the Solid Waste fund. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by the trust fund set up for this purpose.

### 16. FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund	HealthWest	Nonmajor Governmental Funds	Total
<b>Fund balances, governmental funds</b>				
Nonspendable:				
Prepays	\$ 44,661	\$ 420,674	\$ 138,223	\$ 603,558
Inventories	-	-	43,409	43,409
Long-term advances	100,000	-	-	100,000
Permanent fund corpus	-	-	37,236	37,236
<b>Total nonspendable</b>	<b>144,661</b>	<b>420,674</b>	<b>218,868</b>	<b>784,203</b>
Restricted for:				
Training	30,530	-	-	30,530
Lake Pollution	-	-	368,480	368,480
HealthWest	-	942,564	-	942,564
Seniors	-	-	959,596	959,596
Public Health Local Stabilization	-	-	1,017,175	1,017,175
Opioid treatment	-	-	3,218,160	3,218,160
Convention Business and Tourism	-	-	2,441,501	2,441,501
Grant programs	-	-	489,291	489,291
Indigent defense	-	-	2,422,891	2,422,891
Forfeited property	-	-	67,940	67,940
Deed Automation Fund	-	-	243,271	243,271
Crime Victims' Rights	-	-	1,888	1,888
Muskegon Area Stormwater	-	-	895	895
Veterans' Care & Trust	-	-	445,307	445,307
Mental Health Buildings	-	-	44,260	44,260
Victim Restitution	-	-	25,095	25,095
Lake level	-	-	29,507	29,507
Debt repayment	-	-	137,650	137,650
<b>Total restricted</b>	<b>30,530</b>	<b>942,564</b>	<b>11,912,907</b>	<b>12,886,001</b>

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## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

General Fund	HealthWest	Nonmajor Governmental Funds	Total
<b>Fund balances, governmental funds (concluded)</b>			
Committed for:			
Parks	\$ -	\$ 412,477	\$ 412,477
District Court	-	- 11	11
Juvenile prosecution	-	- 3,917	3,917
Concealed permits	-	- 262,997	262,997
Pension bonds	-	- 1,863,763	1,863,763
Capital projects	-	- 871,839	871,839
<b>Total committed</b>	<b>-</b>	<b>3,415,004</b>	<b>3,415,004</b>
Assigned for:			
Subsequent budget shortfall	1,766,111	-	1,766,111
Emergency Services	-	- 1,277	1,277
Health Department	-	- 50,000	50,000
American Rescue Plan Act	-	- 734,662	734,662
Drug Treatment Court	-	- 11,035	11,035
Capital projects	-	- 33,975	33,975
<b>Total assigned</b>	<b>1,766,111</b>	<b>-</b>	<b>830,949</b>
Unassigned			
	15,604,605	-	15,604,605
<b>Total fund balances, governmental funds</b>			
	<b>\$ 17,545,907</b>	<b>\$ 1,363,238</b>	<b>\$ 16,377,728</b>
			<b>\$ 35,286,873</b>

concluded

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2024, was as follows:

	Governmental Activities	Business-type Activities	Component Units
<b>Capital assets:</b>			
Capital assets not being depreciated/amortized	\$ 36,177,238	\$ 30,039,261	\$ 36,805,037
Capital assets being depreciated/amortized, net	66,482,167	162,239,377	96,813,684
	<u>102,659,405</u>	<u>192,278,638</u>	<u>133,618,721</u>
<b>Related debt:</b>			
Total installment debt	86,127,154	91,804,615	21,101,410
Lease liability	2,344,595	-	-
Subscription liability	988,809	37,418	-
Net bond premium	52,222	1,818,719	-
Net bond discount	(116,136)	(16,092)	-
Deferred charge on advance refunding	(2,222,569)	(264,742)	-
General obligation tax notes	-	(12,380,000)	-
Bonds payable related to installment sales agreements	-	(11,880,000)	-
Pension bonds	(34,713,750)	(1,661,250)	-
Net bond discount related to pension bonds	116,136	5,448	-
Bond premium related to installment sales agreement receivables	-	(702,248)	-
Deferred charge on advance refunding related to installment sales agreements receivable	-	190,875	-
Bonds payable related to judgement bonds	(4,025,000)	-	-
Retainage and capital related payables	1,914,853	518,493	-
Unspent bond proceeds	-	(8,803,689)	(2,509,526)
	<u>50,466,314</u>	<u>58,667,547</u>	<u>18,591,884</u>
<b>Net investment in capital assets</b>	<b><u>\$ 52,193,091</u></b>	<b><u>\$ 133,611,091</u></b>	<b><u>\$ 115,026,837</u></b>

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 18. COMMITMENTS

The County has active construction projects as of September 30, 2024. At year end the County's significant outstanding commitments are as follows:

Project	Remaining commitment
<b>Governmental activities</b>	
Hall of Justice renovations - architectural & engineering	\$ 316,298
Marquette HVAC	1,731,359
Server room move	328,817
Marquette renovations -architectural & engineering	267,096
Hall of Justice renovation project	2,195,987
Jail security screen construction	1,426,988
Engineering services for water main extension	249,856
Marquette renovation project construction management	1,731,359
Architectural and engineering services for new bathhouse	67,925
Fiber connection services	70,975
T-wing furniture	100,775
3 fleet vehicles	119,721
Fleet vehicle purchase	77,904
<b>Business-type activities</b>	
Resource Recovery Center:	
West Randall lift station construction	9,990,715
Whitehall Township water main construction	4,072,024
Swanson Pickle lift station construction	1,687,664
Pump station L main replacement	1,814,278
SERFM construction contract 2	15,819,381
SERFM construction contract 3	16,456,764
Irrigation main replacement	2,455,180
SERFM construction contract 1	13,262,180
Whitehall Township water main extension	379,038
SE regional force main engineering costs	2,882,500
Irrigation main replacement	138,426
Whitehall Township water main extension easements	177,277
Rotary mowers	108,642
Grain cart	165,342
Services to obtain easements for Q to C force replacement	125,000
White road reconstruction	135,000
General engineering services	60,000
Airport:	
Terminal roof modifications	1,631,429

continued...

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

Project	Remaining commitment
<b>Business-type activities (concluded)</b>	
Solid Waste:	
Phase 4 final cover construction	\$ 4,817,632
Cell 4 and 5 closure construction	219,038
Cell 7 structural fill	137,800
Nonmajor enterprise fund - MATS:	
3 Gillig low floor heavy duty buses	<u>2,002,523</u>
	<u>\$ 87,222,893</u>
concluded	

The Muskegon County Resource Recovery Center (MCRRC) enterprise fund uses a land treatment process encompassing 11,000 acres of aeration and settle basins, storage lagoons, including 5,100 acres of irrigated cropland as the final treatment. Wastewater treatment operations include farming activity to grow agricultural commodities, including corn, soybeans and alfalfa, which are harvested and sold in the marketplace. MCRRC enters into fixed price *commodities delivery contracts* in anticipation of corn and soybean harvests. Each contract specifies a quantity to be delivered at an agreed-upon sales price, on a specific date when the corn or soybean crop is expected to be available for sale. Less than half of each year's anticipated harvest of a crop is sold pursuant to such contracts. Since the County expects full delivery of contracted quantities to be made, the corn and soybean contracts are considered to be normal purchases and normal sales contracts and are not considered derivative instruments per Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Reporting for Derivative Instruments*.

### 19. TAX ABATEMENTS

As of September 30, 2024, the County is subject to tax abatements granted by cities and townships in Muskegon County to local businesses under Public Act 198 of 1974 (the "Plant Rehabilitation and Industrial Development Districts Act" or "PA 198"). PA 198 allows abatements – known as Industrial Facilities Exemptions – to provide incentives for eligible businesses to build new plants, expand existing plants, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT) instead of property taxes, which reflects the abatement savings. The IFT on a new plant and non-industrial personal property is computed at half the local property millage rate, resulting in a reduction of property taxes of approximately 50 percent. County property tax revenues were reduced by approximately \$178,000 under agreements entered into by local cities and townships pursuant to this program.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 20. ACCOMMODATIONS TAX

Recreation expenditures (including transfers out) for the Accommodations Tax special revenue fund consist of the following for the year ended September 30, 2024:

Expenditure Type	PA 263	PA 59	Total
Marketing collaboration	\$ 165,144	\$ 15,284	\$ 180,428
Governance/public policy	473,697	430,767	904,464
Other	<u>1,009,509</u>	<u>-</u>	<u>1,009,509</u>
	<u>\$ 1,648,350</u>	<u>\$ 446,051</u>	<u>\$ 2,094,401</u>

#### 21. LEASES

**Lessee** - The County is involved in thirteen agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as an intangible, right-to-use assets and not financed purchases, as the County will not own the assets at the end of the contract term and the noncancelable term of the agreements surpasses one year. The present values are discounted using an interest rate based on the following order 1) actual rate if available; 2) use the rate of increase, if applicable; or 3) use 3% based on the County's incremental borrowing rate if none of the first two rates exist.

#### Remaining Terms of Agreement

##### Asset Type

Buildings and improvements	1-5 years
Machinery and equipment	2-5 years

The right-to-use-assets and the related activity are included in Note 9, Capital Assets. The lease liability and related activity are presented in Note 10, Bonds, Notes, and Other Long-term Liabilities.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

The net present value of future minimum payments as of September 30, 2024, were as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2025	\$ 887,025	\$ 133,622
2026	549,446	84,946
2027	385,082	54,585
2028	308,791	29,917
2029	<u>214,251</u>	<u>7,290</u>
	<u>\$ 2,344,595</u>	<u>\$ 310,360</u>

**Lessor** - The County is involved in nine agreements as a lessor that qualify as a long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended September 30, 2024 was \$1,352,610.

#### Remaining Terms of Agreement

Asset Type	
Buildings and improvements	1-20 years
Land	22-27 years

**Regulated lease agreements** - In accordance with GASB No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and aeronautical users. The leasing operations of the Airport consist principally of the leasing of land, hangars, and office space. The Airport has seven lease agreements that consist of noncancelable agreements and permit the Airport to periodically adjust rents and maximize operational flexibility. Leased land and building and improvements are leased on an exclusive basis.

#### Remaining Terms of Agreement

Asset Type	
Buildings and improvements	2-30 years
Land	4 years

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

Minimum future rentals under such noncancelable lease agreements as of September 30, 2024 are as follows:

Year Ended September 30,	Amount
2025	\$ 268,246
2026	192,883
2027	191,268
2028	195,054
2029	199,998
2030-2034	1,087,330
2035-2039	502,771
2040-2044	77,968
2045-2049	88,736
2050-2054	96,887
	<u>\$ 2,901,141</u>

The Airport recognized \$400,604 of rental income for the year ended September 30, 2024.

### 22. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County is involved in eight arrangements that qualify as a long-term subscription-based information technology arrangements (SBITA). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the County has the control of the right to use another party's IT software and the noncancelable term of the arrangements surpasses one year. The present values are discounted using an interest rate based on the following order 1) actual rate if available; 2) use the rate of increase, if applicable; or 3) use 3% based on the County's incremental borrowing rate if none of the first two rates exist.

#### Remaining Terms of Agreements

Asset Type	
Subscription assets	1-4 years

The right-to-use subscription assets and the related activity are included in Note 9, Capital Assets. The subscription liability and related activity is presented in Note 10, Bonds, Notes and Other Long-term Liabilities.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

The net present value of future minimum payments as of September 30, 2024, were as follows:

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 575,622	\$ 29,664	\$ 11,293	\$ 1,123
2026	392,330	12,270	11,632	784
2027	20,857	610	11,981	435
2028	-	-	2,512	75
	<u>\$ 988,809</u>	<u>\$ 42,544</u>	<u>\$ 37,418</u>	<u>\$ 2,417</u>

### 23. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioid litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 1.91% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$5,410,628 and \$1,248,730 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the County expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$5,089,979. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of September 30, 2024, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2024 of 3%. The net present value of the combined settlement payments to be received as of September 30, 2024 is \$7,046,008.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Financial Statements

#### 24. ADJUSTMENTS TO BEGINNING FUND BALANCE

For the year ended September 30, 2024, the County had the following adjustments to beginning fund balance:

American Rescue Plan Act Special Revenue Fund	Nonmajor Governmental Funds
Fund balance, beginning of year, as previously reported	\$ 241,988 \$ 11,218,187
Change within the financial reporting entity: Change from major fund to nonmajor fund	(241,988) 241,988
Fund balance, beginning of year, as adjusted	\$ - \$ 11,460,175

The County previously reported the American Rescue Plan Act special revenue fund as major. The American Rescue Plan Act special revenue fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended September 30, 2024.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF MUSKEGON, MICHIGAN**

**Required Supplementary Information**

MERS Agent Multiple-Employer Defined Benefit Pension Plan  
Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended September 30				
	2024	2023	2022	2021	2020
<b>Total pension liability</b>					
Service cost	\$ 1,913,506	\$ 2,061,334	\$ 1,886,994	\$ 2,023,535	\$ 2,389,449
Interest	23,378,664	21,145,656	21,249,161	20,307,385	20,324,542
Changes in benefit terms	9,509,333	-	-	-	-
Differences between expected and actual experience	(642,966)	2,120,431	561,550	364,771	1,529,070
Changes in assumptions	2,006,428	-	9,846,165	10,662,443	9,358,648
Benefit payments, including refunds of employee contributions	(22,206,582)	(22,161,647)	(21,061,741)	(20,445,370)	(19,999,524)
Other changes	-	-	-	-	-
Net change in total pension liability	11,958,383	3,165,774	12,482,129	12,912,764	13,602,185
Total pension liability, beginning of year	<u>305,024,666</u>	<u>301,858,892</u>	<u>289,376,763</u>	<u>276,463,999</u>	<u>262,861,814</u>
Total pension liability, end of year	<u>316,983,049</u>	<u>305,024,666</u>	<u>301,858,892</u>	<u>289,376,763</u>	<u>276,463,999</u>

	Year Ended September 30				
	2019	2018	2017	2016	2015
<b>Plan fiduciary net position</b>					
Employer contributions	5,578,982	5,286,816	4,200,230	3,579,954	3,695,616
Employee contributions	1,003,359	1,114,407	1,181,217	1,108,008	1,214,543
Net investment income (loss)	23,079,333	(27,883,468)	31,276,982	29,907,776	28,208,200
Benefit payments, including refunds of employee contributions	(22,206,582)	(22,161,647)	(21,061,741)	(20,445,370)	(19,999,524)
Administrative expense	(481,949)	(452,258)	(370,888)	(441,652)	(485,566)
Net change in plan fiduciary net position	6,973,143	(44,096,150)	15,225,800	13,708,716	12,633,269
Plan fiduciary net position, beginning of year	<u>210,010,238</u>	<u>254,106,388</u>	<u>238,880,588</u>	<u>225,171,872</u>	<u>212,538,603</u>
Plan fiduciary net position, end of year	<u>216,983,381</u>	<u>210,010,238</u>	<u>254,106,388</u>	<u>238,880,588</u>	<u>225,171,872</u>

	Year Ended September 30				
	2019	2018	2017	2016	2015
<b>County's net pension liability</b>					
	\$ 99,999,668	\$ 95,014,428	\$ 47,752,504	\$ 50,496,175	\$ 51,292,127
Plan fiduciary net position as a percentage of total pension liability	68.5%	68.9%	84.2%	82.6%	81.4%
Covered payroll	\$ 18,754,459	\$ 20,085,207	\$ 19,666,929	\$ 20,954,572	\$ 23,217,125

	Year Ended September 30				
	2019	2018	2017	2016	2015
<b>County's net pension liability as a percentage of covered payroll</b>					
	533.2%	473.1%	242.8%	241.0%	220.9%
	213.0%	360.3%	366.6%	348.2%	210.4%

	Year Ended September 30				
	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ 2,641,636	\$ 2,906,291	\$ 3,083,783	\$ 3,308,152	\$ 3,712,445
Interest	21,295,469	21,006,199	20,748,385	19,713,939	19,172,131
Changes in benefit terms	(14,961,647)	-	-	-	-
Differences between expected and actual experience	(1,215,805)	(1,111,674)	(2,373,469)	2,011,308	-
Changes in assumptions	-	-	-	12,726,778	-
Benefit payments, including refunds of employee contributions	(19,542,529)	(18,560,904)	(17,733,692)	(16,766,675)	(15,460,228)
Other changes	877	(876)	-	175	(1,610)
Net change in total pension liability	(11,781,999)	4,239,036	3,725,007	20,993,677	7,422,738
Total pension liability, beginning of year	<u>274,643,813</u>	<u>270,404,777</u>	<u>266,679,770</u>	<u>245,686,093</u>	<u>238,263,355</u>
Total pension liability, end of year	<u>262,861,814</u>	<u>274,643,813</u>	<u>270,404,777</u>	<u>266,679,770</u>	<u>245,686,093</u>
<b>Plan fiduciary net position</b>					
Employer contributions	57,731,046	7,177,037	6,260,290	5,974,000	5,775,708
Employee contributions	1,380,205	1,417,126	1,436,839	1,703,744	1,814,766
Net investment income (loss)	(7,167,381)	21,849,796	17,929,109	(2,519,393)	10,678,844
Benefit payments, including refunds of employee contributions	(19,542,529)	(18,560,904)	(17,733,692)	(16,766,675)	(15,460,228)
Administrative expense	(347,089)	(346,767)	(354,403)	(372,829)	(390,750)
Net change in plan fiduciary net position	32,054,252	11,536,288	7,538,143	(11,981,153)	2,418,340
Plan fiduciary net position, beginning of year	<u>180,484,351</u>	<u>168,948,063</u>	<u>161,409,920</u>	<u>173,391,073</u>	<u>170,972,733</u>
Plan fiduciary net position, end of year	<u>212,538,603</u>	<u>180,484,351</u>	<u>168,948,063</u>	<u>161,409,920</u>	<u>173,391,073</u>
<b>County's net pension liability</b>					
	\$ 50,323,211	\$ 94,159,462	\$ 101,456,714	\$ 105,269,850	\$ 72,295,020
Plan fiduciary net position as a percentage of total pension liability	80.9%	65.7%	62.5%	60.5%	70.6%
Covered payroll	\$ 23,625,834	\$ 26,131,809	\$ 27,677,080	\$ 30,232,116	\$ 34,366,135
County's net pension liability as a percentage of covered payroll	213.0%	360.3%	366.6%	348.2%	210.4%

See notes to required supplementary information.

COUNTY OF MUSKEGON, MICHIGAN

■ **Required Supplementary Information**

MERS Agent Multiple-Employer Defined Benefit Pension Plan  
Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2024	\$ 6,384,361	\$ 6,384,361	\$ -	\$ 19,816,668	32.2%
2023	5,767,356	5,767,356	-	20,360,811	28.3%
2022	5,130,767	5,130,767	-	21,233,641	24.2%
2021	3,885,819	3,885,819	-	21,194,535	18.3%
2020	3,477,859	3,477,859	-	22,581,341	15.4%
2019	4,929,826	54,515,076	49,585,250	24,537,583	222.2%
2018	8,056,421	8,056,421	-	24,801,852	32.5%
2017	6,883,845	6,883,845	-	28,082,014	24.5%
2016	6,071,499	6,071,499	-	29,707,640	20.4%
2015	5,877,765	5,877,765	-	34,318,598	17.1%

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See notes to required supplementary information.

**COUNTY OF MUSKEGON, MICHIGAN**

**Required Supplementary Information**

Other Postemployment Benefit Plan

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

	Year Ended September 30					Year Ended September 30		
	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>								
Service cost	\$ 368,581	\$ 441,835	\$ 408,564	\$ 592,166	\$ 512,080	\$ 2,081,923	\$ 1,659,119	\$ 790,107
Interest	2,941,621	3,380,283	3,461,311	4,402,809	3,980,166	7,070,293	6,944,748	6,630,852
Differences between expected and actual experience	(1,452,856)	(10,177,784)	(2,340,113)	(3,049,402)	-	(15,188,991)	-	-
Changes of assumptions	658,640	1,951,257	1,558,267	(12,537,763)	6,306,132	(67,601,184)	10,857,024	(7,493,570)
Changes in benefit terms	-	-	-	-	-	(3,881,430)	-	-
Benefit payments, including refunds of employee contributions	(1,841,206)	(1,809,918)	(2,005,173)	(2,245,778)	(2,340,702)	(2,646,706)	(3,879,487)	(4,215,210)
Net change in total OPEB liability	674,780	(6,214,327)	1,082,856	(12,837,968)	8,457,676	(80,166,095)	15,581,404	(4,287,821)
Total OPEB liability, beginning of year	42,759,535	48,973,862	47,891,006	60,728,974	52,271,298	132,437,393	116,855,989	121,143,810
Total OPEB liability, end of year	43,434,315	42,759,535	48,973,862	47,891,006	60,728,974	52,271,298	132,437,393	116,855,989
<b>Plan fiduciary net position</b>								
Employer contributions	-	-	-	39,711	1,128,011	1,589,289	1,870,502	1,967,737
Net investment income (loss)	10,653,383	6,598,480	(8,788,534)	12,498,774	3,859,600	1,310,202	2,792,252	5,716,799
Benefit payments, including refunds of employee contributions	(1,841,206)	(1,809,918)	(2,005,173)	(2,245,778)	(2,340,702)	(2,646,706)	(3,879,487)	(3,646,698)
Administrative expense	(137,861)	(117,356)	(115,659)	(115,413)	(98,533)	(103,550)	(129,731)	(163,898)
Net change in plan fiduciary net position	8,674,316	4,671,206	(10,909,366)	10,177,294	2,548,376	149,235	653,536	3,873,849
Plan fiduciary net position, beginning of year	60,484,131	55,812,925	66,722,291	56,544,997	53,996,621	53,847,386	53,193,850	49,320,001
Plan fiduciary net position, end of year	69,158,447	60,484,131	55,812,925	66,722,291	56,544,997	53,996,621	53,847,386	53,193,850
<b>County's net OPEB liability (asset)</b>	<b>\$ (25,724,132)</b>	<b>\$ (17,724,596)</b>	<b>\$ (6,839,063)</b>	<b>\$ (18,831,285)</b>	<b>\$ 4,183,977</b>	<b>\$ (1,725,323)</b>	<b>\$ 78,590,007</b>	<b>\$ 63,662,139</b>
Plan fiduciary net position as a percentage of total OPEB liability	159.2%	141.5%	114.0%	139.3%	93.1%	103.3%	40.7%	45.5%
Covered payroll	\$ 16,820,000	\$ 20,085,207	\$ 19,666,929	\$ 20,954,572	\$ 23,217,125	\$ 22,581,341	\$ 24,801,852	\$ 28,082,014
Net OPEB liability (asset) as a percentage of covered payroll	-152.9%	-88.2%	-34.8%	-89.9%	18.0%	-7.6%	316.9%	226.7%

See notes to required supplementary information.

**COUNTY OF MUSKEGON, MICHIGAN**

**■ Required Supplementary Information**

Other Postemployment Benefit Plan

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 16,820,000	0.0%
2023	-	-	-	20,085,207	0.0%
2022	-	-	-	19,666,929	0.0%
2021	1,066,774	39,711	(1,027,063)	20,954,572	0.2%
2020	551,766	1,128,011	576,245	23,217,125	4.9%
2019	6,025,604	1,589,289	(4,436,315)	22,581,341	7.0%
2018	5,394,138	1,870,502	(3,523,636)	24,801,852	7.5%
2017	4,951,356	1,967,737	(2,983,619)	28,082,014	7.0%

**COUNTY OF MUSKEGON, MICHIGAN**

**■ Required Supplementary Information**

Other Postemployment Benefit Plan

Schedule of Investment Returns

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	17.7%
2023	11.8%
2022	-13.3%
2021	22.5%
2020	7.2%
2019	2.5%
2018	5.2%
2017	11.8%

See notes to required supplementary information.

See notes to required supplementary information.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Notes to the Schedule of Changes in Net Pension Liability and Related Ratios

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

*Changes in Assumptions.* In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2020, amounts reported as changes in assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

In 2021, amounts reported as changes in assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

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

*Changes in Benefit Terms.* The changes of benefit terms in 2019 primarily related to a negotiated reduction in future pension benefits.

The changes of benefit terms in 2024 primarily related to change in the final average compensation (FAC) for certain plan members.

#### Notes to the Schedule of Contributions

Valuation Date      Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2024, based on the 12/31/2021 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	10-20 years, depending on division/bargaining unit
Asset valuation method	5-year smooth fair value
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Mortality

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Required Supplementary Information

#### Other Postemployment Benefit Plan

##### Notes to the Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

*Change in Assumptions.* During fiscal year 2017, the changes of assumptions noted above present the impact of a change in the blended discount rate from 5.5% to 6.0%.

During fiscal year 2018, the changes of assumptions noted above present the impact lowering the covered spouse rate from 20% to 10%, the excise tax load under the "Cadillac" tax law was changed from 2.0% to 3.5%, the discount rate was changed from 5.35% to 7.75%, and the per capita costs, contribution premiums and trend rates were updated as part of the on-going valuation analysis, which included a reduction in the Medicare Advantage premium rates.

During fiscal year 2019, the changes of assumptions noted above present the impact of increasing the blended discount rate from 5.35% to 7.75% and changing the mortality improvement scale from MP 2017 to MP 2018 and revising trend assumptions.

During fiscal year 2020, the changes of assumptions noted above present the impact of the excise tax load under the "Cadillac" tax law was changed from 3.5% to 0.0%, the discount rate was changed from 7.75% to 7.35%, the mortality assumption was changed from Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount- Weighted General and Public Safety Mortality Tables using Scale MP-2020 Full Generational Improvement and the per capita costs, contribution premiums and trend rates were updated as part of the on-going valuation analysis, which included an increase in the Medicare Advantage premium rates.

During fiscal year 2021, the changes of assumptions noted above present the impact of per capita costs, retiree contribution premiums and trend were updated as of the actuarial evaluation, advantage premiums decreased about 20% from 2020 to 2021, the assumed proportion of disabilities from Duty / Non-Duty was changed from 40%/60% to 20%/80%, the assumed salary scale was changed from 2.0% to 2.5%, the turnover and retirement assumptions were updated considering the latest available statistics from the MERS – Muskegon County pension report, and the mortality assumption were changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.

During fiscal year 2022, the expected return on plan assets (and the corresponding discount rate) was lowered from 7.35% to 7.00%. The assumed trend for per capita costs and retiree contribution premiums was revised taking into account the January 1, 2022 renewal.

During fiscal year 2023, the per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial valuation. In addition, the January 1, 2023 renewal was taken into account, and the Medicare Advantage premium decreased 24% from January 1, 2022 to January 1, 2023.

## COUNTY OF MUSKEGON, MICHIGAN

### Notes to Required Supplementary Information

#### Other Postemployment Benefit Plan

During fiscal year 2024, the investment rate of return on assets was 17.7% compared to the beginning of the year expected rate of return of 7%. The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial valuation.

*Changes in Benefit Terms.* Effective January 1, 2019, future retiring employees may no longer elect the 2P plan. This decreased present value costs and the impact is fully recognized in 2019 as changes in benefit terms.

##### Notes to the Schedule of Contributions

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation Date	January 1, 2023
----------------	-----------------

##### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	16 years
Asset valuation method	Fair value
Inflation	2.50%
Salary increases	2.50%
Investment rate of return	7.00%, net of OPEB Plan investment expense, including inflation
Retirement age	Assumed rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Retirement rates project the probability of eligible employees who will retire during the next year.
Mortality	Life expectancies were based on mortality tables from Society of Actuaries RPH Headcount-weighted General and Public Safety Mortality table with MP-2021 Full Generational Improvement for healthy life; and Society of Actuaries RPH Headcount-weighted General and Public Safety Disabled Mortality Table with MP-2021 Full Generational Improvement for disabled life.
Health care trend rates	Trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.5%.

##### Schedule of Investment Returns

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

## APPENDIX C\*

### CHARTER TOWNSHIP OF MUSKEGON

#### GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION

##### PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value". Since 1995, taxable property has had two valuations—State Equalized Value ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of: (a) the Taxable Value of property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV from the preceding year to the current year, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the existing property is limited to the lesser of the net percentage change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. The Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

In addition to limiting the annual increase in Taxable Value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessor for each local unit of government within a county is responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes (churches, governmental property, public schools) is not included in the SEV or Taxable Value in this Official Statement. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan 1998, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value in this Official Statement except as noted.

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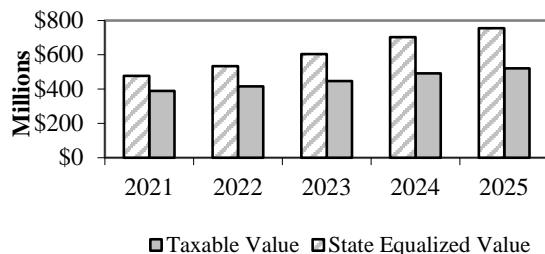
\*Information included in APPENDIX C of this Official Statement was obtained from the Township unless otherwise noted.

## History of Valuations

A history of the property valuations in the Township is shown below:

Property Value as of 12/31	Levy/Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2024	2025	\$521,006,878	6.04%	\$754,327,000	7.41%
2023	2024	491,350,728	10.04	702,261,100	16.23
2022	2023	446,504,623	7.50	604,198,600	13.32
2021	2022	415,354,453	6.70	533,200,900	11.81
2020	2021	389,262,401	----	476,887,400	----

History of Valuations



## Annual Equivalent Valuation

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$521,006,878
Plus: 2025 Equivalent IFT Taxable Value <sup>1</sup>	42,216,662
Total 2025 Equivalent Taxable Value	\$563,223,540
Less: 2025 Disabled Veterans Exemption Taxable Value <sup>2</sup>	(6,469,184)
Net 2025 Annual Equivalent Valuation	<u><u>\$556,754,356</u></u>

<sup>1</sup>See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.

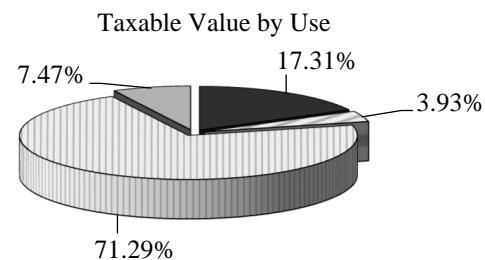
<sup>2</sup>Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.

Source: Muskegon County Equalization Department and 2025 L-4024 and L-4046 reports

## Valuation Composition

A breakdown of the Township's 2025 Taxable Value by class and use is as follows:

<u>By Class:</u>	2025 Taxable Value	Percent of Total
Real Property	\$482,080,178	92.53%
Personal Property	38,926,700	7.47
<b>TOTAL</b>	<b>\$521,006,878</b>	<b>100.00%</b>
<u>By Use:</u>		
Commercial	\$90,195,275	17.31%
Industrial	20,475,290	3.93
Residential	371,409,613	71.29
Personal	38,926,700	7.47
<b>TOTAL</b>	<b>\$521,006,878</b>	<b>100.00%</b>



Source: Muskegon County Equalization Department and 2025 L-4046 report

## INDUSTRIAL FACILITY TAX ABATEMENTS

Under the provisions of Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities in the area. The industrial facilities tax ("IFT") is paid, at a lesser effective rate and in lieu of ad valorem property taxes, in such facilities for a period of up to 12 years. Qualifying facilities are issued abatement certificates for this period.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198.

The 2025 Taxable Value for the properties which have been granted IFT abatements within the Township's boundaries is \$84,433,324, all of which is taxed at ½ rate. For purposes of computing "Equivalent" Taxable Value, it has been shown in the "History of Valuations" section as 50% of the Taxable Value.

*Source: Muskegon County Equalization Department*

## MAJOR TAXPAYERS

The Township's top ten taxpayers and their 2025 Taxable Value are as follows:

Taxpayer	Product/Service	2025 Taxable Value	"Equivalent" IFT Value <sup>1</sup>	2025 Total Valuation
Global Life Sciences Solutions USA LLC/Cytiva	Life Sciences & Therapeutics Mfg.	\$7,172,998	\$39,825,000	\$46,997,998
Consumers Energy	Utility	13,088,260	0	13,088,260
Meijer, Inc.	Retail & Grocery	5,790,900	0	5,790,900
DTE Energy	Utility	5,605,100	0	5,605,100
Renk America LLC	Military Equipment	5,553,134	0	5,553,134
Arlington Estates	Mobile Home Park	5,508,217	0	5,508,217
Michigan Electric Transmission Co.	Utility	5,311,689	0	5,311,689
Wesco Inc.	Gas Stations & Convenience Stores	1,502,527	2,391,662	3,894,189
HVG Arbor Crossing Associates LLC	Housing	2,522,100	0	2,522,100
Park Meadows Holdings LLC	Mobile Home Park	1,798,600	0	1,798,600
<b>TOTALS</b>		<b>\$53,853,525</b>	<b>\$42,216,662</b>	<b>\$96,070,187</b>
Total 2025 Taxable Value		\$521,006,878		\$563,223,540
Top 10 Taxpayers as a % of 2025 Total Values		10.34%		17.06%

<sup>1</sup>Represents 50% of the actual Taxable Value.

*Source: Muskegon County Equalization Department*

## TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total Township tax rates for the past five years.

Taxing Jurisdiction	2025	2024	2023	2022	2021
Charter Township of Muskegon					
Operating	4.1816	4.2031	4.2162	4.2162	4.2766
Public Safety	2.6802	2.6802	2.6886	2.6886	2.7271
Streetlights	0.4000	0.5500	0.5500	0.5500	0.5500
Roads	1.4876	1.4953	1.5000	1.5000	1.4875
<b>Total</b>	<b>8.7494</b>	<b>8.9286</b>	<b>8.9548</b>	<b>8.9548</b>	<b>9.0412</b>

*Source: Muskegon County Equalization Department*

## TAX LEVIES AND COLLECTIONS

The Township's fiscal year begins on January 1. Property taxes are levied on each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge from a period of 45 days from the date the bills are due. After that period of time, a three percent penalty and interest at one percent per month are added to all unpaid taxes. The Township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the County for collection. The County's policy has been to pay the Township for all delinquent real property taxes returned. The Township continues to collect delinquent personal property taxes. Muskegon County annually pays from its Delinquent Tax Revolving Fund delinquent taxes on real property to all taxing units in the County including the Township's, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible. A history of tax levies and collections for the Township is as follows:

Levy Year	Total Tax Levy	Collections to March 1, Following Year	Collections Plus Funding to June 30, Following Year
2024	\$4,311,302	95.60%	100.00%
2023	3,977,281	95.80	100.00
2022	3,704,105	95.60	100.00
2021	3,503,492	96.00	100.00
2020	3,409,323	96.10	100.00

## REVENUES FROM THE STATE OF MICHIGAN

The Township receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On October 7, 2025, Governor Whitmer signed into law the budget for fiscal year 2026. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.010 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Any portion of the CVTRS payment that the Township would be eligible to receive would be subject to certain benchmarks that the Township would need to meet, and there can be no assurance what amount, if any, the Township would receive under the CVTRS program.

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the State's fiscal years ended September 30, 2021 through September 30, 2025.

State of Michigan Fiscal Year Ended September 30th	Total Revenue Sharing Payments <sup>1</sup>
2025	\$2,151,917
2024	2,139,895
2023	2,094,257
2022	2,086,030
2021	1,933,578

<sup>1</sup>Amounts do not include state gas and weight tax distributions.

Source: Department of Treasury via website at [www.michigan.gov/treasury](http://www.michigan.gov/treasury)

## PENSION FUND

### Defined Benefit Pension Plan

The Township's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Township 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 by accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

#### Schedule of Employer Contributions

Fiscal Year Ended December 31,	Employer Contributions
2024	\$351,948
2023	173,376
2022	299,328
2021	8,828,098*
2020	627,864

\*Includes approximately \$8 million of bond proceeds issued to partially fund the Township's defined benefit pension plan.

For additional information, please see NOTE K – EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS in the Notes to the Financial Statements of the Township's Report on Financial Statements.

*Source: Audited Financial Statements*

## OTHER POST-EMPLOYMENT BENEFITS

### Retiree Healthcare Plan

The Township's defined benefit OPEB Plan, the Muskegon Charter Township Other Post-Employment Benefit 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 Township Board. The benefits are provided under collective bargaining agreements and at the discretion of the Township Board. The OPEB Plan does not issue a publicly available report.

#### Schedule of Employer Contributions

Fiscal Year Ended December 31,	Employer Contributions
2024	\$353,211
2023	284,637
2022	270,193
2021	249,534
2020	305,442

For additional information, please see NOTE L – OTHER POSTEMPLOYMENT BENEFITS in the Notes to the Financial Statements of the Township's Report on Financial Statements.

*Source: Audited Financial Statements*

**DEBT STATEMENT - (As of 01/13/26 – including the Bonds described herein)**

**DIRECT AND INDIRECT DEBT:<sup>1,2</sup>**

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding
09/22/05	SRF Sewer Bonds	LT	04/01/27	\$183,359
06/02/15	Wastewater Mgmt. Refunding	LT	11/01/36	8,159,862
06/02/15	Water Supply Sys. Refunding	LT	11/01/36	2,736,216
03/13/19	Water Supply Ref.	LT	11/01/28	421,250
03/01/21	Pension Obligation	LT	10/01/42	<u>7,130,000</u>
<b>TOTAL DIRECT AND INDIRECT DEBT</b>				<b>\$18,630,687</b>
Less: Prior Wastewater Mgmt. Bonds refunded by Wastewater Mgmt. Bonds				(8,159,862) <sup>2</sup>
Less: Prior Water Supply Sys. Bonds refunded by Water Supply Sys. Bonds				(2,736,216) <sup>2</sup>
Plus: Wastewater Mgmt. Refunding Bonds described herein				7,522,313 <sup>2</sup>
Plus: Water Supply Sys. Refunding Bonds described herein				<u>2,527,840<sup>2</sup></u>
<b>NET DIRECT AND INDIRECT DEBT</b>				<b><u>\$17,784,762<sup>2</sup></u></b>
Debt Per Capita (2023 Population Estimate - 17,667)				\$1,006.67
Debt as percentage of SEV				2.36%

<sup>1</sup>Includes the Wastewater Management System - Number One Refunding Bonds, Series 2026 (Limited Tax General Obligation) and the Water Supply System Refunding Bonds, Series 2026 (Limited Tax General Obligation), both of which are currently in process.

<sup>2</sup>Preliminary, subject to change.

*Source: Municipal Advisory Council of Michigan*

**GENERAL FUND BUDGET SUMMARIES**

**Charter Township of Muskegon  
General Fund Budget Summaries**

	2025	2026
<b>Total Revenues</b>	\$7,429,038	\$6,554,232
<b>Total Expenditures</b>	<u>8,622,740</u>	<u>7,046,455</u>
<b>Excess of Expenditures (over) under Revenues</b>	<u>(\$1,193,702)</u>	<u>(\$492,223)</u>
<b>Fund Balance - January 1</b>	<u>\$4,611,021</u>	<u>\$3,417,319</u>
<b>Projected Fund Balance - December 31</b>	<u><u>\$3,417,319</u></u>	<u><u>\$2,925,096</u></u>

**APPENDIX D**  
**CHARTER TOWNSHIP OF MUSKEGON**  
**AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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**INDEPENDENT AUDITORS' REPORT**

Township Board  
Muskegon Charter Township  
Muskegon, Michigan

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muskegon Charter Township, Michigan, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township'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, each major fund, and the aggregate remaining fund information of Muskegon Charter Township, Michigan as of December 31, 2024, 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. 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 Muskegon Charter Township, Michigan, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained sufficient and appropriate to provide a basis for our audit opinions.

**Change in Accounting Principle**

As discussed in Note O to the financial statements, in the year ended December 31, 2024, the Township adopted new guidance, GASB Statement 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 Muskegon Charter Township, 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.

**BRICKLEY DELONG**

Township Board  
Muskegon Charter Township  
Page 2

**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 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, 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 Muskegon Charter Township, 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 Muskegon Charter Township, 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 schedules, and pension and OPEB 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 Muskegon Charter Township, Michigan's basic financial statements. The combining nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Muskegon, Michigan  
 June 5, 2025

## Muskegon Charter Township

### Management's Discussion and Analysis

As management of the Charter Township of Muskegon, Michigan (The "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,289,720 (net position). Of this amount, a deficit \$(14,833,066) is shown in governmental activities unrestricted net position and \$4,102,563 is shown in business-type activities unrestricted net position.
- Total revenues during the year were \$14,314,726 compared to total expenses of \$13,832,921, yielding an overall increase in net position of \$481,805.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$6,649,347. Approximately 53.8% (\$3,576,826) of this amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,884,281, or approximately 61.2% of total General Fund expenditures (less expenditures associated with the General Fund's share of the Pension Obligation Bonds of 2021) and transfers out.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Township's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

## Muskegon Charter Township

### Management's Discussion and Analysis

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., long-term debt, defined benefit retirement and OPEB expenses, and compensated absences).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, and recreation and culture. The business-type activities of the Township include sewer and sanitation services.

#### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Local Streets, and Public Safety funds, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Township adopts an annual appropriated budget for the General Fund and all special revenue funds. Budgetary comparison schedules for the General Fund, the Local Streets Fund, and the Public Safety Fund have been provided to demonstrate compliance with these budgets.

## Muskegon Charter Township

### Management's Discussion and Analysis

**Proprietary Funds.** The Township maintains two types of proprietary funds, which are enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer and sanitation system operations, which are both major funds. Internal service funds are accounting devices used to accumulate and allocate costs internally among the Township's various functions.

The Township has one internal service fund to account for its equipment management services. Because these services primarily benefit the Township's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer and sanitation operations.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Township maintains three fiduciary funds. These funds report resources held by the Township in a custodial capacity for individuals, private organizations, and other governments.

#### Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* demonstrating the Township's compliance with its operating budgets by providing budgetary comparison schedules along with funding information related to its defined benefit pension and OPEB plans.

The combining statements in connection with the Township's nonmajor and custodial funds are presented immediately following the required supplementary information.

## Muskegon Charter Township

### Management's Discussion and Analysis

#### Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, total assets and deferred outflows exceeded liabilities and deferred inflows by \$3,289,720 at the close of the most recent fiscal year.

#### Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets and other assets	\$ 13,018,527	\$ 11,337,328	\$ 5,705,114	\$ 5,767,885	\$ 18,723,641	\$ 17,105,213
Capital assets	4,668,243	4,948,151	17,136,675	17,547,714	21,804,918	22,495,865
Total assets	17,686,770	16,285,479	22,841,789	23,315,599	40,528,559	39,601,078
Deferred outflows of resources	4,306,335	5,664,250	422,334	542,402	4,728,669	6,206,652
Total assets and deferred outflows of resources	21,993,105	21,949,729	23,264,123	23,858,001	45,257,228	45,807,730
Current liabilities	2,451,086	1,926,903	939,936	919,392	3,391,022	2,846,295
Noncurrent liabilities	21,398,361	21,717,588	9,967,885	10,585,109	31,366,246	32,302,697
Total liabilities	23,849,447	23,644,491	10,907,821	11,504,501	34,757,268	35,148,992
Deferred inflows of resources	6,959,874	7,238,216	250,366	319,016	7,210,240	7,557,232
Total liabilities and deferred inflows of resources	30,809,321	30,882,707	11,158,187	11,823,517	41,967,508	42,706,224
Net position						
Net investment in capital assets	4,393,580	4,561,980	8,003,373	7,827,862	12,396,953	12,389,842
Restricted	1,623,270	1,521,336	-	-	1,623,270	1,521,336
Unrestricted	(14,833,066)	(15,016,294)	4,102,563	4,206,622	(10,730,503)	(10,809,672)
Total net position	<b>\$ (8,816,216)</b>	<b>\$ (8,932,978)</b>	<b>\$ 12,105,936</b>	<b>\$ 12,034,484</b>	<b>\$ 3,289,720</b>	<b>\$ 3,101,506</b>

The largest portion of the Township's net position is \$12,396,953 and reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

\$1,623,270 of the Township's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$(10,730,503) is unrestricted.

## Muskegon Charter Township

### Management's Discussion and Analysis

Governmental current assets increased due mainly to operational income and increase in current liabilities. Capital assets decreased due mainly to the sale of three fire vehicles. Current liabilities increased mainly due to the payment of the local road improvement invoice after the end of the year.

Business-type capital assets decreased due to depreciation exceeding current year capital asset additions. Noncurrent liabilities decreased due to normal debt retirement payments.

Fluctuation in deferred inflows and outflows of resources are due to differences in experience, assumptions, and investment return related to the pension and other post-employment benefits plans which are being amortized over average expected remaining service lives of all employees.

## Muskegon Charter Township

### Management's Discussion and Analysis

The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows changes in net position.

#### Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 1,571,140	\$ 2,479,597	\$ 3,727,020	\$ 3,713,240	\$ 5,298,160	\$ 6,192,837
Operating grants and contributions	339,397	203,436	-	-	339,397	203,436
Capital grants and contributions	-	-	148,920	84,657	148,920	84,657
General revenues						
Property taxes	4,685,048	4,370,621	-	-	4,685,048	4,370,621
Grants and contributions not restricted	2,799,172	2,898,630	18,654	110,427	2,817,826	3,009,057
Franchise fees	176,676	199,824	-	-	176,676	199,824
Unrestricted investment earnings	468,636	388,236	250,121	227,932	718,757	616,168
Gain on sale of capital assets	78,305	30,000	-	-	78,305	30,000
Miscellaneous	51,636	42,525	-	-	51,636	42,525
<b>Total revenues</b>	<b>10,170,010</b>	<b>10,612,869</b>	<b>4,144,715</b>	<b>4,136,256</b>	<b>14,314,725</b>	<b>14,749,125</b>
<b>Expenses:</b>						
General government	1,455,164	1,515,359	-	-	1,455,164	1,515,359
Public safety	6,294,648	6,263,929	-	-	6,294,648	6,263,929
Public works	1,362,941	1,112,396	-	-	1,362,941	1,112,396
Health and welfare	19,487	14,721	-	-	19,487	14,721
Community and economic development	243,744	209,488	-	-	243,744	209,488
Culture and recreation	253,942	321,443	-	-	253,942	321,443
Interest on long-term debt	186,856	186,788	-	-	186,856	186,788
Sanitation	-	-	991,309	909,136	991,309	909,136
Sewer	-	-	3,024,829	2,819,809	3,024,829	2,819,809
<b>Total expenses</b>	<b>9,816,782</b>	<b>9,624,124</b>	<b>4,016,138</b>	<b>3,728,945</b>	<b>13,832,920</b>	<b>13,353,069</b>
<b>Increase in net assets</b>						
before transfers	353,228	988,745	128,577	407,311	481,805	1,396,056
Transfers	36,535	36,266	(36,535)	(36,266)	-	-
<b>Change in net position</b>	<b>389,763</b>	<b>1,025,011</b>	<b>92,042</b>	<b>371,045</b>	<b>481,805</b>	<b>1,396,056</b>
Net position - Beginning	(8,932,978)	(9,957,989)	12,034,484	11,663,439	3,101,506	1,705,450
Restatement	(273,001)	-	(20,590)	-	(293,591)	-
<b>Net position - Ending</b>	<b>\$ (8,816,216)</b>	<b>\$ (8,932,978)</b>	<b>\$ 12,015,936</b>	<b>\$ 12,034,484</b>	<b>\$ 3,289,720</b>	<b>\$ 3,101,506</b>

The Township's overall net position (net of prior period adjustments) increased \$481,805 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

## Muskegon Charter Township

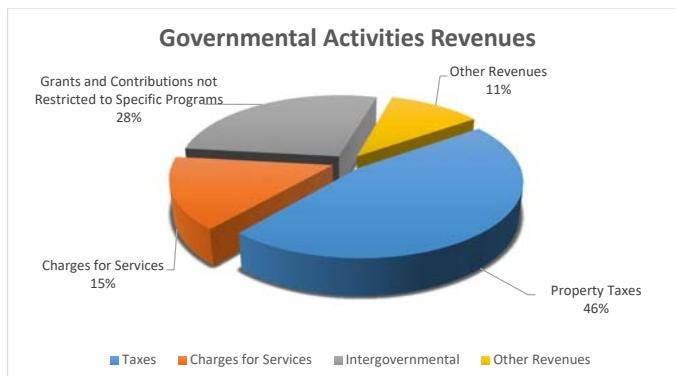
### Management's Discussion and Analysis

#### Governmental Activities

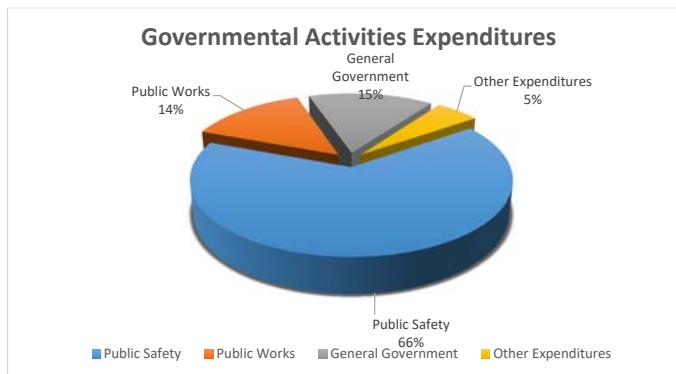
The increase in the overall net position of the governmental activities of the Township was \$389,763 during the year compared to an increase of \$1,025,011 in the prior year.

Property taxes increased due to growth in taxable value. Charges for services decreased greatly due to a large industrial building project in the prior year. Unrestricted investment earnings increased due to interest rates remaining high as well as an overall increase in investment balances.

The following charts are the breakdown of the Township's governmental activities revenues:



The following charts are the breakdown of the Township's governmental activities expenses:



## Muskegon Charter Township

### Management's Discussion and Analysis

#### Business-type Activities

For the Township's business-type activities, the results for the current fiscal year show an increase in overall net position of \$92,042 compared to an increase of \$371,045 in the prior year. Revenues are relatively similar to the prior year with no significant changes to note. Expenses increased due mainly to an increase in wholesale sewer treatment costs and also overall operational costs rising in the Sanitation Fund.

#### Financial Analysis of Governmental Funds

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

**Governmental Funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township's Board.

At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$6,649,347, an increase of \$944,509 over the prior year. Approximately 53.8% (\$3,576,826) of this amount is available for spending at the government's discretion (unassigned fund balance). The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate that it is: 1) prepaid for subsequent year expenditures (\$75,100 or 1.1%); 2) restricted for particular purposes (\$1,620,481 or 24.4%); or 3) committed for particular purposes (\$1,376,940, or 20.7%).

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,884,281. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. The General Fund's unassigned fund balance represents approximately 61.2% of total General Fund expenditures (less expenditures associated with the General Fund's share of the Pension Obligation Bonds of 2021) and transfers out while total fund balance represents approximately 72.6% of that same amount.

General Fund revenues decreased by \$746,756, mostly from decreased permit fees. Expenditures decreased by \$212,302 from the prior year, due mainly to a large decrease in capital outlay in the parks, offset by increases in several other departments.

Local Streets Fund revenues are primarily property taxes and Act 51 monies from the state. Expenses increased by \$190,165, which is dependent on streets construction activity.

The Public Safety Fund, a major fund, had no fund balance at the end of the year. The fund receives a transfer in from the General Fund every year as the millage is not sufficient to cover all of the public safety expenditures.

## Muskegon Charter Township

### Management's Discussion and Analysis

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sanitation Fund had a decrease in net position of \$16,581 in the current year for an ending net position of \$569,110.

The Sewer Fund had an increase in net position of \$101,370 in the current year for an ending net position of \$11,515,805.

#### General Fund Budgetary Highlights

**Original budget compared to final budget.** During the year there were only two significant amendments for increases in revenues. The Township made an increase of \$237,787 to federal intergovernmental revenues, as the Township utilized American Rescue Plan Act funds, and also \$107,000 to investment earnings. Expenditures were adjusted throughout the year. The most significant changes were increases for the Township park improvement projects (\$518,955) and legal fees (\$40,000).

**Final budget compared to actual results.** The Township did not have any significant expenditures in excess of the amounts appropriated during the year ended December 31, 2024.

#### Capital Assets

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2024 amounts to \$21,804,918 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, vehicles, equipment, and sewer system infrastructure. Total capital assets decreased for the current fiscal year as a result of depreciation expense exceeding current year capital asset additions.

Following is a summary of the changes of the Township's capital assets:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 577,138	\$ 577,138	\$ 53,638	\$ 53,638	\$ 630,776	\$ 630,776
Construction in progress	51,266	-	-	-	51,266	-
Land improvements	1,205,370	1,136,059	180,816	187,388	1,386,186	1,323,447
Buildings and improvements	1,007,055	1,063,266	178,574	185,120	1,185,629	1,248,386
Furniture and equipment	115,304	97,899	27,881	35,796	143,185	133,695
Vehicles and equipment	1,712,110	2,073,789	676,925	309,105	2,389,035	2,382,894
Utility systems	-	-	15,933,577	16,684,298	15,933,577	16,684,298
Access rights	-	-	85,264	92,369	85,264	92,369
Total	\$ 4,668,243	\$ 4,948,151	\$ 17,136,675	\$ 17,547,714	\$ 21,804,918	\$ 22,495,865

Additional information on the Township's capital assets can be found in Note F of the "Notes to Financial Statements" of this report.

## Muskegon Charter Township

### Management's Discussion and Analysis

#### Debt Administration

At the end of the current fiscal year, the Township had total obligations outstanding of \$17,389,944 consisting of general obligation bonds and compensated absences.

A summary of the changes in the Township's long-term obligations follows:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 7,490,000	\$ 7,850,000	\$ 9,133,302	\$ 9,719,852	\$ 16,623,302	\$ 17,569,852
Compensated absences	723,323	341,632	43,319	20,704	766,642	362,336
Total	\$ 8,213,323	\$ 8,191,632	\$ 9,176,621	\$ 9,740,556	\$ 17,389,944	\$ 17,932,188

The Township's total long-term obligations decreased by \$542,244 during the year as seen in the table above. The decrease occurred due to regularly scheduled debt service payments, offset by a restatement of compensated absences due to the implementation of a new accounting standard.

Additional information on the Township's long-term debt can be found in Note H of the "Notes to Financial Statements" of this report.

In addition, as of December 31, 2024, the Township had \$5,480,547 of long-term pension liabilities and \$9,831,255 of other postemployment benefits (OPEB) liability. Additional information on the Township's pension and OPEB liabilities can be found in Notes K and L of the "Notes to Financial Statements" of this report.

#### General Economic Overview

The Township's General Fund has two major revenue sources - state revenue sharing and property tax revenue. These two sources comprised approximately 73% of our total General Fund revenues for 2024. Taxable value of property within the Township increased 7.5% for 2024 (2023 tax year) and 10.5% for 2025 (2024 tax year), with an estimated 6.1% increase for 2026 (2025 tax year) and more modest increases in subsequent years. Michigan's economy stabilized in 2024, evidenced by our state revenue sharing/sales tax collections remaining relatively flat compared with 2023. We anticipate revenue sharing to increase approximately 1.5% for 2025, remain relatively flat for 2026 and then start to increase slowly in the next few years as the state's economy begins to grow again.

The increase in home prices has slowed considerably and we expect that trend to continue in 2025 and beyond as the high-interest rate market continues. We anticipate tax collections will increase by approximately 10.5% in 2025 and another 6.1% in 2026, before dropping off to more reasonable rates of increases in future years.

## Muskegon Charter Township

### Management's Discussion and Analysis

The 2025 General Fund budgeted expenditures were approved at \$6,424,825, a decrease of 1.0% from the actual General Fund expenditures of 2024. This is due mainly to a few large capital outlays in 2024. However, there will be many large budget amendments in 2025 to account for the major Township Hall renovation project that is well under way now. The General Fund's total fund balance at December 31, 2024 was \$4,611,021 with \$3,884,281 (59.8% of budgeted expenditures) classified as unassigned. Our total fund balance is currently budgeted to increase by \$49,653 in 2025, but the Township Hall renovation project will use about \$1,200,000 of that fund balance.

Finally, the fiscally conservative approach of the Township Board over the last ten years has allowed the Township to maintain its focus on providing a high level of service at minimal costs and to receive an updated "A+" credit rating with a stable outlook from Standard and Poor's in 2021.

#### Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Township Supervisor at:

Muskegon Charter Township  
1990 E. Apple Avenue  
Muskegon, Michigan 49442  
(231) 777-2555

Muskegon Charter Township  
STATEMENT OF NET POSITION  
December 31, 2024

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 8,680,761	\$ 3,966,464	\$ 12,647,225
Receivables			
Accounts and other	3,439,371	1,019,829	4,459,200
Leases	14,046	-	14,046
Due from other governmental units	824,601	76,634	901,235
Internal balances	(632,296)	632,296	-
Prepaid items	75,100	2,391	77,491
Total current assets	12,401,583	5,697,614	18,099,197
Noncurrent assets			
Leases receivable, less amounts due within one year	314,583	-	314,583
Special assessments receivable, less amounts due within one year	302,361	7,500	309,861
Capital assets, net			
Nondepreciable	628,404	53,638	682,042
Depreciable	4,039,839	17,083,037	21,122,876
Total noncurrent assets	5,285,187	17,144,175	22,429,362
Total assets	17,686,770	22,841,789	40,528,559
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	1,566,511	117,910	1,684,421
Related to OPEB	2,739,824	304,424	3,044,248
Total deferred outflows of resources	4,306,335	422,334	4,728,669
Total assets and deferred outflows of resources	21,993,105	23,264,123	45,257,228

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
STATEMENT OF NET POSITION—CONTINUED  
December 31, 2024

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 605,212	\$ 122,480	\$ 727,692
Due to other governmental units	416,425	241,956	658,381
Unearned revenues—expenditure-driven grants	669,449	-	669,449
Bonds and other obligations, due within one year	760,000	575,500	1,335,500
Total current liabilities	2,451,086	939,936	3,391,022
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	7,453,323	8,601,121	16,054,444
Net pension liability	5,096,909	383,638	5,480,547
Net OPEB liability	8,848,129	983,126	9,831,255
Total noncurrent liabilities	21,398,361	9,967,885	31,366,246
Total liabilities	23,849,447	10,907,821	34,757,268
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for subsequent fiscal year	4,377,947	-	4,377,947
Related to leases	328,629	-	328,629
Related to OPEB	2,253,298	250,366	2,503,664
Total deferred inflows of resources	6,959,874	250,366	7,210,240
Total liabilities and deferred inflows of resources	30,809,321	11,158,187	41,967,508
<b>NET POSITION</b>			
Net investment in capital assets	4,393,580	8,003,373	12,396,953
Restricted			
Public safety	14,429	-	14,429
Streets	448,311	-	448,311
Street lights	596,372	-	596,372
Hydrants	81,334	-	81,334
Water purposes	482,824	-	482,824
Unrestricted	(14,833,066)	4,102,563	(10,730,503)
Total net position	\$ (8,816,216)	\$ 12,105,936	\$ 3,289,720

The accompanying notes are an integral part of this statement.

**Muskegon Charter Township  
STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2024

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities							
General government	\$ 1,455,164	\$ 361,955	\$ 23,005	\$ -	\$ (1,070,204)	\$ -	\$ (1,070,204)
Public safety	6,294,648	972,959	307,357	-	(5,014,332)	-	(5,014,332)
Public works	1,362,941	51,896	9,035	-	(1,302,010)	-	(1,302,010)
Health and welfare	19,487	-	-	-	(19,487)	-	(19,487)
Community and economic development	243,744	183,023	-	-	(60,721)	-	(60,721)
Culture and recreation	253,942	1,307	-	-	(252,635)	-	(252,635)
Interest on long-term debt	186,856	-	-	-	(186,856)	-	(186,856)
Total governmental activities	9,816,782	1,571,140	339,397	-	(7,906,245)	-	(7,906,245)
Business-type activities							
Sanitation	991,309	972,163	-	-	-	(19,146)	(19,146)
Sewer	3,024,829	2,754,857	-	148,920	-	(121,052)	(121,052)
Total business-type activities	4,016,138	3,727,020	-	148,920	-	(140,198)	(140,198)
Total government	<b>\$ 13,832,920</b>	<b>\$ 5,298,160</b>	<b>\$ 339,397</b>	<b>\$ 148,920</b>	<b>(7,906,245)</b>	<b>(140,198)</b>	<b>(8,046,443)</b>
General revenues							
Property taxes, levied for							
General purposes					3,227,314	-	3,227,314
Specific purposes					1,457,734	-	1,457,734
Cable franchise fees					176,676	-	176,676
Grants and contributions not restricted to specific programs					2,799,172	18,654	2,817,826
Unrestricted investment earnings					468,636	250,121	718,757
Gain on sale of capital assets					78,305	-	78,305
Miscellaneous					51,636	-	51,636
Transfers					36,535	(36,535)	-
Total general revenues					8,296,008	232,240	8,528,248
Change in net position					389,763	92,042	481,805
Net position at beginning of year, as restated					(9,205,979)	12,013,894	2,807,915
Net position at end of year					<b>\$ (8,816,216)</b>	<b>\$ 12,105,936</b>	<b>\$ 3,289,720</b>

The accompanying notes are an integral part of this statement.

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Muskegon Charter Township  
**BALANCE SHEET**  
 Governmental Funds  
 December 31, 2024

	General Fund	Local Streets Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 5,097,633	\$ 1,004,689	\$ 546,245	\$ 2,027,279	\$ 8,675,846
Receivables					
Accounts	67,400	-	-	-	67,400
Leases	328,629	-	-	-	328,629
Property taxes	1,536,094	550,383	986,538	202,426	3,275,441
Special assessments	-	-	-	329,253	329,253
Other	45,378	393	23,055	812	69,638
Due from other governmental units	776,805	-	8,878	38,918	824,601
Prepaid items	72,311	2,789	-	-	75,100
Total assets	<b>\$ 7,924,250</b>	<b>\$ 1,558,254</b>	<b>\$ 1,564,716</b>	<b>\$ 2,598,688</b>	<b>\$ 13,645,908</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 126,041	\$ 26,640	\$ 87,587	\$ 43,193	\$ 283,461
Accrued liabilities	29,887	6,842	118,657	126	155,512
Due to other governmental units	1,549	353,752	548	60,576	416,425
Other payables	126,164	-	-	-	126,164
Unearned revenues—expenditure-driven grants	669,449	-	-	-	669,449
Advances from other funds	-	-	-	336,612	336,612
Total liabilities	953,090	387,234	206,792	440,507	1,987,623
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for subsequent fiscal year	2,031,510	722,709	1,357,924	265,805	4,377,948
Unavailable revenues—special assessments	-	-	-	302,361	302,361
Related to leases	328,629	-	-	-	328,629
Total deferred inflows of resources	2,360,139	722,709	1,357,924	568,166	5,008,938
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable—prepaid items	72,311	2,789	-	-	75,100
Restricted					
Public safety	14,429	-	-	-	14,429
Streets	-	445,522	-	-	445,522
Street lights	-	-	-	596,372	596,372
Hydrants	-	-	-	81,334	81,334
Water purposes	-	-	-	482,824	482,824
Committed					
Buildings and grounds improvements	290,000	-	-	-	290,000
Parks	200,000	-	-	-	200,000
Public safety	-	-	-	736,940	736,940
Bike trails	100,000	-	-	-	100,000
Compensated absences	50,000	-	-	-	50,000
Unassigned	3,884,281	-	-	(307,455)	3,576,826
Total fund balances	4,611,021	448,311	-	1,590,015	6,649,347
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 7,924,250</b>	<b>\$ 1,558,254</b>	<b>\$ 1,564,716</b>	<b>\$ 2,598,688</b>	<b>\$ 13,645,908</b>

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
 December 31, 2024

Total fund balances—governmental funds	\$ 6,649,347
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	\$ 10,176,836
Accumulated depreciation	(5,947,034) 4,229,802
Other long-term assets, such as special assessments receivable, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.	
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	(40,074)
Bonds and notes payable	(7,490,000)
Compensated absences	(723,323)
Net pension liability and related deferred outflows/inflows of resources	(3,530,398)
Other postemployment benefits and related deferred outflows/inflows of resources	(8,361,603) (20,145,398)
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	168,693
Internal balances representing the cumulative differences between actual costs and amounts charged to business-type activities	(21,021) 147,672
Net position of governmental activities	<b>\$ (8,816,216)</b>

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Governmental Funds  
For the year ended December 31, 2024

	General Fund	Local Streets Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 2,552,172	\$ 675,142	\$ 1,210,186	\$ 247,549	\$ 4,685,049
Licenses and permits	723,587	-	-	-	723,587
Intergovernmental revenues					
Federal	238,413	9,327	-	-	247,740
State	2,323,253	39,585	168,211	101,626	2,632,675
Local	14,000	110,000	91,000	-	215,000
Charges for services	411,563	-	4,332	419,263	835,158
Fines and forfeitures	11,096	-	2,943	-	14,039
Investment earnings	342,136	38,640	13,950	92,171	486,897
Other	45,625	15,928	189,608	39,049	290,210
Total revenues	6,661,845	888,622	1,680,230	899,658	10,130,355
<b>EXPENDITURES</b>					
Current					
General government	1,252,037	-	-	-	1,252,037
Public safety	896,366	-	4,513,530	91,230	5,501,126
Public works	217,158	849,439	-	265,554	1,332,151
Health and welfare	19,487	-	-	-	19,487
Community and economic development	230,194	-	-	-	230,194
Culture and recreation	183,841	-	-	-	183,841
Debt service					
Principal	349,200	10,800	-	-	360,000
Interest and fees	157,071	4,858	-	14,663	176,592
Capital outlay	223,939	-	248,304	-	472,243
Total expenditures	3,529,293	865,097	4,761,834	371,447	9,527,671
Excess of revenues over (under) expenditures	3,132,552	23,525	(3,081,604)	528,211	602,684
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	305,290	305,290
Transfers in	36,535	-	3,081,604	-	3,118,139
Transfers out	(2,961,604)	-	-	(120,000)	(3,081,604)
Total other financing sources (uses)	(2,925,069)	-	3,081,604	185,290	341,825
Net change in fund balances	207,483	23,525	-	713,501	944,509
Fund balances at beginning of year, as previously presented	4,403,538	-	-	1,301,300	5,704,838
Adjustments to beginning fund balances	-	424,786	-	(424,786)	-
Fund balances at beginning of year, as restated	4,403,538	424,786	-	876,514	5,704,838
Fund balances at end of year	<b>\$ 4,611,021</b>	<b>\$ 448,311</b>	<b>\$ -</b>	<b>\$ 1,590,015</b>	<b>\$ 6,649,347</b>

Muskegon Charter Township  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2024

Net change in fund balances—total governmental funds	\$ 944,509
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	\$ (445,881)
Capital outlay	<u>472,243</u>
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining undepreciated cost of the capital assets sold.	(226,985)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(38,719)
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	360,000
Changes in accrual of interest and amortization of premiums and discounts	
Change in accrued interest payable	408
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	(108,690)
Change in net pension liability and related deferred outflows/inflows of resources	(830,473)
Change in other postemployment benefits and related deferred outflows/inflows of resources	<u>238,312</u>
The internal service fund is used by management to charge the costs of certain activities to individual funds. The net change of the internal service fund is reported with governmental activities.	(700,851)
Change in net position of the internal service fund	32,292
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(7,253)</u>
Change in net position of governmental activities	<u><b>\$ 389,763</b></u>

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
**STATEMENT OF NET POSITION**  
 Proprietary Funds  
 December 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund	
	Sanitation	Sewer	Total		
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 244,213	\$ 3,722,251	\$ 3,966,464	\$ 4,915	
Receivables					
Accounts	276,793	741,512	1,018,305	-	
Other	102	1,422	1,524	-	
Due from other governmental units	-	76,634	76,634	-	
Prepaid items	2,028	363	2,391	-	
Total current assets	523,136	4,542,182	5,065,318	4,915	
Noncurrent assets					
Advances to other funds	-	611,275	611,275	-	
Special assessments receivable	-	7,500	7,500	-	
Capital assets					
Land	-	53,638	53,638	-	
Land improvements	51,167	145,987	197,154	-	
Utility systems	-	37,607,669	37,607,669	-	
Buildings and improvements	143,112	57,487	200,599	-	
Furniture and equipment	15,174	79,737	94,911	-	
Vehicles	2,220,337	288,445	2,508,782	1,049,744	
Access rights	-	213,161	213,161	-	
Less accumulated depreciation	(1,708,172)	(22,031,067)	(23,739,239)	(611,303)	
Net capital assets	721,618	16,415,057	17,136,675	438,441	
Total noncurrent assets	721,618	17,033,832	17,755,450	438,441	
Total assets	1,244,754	21,576,014	22,820,768	443,356	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	67,377	50,533	117,910	-	
Related to OPEB	152,212	152,212	304,424	-	
Total deferred outflows of resources	219,589	202,745	422,334	-	
Total assets and deferred outflows of resources	1,464,343	21,778,759	23,243,102	443,356	

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
**STATEMENT OF NET POSITION—CONTINUED**  
 Proprietary Funds  
 December 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 31,376	\$ 9,373	\$ 40,749	\$ -
Accrued liabilities	8,771	72,960	81,731	-
Due to other governmental units	12,815	229,141	241,956	-
Bonds and other obligations, due within one year	3,500	572,000	575,500	-
Total current liabilities	56,462	883,474	939,936	-
Noncurrent liabilities				
Advances from other funds	-	-	-	274,663
Bonds and other obligations, less amounts due within one year	2,803	8,598,318	8,601,121	-
Net pension liability	219,222	164,416	383,638	-
Net OPEB liability	491,563	491,563	983,126	-
Total noncurrent liabilities	713,588	9,254,297	9,967,885	274,663
Total liabilities	770,050	10,137,771	10,907,821	274,663
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to OPEB	125,183	125,183	250,366	-
Total liabilities and deferred inflows of resources	895,233	10,262,954	11,158,187	274,663
<b>NET POSITION</b>				
Net investment in capital assets	721,618	7,281,755	8,003,373	163,778
Unrestricted	(152,508)	4,234,050	4,081,542	4,915
Total net position	<b>\$ 569,110</b>	<b>\$ 11,515,805</b>	<b>12,084,915</b>	<b>\$ 168,693</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time				
				21,021
Net position of business-type activities				
				<b>\$ 12,105,936</b>

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Proprietary Funds  
For the year ended December 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 972,163	\$ 2,754,857	\$ 3,727,020	\$ 122,179
<b>OPERATING EXPENSES</b>				
Administration	58,500	159,854	218,354	-
Operations	824,338	1,692,312	2,516,650	-
Depreciation and amortization	115,725	799,814	915,539	79,285
Total operating expenses	998,563	2,651,980	3,650,543	79,285
Operating income (loss)	(26,400)	102,877	76,477	42,894
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	21,369	228,752	250,121	69
Capital grants	9,327	9,327	18,654	-
Connection fees	-	148,920	148,920	-
Interest expense	-	(372,848)	(372,848)	(10,671)
Total nonoperating revenues (expenses)	30,696	14,151	44,847	(10,602)
Income (loss) before transfers	4,296	117,028	121,324	32,292
<b>TRANSFERS</b>				
Transfers out	(20,877)	(15,658)	(36,535)	-
Change in net position	(16,581)	101,370	84,789	32,292
Net position at beginning of year, as restated	585,691	11,414,435		136,401
Net position at end of year	<b>\$ 569,110</b>	<b>\$ 11,515,805</b>		<b>\$ 168,693</b>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds		7,253		
Change in net position of business-type activities		<b>\$ 92,042</b>		

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
STATEMENT OF CASH FLOWS  
Proprietary Funds  
For the year ended December 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 961,847	\$ 2,731,494	\$ 3,693,341	\$ -
Receipts from interfund services provided	4,380	6,022	10,402	122,179
Payments to suppliers	(633,491)	(1,681,623)	(2,315,114)	-
Payments to employees	(228,064)	(169,141)	(397,205)	-
Net cash provided by (used for) operating activities	104,672	886,752	991,424	122,179
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(20,877)	(15,658)	(36,535)	-
Advances to other funds (net)	-	155,358	155,358	-
Net cash provided by (used for) noncapital financing activities	(20,877)	139,700	118,823	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Advances from other funds (net)	-	-	-	(111,508)
Connection fees	-	169,756	169,756	-
Proceeds from capital grants	9,327	9,327	18,654	-
Purchases of capital assets	(397,000)	(107,500)	(504,500)	-
Principal paid on capital debt	-	(524,782)	(524,782)	-
Interest paid on capital debt	-	(438,994)	(438,994)	(10,671)
Net cash provided by (used for) capital and related financing activities	(387,673)	(892,193)	(1,279,866)	(122,179)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment earnings	21,457	228,604	250,061	69
Net increase (decrease) in cash and investments	(282,421)	362,863	80,442	69
Cash and investments at beginning of year	526,634	3,359,388	3,886,022	4,846
Cash and investments at end of year	<b>\$ 244,213</b>	<b>\$ 3,722,251</b>	<b>\$ 3,966,464</b>	<b>\$ 4,915</b>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (26,400)	\$ 102,877	\$ 76,477	\$ 42,894
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization expense	115,725	799,814	915,539	79,285
Change in assets and liabilities				
Accounts receivable	(5,936)	(15,162)	(21,098)	-
Due from other governmental units	-	(2,179)	(2,179)	-
Prepaid items	(2,028)	(363)	(2,391)	-
Accounts payable	(5,604)	1,701	(3,903)	-
Accrued liabilities	27,581	16,039	43,620	-
Due to other governmental units	1,334	(15,975)	(14,641)	-
Net cash provided by (used for) operating activities	<b>\$ 104,672</b>	<b>\$ 886,752</b>	<b>\$ 991,424</b>	<b>\$ 122,179</b>

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
**STATEMENT OF NET POSITION**  
Fiduciary Funds  
December 31, 2024

	Other Post-Employment Benefits	Custodial Funds		
		Trust Fund	Trust and Agency	
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 42,387	\$ 2,065,533	
Receivables	-	5	-	
Total assets	-	42,392	2,065,533	
<b>LIABILITIES</b>				
Due to other governmental units	-	8,383	2,063,631	
Deposits held for others	-	34,009	1,902	
Total liabilities	-	42,392	2,065,533	
<b>NET POSITION</b>				
Restricted for individuals, organizations, and other governments	\$ -	\$ -	\$ -	

Muskegon Charter Township  
**STATEMENT OF CHANGES IN NET POSITION**  
Fiduciary Funds  
For the year ended December 31, 2024

	Other Post-Employment Benefits	Custodial Funds		
		Trust Fund	Trust and Agency	
<b>ADDITIONS</b>				
Property taxes collected for other governments	\$ -	\$ -	\$ 15,349,369	
Amounts collected for others	-	936,955	-	
Employer contributions	353,211	-	-	
Total additions	353,211	936,955	15,349,369	
<b>DEDUCTIONS</b>				
Payments of property taxes to other governments	-	-	15,349,369	
Amounts distributed to others	-	936,955	-	
Benefit payments	353,211	-	-	
Total deductions	353,211	936,955	15,349,369	
Change in net position	-	-	-	
Net position at beginning of year	-	-	-	
Net position at end of year	\$ -	\$ -	\$ -	

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Muskegon Charter Township (Township) 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 Township's accounting policies are described below.

**Reporting Entity**

The Township is incorporated as a charter township that is governed by an elected seven-member Board. Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included as component units in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**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 Township. 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.

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 Township'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 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 Township's 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 Township's funds, including its fiduciary funds. 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**  
The Township 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 Local Streets Fund is used to account for construction and maintenance of local streets within the Township.

The Public Safety Fund is used to account for a special tax millage levied by the Township for the operation of the police and fire departments.

The Township reports the following major enterprise funds:

The Sanitation Fund accounts for user charges and for operating expenses of the Township's sanitation department.

The Sewer Fund operates the Township's sewage pumping station, collection systems and pays for access to the county's sewage treatment plant.

Additionally, the Township reports the following fund types:

The Internal Service Fund accounts for equipment management services provided to other funds of the government on a cost reimbursement basis.

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

The Custodial Funds are used to report resources that were contributed or collected for the benefit of others.

During the course of operations the Township 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**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.

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 Township 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.

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 due 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 Township'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 Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

**Prepaid Items**

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 Township is a lessor for certain noncancelable leases. The Township 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 Township 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 Township determines (1) the discount rate to use to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Township 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 Township 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 and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period, 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**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, and equipment of the Township are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20-30
Utility systems	50
Buildings and improvements	30-40
Furniture and equipment	5-10
Vehicles	5-10
Access rights	20

***Defined Benefit Plan***

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

***Deferred Outflows/Inflows of Resources***

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

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

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**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 Township 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 Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumptions***

Sometimes the Township 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 Township'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 government 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 Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township Board has by resolution authorized the Township Treasurer to assign fund balance. The Township Board 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 Township Board has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund of two months of General Fund expenditures or 17 percent of General Fund revenues, whichever is greater. Although circumstances may require the unassigned fund balance to fall below the minimum level established by this policy, it shall be the Township Board's intent that such minimum balance shall be re-established at the earliest opportunity.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**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.

**Property Taxes**

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

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and liened on each 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. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. Taxes levied on December 1 are recorded as receivables and deferred inflows. Taxes are recognized as revenue (and become available for appropriation) in the calendar year following the levy.

The 2023 state taxable value for real/personal property of the Township totaled approximately \$444,830,000. The ad valorem taxes levied consisted of 4.2162, 2.6886, 1.5, and 0.55 mills for the Township's general operating, public safety, street, and street lighting purposes, respectively. These amounts are recognized in the General Fund, Public Safety Fund, Local Streets Fund, and Street Lighting Fund, respectively.

**Compensated Absences**

Township employees are granted paid leave in varying amounts based on length of service and employee group. All paid leave is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE B—STEWARSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level for the General Fund and the fund level for all other governmental funds.

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

**Fund Deficits**

As of December 31, 2024, the Township's Paving Projects Capital Projects Fund had an unassigned fund deficit of \$307,455. The deficit will be eliminated through future special assessment collections. As of December 31, 2024, the Sanitation Fund has an unrestricted net position deficit of \$152,508. The deficit will be eliminated through future operations.

**NOTE C—DEPOSITS AND INVESTMENTS**

As of December 31, 2024, the Township had the following investments:

Investment Type	Weighted Average Maturity (Months)		S&P	Percent
	Fair Value	(Months)		
Negotiable certificates of deposit	\$ 240,367	8	not rated	2.3 %
External investment pool	10,366,746	3	AAAm	97.7
Total fair value		\$ 10,607,113	100.0 %	
Portfolio weighted average maturity		<u>3</u>		

The Township 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 Township's investments is the same as the value of the Pool's shares.

**Deposit and Investment Risks**

**Interest Rate Risk**

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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 Township has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

**Deposit and Investment Risks—Continued**

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2024, \$2,957,686 of the Township's bank balance of \$3,957,686 was exposed to custodial credit risk because it was uninsured and uncollateralized.

***Custodial Credit Risk – Investments***

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

***Foreign Currency Risk***

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

**NOTE D—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 Township 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.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

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 December 31, 2024.

***Negotiable certificates of deposit:*** Valued at the closing price reported on the active market on which the individual securities are traded.

***External investment pool:*** The assets are valued based upon the Township's allocable share of the Michigan CLASS pooled investment portfolio (Pool). The allocable shares are based on the value of the underlying assets owned by the Pool, minus their liabilities.

The assets managed by others are valued monthly by the Pool and are allocated based upon each organization's calculated share of the Pool's pooled investment portfolio. Each entity with an interest within the pooled investments received statements from the Pool indicating the additions to the investments (via contributions), withdrawals from the investments, and the investment returns allocated via a unitization process. The Township calculates the fair value of its share of the pooled investment assets held by the Pool based on the estimated fair value of the underlying assets. The Pool controls the investments and makes 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 Township 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 Township's assets at fair value on a recurring basis as of December 31, 2024:

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ 240,367	\$ -	\$ -	\$ 240,367
External investment pool	-	10,366,746	-	10,366,746
Total assets at fair value	<b>\$ 240,367</b>	<b>\$ 10,366,746</b>	<b>\$ -</b>	<b>\$ 10,607,113</b>

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE E—LEASE RECEIVABLE**

The Township leases the right to use space on land owned by the Township to a third party as part of a lease agreement for the operation of a cell phone antenna. The lease term is for 5 years with four automatic renewals through 2041 and the Township receives monthly payments of \$1,582, increasing by 2 percent each year. The Township recognized \$13,450 in lease revenue and \$5,376 in interest revenue during the year ended December 31, 2024. The Township has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$328,629.

The future minimum payments to be received for this lease are as follows:

<b>Year Ending December 31,</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 14,046	\$ 5,156
2026	14,660	4,927
2027	15,290	4,688
2028	15,939	4,438
2029	16,607	4,178
2030-2034	93,726	16,604
2035-2039	113,466	8,276
2040-2041	44,895	666
	<b>\$ 328,629</b>	<b>\$ 48,933</b>

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE F—CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024 was as follows:

	<b>Balance January 1, 2024</b>	<b>Balance December 31, 2024</b>
	<b>Additions</b>	<b>Deductions</b>
<b>Governmental activities:</b>		
<b>Capital assets, not being depreciated:</b>		
Land	\$ 577,138	\$ -
Construction in progress	-	51,266
Total capital assets, not being depreciated	577,138	51,266
	-	628,404
<b>Capital assets, being depreciated:</b>		
Land improvements	2,144,334	137,935
Buildings and improvements	3,025,836	15,637
Furniture and equipment	686,805	44,488
Vehicles	4,911,068	222,917
Total capital assets, being depreciated	10,768,043	420,977
	590,844	10,598,176
<b>Less accumulated depreciation:</b>		
Land improvements	1,008,275	68,624
Buildings and improvements	1,962,570	71,848
Furniture and equipment	588,906	27,083
Vehicles	2,837,279	357,611
Total accumulated depreciation	6,397,030	525,166
	363,859	6,558,337
Total capital assets, being depreciated, net	4,371,013	(104,189)
	226,985	4,039,839
Capital assets, net	<b>\$ 4,948,151</b>	<b>\$ (52,923)</b>
	<b>\$ 226,985</b>	<b>\$ 4,668,243</b>

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE F—CAPITAL ASSETS—Continued**

	<b>Balance</b>			<b>Balance</b>	
	<b>January 1,</b>	<b>2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31,</b>
<b>Business-type activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 53,638	\$ -	\$ -	\$ 53,638	
<b>Capital assets, being depreciated:</b>					
Utility systems	37,607,669	-	-	37,607,669	
Land improvements	197,154	-	-	197,154	
Buildings and improvements	200,599	-	-	200,599	
Furniture and equipment	94,911	-	-	94,911	
Vehicles	2,004,282	504,500	-	2,508,782	
Access rights	213,161	-	-	213,161	
Total capital assets, being depreciated	40,317,776	504,500	-	40,822,276	
<b>Less accumulated depreciation:</b>					
Utility systems	20,923,371	750,721	-	21,674,092	
Land improvements	9,766	6,572	-	16,338	
Building improvements	15,479	6,546	-	22,025	
Furniture and equipment	59,115	7,915	-	67,030	
Vehicles	1,695,177	136,680	-	1,831,857	
Access rights	120,792	7,105	-	127,897	
Total accumulated depreciation	22,823,700	915,539	-	23,739,239	
Total capital assets, being depreciated, net	17,494,076	(411,039)	-	17,083,037	
Capital assets, net	<b>\$ 17,547,714</b>	<b>\$ (411,039)</b>	<b>\$ -</b>	<b>\$ 17,136,675</b>	

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE F—CAPITAL ASSETS—Continued**

<b>Depreciation</b>	
Depreciation expense has been charged to functions as follows:	
<b>Governmental activities:</b>	
General government	\$ 33,808
Public safety	325,275
Public works	16,257
Culture and recreation	70,541
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	79,285
	<b>\$ 525,166</b>
<b>Business-type activities:</b>	
Sanitation	\$ 115,725
Sewer	799,814
	<b>\$ 915,539</b>

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

**Advances To/From Other Funds:**

Other governmental funds and the Equipment Fund owe the Sewer Fund \$336,612 and \$274,663, respectively for capital projects as of December 31, 2024.

**Interfund transfers:**

<b>Transfers Out:</b>	<b>Transfers In:</b>			
	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Total</b>	<b>Purpose</b>
General Fund	\$ -	\$ 2,961,604	\$ 2,961,604	Operations subsidy
Fire Equipment Fund	-	120,000	120,000	Operations subsidy
Sanitation Fund	20,877	-	20,877	Debt service
Sewer Fund	15,658	-	15,658	Debt service
	<b>\$ 36,535</b>	<b>\$ 3,081,604</b>	<b>\$ 3,118,139</b>	

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE H—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the Township for the year ended December 31, 2024:

	Balance January 1, 2024 as restated			Balance December 31, 2024		
	Additions	Reductions	Due Within One Year			
<b>Governmental activities:</b>						
Public placement debt						
General obligation bonds	\$ 7,850,000	\$ -	\$ 360,000	\$ 7,490,000	\$ 360,000	
Compensated absences	614,633	108,690 *	-	723,323	400,000	
Governmental activities long-term liabilities	<b>\$ 8,464,633</b>	<b>\$ 108,690</b>	<b>\$ 360,000</b>	<b>\$ 8,213,323</b>	<b>\$ 760,000</b>	
<b>Business-type activities:</b>						
Public placement debt						
General obligation bonds	\$ 9,236,152	\$ -	\$ 524,782	\$ 8,711,370	\$ 552,000	
Premium	483,700	-	61,768	421,932	-	
Compensated absences	41,294	2,025 *	-	43,319	23,500	
Business-type activities long-term liabilities	<b>\$ 9,761,146</b>	<b>\$ 2,025</b>	<b>\$ 586,550</b>	<b>\$ 9,176,621</b>	<b>\$ 575,500</b>	

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

General obligation bonds are a direct obligation and pledge the full faith and credit of the Township. If the Township defaults, the bonds are callable.

	Interest Rate	Date of Maturity	Balance
<b>Governmental activities:</b>			
Public placement debt:			
General obligation bonds:			
Limited Tax General Obligation Pension Obligation Bonds, Series 2021	0.789-2.717%	October 2042	<b>\$ 7,490,000</b>

	Interest Rate	Date of Maturity	Balance
<b>Business-type activities:</b>			
Public placement debt:			
General obligation bonds:			
Limited Tax General Obligation Muskegon County Wastewater Management Bonds - Number One, Series 2015	4.5%	November 2036	<b>\$ 8,711,370</b>

For governmental activities, claims and judgments are generally liquidated by the General Fund.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE H—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

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 Township 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 Township's portion of the debt on December 31, 2024 was \$273,813. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The County of Muskegon issued a \$4,940,000 Water Supply System Refunding Bond in 2019 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on December 31, 2024 was \$551,250. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The County of Muskegon issued a \$6,550,000 Water Supply System Refunding Bond in 2015 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on December 31, 2024 was \$1,115,400. The Township is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for debt outstanding as of December 31, 2024 follow:

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Public Placement Debt Principal	Interest	Public Placement Debt Principal	Interest
2025	\$ 360,000	\$ 160,295	\$ 552,000	\$ 441,297
2026	360,000	157,454	579,000	414,708
2027	365,000	154,074	602,000	386,720
2028	370,000	149,712	630,000	357,507
2029	375,000	144,736	661,000	326,895
2030-2034	1,975,000	619,150	3,845,000	1,287,128
2035-2039	2,210,000	381,587	1,842,370	293,878
2040-2042	1,475,000	80,831	-	-
	<b>\$ 7,490,000</b>	<b>\$ 1,847,839</b>	<b>\$ 8,711,370</b>	<b>\$ 3,508,133</b>

**Conduit Debt Obligation**

To provide library services to Township residents, the Township has leased space from a third party (landlord) for a library branch location that is operated by Muskegon Area District Library (MADL). MADL has committed to making all lease payments for the leased space directly to the landlord and has agreed to hold the Township harmless. The lease is for 6 years with an option to extend a further 10 years through 2035 which is expected to be exercised. At December 31, 2024, the net present value of future lease payments is \$207,236. The Township has no commitments as a result of the lease agreement. As a result, no assets or liabilities are recorded in relation to this agreement.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE I—OTHER INFORMATION**

**Risk Management**

The Township 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 for which the Township carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. 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 Township expects such amounts, if any, to be immaterial.

**Commitments**

The Township has a contract agreement for the purchase of a fire truck as of December 31, 2024 of approximately \$827,882. The costs will be paid out of the Fire Equipment Fund.

**Subsequent Events**

After December 31, 2024, the Township entered into a contract agreement for the purchase of a plow truck of approximately \$291,165. The costs will be paid out of the Equipment Fund.

**NOTE J—TAX ABATEMENTS**

**Industrial Facilities Exemption**

The Township 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 Township for a term of one to twelve years as determined by the Township.

For the year ended December 31, 2024, the Township abated property taxes revenues totaling \$19,786 under this program.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS**

**Defined Benefit Pension Plan**

**Plan Description**

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

**Benefits Provided**

The Plan covers all full-time employees hired prior to July 2011. Beginning in July 2011, the various employee divisions began to be closed. By March 2013, all employee divisions were closed.

Benefits provided by the Plan have a multiplier of 2.50 percent. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years.

**Employees Covered by Benefit Terms**

At the December 31, 2023 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	1
Active employees	15
Total employees covered by MERS	<u><u>76</u></u>

**Contributions**

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

For the year ended December 31, 2024, the Township had an annual flat-dollar employer contribution to the Plan of \$351,948 in lieu of a percentage of covered payroll, as the Plan is closed to new employees. Member contributions for the Plan are 10 percent.

**Net Pension Liability**

The Township's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued**

**Defined Benefit Pension Plan—Continued**

**Actuarial Assumptions**

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.00 percent, net of administrative and investment 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 the version of Pub-2010 and fully generational MP-2019.

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent for 2023. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at rates agreed upon for employees and the actuarially determined rate for employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued**

**Defined Benefit Pension Plan—Continued**

**Changes in the Net Pension Liability**

	Increase (Decrease)		Plan	Net Pension Liability
		Total Pension Liability (a)	Fiduciary Position (b)	(a)-(b)
Balance at January 1, 2023		\$ 30,367,733	\$ 24,855,810	\$ 5,511,923
Changes for the year				
Service costs	169,340		-	169,340
Interest	2,141,955		-	2,141,955
Difference between expected and actual experience	385,785		-	385,785
Changes in assumptions	239,903		-	239,903
Contributions - employer	-	173,376	(173,376)	
Contributions - employee	-	106,450	(106,450)	
Net investment income	-	2,745,792	(2,745,792)	
Administrative expenses	-	(57,259)	57,259	
Benefit payments including refund of employee contributions	(1,816,401)		(1,816,401)	-
Net changes	1,120,582		1,151,958	(31,376)
Balance at December 31, 2023		<b>\$ 31,488,315</b>	<b>\$ 26,007,768</b>	<b>\$ 5,480,547</b>

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Township's net pension liability	\$ 9,279,243	\$ 5,480,547	\$ 2,329,478

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—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 December 31, 2024, the Township recognized pension expense of \$1,244,928. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual net investment income	\$ 1,332,473	\$ -
Contributions subsequent to the measurement date*	351,948	-
<b>Total</b>	<b>\$ 1,684,421</b>	<b>\$ -</b>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2025.

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

<b>Year Ending December 31,</b>	<b>Amount</b>
2025	\$ 273,953
2026	441,638
2027	817,188
2028	(200,306)

**Payables to the Pension Plan**

At December 31, 2024, the Township had a payable to the pension plan for \$29,329.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued**

**Defined Contribution Plan**

The Township 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 Township Board as determined by negotiated labor contracts. The Township is required to contribute 2 percent of a qualified employees' annual compensation each year and also match employee contributions for up to an additional 7 percent for non-union, 7 percent for fire union and clerical/DPW employees, and 8 percent for police union employees. Employees are not required to contribute. For the year ended December 31, 2024, Township and employee contributions were \$296,226 and \$270,182, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Township contributions and earnings on Township contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested Township 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 December 31, 2024, there were no forfeitures.

**Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Township employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

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

**NOTE L—OTHER POSTEMPLOYMENT BENEFITS**

**Retiree Healthcare Plan**

**Plan Description**

The Township's defined benefit OPEB Plan, the Muskegon Charter Township Other Post-Employment Benefit 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 Township Board. The benefits are provided under collective bargaining agreements and at the discretion of the Township Board. The OPEB Plan does not issue a publicly available report.

**Benefits Provided**

The OPEB Plan provides medical insurance for retirees and their spouses who are eligible for the benefits. Eligibility is determined based on tenure at the Township as well as position and classification and is maintained until the employee's and spouse's death (or, if hired after January 1, 2013, the age of 65). Effective January 1, 2023, the OPEB Plan is closed to all new entrants.

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE L—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

**Employees Covered by Benefit Terms**

At the December 31, 2023 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	1
Active employees	43
<b>Total employees covered by OPEB Plan</b>	<b>92</b>

**Contributions**

The OPEB Plan was established and is being funded under the authority of the Township and under agreements with unions representing various classes of employees. The OPEB Plan's funding policy is that the Township will continue to pay benefit payments from general operating funds on a pay-as-you-go basis. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. For the year ended December 31, 2024, the Township made payments for postemployment healthcare benefits for current retirees of \$353,211. The Township did not make contributions to the OPEB Plan trust.

**Net OPEB Liability**

The Township's net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to December 31, 2024.

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	Not applicable - the OPEB Plan is not pre-funded
Salary increases	3.0 percent
Investment rate of return	Not applicable - the OPEB Plan is not pre-funded
Healthcare cost trend rates	Pre-Medicare - 7.25 percent for two years, then graded down to 4.5 percent by 0.25 percent per year
	Post-Medicare - 5.5 percent for two years, then graded down to 4.5 percent by 0.25 percent per year

**Mortality**

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

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE L—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

**Actuarial Assumptions—Continued**

*Investment Rate of Return*

As the OPEB Plan is not pre-funded, no long-term expected rate of return on the OPEB Plan investments was determined.

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.28 percent. Because the OPEB Plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. The discount rate is reflective of the 20-year AA/Aa tax-exempt municipal bond yield. This discount rate is used to determine the total OPEB liability. The discount rate used to calculate the liability at the beginning of the year was 4.00 percent.

**Changes in the Net OPEB Liability**

		<b>Increase (Decrease)</b>	
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balance at January 1, 2024	\$ 9,963,186	\$ -	\$ 9,963,186
Changes for the year			
Service costs	162,534	-	162,534
Interest	397,964	-	397,964
Difference between expected and actual experience	(151,089)	-	(151,089)
Changes in assumptions	(188,129)	-	(188,129)
Contributions - employer	-	353,211	(353,211)
Benefit payments including refund of employee contributions	(353,211)	(353,211)	-
Net changes	(131,931)	-	(131,931)
Balance at December 31, 2024	<b>\$ 9,831,255</b>	<b>\$ -</b>	<b>\$ 9,831,255</b>

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE L—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

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

The following presents the net OPEB liability of the Township, calculated using the discount rate of 4.28 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	(3.28%)	(4.28%)	(5.28%)
Township's OPEB liability	\$ 11,011,797	\$ 9,831,255	\$ 8,846,907

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

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate for pre-Medicare of 7.25 percent for two years, then decreasing to 4.5 percent and post-Medicare of 5.5 percent for two years, then decreasing to 4.5 percent, as well as what the Township's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Current</b>		
	<b>Healthcare</b>		
	<b>Cost Trend</b>		
	<b>Rates</b>		
Township's OPEB liability	\$ 8,770,044	\$ 9,831,255	\$ 11,120,531

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB Plan's fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Township's fiduciary net position have been determined on the same basis as they are reported by the Township. 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 December 31, 2024, the Township recognized OPEB expense of \$88,421. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
	<b>of Resources</b>	<b>of Resources</b>
Differences in experience	\$ 808,942	\$ 166,492
Differences in assumptions	2,235,306	2,337,172
<b>Total</b>	<b>\$ 3,044,248</b>	<b>\$ 2,503,664</b>

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE L—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:

<b>Year Ending</b>	<b>December 31,</b>	<b>Amount</b>
	2025	\$ (472,077)
	2026	(448,353)
	2027	140,493
	2028	394,110
	2029	227,580
	Thereafter	698,831

***Payables to the OPEB Plan***

At December 31, 2024, the Township did not have a payable to the OPEB Plan.

**NOTE M—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 35 percent of General Fund revenues.

**NOTE N—CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY**

During the year ended December 31, 2024, a fund's classification changed from nonmajor to major, resulting in adjustments to beginning fund balances, as follows:

	<b>Local Streets</b>	<b>Other</b>
	<b>Fund</b>	<b>Governmental</b>
	<b>Funds</b>	
Balances at January 1, 2024	\$ -	\$ 1,301,300
Change from nonmajor to major fund	424,786	(424,786)
Balances at January 1, 2024, as restated	<b>\$ 424,786</b>	<b>\$ 876,514</b>

Muskegon Charter Township  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE O—CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2024, the Township 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. The restatement for the beginning of the year has the following impact on net position:

	Governmental Activities		Business-type Activities	
	Net Position	Bonds and Other Obligations	Net Position	Bonds and Other Obligations
Balances at January 1, 2024	\$ (8,932,978)	\$ 8,191,632	\$ 12,034,484	\$ 9,740,556
Adoption of GASB Statement 101	(273,001)	273,001	(20,590)	20,590
Balances at January 1, 2024, as restated	<b>\$ (9,205,979)</b>	<b>\$ 8,464,633</b>	<b>\$ 12,013,894</b>	<b>\$ 9,761,146</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

	Business-type Activities			
	Sanitation Fund		Sewer Fund	
	Net Position	Bonds and Other Obligations	Net Position	Bonds and Other Obligations
Balances at January 1, 2024	\$ 589,906	\$ 955	\$ 11,430,810	\$ 9,739,601
Adoption of GASB Statement 101	(4,215)	4,215	(16,375)	16,375
Balances at January 1, 2024, as restated	<b>\$ 585,691</b>	<b>\$ 5,170</b>	<b>\$ 11,414,435</b>	<b>\$ 9,755,976</b>

Muskegon Charter Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended December 31, 2024

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 2,521,423	\$ 2,536,423	\$ 2,552,172
Licenses and permits	701,000	727,000	723,587
Intergovernmental revenues			\$ 15,749
Federal		237,787	238,413
State	2,333,824	2,352,120	2,323,253
Local	12,500	21,805	14,000
Charges for services	520,797	482,797	411,563
Fines and forfeitures	2,500	2,500	11,096
Investment earnings	200,000	307,000	342,136
Other	48,500	40,400	45,625
Total revenues	6,340,544	6,707,832	6,661,845
<b>EXPENDITURES</b>			
Current			
General government			
Board of trustees	45,871	45,871	45,746
Supervisor	102,582	106,728	106,578
Elections	62,452	62,452	39,549
Assessing	168,160	168,160	166,998
Professional services	73,320	73,320	55,939
Clerk	261,293	261,593	260,383
Treasurer	249,664	249,664	247,197
Township hall	108,684	107,418	104,914
Other	204,087	226,487	224,733
Public safety			
Inspection department	278,963	293,305	286,374
Rental inspections	205,443	205,443	201,823
Other	390,143	410,143	408,169
Public works			
Leaf collection	18,896	19,770	19,494
Drains		3,105	3,105
Other	184,869	194,869	194,559
Health and welfare			
Senior services	14,500	20,307	19,487
Community and economic development			
Planning	50,372	50,372	45,745
Zoning	181,468	186,587	183,986
Board of appeals	1,313	1,313	-
Industrial park development		550	463
Culture and recreation			87
Parks and recreation	185,647	186,519	183,841
Debt service			
Principal	349,200	349,200	349,200
Interest and fees	157,071	157,071	157,071
Capital outlay	40,000	229,201	223,939
Total expenditures	3,333,998	3,609,448	3,529,293
Excess of revenues over expenditures	3,006,546	3,098,384	3,132,552
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	36,535	36,535	36,535
Transfers out	(3,343,198)	(3,029,354)	(2,961,604)
Total other financing sources (uses)	(3,306,663)	(2,992,819)	(2,925,069)
Net change in fund balance	<b>\$ (300,117)</b>	<b>\$ 105,565</b>	<b>207,483</b>
Fund balance at beginning of year			4,403,538
Fund balance at end of year			<b>\$ 4,611,021</b>

Muskegon Charter Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Local Streets Fund  
For the year ended December 31, 2024

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 673,296	\$ 673,296	\$ 675,142
Intergovernmental revenues			\$ 1,846
Federal		-	9,327
State		42,000	42,000
Local	110,000	110,000	110,000
Investment earnings	20,000	20,000	38,640
Other		-	15,928
Total revenues	845,296	870,551	888,622
<b>EXPENDITURES</b>			
Current			
Public works	723,230	911,830	849,439
Debt service			62,391
Principal	10,800	10,800	10,800
Interest and fees	4,858	4,858	4,858
Total expenditures	738,888	927,488	865,097
Net change in fund balance	<b>\$ 106,408</b>	<b>\$ (56,937)</b>	<b>23,525</b>
Fund balance at beginning of year			<b>424,786</b>
Fund balance at end of year			<b>\$ 448,311</b>

Muskegon Charter Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Public Safety Fund  
 For the year ended December 31, 2024

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 1,209,578	\$ 1,209,578	\$ 1,210,186	\$ 608
Intergovernmental revenues				
State	86,000	163,336	168,211	4,875
Local	91,000	91,000	91,000	-
Charges for services	5,000	5,000	4,332	(668)
Fines and forfeitures	2,000	4,143	2,943	(1,200)
Investment earnings	5,000	13,959	13,950	(9)
Other	144,357	184,819	189,608	4,789
Total revenues	1,542,935	1,671,835	1,680,230	8,395
<b>EXPENDITURES</b>				
Current				
Public safety				
Police department	2,206,199	2,291,166	2,281,058	10,108
Fire department	2,193,878	2,244,393	2,232,472	11,921
Capital outlay	213,000	285,630	248,304	37,326
Total expenditures	4,613,077	4,821,189	4,761,834	59,355
Excess of revenues over (under) expenditures	(3,070,142)	(3,149,354)	(3,081,604)	67,750
<b>OTHER FINANCING SOURCES</b>				
Transfers in	3,070,142	3,149,354	3,081,604	(67,750)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year				-
Fund balance at end of year				\$ -

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**Muskegon Charter Township**  
 Required Supplementary 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 169,340	\$ 206,824	\$ 238,955	\$ 226,072	\$ 227,281	\$ 272,670	\$ 336,141	\$ 383,721	\$ 378,951	\$ 372,585
Interest	2,141,955	2,074,511	2,049,310	1,931,284	1,852,184	1,805,674	1,739,957	1,666,365	1,558,449	1,480,346
Differences between expected and actual experience	385,785	416,804	(136,514)	125,106	598,949	(225,184)	(111,579)	(89,950)	(65,004)	-
Changes of assumptions	239,903	-	1,117,902	754,687	975,249	-	-	-	1,018,947	-
Benefit payments, including refunds of employee contributions	(1,816,401)	(1,681,891)	(1,526,598)	(1,454,631)	(1,332,802)	(1,165,395)	(1,057,276)	(975,557)	(933,370)	(885,473)
Net change in total pension liability	1,120,582	1,016,248	1,743,055	1,582,518	2,320,861	687,765	907,243	984,579	1,957,973	967,458
Total pension liability at beginning of year	30,367,733	29,351,485	27,608,430	26,025,912	23,705,051	23,017,286	22,110,043	21,125,464	19,167,491	18,200,033
Total pension liability at end of year (a)	<b>\$ 31,488,315</b>	<b>\$ 30,367,733</b>	<b>\$ 29,351,485</b>	<b>\$ 27,608,430</b>	<b>\$ 26,025,912</b>	<b>\$ 23,705,051</b>	<b>\$ 23,017,286</b>	<b>\$ 22,110,043</b>	<b>\$ 21,125,464</b>	<b>\$ 19,167,491</b>
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions-employer	\$ 173,376	\$ 299,328	\$ 8,828,098	\$ 627,864	\$ 558,756	\$ 540,240	\$ 570,648	\$ 480,936	\$ 402,696	\$ 375,012
Contributions-employee	106,450	151,693	140,743	145,457	161,472	191,087	225,519	238,752	236,590	215,262
Net investment income	2,745,792	(3,019,919)	3,543,315	2,090,973	2,070,142	(639,609)	1,961,776	1,543,703	(211,091)	856,532
Benefit payments, including refunds or employee contributions	(1,816,401)	(1,681,891)	(1,526,598)	(1,454,631)	(1,332,802)	(1,165,395)	(1,057,276)	(975,557)	(933,370)	(885,473)
Administrative expense	(57,259)	(53,059)	(40,491)	(33,460)	(35,661)	(31,853)	(31,051)	(30,467)	(30,840)	(31,458)
Net change in plan fiduciary net position	1,151,958	(4,203,848)	10,945,067	1,376,203	1,421,907	(1,105,530)	1,669,616	1,257,367	(536,015)	529,875
Plan fiduciary net position at beginning of year	24,855,810	29,159,658	18,214,591	16,838,388	15,416,481	16,522,011	14,852,395	13,595,028	14,131,043	13,601,168
Plan fiduciary net position at end of year (b)	<b>\$ 26,007,768</b>	<b>\$ 24,855,810</b>	<b>\$ 29,159,658</b>	<b>\$ 18,214,591</b>	<b>\$ 16,838,388</b>	<b>\$ 15,416,481</b>	<b>\$ 16,522,011</b>	<b>\$ 14,852,395</b>	<b>\$ 13,595,028</b>	<b>\$ 14,131,043</b>
Township's net pension liability at end of year (a)-(b)	<b>\$ 5,480,547</b>	<b>\$ 5,511,923</b>	<b>\$ 191,827</b>	<b>\$ 9,393,839</b>	<b>\$ 9,187,524</b>	<b>\$ 8,288,570</b>	<b>\$ 6,495,275</b>	<b>\$ 7,257,648</b>	<b>\$ 7,530,436</b>	<b>\$ 5,036,448</b>
Plan fiduciary net position as a percentage of the total pension liability	82.59%	81.85%	99.35%	65.97%	64.70%	65.03%	71.78%	67.17%	64.35%	73.72%
Covered employee payroll	\$ 948,641	\$ 1,128,671	\$ 1,407,433	\$ 1,400,927	\$ 1,414,699	\$ 1,690,541	\$ 2,077,001	\$ 2,368,116	\$ 2,365,902	\$ 2,326,293
Township's net pension liability as a percentage of covered employee payroll	577.73%	488.36%	13.63%	670.54%	649.43%	490.29%	312.72%	306.47%	318.29%	216.50%

**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.

**Muskegon Charter Township**  
 Required Supplementary Information  
**PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS**  
 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
Actuarially determined contribution	\$ 351,948	\$ 173,376	\$ 299,328	\$ 797,352	\$ 627,864	\$ 558,756	\$ 540,240	\$ 570,648	\$ 480,936	\$ 402,696
Contributions in relation to the actuarially determined contribution	351,948	173,376	299,328	8,828,098	627,864	558,756	540,240	570,648	480,936	402,696
Contribution deficiency (excess)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,030,746)</b>	<b>\$ -</b>					
Covered employee payroll	Not Available	\$ 948,641	\$ 1,128,671	\$ 1,407,433	\$ 1,400,927	\$ 1,414,699	\$ 1,690,541	\$ 2,077,001	\$ 2,368,116	\$ 2,365,902
Contributions as percentage of covered employee payroll	Not Available	18.3%	26.5%	627.2%	44.8%	39.5%	32.0%	27.5%	20.3%	17.0%

**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 15 years

Asset valuation method 5-year smoothed market

Inflation 2.5 percent

Salary increases 3.0 percent in the long-term

Investment rate of return 7.00 percent, net of investment and administrative expenses

Retirement age 50-60 years of age depending on years of service

Mortality Based on a version of Pub-2010 and fully generational MP-2019

**Muskegon Charter Township**  
**Required Supplementary Information**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 162,534	\$ 133,593	\$ 224,276	\$ 285,254	\$ 184,090	\$ 231,845	\$ 226,190	\$ 220,673
Interest	397,964	355,603	242,463	258,168	340,034	316,992	306,187	305,517
Changes of benefit terms	-	(16,155)	-	-	-	-	-	-
Differences between expected and actual experience	(151,089)	1,132,828	(90,200)	175,706	-	25,032	-	-
Changes of assumptions	(188,129)	382,581	(2,533,932)	(2,998,730)	2,506,235	150,881	-	-
Benefit payments, including refunds of employee contributions	(353,211)	(284,637)	(270,193)	(249,534)	(305,442)	(301,697)	(243,377)	(221,710)
Net change in total OPEB liability	(131,931)	1,703,813	(2,427,586)	(2,529,136)	2,724,917	423,053	289,000	304,480
Total OPEB liability at beginning of year	9,963,186	8,259,373	10,686,959	13,216,095	10,491,178	10,068,125	9,779,125	9,474,645
Total OPEB liability at end of year (a)	<b>\$ 9,831,255</b>	<b>\$ 9,963,186</b>	<b>\$ 8,259,373</b>	<b>\$ 10,686,959</b>	<b>\$ 13,216,095</b>	<b>\$ 10,491,178</b>	<b>\$ 10,068,125</b>	<b>\$ 9,779,125</b>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions-employer	\$ 353,211	\$ 284,637	\$ 270,193	\$ 249,534	\$ 305,442	\$ 301,697	\$ 243,377	\$ 221,710
Benefit payments, including refunds or employee contributions	(353,211)	(284,637)	(270,193)	(249,534)	(305,442)	(301,697)	(243,377)	(221,710)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position at beginning of year	-	-	-	-	-	-	-	-
Plan fiduciary net position at end of year (b)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Township's net OPEB liability at end of year (a)-(b)	<b>\$ 9,831,255</b>	<b>\$ 9,963,186</b>	<b>\$ 8,259,373</b>	<b>\$ 10,686,959</b>	<b>\$ 13,216,095</b>	<b>\$ 10,491,178</b>	<b>\$ 10,068,125</b>	<b>\$ 9,779,125</b>
Plan fiduciary net position as a percentage of the total OPEB liability	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Covered employee payroll	\$ 3,024,125	\$ 3,762,148	\$ 3,588,849	\$ 3,560,417	\$ 3,334,286	\$ 2,951,980	\$ 2,753,806	\$ 2,918,734
Township's net OPEB liability as a percentage of covered employee payroll	<b>325.09%</b>	<b>264.83%</b>	<b>230.14%</b>	<b>300.16%</b>	<b>396.37%</b>	<b>355.39%</b>	<b>365.61%</b>	<b>335.05%</b>

**Notes to Schedule**

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

See the following page for significant changes to actuarial assumptions.

**Muskegon Charter Township**  
**Required Supplementary Information**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS—Continued**  
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

**Notes to Schedule—Continued**

The following were significant changes to actuarial assumptions:

**2020 Valuation**

The discount rate was updated from 3.26 percent to 1.93 percent.

The salary scale, mortality tables, and healthcare trend were updated to coincide with the MERS experience analysis using the 2014-2018 plan year data and the Uniform Assumptions Memo for 2020.

**2021 Valuation**

Use of spouse dates of birth for active costs instead of 3-year age difference, unless date not available, then 3-year age difference is used.

Age weighting method updated.

Public safety employee's mortality table changed to the 2010 Public Safety Employees, headcount weighted, with MP-2021.

Mortality improvement scale updated to MP-2021 for non-public safety employees and retirees.

Trend rates updated to those prescribed by PA 202 for 2021.

Merit scale for salary increases removed.

Retirement rates updated based on SOA study.

Discount rate updated from 1.93 percent to 2.25 percent.

**2022 Valuation**

Discount rate updated from 2.25 percent to 4.31 percent.

Medical trend rates updated for spouse benefit to those prescribed by PA 202 for 2022.

**2023 Valuation**

Discount rate updated from 4.31 percent to 4.00 percent.

Trend rates updated for spouse benefits to those prescribed by Public Act 202 for 2023.

Mortality improvement scale updated to IRS 2024 Adjusted Scale MP-2021.

**2024 Valuation**

Discount rate updated from 4.00 percent to 4.28 percent.

Medical trend updated such that initial trend does not decrease by the anticipated 0.25 percent after the first year.

**Muskegon Charter Township**  
**Required Supplementary Information**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS**  
 Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 806,798	\$ 525,682	\$ 596,765	\$ 700,434	\$ 550,356	\$ 202,064	\$ 179,309	\$ 552,730	\$ 552,730	\$ 402,696
Contributions in relation to the actuarially determined contribution	353,211	284,637	270,193	249,534	305,442	301,697	243,377	221,710	209,563	402,696
Contribution deficiency (excess)	<b>\$ 453,587</b>	<b>\$ 241,045</b>	<b>\$ 326,572</b>	<b>\$ 450,900</b>	<b>\$ 244,914</b>	<b>\$ (99,633)</b>	<b>\$ (64,068)</b>	<b>\$ 331,020</b>	<b>\$ 343,167</b>	<b>\$ -</b>
Covered employee payroll	\$3,024,125	\$3,762,148	\$ 3,588,849	\$3,560,417	\$3,334,286	\$2,951,980	\$2,753,806	\$2,918,734	\$2,847,545	\$2,326,293
Contributions as percentage of covered employee payroll	<b>11.7%</b>	<b>7.6%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>9.2%</b>	<b>10.2%</b>	<b>8.8%</b>	<b>7.6%</b>	<b>7.4%</b>	<b>17.3%</b>

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, 2023, rolled forward to December 31, 2024.

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	25 years
Asset valuation method	5-year smoothed market
Inflation	Not applicable - the OPEB Plan is not pre-funded
Salary increases	3.0 percent in the long-term
Investment rate of return	Not applicable - the OPEB Plan is not pre-funded
Retirement age	50-60 years of age depending on years of service
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.

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**APPENDIX E\***  
**TOWNSHIP OF DALTON**  
**GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION**  
**PROPERTY VALUATIONS**

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value". Since 1995, taxable property has had two valuations—State Equalized Value ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of: (a) the Taxable Value of property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV from the preceding year to the current year, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the existing property is limited to the lesser of the net percentage change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. The Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

In addition to limiting the annual increase in Taxable Value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessor for each local unit of government within a county is responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes (churches, governmental property, public schools) is not included in the SEV or Taxable Value in this Official Statement. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan 1998, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value in this Official Statement except as noted.

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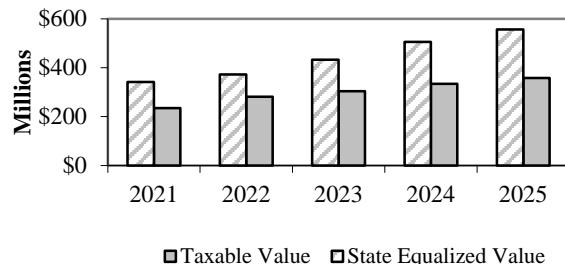
\*Information included in APPENDIX E of this Official Statement was obtained from the Township unless otherwise noted.

## History of Valuations

A history of the property valuations in the Township is shown below:

Property Value as of 12/31	Levy/Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2024	2025	\$357,859,937	7.05%	\$556,482,500	10.10%
2023	2024	334,288,757	9.93	505,424,500	16.78
2022	2023	304,093,105	8.25	432,815,900	16.17
2021	2022	280,929,692	6.06	372,566,100	9.09
2020	2021	264,888,735	----	341,532,400	----

History of Valuations



## Annual Equivalent Valuation

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$357,859,937
Less: 2025 Disabled Veterans Exemption Taxable Value <sup>1</sup>	(687,996)
Net 2025 Annual Equivalent Valuation	<u><u>\$357,171,941</u></u>

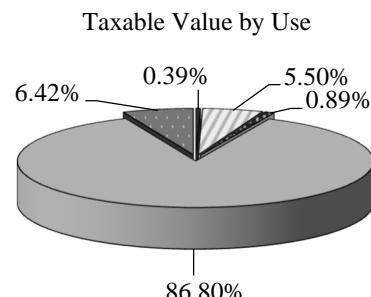
<sup>1</sup>Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.

Source: Muskegon County Equalization Department and 2025 L-4024 and L-4046 reports

## Valuation Composition

A breakdown of the Township's 2025 Taxable Value by class and use is as follows:

<u>By Class:</u>	2025 Taxable Value	Percent of Total
Real Property	\$334,888,337	93.58%
Personal Property	22,971,600	6.42
<b>TOTAL</b>	<b>\$357,859,937</b>	<b>100.00%</b>
<u>By Use:</u>		
Agricultural	\$1,428,627	0.39%
Commercial	19,683,670	5.50
Industrial	3,168,857	0.89
Residential	310,607,183	86.80
Personal	22,971,600	6.42
<b>TOTAL</b>	<b>\$357,859,937</b>	<b>100.00%</b>



■ Agricultural □ Commercial ■ Industrial □ Residential ■ Personal

Source: Muskegon County Equalization Department and 2025 L-4046 report

## MAJOR TAXPAYERS

The Township's top ten taxpayers and their 2025 Taxable Value are as follows:

Taxpayer	Product/Service	2025 Taxable Value
Consumers Energy	Utility	\$10,395,939
DTE Energy	Utility	7,067,229
Cedar Fair LP/Michigan Adventure	Water & Amusement Park	1,954,201
Double Z Development LLC	RV Resort	1,905,596
Nugent Sand Co., Inc.	Sand Mining	1,168,621
Prestige Storage TSG 2 LLC	Storage Facility	1,035,638
Accurate Excavators LLC	Excavating Contractor	887,805
Northern Exposure Properties	Real Estate	815,960
Michigan Electric Transmission Co.	Utility	789,800
Leatherman, Ron	Contractor/Developer	771,600
<b>TOTALS</b>		<b>\$26,792,389</b>
<b>Total 2025 Taxable Value</b>		<b>\$357,859,937</b>
<b>Top 10 Taxpayers as a % of 2025 Total Taxable Value</b>		<b>7.49%</b>

*Source: Muskegon County Equalization Department*

## TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total Township tax rates for the past five years.

Taxing Jurisdiction	2025	2024	2023	2022	2021
Township of Dalton					
Operating	0.9738	0.9839	0.9919	0.9919	1.0050
Fire Operating	1.1238	1.1354	1.1446	1.1446	1.1597
Fire Equipment	0.7109	0.7183	0.7241	0.7241	0.7337
Fire Protection	0.8345	0.8432	0.8500	0.0000	0.0000
<b>Township Total</b>	<b>3.6430</b>	<b>3.6808</b>	<b>3.7106</b>	<b>2.8606</b>	<b>2.8984</b>

*Source: Muskegon County Equalization Department*

## TAX LEVIES AND COLLECTIONS

The Township's property taxes are due July 1 and December 1 of each year and are payable without penalty or interest until August 31 and February 14, respectively. Property owners who have not paid their property taxes on or before September 1 and February 15, respectively, are required to pay interest and penalties on, and collection fees with respect to, such unpaid taxes. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurer for collection. Muskegon County annually pays from its Delinquent Tax Revolving Fund delinquent taxes on real property to all taxing units in the County including the Township's, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible. A history of tax levies and collections for the Township is as follows:

Levy Year	Total Tax Levy	Collections to March 1, Following Year	Collections Plus Funding to June 30, Following Year
2024	\$1,860,563	\$1,772,145	95.25%
2023	1,511,601	1,425,661	94.31
2022	1,177,915	1,100,198	93.40
2021	1,160,693	961,448	82.83
2020	833,577	698,835	83.84

## REVENUES FROM THE STATE OF MICHIGAN

The Township receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On October 7, 2025, Governor Whitmer signed into law the budget for fiscal year 2026. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.010 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Any portion of the CVTRS payment that the Township would be eligible to receive would be subject to certain benchmarks that the Township would need to meet, and there can be no assurance what amount, if any, the Township would receive under the CVTRS program.

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the State's fiscal years ended September 30, 2021 through September 30, 2025.

State of Michigan Fiscal Year Ended September 30th	Total Revenue Sharing Payments <sup>1</sup>
2025	\$915,566
2024	919,112
2023	901,397
2022	890,190
2021	812,203

<sup>1</sup>Amounts do not include state gas and weight tax distributions.

Source: Department of Treasury via website at [www.michigan.gov/treasury](http://www.michigan.gov/treasury)

## PENSION FUND

### Defined Contribution Pension Plan

The Township contributes to the Dalton Township Group Pension Plan (the “Plan”), a defined contribution pension plan, for substantially all of its elected official and full-time employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 11 percent of gross earnings. Employees are not required to contribute to the plan.

#### Schedule of Employer Contributions

Fiscal Year Ended March 31,	Employer Contributions
2025	\$66,137
2024	66,128
2023	45,889
2022	43,980
2021	35,680

For additional information, please see NOTE J – RETIREMENT PLANS in the Notes to the Financial Statements of the Township’s Report on Financial Statements.

### DEBT STATEMENT - (As of 01/13/26 – including the Bonds described herein)

DIRECT AND INDIRECT DEBT:<sup>1,2</sup>

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding
06/02/15	Wastewater Mgmt. Refunding	LT	11/01/36	\$1,468,251
06/02/15	Water Supply Sys. Refunding	LT	11/01/36	128,961
03/13/19	Water Supply Ref.	LT	11/01/28	421,250
04/01/22	Building & Equipment	LT	04/01/32	112,000
TOTAL DIRECT AND INDIRECT DEBT				\$2,130,462
Less: Prior Wastewater Mgmt. Bonds refunded by Wastewater Mgmt. Bonds				(1,468,251) <sup>2</sup>
Less: Prior Water Supply Sys. Bonds refunded by Water Supply Sys. Bonds				(128,961) <sup>2</sup>
Plus: Wastewater Mgmt. Refunding Bonds described herein				1,353,533 <sup>2</sup>
Plus: Water Supply Sys. Refunding Bonds described herein				119,140 <sup>2</sup>
NET DIRECT AND INDIRECT DEBT				<u><u>\$2,005,923</u></u>
Debt Per Capita (2023 Population Estimate - 9,481)				\$211.57
Debt as percentage of SEV				0.36%

<sup>1</sup>Includes the Wastewater Management System - Number One Refunding Bonds, Series 2026 (Limited Tax General Obligation) and the Water Supply System Refunding Bonds, Series 2026 (Limited Tax General Obligation), both of which are currently in process.

<sup>2</sup>Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

## GENERAL FUND BUDGET SUMMARY

### Township of Dalton General Fund Budget Summary

	As Adopted 2025/26
<b>Total Revenues</b>	<u>\$1,559,800</u>
<b>Total Expenditures</b>	<u>1,489,914</u>
 <b>Excess of Expenditures (over) under Revenues</b>	<u><u>\$69,886</u></u>
 <b>Other Financing Sources (Uses)</b>	<u><u>(\$5,000)</u></u>
 <b>Net Change in Fund Balance</b>	<u><u>\$64,886</u></u>
 <b>Fund Balance - April 1</b>	<u><u>\$3,387,723</u></u>
 <b>Projected Fund Balance - March 31</b>	<u><u><u>\$3,452,609</u></u></u>

**APPENDIX F**  
**TOWNSHIP OF DALTON**  
**AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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**INDEPENDENT AUDITOR'S REPORT**

Township Board  
Dalton Township  
Muskegon, Michigan

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township, Michigan as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise Dalton Township, 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, each major fund, and the aggregate remaining fund information of Dalton Township, Michigan as of March 31, 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. 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 Dalton Township, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

**BRICKLEY DeLONG**

Township Board  
Dalton Township  
Page 2

**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 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, 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 Dalton Township, 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 Dalton Township, 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 and budgetary comparison 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 Dalton Township, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Brickley DeLong, P.C.*

Muskegon, Michigan  
 September 25, 2025

## Dalton Township

### Management's Discussion and Analysis

As management of Dalton Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2025. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

#### FINANCIAL HIGHLIGHTS

- Assets/deferred outflows of resources of the Township exceeded liabilities/deferred inflows of resources at the close of the fiscal year by \$9,189,350 (net position). Of this amount, \$4,748,021 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- Governmental activities had net position totaling \$7,853,014 while business-type activities ended the year with \$1,336,336 in total net position.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Township's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development and culture and recreation activities. The business-type activities of the Township include sewer services.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories—governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, ARPA Fund, and Central Road Fund, which are considered major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** The Township has one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual revenues and expenditures for the General Fund, Fire Fund, and ARPA Fund.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary information.

**Government-wide Financial Analysis**

The first table presented below is a summary of the government-wide statement of net position for the Township. As stated earlier, the net position may be used as an indicator of a government's financial health. As of March 31, 2025, the Township's net position from governmental activities totaled \$7,853,014 (85%) and \$1,336,336 (15%) from business-type activities, creating a total government-wide net position total of \$9,189,350.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses, or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities actually depicts a balance of \$3,719,198. This represents the amount of discretionary resources that can be used for general governmental operations.

For governmental activities, current assets and other assets increased due to an increase in net position. Capital assets increased due to the purchase of two generators, improvements to the Township Hall and Fire Department building, and a park play structure. Current liabilities decreased due to the recognition of unspent grant revenues received under the American Rescue Plan Act (ARPA). Noncurrent liabilities decreased due to normal scheduled debt payments.

The business-type activities show a total of \$1,336,336 in net position and \$1,028,823 in unrestricted net position.

For business-type activities, capital assets decreased due to normal depreciation exceeding current capital asset additions. Noncurrent liabilities decreased due to normal scheduled debt payments.

## Dalton Township

### Management's Discussion and Analysis

Net Position							
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
Current assets and other assets	\$ 6,628,551	\$ 5,816,347	\$ 1,322,718	\$ 1,373,762	\$ 7,951,269	\$ 7,190,109	
Capital assets	1,879,137	1,861,472	1,709,460	1,786,370	3,588,597	3,647,842	
Total assets	8,507,688	7,677,819	3,032,178	3,160,132	11,539,866	10,837,951	
Current liabilities	141,450	415,385	145,582	145,124	287,032	560,509	
Noncurrent liabilities	252,600	286,175	1,550,260	1,661,561	1,802,860	1,947,736	
Total liabilities	394,050	701,560	1,695,842	1,806,685	2,089,892	2,508,245	
Deferred inflows of resources	260,624	271,993	-	-	260,624	271,993	
Total liabilities and deferred outflows of resources	654,674	973,553	1,695,842	1,806,685	2,350,516	2,780,238	
Net position							
Net investment in capital assets	1,626,537	1,575,297	59,841	30,349	1,686,378	1,605,646	
Restricted	2,507,279	1,984,014	247,672	278,134	2,754,951	2,262,148	
Unrestricted	3,719,198	3,144,955	1,028,823	1,044,964	4,748,021	4,189,919	
Total net position	<b>\$ 7,853,014</b>	<b>\$ 6,704,266</b>	<b>\$ 1,336,336</b>	<b>\$ 1,353,447</b>	<b>\$ 9,189,350</b>	<b>\$ 8,057,713</b>	

#### Governmental Activities

Net position of the Township's governmental activities increased by \$1,148,748 (17.1%) during the 2025 fiscal year. The following table shows these results.

Charges for services revenues decreased due to assessments for Central Road improvements in the prior year. Property tax revenues increased due to an increase in property taxable values in the current year. Gain on sale of capital asset revenues increased due to the sale of multiple Township owned parcels of land. Public safety expenses increased due to hiring three new full-time firefighters.

#### Business-type Activities

Net position for business-type activities decreased by \$17,111 (1.3%) during the 2025 fiscal year.

Overall activity was very similar to the prior year.

## Dalton Township

### Management's Discussion and Analysis

Change in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
Revenues:							
Program revenues							
Charges for services	\$ 364,388	\$ 557,049	\$ 160,603	\$ 158,389	\$ 524,991	\$ 715,438	
Operating grants and contributions	42,085	64,484	-	-	42,085	64,484	
General revenues							
Property taxes	1,329,435	1,242,506	-	-	1,329,435	1,242,506	
Excise tax distribution	58,229	59,086	-	-	58,229	59,086	
Franchise fees	75,794	84,921	-	-	75,794	84,921	
Grants and contributions not restricted	1,281,059	1,221,890	-	-	1,281,059	1,221,890	
Unrestricted investment earnings	216,664	177,550	49,069	49,947	265,733	227,497	
Miscellaneous	15,863	17,306	-	-	15,863	17,306	
Gain on sale of capital assets	280,304	12,478	-	-	280,304	12,478	
Total revenues	3,663,821	3,437,270	209,672	208,336	3,873,493	3,645,606	
Expenses:							
General government	890,918	869,930	-	-	890,918	869,930	
Public safety	878,338	599,759	-	-	878,338	599,759	
Public works	558,227	553,813	-	-	558,227	553,813	
Health and welfare	38,357	25,960	-	-	38,357	25,960	
Community and economic development	94,104	96,112	-	-	94,104	96,112	
Culture and recreation	42,823	34,281	-	-	42,823	34,281	
Interest on long term debt	12,306	11,267	-	-	12,306	11,267	
Sewer	-	-	226,783	227,342	226,783	227,342	
Total expenses	2,515,073	2,191,122	226,783	227,342	2,741,856	2,418,464	
Change in net position	1,148,748	1,246,148	(17,111)	(19,006)	1,131,637	1,227,142	
Net position - Beginning	6,704,266	5,458,118	1,353,447	1,372,453	8,057,713	6,830,571	
Net position - Ending	<b>\$ 7,853,014</b>	<b>\$ 6,704,266</b>	<b>\$ 1,336,336</b>	<b>\$ 1,353,447</b>	<b>\$ 9,189,350</b>	<b>\$ 8,057,713</b>	

#### Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## Dalton Township

### Management's Discussion and Analysis

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

At the end of the 2025 fiscal year, the governmental funds reported unassigned fund balance of \$3,378,327. The remainder of the fund balance is restricted, committed, or assigned for the subsequent year's budget as shown on page 14.

The General Fund is the primary operating fund of the Township. The General Fund ended the year with a fund balance of \$3,387,723, an increase of \$622,776 from the prior fiscal year. The health of the General Fund may be measured by the ratio of unassigned fund balance to annual expenditures and transfers. Unassigned fund balance represents 189 percent of the General Fund's expenditures and transfers (185 percent in the prior year).

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sewer Fund decreased by \$17,111.

#### General Fund Budget

During the current fiscal year, the Township made several amendments to its original General Fund budget. The most significant of those are listed below:

- Administration expenditures budget was increased by \$61,600 as the Township required contractual assistance with accounting.
- Professional services expenditures budget was decreased \$18,000 due to less legal activity.
- Other expenditures budget was increased by \$37,700 due to an anticipated increase in employee insurance.
- Sanitary landfill expenditures budget was decreased by \$19,000 as there were no significant lot cleanups or other unexpected activities.
- Roads and drains expenditures budget was increased by \$348,317 as the Township entered into more road contracts with the County road commission than originally planned.
- Senior services expenditures budget was increased by \$20,031 as it was inadvertently overlooked in the initial budget.
- Capital outlay expenditures budget was increased by \$46,000 for the purchase of a park play structure.

The following comments summarize the major variations from the final budget to actual revenues and expenditures:

- Property tax revenues were over budget by \$37,700 as taxable value increased more than expected.
- Intergovernmental revenues – Federal were over budget by \$363,316 as ARPA funds that were spent and recognized as revenue were budgeted in a different fund.
- Investment earnings revenues were over budget by \$106,146 as the Township held more cash and market returns were better than expected.
- Proceeds from the sale of land were over budget by \$248,804, as the Township did not budget for the sale of various parcels.

## Dalton Township

### Management's Discussion and Analysis

#### Capital Assets

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2025 totaled \$3,588,597 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles, and sewer systems.

Significant capital additions in the current year included the purchase of two generators, improvements to the Township Hall and Fire Department building, and a park play structure.

#### Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 117,738	\$ 117,738	\$ -	\$ -	\$ 117,738	\$ 117,738
Land improvements	158,597	147,870	-	-	158,597	147,870
Buildings and improvements	656,050	539,775	-	-	656,050	539,775
Furniture and equipment	94,434	106,115	-	-	94,434	106,115
Vehicles	852,318	949,974	-	-	852,318	949,974
Sewer system	-	-	1,709,460	1,786,370	1,709,460	1,786,370
Total	<b>\$ 1,879,137</b>	<b>\$ 1,861,472</b>	<b>\$ 1,709,460</b>	<b>\$ 1,786,370</b>	<b>\$ 3,588,597</b>	<b>\$ 3,647,842</b>

Additional information on the Township's capital assets can be found in Note F of the "Notes to Financial Statements" of this report.

#### Long-Term Debt

At the end of the fiscal year, the Township had total outstanding debt of \$1,902,219 consisting of general obligation and special assessment bonds.

The Township's total debt decreased by \$139,977 during the fiscal year. This decrease was due to normal scheduled debt payments.

Additional information on the Township's long-term debt can be found in Note H of the "Notes to Financial Statements" of this report.

## Dalton Township

### Management's Discussion and Analysis

### Dalton Township STATEMENT OF NET POSITION March 31, 2025

#### General Economic Overview

The Township's budget for the 2025/2026 fiscal year anticipates a small decrease in revenue sharing from the State of Michigan. Property taxable values in the Township increased by 7.05% for fiscal year 2025/2026 so property tax revenues are expected to increase by approximately the same amount. No other significant revenue changes are expected.

For fiscal year 2025/2026, the Township has budgeted General Fund operating expenditures to decrease from the previous year due to the ARPA monies having already been mostly spent. The Township continues to put an emphasis on improving its roads and has budgeted approximately \$45,000 for various projects. The Township also budgeted \$29,500 for a new roof for the maintenance building. The Township is anticipating approximately \$38,000 in playground improvements for Beegle Sports Park in fiscal year 2025/2026.

For fiscal year 2025/2026, the Township has budgeted an increase in property taxes in the Fire Fund similar to the General Fund. The Township would potentially like to sell two pick-up trucks and purchase a larger truck.

The Township is conducting a rate study in order to see what billing rate is needed to maintain the sewer systems. The expectation is that the rates will be increased in the short-term but may decrease long-term.

#### Requests for Information

This financial report is designed to provide a general overview of Dalton Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dalton Township, 1616 East Riley Thompson Road, Muskegon, Michigan, 49445, or telephone (231) 766-3043.

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 5,811,439	\$ 1,028,472	\$ 6,839,911
Receivables	139,125	48,664	187,789
Due from other governmental units	204,604	-	204,604
Prepaid items	12,257	-	12,257
Total current assets	6,167,425	1,077,136	7,244,561
Noncurrent assets			
Leases receivable, less amounts due within one year	248,377	-	248,377
Special assessments receivable, less amounts due within one year	212,749	245,582	458,331
Capital assets, net			
Nondepreciable	117,738	-	117,738
Depreciable	1,761,399	1,709,460	3,470,859
Total noncurrent assets	2,340,263	1,955,042	4,295,305
Total assets	8,507,688	3,032,178	11,539,866
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	119,766	31,000	150,766
Due to other governmental units	17,978	15,223	33,201
Unearned revenues—expenditure-driven grants	3,706	-	3,706
Bonds and other obligations, due within one year	-	99,359	99,359
Total current liabilities	141,450	145,582	287,032
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	252,600	1,550,260	1,802,860
Total liabilities	394,050	1,695,842	2,089,892
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	260,624	-	260,624
Total liabilities and deferred inflows of resources	654,674	1,695,842	2,350,516
<b>NET POSITION</b>			
Net investment in capital assets	1,626,537	59,841	1,686,378
Restricted			
Fire operating	1,867,063	-	1,867,063
Fire equipment	19,383	-	19,383
Local water improvement	189,983	-	189,983
Building department	242,346	-	242,346
Environmental services	65,597	-	65,597
Private road maintenance	21,841	-	21,841
Debt service	101,066	247,672	348,738
Unrestricted	3,719,198	1,028,823	4,748,021
Total net position	\$ 7,853,014	\$ 1,336,336	\$ 9,189,350

The accompanying notes are an integral part of this statement.

Dalton Township  
STATEMENT OF ACTIVITIES  
For the year ended March 31, 2025

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities						
General government	\$ 890,917	\$ 22,197	\$ -	\$ (868,720)	\$ -	\$ (868,720)
Public safety	878,338	235,844	-	(642,494)	-	(642,494)
Public works	558,227	83,771	7,791	(466,665)	-	(466,665)
Health and welfare	38,357	-	34,294	(4,063)	-	(4,063)
Community and economic development	94,104	22,576	-	(71,528)	-	(71,528)
Culture and recreation	42,823	-	-	(42,823)	-	(42,823)
Interest on long-term debt	12,307	-	-	(12,307)	-	(12,307)
Total governmental activities	2,515,073	364,388	42,085	(2,108,600)	-	(2,108,600)
Business-type activities						
Sewer	226,783	160,603	-	-	(66,180)	(66,180)
Total government	<b>\$ 2,741,856</b>	<b>\$ 524,991</b>	<b>\$ 42,085</b>	(2,108,600)	(66,180)	(2,174,780)
General revenues						
Property taxes, levied for						
General purposes				446,172	-	446,172
Specific purposes				883,263	-	883,263
Excise tax distribution				58,229	-	58,229
Franchise fees				75,794	-	75,794
Grants and contributions not restricted to specific programs				1,281,059	-	1,281,059
Unrestricted investment earnings				216,664	49,069	265,733
Gain on sale of capital assets				280,304	-	280,304
Miscellaneous				15,863	-	15,863
Total general revenues				3,257,348	49,069	3,306,417
Change in net position				1,148,748	(17,111)	1,131,637
Net position at beginning of year				6,704,266	1,353,447	8,057,713
Net position at end of year				<b>\$ 7,853,014</b>	<b>\$ 1,336,336</b>	<b>\$ 9,189,350</b>

The accompanying notes are an integral part of this statement.

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Dalton Township  
**BALANCE SHEET**  
 Governmental Funds  
 March 31, 2025

	General Fund	Fire Fund	ARPA Fund	Central Road Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 3,256,025	\$ 1,852,922	\$ 61,171	\$ 44,631	\$ 596,690	\$ 5,811,439
Receivables						
Accounts	21,294	-	-	-	-	21,294
Property taxes	21,956	44,729	-	-	-	66,685
Special assessments	21,281	-	-	134,666	95,103	251,050
Leases	259,636	-	-	-	-	259,636
Other	-	-	-	-	1,586	1,586
Due from other governmental units	183,286	42	-	-	21,276	204,604
Prepaid items	9,396	2,861	-	-	-	12,257
Total assets	<b>\$ 3,772,874</b>	<b>\$ 1,900,554</b>	<b>\$ 61,171</b>	<b>\$ 179,297</b>	<b>\$ 714,655</b>	<b>\$ 6,628,551</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 66,395	\$ 3,613	\$ -	\$ -	\$ 19,540	\$ 89,548
Accrued liabilities	19,723	10,495	-	-	-	30,218
Due to other governmental units	17,905	-	-	-	73	17,978
Unearned revenues—expenditure-driven grants	-	-	3,706	-	-	3,706
Total liabilities	104,023	14,108	3,706	-	19,613	141,450
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues—special assessments	20,504	-	-	133,200	92,968	246,672
Related to leases	260,624	-	-	-	-	260,624
Total deferred inflows of resources	281,128	-	-	133,200	92,968	507,296
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	9,396	2,861	-	-	-	12,257
Restricted						
Fire operating	-	1,864,202	-	-	-	1,864,202
Fire equipment	-	19,383	-	-	-	19,383
Local water improvement	-	-	-	-	189,983	189,983
Building department	-	-	-	-	242,346	242,346
Environmental services	-	-	-	-	65,597	65,597
Private road maintenance	-	-	-	-	21,841	21,841
Debt service	-	-	-	46,097	54,969	101,066
Committed						
Future projects	-	-	57,465	-	-	57,465
Cemetery	-	-	-	-	27,338	27,338
Unassigned	3,378,327	-	-	-	-	3,378,327
Total fund balances	<b>\$ 3,387,723</b>	<b>\$ 1,886,446</b>	<b>\$ 57,465</b>	<b>\$ 46,097</b>	<b>\$ 602,074</b>	<b>\$ 5,979,805</b>
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 3,772,874</b>	<b>\$ 1,900,554</b>	<b>\$ 61,171</b>	<b>\$ 179,297</b>	<b>\$ 714,655</b>	<b>\$ 6,628,551</b>

The accompanying notes are an integral part of this statement.

Dalton Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
 TO THE STATEMENT OF NET POSITION  
 March 31, 2025

Total fund balances—governmental funds	\$ 5,979,805
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	\$ 4,117,005
Accumulated depreciation	(2,237,868) 1,879,137
Other long-term assets, such as special assessments receivable, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.	
Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and notes payable	(252,600)
Net position of governmental activities	
	<b>\$ 7,853,014</b>

The accompanying notes are an integral part of this statement.

Dalton Township  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended March 31, 2025

	General Fund	Fire Fund	ARPA Fund	Central Road Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes						
Property taxes	\$ 459,295	\$ 883,263	\$ -	\$ -	\$ -	\$ 1,342,558
Excise tax distribution	58,229	-	-	-	-	58,229
Licenses and permits	81,534	-	-	-	170,393	251,927
Intergovernmental revenues						
Federal	363,317	-	-	-	-	363,317
State	925,534	-	-	-	-	925,534
Local	34,294	-	-	-	-	34,294
Charges for services	91,848	50,119	-	-	22,581	164,548
Fines and forfeitures	-	640	-	-	-	640
Investment earnings	146,646	35,523	13,658	11,768	9,071	216,666
Other	8,621	2,410	-	16,650	32,689	60,370
Total revenues	2,169,958	971,315	13,658	28,418	234,734	3,418,083
<b>EXPENDITURES</b>						
Current						
General government	933,494	-	3,423	-	-	936,917
Public safety	111,205	418,928	-	-	158,383	688,516
Public works	512,284	-	-	-	40,299	552,583
Health and welfare	38,357	-	-	-	-	38,357
Community and economic development	76,136	-	-	-	-	76,136
Culture and recreation	33,686	-	-	-	-	33,686
Debt service						
Principal	-	-	-	17,575	16,000	33,575
Interest and fees	-	-	-	8,701	3,606	12,307
Capital outlay	88,824	81,966	-	-	23,450	194,240
Total expenditures	1,793,986	500,894	3,423	26,276	241,738	2,566,317
Excess of revenues over (under) expenditures	375,972	470,421	10,235	2,142	(7,004)	851,766
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	248,804	31,500	-	-	-	280,304
Transfers in	-	-	-	-	2,000	2,000
Transfers out	(2,000)	-	-	-	-	(2,000)
Total other financing sources (uses)	246,804	31,500	-	-	2,000	280,304
Net change in fund balances	622,776	501,921	10,235	2,142	(5,004)	1,132,070
Fund balances at beginning of year	2,764,947	1,384,525	47,230	43,955	607,078	4,847,735
Fund balances at end of year	<b>\$ 3,387,723</b>	<b>\$ 1,886,446</b>	<b>\$ 57,465</b>	<b>\$ 46,097</b>	<b>\$ 602,074</b>	<b>\$ 5,979,805</b>

The accompanying notes are an integral part of this statement.

Dalton Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
 For the year ended March 31, 2025

Net change in fund balances—total governmental funds	\$ 1,132,070
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	\$ (176,575)
Capital outlay	<u>194,240</u>
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(34,562)
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	<u>33,575</u>
Change in net position of governmental activities	<u><b>\$ 1,148,748</b></u>

The accompanying notes are an integral part of this statement.

Dalton Township  
**STATEMENT OF NET POSITION**  
Proprietary Fund  
March 31, 2025

**ASSETS**

	<b>Business-type Activities - Enterprise Fund Sewer</b>
Current assets	
Cash and investments	\$ 1,028,472
Receivables	
Accounts	15,574
Special assessments	<u>33,090</u>
Total current assets	1,077,136
Noncurrent assets	
Special assessments receivable	245,582
Capital assets	
Sewer system	3,076,403
Less accumulated depreciation	<u>(1,366,943)</u>
Net capital assets	<u>1,709,460</u>
Total noncurrent assets	<u>1,955,042</u>
Total assets	3,032,178

**LIABILITIES**

Current liabilities	
Accrued liabilities	31,000
Due to other governmental units	15,223
Bonds and other obligations, due within one year	<u>99,359</u>
Total current liabilities	145,582
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	<u>1,550,260</u>
Total liabilities	<u>1,695,842</u>

**NET POSITION**

Net investment in capital assets	59,841
Restricted for debt service	247,672
Unrestricted	<u>1,028,823</u>
Total net position	<u><b>\$ 1,336,336</b></u>

The accompanying notes are an integral part of this statement.

Dalton Township  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Proprietary Fund  
For the year ended March 31, 2025

<b>Business-type Activities - Enterprise Fund Sewer</b>	
<b>OPERATING REVENUES</b>	
Charges for services	\$ 160,603
<b>OPERATING EXPENSES</b>	
Operations and administration	84,516
Depreciation	<u>76,910</u>
Total operating expenses	<u>161,426</u>
Operating income (loss)	(823)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	49,069
Interest expense	<u>(65,357)</u>
Total nonoperating revenues (expenses)	<u>(16,288)</u>
Change in net position	(17,111)
Net position at beginning of year	<u>1,353,447</u>
Net position at end of year	<u><b>\$ 1,336,336</b></u>

The accompanying notes are an integral part of this statement.

Dalton Township  
**STATEMENT OF CASH FLOWS**  
Proprietary Fund  
For the year ended March 31, 2025

**CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>Business-type Activities - Enterprise Fund Sewer</b>
Receipts from customers	\$ 161,620
Payments to suppliers	(87,057)
Net cash provided by (used for) operating activities	74,563

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Connection fees	32,362
Principal paid on capital debt	(94,460)
Interest paid on capital debt	(79,199)

Net cash provided by (used for) capital and related financing activities

(141,297)

**CASH FLOW FROM INVESTING ACTIVITIES**

Investment earnings	49,069
Net increase (decrease) in cash and investments	(17,665)
Cash and investments at beginning of year	<u>1,046,137</u>

Cash and investments at end of year

**\$ 1,028,472**

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities

\$ (823)

Operating income (loss)

76,910

Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities

Depreciation expense

Change in assets and liabilities

Accounts receivable

Due to other governmental units

Net cash provided by (used for) operating activities

**\$ 74,563**

Dalton Township  
**STATEMENT OF NET POSITION**  
Fiduciary Funds  
March 31, 2025

**ASSETS**

	<b>Custodial Funds</b>		
	<b>Trust and Agency</b>	<b>Current Tax Account</b>	<b>Total</b>
Cash and investments	\$ 315	\$ 5,497	\$ 5,812
Accounts receivable	-	159	159

315 5,656 5,971

**LIABILITIES**

Deposits held for others	315	-	315
Due to other governmental units	-	5,656	5,656
Total liabilities	315	5,656	5,971

315 5,656 5,971

**NET POSITION**

Restricted for individuals, organizations  
and other governments

\$ - \$ - \$ -

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

Dalton Township  
**STATEMENT OF CHANGES IN NET POSITION**  
Fiduciary Funds  
For the year ended March 31, 2025

	<b>Custodial Funds</b>		
	<b>Trust and Agency</b>	<b>Current Tax Account</b>	<b>Total</b>
<b>ADDITIONS</b>			
Property tax collections for other governments	\$ -	\$ 10,322,162	\$ 10,322,162
<b>DEDUCTIONS</b>			
Payments of property taxes to other governments	-	10,322,162	10,322,162
Change in net position	-	-	-
Net position at beginning of year	-	-	-
Net position at end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Dalton Township (Township) 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 Township's accounting policies are described below.

**Reporting Entity**

The Township is a general law township governed by an elected seven-member Board. Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included as component units in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**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 Township. 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.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Township'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 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 Township's sewer function 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 Township's funds, including its fiduciary funds. 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 Township 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 Fire Fund is used to account for special millages levied by the Township for the operation and capital needs of the fire department.

The accompanying notes are an integral part of this statement.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

The ARPA Fund is used to track the disbursement of revenues received by the Township from the American Rescue Plan Act.

The Central Road Fund accounts for the proceeds of special assessment bonds used to fund improvements for Central Road and for the related special assessment revenues levied by the Township to fund debt service payments on those bonds.

The Township reports the following major proprietary fund:

The Sewer Fund accounts for the Township's collection systems and pays for access to the county's sewage treatment plant.

Additionally, the Township reports the following fund type:

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

During the course of operations, the Township 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 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.

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.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

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 Township 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.

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 due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the 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 Township'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 Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township 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.

**Prepaid Items**

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/expenditures when consumed rather than when purchased.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Lease Receivable***

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

At the commencement of a lease, the Township 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 judgments include how the Township determines (1) the discount rate to use to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Township 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 Township 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 and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period 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.

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

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	10
Buildings and improvements	15-25
Sewer system	40
Furniture and equipment	3-10
Vehicles	5-15

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***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 Township also reports unavailable revenues from leases. These amounts are long-term leases entered into by the Township in which the Township is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

***Net Position Flow Assumption***

Sometimes the Township 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 Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumptions***

Sometimes the Township 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 Township'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.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***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 Township 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 Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township Board has by resolution authorized the Executive Committee, comprised of the Supervisor, Treasurer, and Clerk, to assign fund balance. The Township Board 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.

**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.

***Property Taxes***

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

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and liened 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. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township 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 Township totaled approximately \$327,441,000. The ad valorem taxes levied consisted of 0.9839 mills, 1.9786 mills, and 0.7183 mills for the Township's general operating, fire operating, and fire equipment, respectively. These amounts are recognized in the respective General Fund and Fire Fund.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Compensated Absences***

Township employees are granted vacation and personal leave in varying amounts based on length of service. Employees must use earned vacation time in the current year. Unused vacation time may be accumulated from year to year but is subject to certain caps. Upon termination, employees are paid for unused vacation at their current rates. Personal leave is granted based on full-time or part-time employment status. Unused personal leave may accumulate from year to year but is not paid upon termination.

***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 proprietary 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.

**NOTE B—STEWARSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level for the General Fund and the fund level for all other governmental funds.

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

***Excess of Expenditures over Appropriations***

For the year ended March 31, 2025, actual expenditures exceeded appropriations for the following categories. These over-expenditures were funded with available fund balance.

	<b>Final Budget</b>	<b>Actual</b>
General Fund		
Public works		
Sanitary landfill	\$ 58,000	\$ 70,566
Health and welfare		
Senior services	20,031	38,357
Building Department Fund	136,500	158,383

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE C—DEPOSITS AND INVESTMENTS**

As of March 31, 2025, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Months)	S&P		Percent
External investment pool	\$ 3,424,105	3	AAAm		100%

The Township 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 Township's investments is the same as the value of the Pool's shares.

**Deposit and Investment Risks**

**Interest Rate Risk**

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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 Township has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township 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.

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2025, \$3,085,864 of the Township's bank balance of \$3,649,698 was exposed to custodial credit risk because it was uninsured.

**Custodial Credit Risk - Investments**

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Foreign Currency Risk**

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

**Restricted Cash and Investments**

All restricted cash and investments in the Sewer Fund are set aside for debt retirement as are special assessments.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE D—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 Township 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 March 31, 2025.

**External investment pool:** The assets are valued based upon the Township's allocable share of the Michigan CLASS (Pool) pooled investment portfolios. The allocable shares are based on the value of the underlying assets owned by the Pool, minus their liabilities.

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

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

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 Township 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 Township's assets at fair value on a recurring basis as of March 31, 2025:

<b>Assets at Fair Value as of March 31, 2025</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
External investment pool	\$ -	\$ 3,424,105	\$ -	\$ 3,424,105

**NOTE E—LEASES**

The Township leases the right to use space on a parcel owned by the Township to a third party for cell phone antennas. The lease term is 5 years, and the Township receives monthly payments totaling \$1,579, increasing 3 percent each year. The lease has several 5-year renewal terms at the lessee's discretion through October 2063. The Township has recorded a receivable through October 2039, the period that it is reasonably certain that the lessee will exercise those options, based on all relevant factors. The Township recognized \$11,369 in lease revenue and \$7,259 in interest revenue during the year ended March 31, 2025. The Township has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of March 31, 2025, the balance of the deferred inflow of resources was \$260,624.

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

<b>Year Ending</b>		
<b>March 31,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 12,248	\$ 6,939
2027	13,168	6,594
2028	14,131	6,224
2029	15,138	5,828
2030	16,192	5,403
2031-2035	98,518	19,572
2036-2039	90,241	4,702
	<b>\$ 259,636</b>	<b>\$ 55,262</b>

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE F—CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2025 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>April 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>March 31, 2025</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 117,738	\$ -	\$ -	\$ 117,738
<b>Capital assets, being depreciated:</b>				
Land improvements	288,078	31,858	-	319,936
Buildings and improvements	1,706,342	155,474	-	1,861,816
Furniture and equipment	280,603	6,908	-	287,511
Vehicles	1,844,624	-	314,620	1,530,004
Total capital assets, being depreciated	4,119,647	194,240	314,620	3,999,267
<b>Less accumulated depreciation:</b>				
Land improvements	140,208	21,131	-	161,339
Buildings and improvements	1,166,567	39,199	-	1,205,766
Furniture and equipment	174,488	18,589	-	193,077
Vehicles	894,650	97,656	314,620	677,686
Total accumulated depreciation	2,375,913	176,575	314,620	2,237,868
Total capital assets, being depreciated, net	1,743,734	17,665	-	1,761,399
Capital assets, net	<b>\$ 1,861,472</b>	<b>\$ 17,665</b>	<b>\$ -</b>	<b>\$ 1,879,137</b>
<b>Business-type activities:</b>				
<b>Capital assets, being depreciated:</b>				
Sewer system	\$ 3,076,403	\$ -	\$ -	\$ 3,076,403
<b>Less accumulated depreciation:</b>				
Sewer system	1,290,033	76,910	-	1,366,943
Total capital assets, net of depreciation	<b>\$ 1,786,370</b>	<b>\$ (76,910)</b>	<b>\$ -</b>	<b>\$ 1,709,460</b>
<b>Depreciation</b>				
Depreciation expense has been charged to functions as follows:				
<b>Governmental activities:</b>				
General government			\$ 51,658	
Public safety			103,324	
Public works			10,314	
Culture and recreation			11,279	
			<b>\$ 176,575</b>	
<b>Business-type activities:</b>				
Sewer			<b>\$ 76,910</b>	

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

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

The composition of interfund balances as of March 31, 2025 is as follows:

The General Fund transferred \$2,000 to the other governmental funds to subsidize operations.

**NOTE H—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the Township for the year ended March 31, 2025.

	<b>Balance April 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance March 31, 2025</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Special assessment bonds	<b>\$ 286,175</b>	\$ -	\$ 33,575	<b>\$ 252,600</b>	\$ -
<b>Business-type activities:</b>					
Public placement debt					
General obligation bonds	\$ 1,662,507	\$ -	\$ 94,460	\$ 1,568,047	\$ 99,359
Premium	93,514	-	11,942	81,572	-
Business-type activities long-term liabilities	<b>\$ 1,756,021</b>	\$ -	<b>\$ 106,402</b>	<b>\$ 1,649,619</b>	<b>\$ 99,359</b>

General obligation bonds are a direct obligation and pledge the full faith and credit of the Township.

The above general obligation and special assessment bonds are limited tax bonds which means that any taxes imposed by the Township to pay the bonds are subject to applicable constitutional and statutory limits. If the Township defaults, the bonds are callable.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2025

**NOTE H—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Balance</b>
<b>Governmental activities:</b>			
Public placement debt			
Special assessment bonds			
Special Assessment Bonds, Series 2022	2.58-3.08%	April 2032	\$ 112,000
Special Assessment Bonds, Series 2023	5.5%	April 2033	140,600
			<b>\$ 252,600</b>
<b>Business-type activities:</b>			
Public placement debt			
General obligation bonds			
2015 Muskegon County Wastewater Management Bonds	4-5%	November 2036	<b>\$ 1,568,047</b>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

The County of Muskegon issued a \$4,940,000 Water Supply System Refunding Bond in 2019 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2025 was \$551,250, or 25 percent of the bonds. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The County of Muskegon issued a \$6,550,000 Water Supply System Refunding Bond in 2015 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2025 was \$1,029,600, or 24 percent of the bonds. The Township is unaware of any circumstances that would cause a shortfall in the near future.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2025

**NOTE H—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

Annual debt service requirements to maturity for debt outstanding as of March 31, 2025 follow:

<b>Year Ending March 31,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Public Placement Debt</b>		<b>Public Placement Debt</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ -	\$ 5,475	\$ 99,359	\$ 74,296
2027	33,575	10,259	104,257	69,328
2028	33,575	8,873	108,455	65,158
2029	33,575	7,468	113,353	60,457
2030	33,575	4,600	118,950	55,695
2031-2035	118,300	11,373	692,012	189,715
2036-2037	-	-	331,661	16,828
	<b>\$ 252,600</b>	<b>\$ 48,048</b>	<b>\$ 1,568,047</b>	<b>\$ 531,477</b>

**NOTE I—OTHER INFORMATION**

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Township manages its liability, property and insurance coverage as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MTPP for its insurance coverage. The MTPP 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. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Township 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 Township 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 Township carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Dalton Township  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2025

**NOTE I—OTHER INFORMATION—Continued**

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. 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 Township expects such amounts, if any, to be immaterial.

**Commitments**

During the year ended March 31, 2025, the Township entered into a contract for road projects to be performed in the summer of 2025. The portion of these costs to be paid by the Township is expected to be approximately \$55,000 and will be funded by available resources in the General Fund.

**NOTE J—RETIREMENT PLANS**

**Defined Contribution Pension Plan**

The Township contributes to the Dalton Township Group Pension Plan (Plan), a defined contribution pension plan, for substantially all of its elected officials and full-time employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 11 percent of gross earnings. Employees are not required to contribute to the Plan. For the year ended March 31, 2025, the Township recognized pension expense of \$66,137.

Employees are immediately vested for all contributions and earnings on those contributions.

**Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Township employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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

**NOTE K—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 42 percent of General Fund revenues.

The Township's Sewer Fund has a significant dependency on a local company that is a major user of sewer services. During the year ended March 31, 2025, the Company's billings for sewer services approximated 24 percent of total billings in the Sewer Fund.

**NOTE L—SUBSEQUENT EVENT**

Subsequent to year-end, the Township entered into agreements with the Muskegon County Road Commission for various road projects to be performed in the summer of 2025. The portion of these costs to be paid by the Township is expected to be approximately \$300,000. The Township will fund these costs with available funds in the General Fund and a special assessment.

Dalton Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended March 31, 2025

**REQUIRED SUPPLEMENTARY INFORMATION**

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 421,595	\$ 421,595	\$ 459,295	\$ 37,700
Excise tax distribution	50,000	50,000	58,229	8,229
Licenses and permits	92,500	92,500	81,534	(10,966)
Intergovernmental revenues				
Federal	-	-	363,317	363,317
State	937,200	937,200	925,534	(11,666)
Local	-	-	34,294	34,294
Charges for services	82,000	82,000	91,848	9,848
Fines and forfeitures	-	-	640	640
Investment earnings	40,500	40,500	146,646	106,146
Other	18,900	18,900	8,621	(10,279)
Total revenues	1,642,695	1,642,695	2,169,958	527,263
<b>EXPENDITURES</b>				
Current				
General government				
Legislative	23,400	23,900	22,877	1,023
Supervisor	57,000	56,000	55,054	946
Treasurer	108,500	112,900	111,508	1,392
Assessing	100,500	100,700	100,669	31
Board of review	2,800	3,000	3,251	(251)
Clerk	105,000	96,600	93,468	3,132
Elections	42,000	49,000	44,919	4,081
Administration	52,500	114,100	107,814	6,286
Professional services	62,000	44,000	39,898	4,102
Building and grounds	142,546	136,702	132,662	4,040
Other	201,500	239,200	221,374	17,826
Public safety				
Fire	104,909	113,369	111,205	2,164
Public works				
Sanitary landfill	77,000	58,000	70,566	(12,566)
Roads and drains	55,000	403,317	400,269	3,048
Streetlights	34,000	40,500	39,249	1,251
Other	500	3,000	2,200	800
Health and welfare				
Senior services	-	20,031	38,357	(18,326)
Community and economic development				
Planning commission	8,000	7,600	4,737	2,863
Zoning and ordinance enforcement	67,602	68,196	70,285	(2,089)
Zoning board of appeals	2,300	1,800	1,114	686
Culture and recreation				
Recreation and parks	28,200	35,500	33,686	1,814
Capital outlay				
Capital outlay	49,000	95,000	88,824	6,176
Total expenditures	1,324,257	1,822,415	1,793,986	28,429
Excess of revenues over (under) expenditures	318,438	(179,720)	375,972	555,692
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	248,804	248,804
Transfers out	(4,500)	(2,000)	(2,000)	-
Total other financing sources (uses)	(4,500)	(2,000)	246,804	248,804
Net change in fund balance				
Fund balance at beginning of year	\$ 313,938	\$ (181,720)	622,776	\$ 804,496
Fund balance at end of year			2,764,947	
			\$ 3,387,723	

Dalton Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Fire Fund  
 For the year ended March 31, 2025

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 756,987	\$ 756,987	\$ 883,263	\$ 126,276
Charges for services	48,000	48,000	50,119	2,119
Investment earnings	20,000	20,000	35,523	15,523
Other	500	500	2,410	1,910
Total revenues	825,487	825,487	971,315	145,828
<b>EXPENDITURES</b>				
Current				
Public safety				
Fire department	477,400	460,000	418,928	41,072
Capital outlay	90,000	90,000	81,966	8,034
Total expenditures	567,400	550,000	500,894	49,106
Excess of revenues over (under) expenditures	258,087	275,487	470,421	194,934
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	-	31,500	31,500
Net change in fund balance	<u>\$ 258,087</u>	<u>\$ 275,487</u>	<u>501,921</u>	<u>\$ 226,434</u>
Fund balance at beginning of year			1,384,525	
Fund balance at end of year			<u><u>\$ 1,886,446</u></u>	

Dalton Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 ARPA Fund  
 For the year ended March 31, 2025

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental revenues—Federal	\$ 410,000	\$ 363,317	\$ -	\$ (363,317)
Investment earnings	10,000	10,000	13,658	3,658
Total revenues	420,000	373,317	13,658	(359,659)
<b>EXPENDITURES</b>				
Current				
General government	5,000	5,000	3,423	1,577
Capital outlay	415,000	415,000	-	415,000
Total expenditures	420,000	420,000	3,423	416,577
Net change in fund balance	\$ -	\$ (46,683)	10,235	\$ 56,918
Fund balance at beginning of year				47,230
Fund balance at end of year				<u><u>\$ 57,465</u></u>

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**APPENDIX G\***  
**TOWNSHIP OF EGELSTON**  
**GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION**  
**PROPERTY VALUATIONS**

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value". Since 1995, taxable property has had two valuations—State Equalized Value ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of: (a) the Taxable Value of property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV from the preceding year to the current year, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the existing property is limited to the lesser of the net percentage change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. The Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

In addition to limiting the annual increase in Taxable Value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessor for each local unit of government within a county is responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes (churches, governmental property, public schools) is not included in the SEV or Taxable Value in this Official Statement. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan 1998, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value in this Official Statement except as noted.

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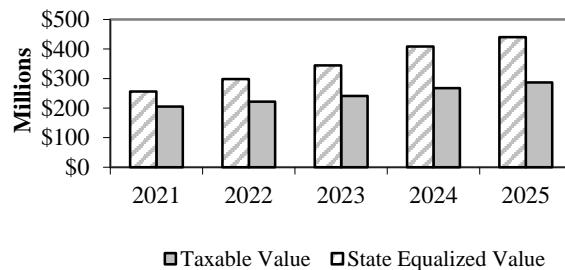
\*Information included in APPENDIX G of this Official Statement was obtained from the Township unless otherwise noted.

## History of Valuations

A history of the property valuations in the Township is shown below:

Property Value as of 12/31	Levy/Valuation Year	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2024	2025	\$286,758,880	7.21%	\$440,152,100	7.70%
2023	2024	267,486,423	10.87	408,691,300	18.59
2022	2023	241,271,806	8.83	344,616,000	15.58
2021	2022	221,702,608	7.55	298,166,500	10.01
2020	2021	206,141,992	----	271,029,400	----

History of Valuations



## Annual Equivalent Valuation

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$286,758,880
Plus: 2025 Equivalent IFT Taxable Value <sup>1</sup>	158,184
Total 2025 Equivalent Taxable Value	<u><u>\$286,917,064</u></u>

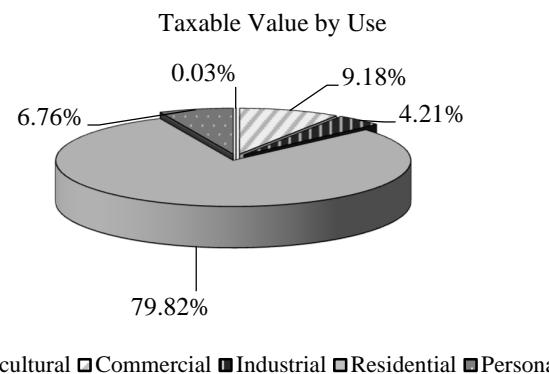
<sup>1</sup>See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.

Source: Muskegon County Equalization Department and 2025 L-4024 and L-4046 reports

## Valuation Composition

A breakdown of the Township's 2025 Taxable Value by class and use is as follows:

By Class:	2025 Taxable Value	Percent of Total
Real Property	\$267,373,780	93.24%
Personal Property	19,385,100	6.76
<b>TOTAL</b>	<b>\$286,758,880</b>	<b>100.00%</b>
<b>By Use:</b>		
Agricultural	\$78,262	0.03%
Commercial	26,327,566	9.18
Industrial	12,070,825	4.21
Residential	228,897,127	79.82
Personal	19,385,100	6.76
<b>TOTAL</b>	<b>\$286,758,880</b>	<b>100.00%</b>



Source: Muskegon County Equalization Department and 2025 L-4046 report

## INDUSTRIAL FACILITY TAX ABATEMENTS

Under the provisions of Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities in the area. The industrial facilities tax ("IFT") is paid, at a lesser effective rate and in lieu of ad valorem property taxes, in such facilities for a period of up to 12 years. Qualifying facilities are issued abatement certificates for this period.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198.

The 2025 Taxable Value for the properties which have been granted IFT abatements within the Township's boundaries is \$316,367, all of which is taxed at ½ rate. For purposes of computing "Equivalent" Taxable Value, it has been shown in the "History of Valuations" section as 50% of the Taxable Value.

*Source: Muskegon County Equalization Department*

## MAJOR TAXPAYERS

The Township's top ten taxpayers and their 2025 Taxable Value are as follows:

Taxpayer	Product/Service	2025 Taxable Value	"Equivalent" IFT Value <sup>1</sup>	2025 Total Valuation
Consumers Energy	Utility	\$8,077,280	\$0	\$8,077,280
DTE Energy	Utility	5,684,973	0	5,684,973
Sun Chemical Corp.	Pigments	4,951,923	0	4,951,923
S & S Properties Co LLC	Property Mgmt./Developer	4,651,862	0	4,651,862
Apple Carr Village	Mobile Home Park	3,114,690	0	3,114,690
Eagle Alloy/Alpha Investments	Steel Castings	1,926,941	158,184	2,085,125
Egelcraft LLC	Mobile Home Park	1,871,536	0	1,871,536
Michigan Electric Transmission Co.	Utility	1,665,000	0	1,665,000
GA Apple Ave LLC	Developer	1,055,005	0	1,055,005
Prestige Storage TSG 2 LLC	Storage	1,020,638	0	1,020,638
<b>TOTALS</b>		<b>\$34,019,848</b>	<b>\$158,184</b>	<b>\$34,178,032</b>
<b>Total 2025 Taxable Value</b>		<b>\$286,758,880</b>		<b>\$286,917,064</b>
Top 10 Taxpayers as a % of 2025 Total Values		11.86%		11.91%

<sup>1</sup>Represents 50% of the actual Taxable Value.

*Source: Muskegon County Equalization Department*

## TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total Township tax rates for the past five years.

Taxing Jurisdiction	2025	2024	2023	2022	2021
Township of Egelston					
Operating	1.1049	1.1185	1.1326	1.1326	1.1505
Fire	1.8802	1.9033	1.9272	1.9272	1.9576
Fire	0.9756	0.9876	1.0000	0.9636	0.9788
Street Lights	0.7903	0.8000	0.0000	0.7707	0.7829
Debt	0.6400	0.6400	0.6400	0.6400	0.6400
<b>Township Total</b>	<b>5.3910</b>	<b>5.4494</b>	<b>4.6998</b>	<b>5.4341</b>	<b>5.5098</b>

*Source: Muskegon County Equalization Department*

## TAX LEVIES AND COLLECTIONS

The Township's property taxes are due July 1 and December 1 of each year and are payable without penalty or interest on or before the following September 14 and February 14, respectively. Property owners who have not paid their property taxes on or before September 15 and February 15, respectively, are required to pay interest and penalties on, and collection fees with respect to, such unpaid taxes. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurer for collection. Muskegon County annually pays from its Delinquent Tax Revolving Fund delinquent taxes on real property to all taxing units in the County including the Township's, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible. A history of tax levies and collections for the Township is as follows:

Levy Year	Total Tax Levy	Collections to March 1, Following Year	Collections Plus Funding to June 30, Following Year
2024	\$1,056,039	\$991,638	93.90%
2023	981,757	918,439	93.55
2022	894,450	843,399	94.29
2021	848,132	788,462	92.96
2020	785,927	772,681	98.31

## REVENUES FROM THE STATE OF MICHIGAN

The Township receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On October 7, 2025, Governor Whitmer signed into law the budget for fiscal year 2026. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.010 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Any portion of the CVTRS payment that the Township would be eligible to receive would be subject to certain benchmarks that the Township would need to meet, and there can be no assurance what amount, if any, the Township would receive under the CVTRS program.

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the State's fiscal years ended September 30, 2021 through September 30, 2025.

State of Michigan Fiscal Year Ended September 30th	Total Revenue Sharing Payments <sup>1</sup>
2025	\$1,262,818
2024	1,260,227
2023	1,236,105
2022	1,313,063
2021	1,004,884

<sup>1</sup>Amounts do not include state gas and weight tax distributions.

Source: Department of Treasury via website at [www.michigan.gov/treasury](http://www.michigan.gov/treasury)

## **PENSION FUND**

### **Defined Contribution Pension Plan**

The Township contributes to the Egelston Township Group Pension Plan (the “Plan”), a defined contribution pension plan, for all of its employees except volunteer firemen and seasonal employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 15 percent of gross earnings. Employees are not required to contribute to the plan.

#### **Schedule of Employer Contributions**

Fiscal Year Ended June 30,	Employer Contributions
2025	\$60,988
2024	148,585
2023	141,052
2022	134,486
2021	134,898

For additional information, please see NOTE J – PENSION PLAN in the Notes to the Financial Statements of the Township’s Report to Financial Statements.

*Source: Audited Financial Statements*

## **OTHER POST-EMPLOYMENT BENEFITS**

### **Retiree Healthcare Plan**

The Township’s defined benefit OPEB Plan, the Egelston Township Other Post-Employment Benefit Plan (OPEB Plan), provides healthcare benefits to certain employees upon retirement. The Plan is a single-employer defined benefit plan administered by the Township Board. The benefits are provided under collective bargaining agreements and at the discretion of the Township Board. The OPEB Plan does not issue a publicly available report.

The OPEB Plan was established and is being funded under the Authority of the Township. The OPEB Plan’s funding policy is that the Township will contribute \$100,000 during the 2025 reporting period while continuing to pay retiree benefits from general operating funds. Afterwards, benefits will be paid from the OPEB trust. There are no long term contracts for contributions to the plan. The plan has no legally required reserves. For the year ended June 2025, the Township made payments for postemployment healthcare benefits for current retirees of \$60,988.

For additional information, please see NOTE K – OTHERPOSTEMPLOYMENT BENEFITS in the Notes to the Financial Statements of the Township’s Report on Financial Statements.

*Source: Audited Financial Statements*

**DEBT STATEMENT\* - (As of 01/13/26 – including the Bonds described herein)**

**DIRECT AND INDIRECT DEBT:**

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding
09/22/05	Wastewater System	LT	04/01/27	\$71,317
06/23/13	Fire Station-Public Safety Bldg.	UT	05/01/43	1,865,000
06/02/15	Wastewater Mgmt. Refunding	LT	11/01/36	866,887
02/11/21	Black Creek Drainage District	LT	05/01/51	88,431
12/21/23	Knudsen Drain Drainage District	LT	05/01/34	3,480
<b>TOTAL DIRECT AND INDIRECT DEBT</b>				<b>\$2,895,115</b>
Less: Prior Wastewater Mgmt. Bonds refunded by Wastewater Mgmt. Bonds				(866,887)*
Plus: Wastewater Mgmt. Refunding Bonds described herein				<b>799,155*</b>
<b>NET DIRECT AND INDIRECT DEBT</b>				<b><u>\$2,827,383*</u></b>

Debt Per Capita (2023 Population Estimate - 11,182)	\$252.85
Debt as percentage of SEV	0.64%

\*Preliminary, subject to change.

Source: *Municipal Advisory Council of Michigan*

**GENERAL FUND BUDGET SUMMARY**

The link to the Township's General Fund budget is below:

<http://www.egelstontwp.org/Departments/Financial.aspx>

**APPENDIX H**  
**TOWNSHIP OF EGELSTON**  
**AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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**INDEPENDENT AUDITOR'S REPORT**

Township Board  
Egelston Township  
Muskegon, Michigan

**Report of the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Egelston Township, Michigan as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Egelston Township, 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, each major fund, and the aggregate remaining fund information of Egelston Township, 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 Egelston Township, 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 M to the financial statements, in the year ended June 30, 2025 the Township 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.

**BRICKLEY DELONG**

Township Board  
Egelston Township  
Page 2

**Report of the Audit of the Financial Statements—Continued**

**Responsibilities of Management for the Financial Statements—Continued**

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

Township Board  
Egelston Township  
Page 3

#### Report of the Audit of the Financial Statements—Continued

##### 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 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 Egelston Township, Michigan's basic financial statements. The accompanying combining nonmajor fund financial statements 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

##### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated December 5, 2025, on our consideration of Egelston Township, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Egelston Township, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Egelston Township, Michigan's internal control over financial reporting and compliance.

*Brickley DeLong, P.C.*

Muskegon, Michigan  
December 5, 2025

## Egelston Township

### Management's Discussion and Analysis

As management of Egelston Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2025. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Township's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, and culture and recreation activities. The business-type activities of the Township are sewer services.

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 N of the "Notes to the Financial Statements" of this report. The prior year Statement of Net Position and Statement of Activities was not restated for the effect of GASB Statement 101 as the data is not available.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories - governmental funds, proprietary funds and fiduciary funds.

## Egelston Township

### Management's Discussion and Analysis

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Street Light Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** The Township has one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund, Fire Fund, and Street Light Fund.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

#### Government-wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net position for the Township. As stated earlier, the net position may be used as an indicator of a government's financial health. As of June 30, 2025, the Township's net position from governmental activities totaled \$6,930,547 (59%) and \$4,867,146 (41%) from business-type activities, creating a government-wide net position total of \$11,797,693.

## Egelston Township

### Management's Discussion and Analysis

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities actually depicts a balance of \$4,855,648. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$4,867,146 in net position, of which \$2,916,677 is unrestricted net position.

For governmental activities, current assets decreased due to unearned grant funds received in the prior year that were spent in the current year. Capital assets increased due to current year capital asset additions exceeding current year depreciation expense. Current liabilities decreased due to the release of the unearned grant revenues related to the change in current assets above. Noncurrent liabilities decreased due to debt payments made during the year.

For business-type activities, current assets and other assets increased due to higher cash flow as a result of increased utility rates. Capital assets increased due to current year capital asset additions exceeding depreciation expense. Noncurrent liabilities decreased due to debt payments made during the year.

Fluctuations in deferred inflows and outflows of resources are due to differences in experience, assumptions, and investment return related to the other post-employment benefits plan which are being amortized over average expected remaining service lives of all employees.

## Egelston Township

### Management's Discussion and Analysis

#### Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Current assets and other assets	\$ 6,391,683	\$ 6,943,577	\$ 3,101,192	\$ 2,519,583	\$ 9,492,875	\$ 9,463,160
Capital assets	2,916,464	2,872,174	2,954,454	2,129,828	5,870,918	5,002,002
Total assets	9,308,147	9,815,751	6,055,646	4,649,411	15,363,793	14,465,162
Deferred outflows of resources	131,860	117,893	17,981	16,076	149,841	133,969
Total assets and deferred outflows of resources	9,440,007	9,933,644	6,073,627	4,665,487	15,513,634	14,599,131
Current liabilities	440,319	1,408,313	244,355	164,611	684,674	1,572,924
Noncurrent liabilities	1,496,876	1,590,058	922,908	990,256	2,419,784	2,580,314
Total liabilities	1,937,195	2,998,371	1,167,263	1,154,867	3,104,458	4,153,238
Deferred inflows of resources	572,265	691,347	39,218	52,709	611,483	744,056
Total liabilities and deferred inflows of resources	2,509,460	3,689,718	1,206,481	1,207,576	3,715,941	4,897,294
Net position						
Net investment in capital assets	1,439,088	1,249,798	1,927,977	1,083,572	3,367,065	2,333,370
Restricted	635,811	400,230	22,492	3,431	658,303	403,661
Unrestricted	4,855,648	4,593,898	2,916,677	2,370,908	7,772,325	6,964,806
Total net position	<b>\$ 6,930,547</b>	<b>\$ 6,243,926</b>	<b>\$ 4,867,146</b>	<b>\$ 3,457,911</b>	<b>\$ 11,797,693</b>	<b>\$ 9,701,837</b>

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

## Egelston Township

### Management's Discussion and Analysis

The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows changes in net position.

#### Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 593,533	\$ 438,621	\$ 1,278,878	\$ 1,487,499	\$ 1,872,411	\$ 1,926,120
Operating grants and contributions	81,149	27,280	-	-	81,149	27,280
Capital grants and contributions	-	300	916,353	91,824	916,353	92,124
General revenues						
Taxes	1,685,969	1,372,833	-	-	1,685,969	1,372,833
Franchise fees	96,029	109,619	-	-	96,029	109,619
Grants and contributions not restricted	1,373,864	1,400,522	-	109,276	1,373,864	1,509,798
Unrestricted investment earnings	211,980	218,891	98,900	72,877	310,880	291,768
Miscellaneous	52,661	24,889	35	-	52,696	24,889
Total revenues	4,095,185	3,592,955	2,294,166	1,761,476	6,389,351	5,354,431
<b>Expenses:</b>						
General government	821,779	820,800	-	-	821,779	820,800
Public safety	1,527,823	1,524,025	-	-	1,527,823	1,524,025
Public works	532,397	380,956	-	-	532,397	380,956
Health, welfare and sanitation	43,959	7,733	-	-	43,959	7,733
Community and economic development	7,198	5,320	-	-	7,198	5,320
Culture and recreation	360,820	340,601	-	-	360,820	340,601
Interest on long term debt	51,564	56,115	-	-	51,564	56,115
Sewer	-	-	883,671	867,021	883,671	867,021
Total expenses	3,345,540	3,135,550	883,671	867,021	4,229,211	4,002,571
Change in net position	749,645	457,405	1,410,495	894,455	2,160,140	1,351,860
Net position - Beginning	6,243,926	5,786,521	3,457,911	2,563,456	9,701,837	8,349,977
Restatement	(63,024)	-	(1,260)	-	(64,284)	-
Net position - Ending	<b>\$ 6,930,547</b>	<b>\$ 6,243,926</b>	<b>\$ 4,867,146</b>	<b>\$ 3,457,911</b>	<b>\$ 11,797,693</b>	<b>\$ 9,701,837</b>

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

## Egelston Township

### Management's Discussion and Analysis

#### Governmental Activities

Charges for services increased due to a new fire services contract with Muskegon County. Property taxes increased due to growth in taxable value. Unrestricted investment earnings increased due to higher cash balances. Public works expenses increased due to more road maintenance activity.

#### Business-type Activities

Charges for services decreased due to a decrease in pumping activity at the BOFOR site. Capital grants and contributions increased due to American Rescue Plan Act grant funds used for lift station improvements.

#### Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2025, the governmental funds reported a combined unassigned fund balance of \$3,392,652, all of which is in the General Fund. The Township also has fund balance that is nonspendable as it has been spent on prepaid items for the following year or is restricted for debt service, fire protection, street lights, the Township festival, or employee health insurance. The Township has also committed \$817,737 for various capital improvements and other anticipated projects and assigned fund balance for the subsequent year's budget appropriations in the amount of \$889,586.

The General Fund is the chief operating fund of the Township. At June 30, 2025, the General Fund fund balance was \$5,132,356, an increase of \$374,765. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures and transfers. Unassigned fund balance represents 150 percent of the General Fund expenditures and transfers (158 percent in the prior year).

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sewer Fund increased by \$1,410,495 due to a large capital grant.

## Egelston Township

### Management's Discussion and Analysis

#### General Fund Budget

During the current fiscal year, the Township made several amendments to its original budget as follows:

- The intergovernmental revenues—State budget was increased by \$46,943 due to additional monies received from the State during the year.
- The intergovernmental revenues—Local budget was increased by \$32,000 due to additional planned spending of senior resource funding.
- The budget for investment earnings was increased by \$37,000 due to higher cash balances.
- The budget for clerk expenditures was increased by \$60,729 due to additional personnel hired during the year.
- The budget for inspection department expenditures was decreased by \$73,729 due to reallocation of personnel time.

The following comments summarize the major variations from the final budget to actual revenues and expenditures:

- Licenses and permits were under the final budget by \$59,084 as cable franchise fees continue to decline.
- Professional services were under the final budget by \$38,971 as there were no significant legal matters during the year.
- Personal services expenditures were under the final budget by \$127,772 as a planned contribution to the OPEB trust was considered unnecessary.
- Inspection department expenditures were under the final budget by \$36,131 due to conservative budgeting.
- Transfers out were under the final budget by \$448,321 as the General Fund did not need to transfer the entire amount budgeted to the Fire Fund for capital projects.

## Egelston Township

### Management's Discussion and Analysis

#### Capital Assets Administration

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2025 totaled \$5,870,918 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office equipment, equipment, utility systems and vehicles.

Capital asset additions during the current year included building improvements and improvements to a lift station.

	Capital Assets (Net of Accumulated Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 233,707	\$ 233,707	\$ 7,934	\$ 7,934	\$ 241,641	\$ 241,641
Construction in progress	80,000	-	1,047,020	151,447	1,127,020	151,447
Land improvements	97,041	112,333	-	-	97,041	112,333
Buildings and improvements	1,855,062	1,875,419	4,422	4,887	1,859,484	1,880,306
Utility systems	-	-	1,234,416	1,300,836	1,234,416	1,300,836
Equipment	125,628	121,833	63,039	5,898	188,667	127,731
Vehicles	525,026	528,882	-	-	525,026	528,882
Access rights	-	-	597,623	658,826	597,623	658,826
Total	<b>\$ 2,916,464</b>	<b>\$ 2,872,174</b>	<b>\$ 2,954,454</b>	<b>\$ 2,129,828</b>	<b>\$ 5,870,918</b>	<b>\$ 5,002,002</b>

Additional information on the Township's capital assets can be found in Note F of the "Notes to Financial Statements" of this report.

#### Long-Term Debt

At June 30, 2025, the Township had total outstanding debt of \$2,569,584 consisting of general obligation bonds and compensated absences.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
General obligations bonds	\$ 1,477,376	\$ 1,622,376	\$ 981,908	\$ 1,046,256	\$ 2,459,284	\$ 2,668,632
Compensated absences	106,000	34,976	4,300	4,040	110,300	39,016
Total	<b>\$ 1,583,376</b>	<b>\$ 1,657,352</b>	<b>\$ 986,208</b>	<b>\$ 1,050,296</b>	<b>\$ 2,569,584</b>	<b>\$ 2,707,648</b>

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

The Township's total debt decreased by \$202,348 during the fiscal year. The decrease came as a result of scheduled debt service.

Additional information on the Township's long-term debt can be found in Note H of the "Notes to Financial Statements" of this report.

## Egelston Township

### Management's Discussion and Analysis

In addition, as of June 30, 2025, the Township had \$187,435 of long-term other post-employment benefits (OPEB) assets. Additional information on the Township's OPEB liabilities can be found in Note K of the "Notes to Financial Statements".

#### General Economic Overview

The Township's General Fund has two major revenue sources, state revenue sharing and property tax revenue. Those two sources comprise approximately 66 percent of the General Fund revenue sources. For fiscal year 2026, the Township budgeted a slight increase in property taxes and a slight decrease in state revenue sharing.

The Township is expecting operating expenditures to increase by the rate of inflation in the coming year in the General Fund with a couple of exceptions. Road improvements of \$174,100 have been budgeted as the Township continues to work to improve the quality of its roads although this amount may change as final costs are determined. As part of its budget, the Township has appropriated \$1,053,907 to transfer to the Fire Fund to support fire operations and capital projects.

In the Fire Fund, operations are expected to increase due to expected increases in overall costs. Capital outlay budgeted is \$672,223 related to the purchase of a new fire truck.

In the Street Light Fund, for fiscal year 2026, the Township expects similar activity to the prior year, but plans on spending down fund balance on upgrades to the efficiency of the street light system.

The Township continues to work to pay down the debt associated with its new fire station and has budgeted an additional payment on the debt service this year.

The Township continues to monitor treatment costs from Muskegon County and operating costs of the Township's system and adjusts rates as necessary.

#### Requests for Information

This financial report is designed to provide a general overview of Egelston Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Egelston Township, 5428 E. Apple Ave., Muskegon, Michigan, 49442, or telephone (231) 788-2308.

Egelston Township  
**STATEMENT OF NET POSITION**  
June 30, 2025

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 5,494,833	\$ 2,608,689	\$ 8,103,522
Receivables			
Accounts	29,721	396,498	426,219
Leases	21,228	-	21,228
Internal balances	(63,779)	63,779	-
Due from other governmental units	437,871	-	437,871
Prepaid items	43,429	3,764	47,193
Total current assets	5,963,303	3,072,730	9,036,033
Noncurrent assets			
Special assessments receivable, less amounts due within one year	-	5,970	5,970
Leases receivable, less amounts due within one year	263,437	-	263,437
Capital assets, net			
Nondepreciable	313,707	1,054,954	1,368,661
Depreciable	2,602,757	1,899,500	4,502,257
Net other postemployment benefits asset	164,943	22,492	187,435
Total noncurrent assets	3,344,844	2,982,916	6,327,760
Total assets	9,308,147	6,055,646	15,363,793
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	131,860	17,981	149,841
Total assets and deferred outflows of resources	9,440,007	6,073,627	15,513,634
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	200,723	80,430	281,153
Due to other governmental units	38,231	100,625	138,856
Unearned revenues—expenditure-driven grants	114,865	-	114,865
Bonds and other obligations, due within one year	86,500	63,300	149,800
Total current liabilities	440,319	244,355	684,674
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	1,496,876	922,908	2,419,784
Total liabilities	1,937,195	1,167,263	3,104,458
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	284,665	-	284,665
Related to other postemployment benefits	287,600	39,218	326,818
Total deferred inflows of resources	572,265	39,218	611,483
Total liabilities and deferred inflows of resources	2,509,460	1,206,481	3,715,941
<b>NET POSITION</b>			
Net investment in capital assets	1,439,088	1,927,977	3,367,065
Restricted			
Debt service	142,281	-	142,281
Fire operations	46,925	-	46,925
Street lights	229,405	-	229,405
Festival	31,124	-	31,124
Employee health insurance	21,133	-	21,133
Other postemployment benefits	164,943	22,492	187,435
Unrestricted	4,855,648	2,916,677	7,772,325
Total net position	<b>\$ 6,930,547</b>	<b>\$ 4,867,146</b>	<b>\$ 11,797,693</b>

The accompanying notes are an integral part of this statement.

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Egelston Township  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 821,779	\$ 96,216	\$ 14,279	\$ -	\$ (711,284)	\$ -	\$ (711,284)
Public safety	1,527,823	376,197	16,908	-	(1,134,718)	-	(1,134,718)
Public works	532,397	55,474	6,003	-	(470,920)	-	(470,920)
Health and welfare	43,959	-	43,959	-	-	-	-
Community and economic development	7,198	-	-	-	(7,198)	-	(7,198)
Culture and recreation	360,820	65,646	-	-	(295,174)	-	(295,174)
Interest on long-term obligations	51,564	-	-	-	(51,564)	-	(51,564)
Total governmental activities	3,345,540	593,533	81,149	-	(2,670,858)	-	(2,670,858)
Business-type activities							
Sewer	883,671	1,278,878	-	916,353	-	1,311,560	1,311,560
Total government	<b>\$ 4,229,211</b>	<b>\$ 1,872,411</b>	<b>\$ 81,149</b>	<b>\$ 916,353</b>	(2,670,858)	1,311,560	(1,359,298)
General revenues							
Property taxes, levied for							
General purposes					425,185	-	425,185
Specific purposes					1,143,880	-	1,143,880
Excise tax distribution					116,904	-	116,904
Franchise fees					96,029	-	96,029
Grants and contributions not restricted to specific programs					1,373,864	-	1,373,864
Unrestricted investment earnings					211,980	98,900	310,880
Miscellaneous					52,661	35	52,696
Total general revenues					3,420,503	98,935	3,519,438
Change in net position					749,645	1,410,495	2,160,140
Net position at beginning of year, as previously reported					6,243,926	3,457,911	9,701,837
Adjustments to beginning net position					(63,024)	(1,260)	(64,284)
Net position at beginning of year, as restated					6,180,902	3,456,651	9,637,553
Net position at end of year					<b>\$ 6,930,547</b>	<b>\$ 4,867,146</b>	<b>\$ 11,797,693</b>

The accompanying notes are an integral part of this statement.

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Egelston Township  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2025

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Street Light Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 5,065,351	\$ 6,165	\$ 241,624	\$ 181,693	\$ 5,494,833
Receivables					
Accounts	29,642	57	11	12	29,722
Leases	284,665	-	-	-	284,665
Due from other governmental units	420,963	16,908	-	-	437,871
Due from other funds	-	94,855	-	-	94,855
Prepaid items	17,413	26,016	-	-	43,429
Total assets	<b>\$ 5,818,034</b>	<b>\$ 144,001</b>	<b>\$ 241,635</b>	<b>\$ 181,705</b>	<b>\$ 6,385,375</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 42,013	\$ 53,638	\$ 12,230	\$ -	\$ 107,881
Accrued liabilities	47,270	37,273	-	-	84,543
Due to other governmental units	38,231	-	-	-	38,231
Due to other funds	158,634	-	-	-	158,634
Unearned revenues—expenditure-driven grants	114,865	-	-	-	114,865
Total liabilities	401,013	90,911	12,230	-	504,154
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to leases	284,665	-	-	-	284,665
<b>FUND BALANCES</b>					
Nonspendable—prepaid items	17,413	26,016	-	-	43,429
Restricted					
Debt service	-	-	-	150,581	150,581
Fire protection	-	20,909	-	-	20,909
Street lights	-	-	229,405	-	229,405
Festival	-	-	-	31,124	31,124
Employee health insurance	14,968	6,165	-	-	21,133
Committed					
Community center improvements	268,286	-	-	-	268,286
Park improvements	18,061	-	-	-	18,061
Cemetery expansion and improvements	8,000	-	-	-	8,000
Townhall and library capital improvements	25,000	-	-	-	25,000
Fire vehicle	70,000	-	-	-	70,000
Other capital improvements	428,390	-	-	-	428,390
Assigned for subsequent year's budget appropriations	889,586	-	-	-	889,586
Unassigned	3,392,652	-	-	-	3,392,652
Total fund balances	<b>5,132,356</b>	<b>53,090</b>	<b>229,405</b>	<b>181,705</b>	<b>5,596,556</b>
Total liabilities and fund balances	<b>\$ 5,818,034</b>	<b>\$ 144,001</b>	<b>\$ 241,635</b>	<b>\$ 181,705</b>	<b>\$ 6,385,375</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
 June 30, 2025

Total fund balance—governmental funds	<b>\$ 5,596,556</b>
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	<b>\$ 6,032,106</b>
Accumulated depreciation	<b>(3,115,642)</b>
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	<b>(8,300)</b>
Bonds payable	<b>(1,477,376)</b>
Compensated absences	<b>(106,000)</b>
Other postemployment benefits and related deferred outflows/inflows of resources	<b>9,203</b>
Net position of governmental activities	<b>\$ 6,930,547</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended June 30, 2025

	General Fund	Fire Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 425,185	\$ 763,569	\$ 211,284	\$ 169,028	\$ 1,569,066
Excise tax distribution	116,904	-	-	-	116,904
Licenses and permits	334,466	-	-	-	334,466
Intergovernmental revenues					
Federal	2,590	-	-	-	2,590
State	1,303,166	64,306	-	23,300	1,390,772
Local	43,959	-	-	-	43,959
Charges for services	93,385	213,799	-	-	307,184
Fines and forfeitures	448	-	-	-	448
Investment earnings	209,106	59	1,657	1,159	211,981
Other	101,747	16,070	-	-	117,817
Total revenues	2,630,956	1,057,803	212,941	193,487	4,095,187
<b>EXPENDITURES</b>					
Current					
General government	844,527	-	-	-	844,527
Public safety	426,966	1,052,537	-	-	1,479,503
Public works	359,504	-	160,848	-	520,352
Health and welfare	43,959	-	-	-	43,959
Community and economic development	7,198	-	-	-	7,198
Culture and recreation	351,124	-	-	-	351,124
Debt service					
Principal	-	-	-	145,000	145,000
Interest and fees	-	-	-	52,464	52,464
Capital outlay	66,797	145,433	-	-	212,230
Total expenditures	2,100,075	1,197,970	160,848	197,464	3,656,357
Excess of revenues over (under) expenditures	530,881	(140,167)	52,093	(3,977)	438,830
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	156,116	-	-	156,116
Transfers out	(156,116)	-	-	-	(156,116)
Total other financing sources (uses)	(156,116)	156,116	-	-	-
Net change in fund balances	374,765	15,949	52,093	(3,977)	438,830
Fund balances at beginning of year	4,757,591	37,141	177,312	185,682	5,157,726
Fund balances at end of year	<b>\$5,132,356</b>	<b>\$ 53,090</b>	<b>\$ 229,405</b>	<b>\$ 181,705</b>	<b>\$ 5,596,556</b>

Egelston Township  
**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	\$ 438,830
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	\$ (167,940)
Capital outlay	<u>212,230</u> 44,290
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	145,000
Change in accrued interest payable	900
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	(8,000)
Change in other postemployment benefits and related deferred outflows/inflows of resources	<u>128,625</u> 120,625
Change in net position of governmental activities	<b>\$ 749,645</b>

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF NET POSITION**  
 Proprietary Fund  
 June 30, 2025

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Sewer</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 2,608,689
Receivables	
Accounts	395,470
Special assessments	1,028
Due from other funds	63,779
Prepaid items	3,764
Total current assets	<u>3,072,730</u>
Noncurrent assets	
Special assessments receivable, less amounts due within one year	5,970
Capital assets	
Land	7,934
Construction in progress	10,470,020
Buildings	18,613
Utility system	9,403,883
Equipment	408,322
Vehicles	16,667
Access rights	1,674,280
Less accumulated depreciation and amortization	(9,622,265)
Net capital assets	2,954,454
Net other postemployment benefits asset	22,492
Total noncurrent assets	<u>2,982,916</u>
Total assets	<u>6,055,646</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	<u>17,981</u>
Total assets and deferred outflows of resources	<u>6,073,627</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	66,912
Accrued liabilities	13,518
Due to other governmental units	100,625
Bonds and other obligations, due within one year	63,300
Total current liabilities	<u>244,355</u>
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	922,908
Total liabilities	<u>1,167,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	<u>39,218</u>
Total liabilities and deferred inflows of resources	<u>1,206,481</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,927,977
Restricted	
Employee health insurance	6,759
Other postemployment benefits	22,492
Unrestricted	
Total net position	<u>\$ 4,867,146</u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
 Proprietary Fund  
 For the year ended June 30, 2025

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,278,878
Other revenues	35
Total operating revenues	<u>1,278,913</u>
<b>OPERATING EXPENSES</b>	
Administration	25,342
Operations	688,422
Depreciation and amortization	133,648
Total operating expenses	<u>847,412</u>
Operating income (loss)	<u>431,501</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	98,900
Connection fees	18,050
Interest expense	(36,259)
Capital grants and contributions	898,303
Total nonoperating revenues (expenses)	<u>978,994</u>
Change in net position	<u>1,410,495</u>
Net position at beginning of year, as previously reported	<u>3,457,911</u>
Adjustments to beginning net position	<u>(1,260)</u>
Net position at beginning of year, as restated	<u>3,456,651</u>
Net position at end of year	<u>\$ 4,867,146</u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF CASH FLOWS**  
 Proprietary Fund  
 For the year ended June 30, 2025

**CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>Business-type Activities - Enterprise Fund Sewer</b>
Receipts from customers	\$ 1,329,823
Receipts from interfund services provided	6,943
Payments to suppliers	(612,596)
Payments to employees	(88,013)
Net cash provided by (used for) operating activities	<u>636,157</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Connection fees	12,352
Purchases of capital assets	(913,705)
Principal paid on capital debt	(55,758)
Interest paid on capital debt	(45,249)
Capital grants and contributions	834,524
Net cash provided by (used for) capital and related financing activities	<u>(167,836)</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

Investment earnings	98,900
Net increase (decrease) in cash and investments	567,221
Cash and investments at beginning of year	<u>2,041,468</u>
Cash and investments at end of year	<b><u>\$ 2,608,689</u></b>

Reconciliation of operating income (loss) to net cash provided by

(used for) operating activities	
Operating income (loss)	\$ 431,501
Adjustments to reconcile operating income (loss) to net cash provided by	
(used for) operating activities	
Depreciation and amortization expense	133,648
Change in assets and liabilities	
Receivables	57,853
Prepaid items	(620)
Accounts payable	18,702
Accrued liabilities	(18,040)
Due to other governmental units	13,113
Net cash provided by (used for) operating activities	<b><u>\$ 636,157</u></b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF NET POSITION**  
 Fiduciary Funds  
 June 30, 2025

	<b>Business-type Activities - Enterprise Fund Sewer</b>		<b>Other Post- Employment Benefit Trust Fund</b>	<b>Custodial Funds</b>	
				<b>Trust and Agency</b>	<b>Current Tax</b>
<b>ASSETS</b>					
Cash	\$ -		\$ 36,689	\$ -	
Investments					
Money market			4,340	-	
Mutual funds—equity			1,048,069	-	
Mutual funds—fixed income			347,629	-	
Total assets			<u>1,400,038</u>	<u>36,689</u>	
<b>LIABILITIES</b>					
Due to other governmental units				4,701	
Other liabilities				31,988	
Total liabilities				<u>36,689</u>	
<b>NET POSITION</b>					
Restricted for other postemployment benefits			<b><u>\$ 1,400,038</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF CHANGES IN NET POSITION**  
Fiduciary Funds  
For the year ended June 30, 2025

	<b>Other Post-Employment Benefit Trust Fund</b>	<b>Custodial Funds</b>		
		<b>Trust and Agency</b>	<b>Current Tax</b>	
<b>ADDITIONS</b>				
Property tax collections for other governments	\$ -	\$ -	\$ 8,639,579	
Escrow deposits received	-	1,309,013	-	
Employer contributions	60,988	-	-	
Investment earnings (loss)	142,805	-	-	
Total additions	203,793	1,309,013	8,639,579	
<b>DEDUCTIONS</b>				
Payments of property taxes to other governments	-	-	8,639,579	
Escrow deposits returned	-	1,309,013	-	
Benefit payments	60,988	-	-	
Administrative expenses	5,252	-	-	
Total deductions	66,240	1,309,013	8,639,579	
Change in net position	137,553	-	-	
Net position at beginning of year	1,262,485	-	-	
Net position at end of year	<b>\$ 1,400,038</b>	<b>\$ -</b>	<b>\$ -</b>	

The accompanying notes are an integral part of this statement.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Egelston Township (Township) 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 Township's accounting policies are described below.

**Reporting Entity**

Egelston Township is a common law Township governed by an elected seven-member Board.

Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**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 Township. 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.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Township's enterprise fund. 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 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 Township's sewer function 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 Township's funds, including its fiduciary funds. 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 Township 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.

Egelston Township  
**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 Fire Fund is used to account for a special property tax millage levied by the Township for the operations and capital expenditures of the fire department.

The Street Light Fund is used to account for a special property tax millage levied by the Township for the operation and maintenance of the Township's street lights.

The Township reports the following major enterprise fund:

The Sewer Fund operates the Township's sewage pumping station, collection system and pays for access to the County's sewage treatment plant.

Additionally, the Township reports the following fund types:

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

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

During the course of operations the Township 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 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.

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.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

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 Township 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.

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 due 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 Township'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 Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township 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 Constellation Trust Company and are subject to the investment policies of Constellation Trust Company and State of Michigan statutes allowing diverse investments in stocks, corporate and government bonds, mortgages, real estate, and other investments.

**Prepaid Items**

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.

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Leases Receivable***

The Township is a lessor for certain noncancelable leases. The Township 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 Township 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 Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Township 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 Township 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 and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period, 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.

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

<b><u>Capital Asset Classes</u></b>	<b><u>Years</u></b>
Buildings and improvements	10-50
Utility systems	20-50
Land improvements	10-20
Office equipment	5-7
Equipment	5-25
Vehicles	5-15
Access rights	20

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Other Postemployment Benefit Costs***

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

***Deferred Outflows/Inflows of Resources***

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

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

***Net Position Flow Assumption***

Sometimes the Township 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 Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Net Position Policies***

The Township Board has taken formal action to set aside \$500,000 in the Sewer Fund future capital improvements to the sewer system.

***Fund Balance Flow Assumptions***

Sometimes the Township 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 Township'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.

Egelston Township  
**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**

***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 Township 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 Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township Board has by resolution authorized the executive officers to assign fund balance. The Township Board 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.

**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.

***Property Taxes***

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

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and liened 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 Township to the County for collection. The County advances the Township all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township 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).

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Property Taxes—Continued***

The 2024 state taxable value for real/personal property of the Township totaled approximately \$263,400,000. The ad valorem taxes levied consisted of 1.1185, 2.8909, .64, and .80 mills for the Township's general operation, fire department operations, debt service, and streetlight respectively. These amounts are recognized in the respective General Fund, Fire Fund, Fire Station Debt Fund, and Street Light Fund.

***Compensated Absences***

Township employees are granted vacation and sick leave in varying amounts based on length of service. The liability for these compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated based on historical trends. A liability for these amounts is reported in 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 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.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The Township may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level.

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

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE C—DEPOSITS AND INVESTMENTS**

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

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Days)</b>	<b>S&amp;P</b>	<b>Percent</b>
External investment pool	\$ 4,409,383	85	AAAm	75.9 %
OPEB Trust				
Money market	4,340	30	N/A	0.1
Mutual funds—equity	1,048,069	N/A	N/A	18.0
Mutual funds—fixed income	347,629	N/A	N/A	6.0
Total fair value	<b>\$ 5,809,421</b>			<b>100.0 %</b>
Portfolio weighted average maturity		<b>N/A</b>		

The Township 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 Township’s investments is the same as the value of the Pool shares.

**Deposit and Investment Risks**

**Interest Rate Risk**

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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 Township has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township 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.

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. As of June 30, 2025, \$2,574,672 of the Township’s bank balance of \$3,566,065 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial Credit Risk – Investments**

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. At June 30, 2025, \$98,143 of the Township’s total investment portfolio was held in foreign equities.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE D—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 Township 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.

**Mutual funds:** Valued at the closing price reported on the active market on which the individual securities are traded.

**External investment pool:** The assets are valued based upon the Township’s allocable share of the Michigan CLASS (Pool) pooled investment portfolio. The allocable share is based on the value of the underlying assets owned by the Pool, minus its liabilities.

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

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

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 Township 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 Township's assets at fair value on a recurring basis as of June 30, 2025:

	<b>Assets at Fair Value as of June 30, 2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
External investment pool	\$ -	\$ 4,409,383	\$ -	\$ 4,409,383
OPEB Trust				
Money market	-	4,340	-	4,340
Mutual funds—equity	1,048,069	-	-	1,048,069
Mutual funds—fixed income	347,629	-	-	347,629
Total assets at fair value	<b>\$ 1,395,698</b>	<b>\$ 4,413,723</b>	<b>\$ -</b>	<b>\$ 5,809,421</b>

**NOTE E—LEASE RECEIVABLE**

The Township leases the right to use space on land owned by the Township to a third party for the operation of cell phone antennas. The lease term is 5 years and the Township receives monthly payments of \$2,104, increasing by 3 percent each year. The lease has several 5-year renewal terms at the lessee's discretion through January 2061. The Township has recorded a receivable through January 2036, the period that it is reasonably certain that the lessee will exercise those options, based on all relevant factors. The Township recognized \$20,152 in lease revenue and \$4,731 in interest revenue during the year ended June 30, 2025. The Township has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was \$284,665.

The future minimum payments to be received for this lease are as follows:

<b>Year Ending</b>	<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 21,228	\$ 4,401	
2027	22,345	4,053	
2028	23,503	3,687	
2029	24,703	3,302	
2030	25,947	2,898	
2031-2035	150,050	7,692	
2036	16,889	79	
	<b>\$ 284,665</b>	<b>\$ 26,112</b>	

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE F—CAPITAL ASSETS**

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

	<b>Balance</b>	<b>July 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>
<b>Governmental activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 233,707	\$ -	\$ -	\$ -	\$ 233,707
Construction in progress		-	80,000	-	80,000
Total capital assets, not being depreciated	233,707		80,000	-	313,707
<b>Capital assets, being depreciated:</b>					
Land improvements	504,688		-	-	504,688
Buildings and improvements	3,069,692		48,650	-	3,118,342
Equipment	453,402		32,117	-	485,519
Office equipment	56,836		-	18,181	38,655
Vehicles	1,519,732		51,463	-	1,571,195
Total capital assets, being depreciated	5,604,350		132,230	18,181	5,718,399
<b>Less accumulated depreciation:</b>					
Land improvements	392,355		15,292	-	407,647
Buildings and improvements	1,194,274		69,006	-	1,263,280
Equipment	331,569		28,322	-	359,891
Office equipment	56,836		-	18,181	38,655
Vehicles	990,849		55,320	-	1,046,169
Total accumulated depreciation	2,965,883		167,940	18,181	3,115,642
Total capital assets, being depreciated, net	2,638,467		(35,710)	-	2,602,757
Capital assets, net	<b>\$ 2,872,174</b>	<b>\$ 44,290</b>	<b>\$ -</b>	<b>\$ 2,916,464</b>	

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE F—CAPITAL ASSETS—Continued**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2024</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2025</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 7,934	\$ -	\$ -	\$ 7,934
Construction in process	151,447	895,573	-	1,047,020
Total capital assets, not being depreciated	159,381	895,573	-	1,054,954
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	18,613	-	-	18,613
Utility systems	9,462,137	-	58,254	9,403,883
Equipment	345,621	62,701	-	408,322
Vehicles	16,667	-	-	16,667
Access rights	1,674,280	-	-	1,674,280
Total capital assets, being depreciated	11,517,318	62,701	58,254	11,521,765
<b>Less accumulated depreciation:</b>				
Buildings and improvements	13,726	465	-	14,191
Utility systems	8,161,301	66,420	58,254	8,169,467
Equipment	339,723	5,560	-	345,283
Vehicles	16,667	-	-	16,667
Access rights	1,015,454	61,203	-	1,076,657
Total accumulated depreciation	9,546,871	133,648	58,254	9,622,265
Total capital assets, being depreciated, net	1,970,447	(70,947)	-	1,899,500
Capital assets, net	<b>\$ 2,129,828</b>	<b>\$ 824,626</b>	<b>\$ -</b>	<b>\$ 2,954,454</b>
<b>Depreciation</b>				
Depreciation expense has been charged to functions as follows:				
<b>Governmental activities:</b>				
General government		\$ 36,558		
Public safety		109,641		
Public works		12,045		
Culture and recreation		9,696		
		<b>\$ 167,940</b>		
<b>Business-type activities:</b>				
Sewer		<b>\$ 133,648</b>		

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

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

**Due To/Due From Other Funds:**

The General Fund owes the Fire Fund \$94,855. The outstanding balance between the funds results from the remainder of a transfer to subsidize Fire Fund operations. The General Fund owes Sewer Fund \$63,779 related to retainage incurred in the Sewer Fund to be paid for using ARPA monies held in the General Fund.

**Interfund Transfers:**

The General Fund transferred \$156,116 to the Fire Fund as an operational and capital subsidy.

**NOTE H—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

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

	<b>Balance</b>		<b>Balance</b>	<b>Due Within</b>
	<b>July 1, 2024, as restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2025</b>
<b>Governmental activities:</b>				
Direct borrowings and direct placements				
General obligation bonds	\$ 1,622,376	\$ -	\$ 145,000	\$ 1,477,376
Compensated absences*	98,000	8,000	-	106,000
Governmental activities long-term liabilities	<b>\$ 1,720,376</b>	<b>\$ 8,000</b>	<b>\$ 145,000</b>	<b>\$ 1,583,376</b>
<b>Business-type activities:</b>				
Direct borrowings and direct placements				
General obligation bonds	\$ 981,341	\$ -	\$ 55,758	\$ 925,583
Premium	64,915	-	8,590	56,325
Compensated absences*	5,300	-	1,000	4,300
Business-type activities long-term liabilities	<b>\$ 1,051,556</b>	<b>\$ -</b>	<b>\$ 65,348</b>	<b>\$ 986,208</b>
				<b>\$ 63,300</b>

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

General obligation bonds are a direct obligation and pledge the full faith and credit of the Township.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE H—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Balance</b>
<b>Governmental activities:</b>			
Direct borrowings and direct placements			
General obligation bonds			
2013 Unlimited Tax General Obligation Bonds	3.375%	May 2042	<b><u>\$ 1,477,376</u></b>
<b>Business-type activities:</b>			
Direct borrowings and direct placements			
General obligation bonds			
Muskegon County Wastewater Management -			
Number One Refunding Bonds of 2015	4-5%	Nov 2036	<b><u>\$ 925,583</u></b>

For governmental activities, 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 Township 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 Township's portion of the debt on June 30, 2025 was approximately \$71,000. The Township is unaware of any circumstances that would cause a shortfall in the near future.

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

Annual debt service requirements to maturity for debt outstanding as of June 30, 2025 follow:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Direct Borrowings and Direct Placements</b>		<b>Direct Borrowings and Direct Placements</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 60,000	\$ 49,861	\$ 59,000	\$ 42,389
2027	65,000	47,836	62,000	39,692
2028	70,000	75,643	64,000	37,074
2029	70,000	43,280	67,000	34,281
2030	75,000	40,918	70,000	31,355
2031-2035	460,000	163,076	409,000	101,961
2036-2040	610,000	75,326	194,583	9,933
2041-2042	67,376	2,274	-	-
	<b><u>\$ 1,477,376</u></b>	<b><u>\$ 498,214</u></b>	<b><u>\$ 925,583</u></b>	<b><u>\$ 296,685</u></b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE I—OTHER INFORMATION**

**Risk Management**

The Township 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 Township manages its liability, property and insurance coverage as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MTPP for its insurance coverage. The MTPP 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 insuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. 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 Township expects such amounts, if any, to be immaterial.

**Commitments**

At June 30, 2025, the Township has committed \$392,223 to purchase a new fire truck. The fire truck will be financed with available fund balance.

**NOTE J—PENSION PLAN**

**Defined Contribution Plan**

The Township contributes to the Egelston Township Group Pension Plan (Plan), a defined contribution pension plan, for all of its employees except volunteer firemen and seasonal employees. The Plan is administered by the Township.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE J—PENSION PLAN—Continued**

**Defined Contribution Plan—Continued**

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 15 percent of gross earnings. Employees are not required to make contributions to the Plan. For the year ended June 30, 2025, the Township recognized pension expense of \$131,506.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Township contributions and earnings on Township contributions after completion of two years of qualified service to the Township. Nonvested Township contributions are forfeited upon termination of employment. Such forfeitures are used to reduce required Township contributions. For the year ended June 30, 2025 there were no forfeitures.

**NOTE K—OTHER POSTEMPLOYMENT BENEFITS**

**Retiree Healthcare Plan**

**Plan Description**

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

**Benefits Provided**

The OPEB Plan provides medical and dental insurances for eligible retirees who retire on or after 20 years of service, with an additional requirement for elected Township Board members, who must reach age 60.

Only elected Township Board members and non-union employees hired prior to November 20, 2016, IAFF Union employees hired prior to July 1, 2017, and Teamsters Union employees hired prior to March 1, 2016 are eligible for benefits.

**Employees Covered by Benefit Terms**

At the June 30, 2024 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	10
Total employees covered by OPEB Plan	<b>21</b>

**Contributions**

The OPEB Plan was established and is being funded under the authority of the Township. The OPEB Plan's funding policy is that the Township will use assets from the OPEB trust to pay benefits. There are no long term contracts for contributions to the plan. The plan has no legally required reserves. For the year ended June 30, 2025, the Township made payments for postemployment healthcare benefits for current retirees of \$60,988.

**Net OPEB Liability (Asset)**

The Township'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 of June 30, 2024 which was rolled forward to June 30, 2025.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE K—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	Included in investment rate of return
Salary increases	5.0 percent
Investment rate of return	6.28 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent for the first year, 7.5 percent for the second year, then graded down by .25 percent per year to an ultimate rate of 4.5 percent Post-Medicare: 5.5 percent for the first year, 5.75 percent for the second year, then graded down by .25 percent per year to an ultimate rate of 4.5 percent

**Mortality**

Mortality rates were as set forth in the Pub-2016 General and Safety Employees and Retirees, headcount weighted, with the IRS 2024 Adjusted Scale MP-2021.

**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 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 as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	64.0%	7.10%
Global fixed income	26.0%	4.20%
Real assets	5.0%	8.00%
Diversifying strategies	5.0%	4.90%

The sum of each target allocation times its long-term expected rate, plus inflation, is 6.28 percent.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.28 percent. The projection of cash flows used to determine the discount rate assumed that the Township will use assets to pay benefits. Based on this assumption, the OPEB Plan's fiduciary net position was projected to be sufficient to make all 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", 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. The discount rate used to calculate the liability at the beginning of the year was 6.90 percent.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE K—OTHER POSTEMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

*Changes in the Net OPEB Liability (Asset)*

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Position (b)</b>	<b>Net OPEB Liability (Asset) (a)-(b)</b>
Balance at beginning of year	\$ 1,092,922	\$ 1,262,485	\$ (169,563)
Changes for the year			
Service cost	16,229	-	16,229
Interest	74,428	-	74,428
Experience (gains)/losses	3,629	-	3,629
Changes of assumptions	86,383	-	86,383
Contributions - employer	-	60,988	(60,988)
Net investment income (loss)	-	144,257	(144,257)
Administrative expenses	-	(6,704)	6,704
Benefit payments including refund of employee contributions	(60,988)	(60,988)	-
Net changes	119,681	137,553	(17,872)
Balance at end of year	<b>\$ 1,212,603</b>	<b>\$ 1,400,038</b>	<b>\$ (187,435)</b>

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

The following presents the net OPEB liability (asset) of the Township, calculated using the discount rate of 6.90 percent, as well as what the Township's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
Township's net OPEB liability (asset)	\$ (59,898)	\$ (187,435)	\$ (295,468)

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE K—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 Township, calculated using the healthcare cost trend rate for pre-65 of 7.25 percent, increasing to 7.5 percent in the following year, then decreasing to 4.5 percent and Medicare eligible of 5.5 percent, increasing to 5.75 the following year, then decreasing to 4.5 percent, as well as what the Township'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:

	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Decrease</b>	<b>1% Increase</b>
Township's net OPEB liability (asset)	\$ (273,196)	\$ (187,435)	\$ (13,469)

*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 Township's fiduciary net position have been determined on the same basis as they are reported by the Township. 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 Township recognized OPEB expense (benefit) of \$(85,177). At June 30, 2025 the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 3,573	\$ 99,948
Changes in assumptions	146,268	130,460
Net difference between projected and actual net investment income	-	96,410
Total	<b>\$ 149,841</b>	<b>\$ 326,818</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE K—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:

<b>Year Ending June 30,</b>	<b>Amount</b>
2026	\$ (69,872)
2027	(75,724)
2028	(19,904)
2029	(11,477)

*Payables to the OPEB Plan*

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

**Healthcare Savings Plan**

The Township also maintains a defined contribution OPEB Plan (Post Employment Health Plan or PEHP) which provides certain health care benefits to plan member and legal dependents upon termination of employment. The PEHP covers all full-time members of the IAFF union. The PEHP is administered by Nationwide Mutual Insurance Company.

For qualified employees, the Township contributes 6% of employees' non-overtime salary. Contributions rates are determined under collective bargaining agreements and at the discretion of the Township Board.

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

For the year ended June 30, 2025, Township contributions were \$18,668.

**NOTE L—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 48 percent of General Fund revenues.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE M—CHANGE IN ACCOUNTING PRINCIPLE**

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

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

<b>Governmental Activities</b>		
<b>Bonds and Other Obligations</b>	<b>Net Position</b>	
\$ 34,976	\$ 6,243,926	
63,024	(63,024)	
<b>\$ 98,000</b>	<b>\$ 6,180,902</b>	

<b>Business Type Activities</b>		
<b>Bonds and Other Obligations</b>	<b>Net Position</b>	
\$ 4,040	\$ 3,457,911	
1,260	(1,260)	
<b>\$ 5,300</b>	<b>\$ 3,456,651</b>	

Egelston Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 424,134	\$ 434,134	\$ 425,185	\$ (8,949)
Excise tax distribution	120,000	120,000	116,904	(3,096)
Licenses and permits	393,550	393,550	334,466	(59,084)
Intergovernmental revenues				
Federal	-	2,590	2,590	-
State	1,268,540	1,315,483	1,303,166	(12,317)
Local	-	32,000	43,959	11,959
Charges for services	112,180	113,380	93,385	(19,995)
Fines and forfeitures	700	700	448	(252)
Investment earnings	163,000	200,000	209,106	9,106
Other	63,685	102,839	101,747	(1,092)
Total revenues	2,545,789	2,714,676	2,630,956	(83,720)
<b>EXPENDITURES</b>				
Current				
General government				
Township board	50,080	39,880	33,930	5,950
Supervisor	87,950	87,950	81,867	6,083
Elections	37,464	40,407	27,274	13,133
Assessor	77,750	77,750	77,350	400
Board of review	3,525	3,525	1,736	1,789
Clerk	191,550	252,279	237,212	15,067
Treasurer	162,575	162,575	152,242	10,333
Township hall	76,263	80,463	68,368	12,095
Professional services	65,000	65,000	26,029	38,971
Personal services	196,693	196,693	68,921	127,772
Medical marijuana committee	6,492	6,492	-	6,492
Other services and charges	78,150	88,923	69,598	19,325
Public safety				
Sheriff	260,000	260,000	246,536	13,464
Inspection department	290,290	216,561	180,430	36,131
Public works				
Drains	11,600	11,600	9,341	2,259
Roads	279,000	292,000	277,500	14,500
Landfill	7,065	10,565	9,874	691
Cemetery	68,425	70,925	62,789	8,136
Health and welfare				
Senior services	49,142	69,642	43,959	25,683
Community and economic development				
Planning	9,445	8,809	5,109	3,700
Zoning board of appeals	2,850	3,486	2,089	1,397
Economic development	100	100	-	100
Culture and recreation				
Recreation programs	57,700	82,932	62,176	20,756
Parks maintenance	300,436	300,436	273,870	26,566
Library	24,180	24,180	15,078	9,102
Capital outlay	56,500	72,207	66,797	5,410
Total expenditures	2,450,225	2,525,380	2,100,075	425,305
Excess of revenues over (under) expenditures	95,564	189,296	530,881	341,585
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Transfers out	(668,647)	(604,437)	(156,116)	448,321
Total other financing sources (uses)	(667,647)	(603,437)	(156,116)	447,321
Net change in fund balance	<b>\$ (572,083)</b>	<b>\$ (414,141)</b>	<b>374,765</b>	<b>\$ 788,906</b>
Fund balance at beginning of year			4,757,591	
Fund balance at end of year			<b>\$ 5,132,356</b>	

Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Fire Fund  
 For the year ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property taxes	\$ 778,277	\$ 778,277	\$ (14,708)
Intergovernmental revenue—State	-	47,398	64,306
Charges for services	3,100	216,183	213,799
Investment earnings	65	65	59
Other	100	15,824	16,070
<b>Total revenues</b>	<b>781,542</b>	<b>1,057,747</b>	<b>56</b>
<b>EXPENDITURES</b>			
Current			
Public safety	977,966	1,123,689	1,052,537
Capital outlay	472,223	538,495	145,433
<b>Total expenditures</b>	<b>1,450,189</b>	<b>1,662,184</b>	<b>464,214</b>
Excess of revenues over (under) expenditures	(668,647)	(604,437)	(140,167)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	668,647	604,437	156,116
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,949</u>
Fund balance at beginning of year			37,141
<b>Fund balance at end of year</b>	<b><u>\$ 53,090</u></b>		

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Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Street Light Fund  
 For the year ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property taxes	\$ -	\$ 216,200	\$ (4,916)
Investment earnings	3,500	3,500	(1,843)
<b>Total revenues</b>	<b>3,500</b>	<b>219,700</b>	<b>(6,759)</b>
<b>EXPENDITURES</b>			
Current			
Public works	169,000	169,000	160,848
Net change in fund balance	<u><b>\$ (165,500)</b></u>	<u><b>\$ 50,700</b></u>	<u><b>\$ 8,152</b></u>
Fund balance at beginning of year			177,312
<b>Fund balance at end of year</b>	<b><u>\$ 229,405</u></b>		

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**Egelston Township**  
**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 of each fiscal year)

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 16,229	\$ 17,874	\$ 28,968	\$ 25,783	\$ 28,083	\$ 30,491	\$ 40,178	\$ 38,015
Interest	74,428	74,399	66,725	77,327	75,825	83,145	73,978	70,105
Differences between expected and actual experience	3,629	2,068	(4,131)	(155,141)	(9,388)	(195,363)	(7,515)	-
Changes of assumptions	86,383	42,099	(241,419)	186,362	(53,364)	32,150	(170,234)	-
Benefit payments, including refunds of employee contributions	(60,988)	(48,585)	(41,052)	(34,486)	(34,898)	(35,695)	(42,441)	(42,001)
Net change in total OPEB liability	119,681	87,855	(190,909)	99,845	6,258	(85,272)	(106,034)	66,119
Total OPEB liability at beginning of year	1,092,922	1,005,067	1,195,976	1,096,131	1,089,873	1,175,145	1,281,179	1,215,060
Total OPEB liability at end of year (a)	<b>\$ 1,212,603</b>	<b>\$ 1,092,922</b>	<b>\$ 1,005,067</b>	<b>\$ 1,195,976</b>	<b>\$ 1,096,131</b>	<b>\$ 1,089,873</b>	<b>\$ 1,175,145</b>	<b>\$ 1,281,179</b>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions—employer	\$ 60,988	\$ 148,585	\$ 141,052	\$ 134,486	\$ 134,898	\$ 135,695	\$ 142,441	\$ 117,001
Net investment income (loss)	144,257	173,868	116,242	(112,870)	172,296	3,715	20,925	20,623
Benefit payments, including refunds or employee contributions	(60,988)	(48,585)	(41,052)	(34,486)	(34,898)	(35,695)	(42,441)	(42,001)
Administrative expense	(6,704)	(5,835)	(4,529)	(4,248)	(3,701)	(2,448)	(1,869)	(1,383)
Net change in plan fiduciary net position	137,553	268,033	211,713	(17,118)	268,595	101,267	119,056	94,240
Plan fiduciary net position at beginning of year	1,262,485	994,452	782,739	799,857	531,262	429,995	310,939	216,699
Plan fiduciary net position at end of year (b)	<b>\$ 1,400,038</b>	<b>\$ 1,262,485</b>	<b>\$ 994,452</b>	<b>\$ 782,739</b>	<b>\$ 799,857</b>	<b>\$ 531,262</b>	<b>\$ 429,995</b>	<b>\$ 310,939</b>
Township's net OPEB liability (asset) at end of year (a)-(b)	<b>\$ (187,435)</b>	<b>\$ (169,563)</b>	<b>\$ 10,615</b>	<b>\$ 413,237</b>	<b>\$ 296,274</b>	<b>\$ 558,611</b>	<b>\$ 745,150</b>	<b>\$ 970,240</b>
Plan fiduciary net position as a percentage of the total OPEB liability	<b>115.46%</b>	<b>115.51%</b>	<b>98.94%</b>	<b>65.45%</b>	<b>72.97%</b>	<b>48.75%</b>	<b>36.59%</b>	<b>24.27%</b>
Covered employee payroll	\$ 855,997	\$ 856,883	\$ 848,307	\$ 789,467	\$ 788,582	\$ 765,603	\$ 810,511	Not Available
Township's net OPEB liability (asset) as a percentage of covered employee payroll	<b>-21.90%</b>	<b>-19.79%</b>	<b>1.25%</b>	<b>52.34%</b>	<b>37.57%</b>	<b>72.96%</b>	<b>91.94%</b>	<b>Not Available</b>

**Notes to Schedule**

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

See the following page for significant changes to actuarial assumptions.

**Egelston Township**  
**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 of each fiscal year)

**Notes to Schedule—Continued**

The following were significant changes to actuarial assumptions

2021 Valuation

Discount rate changed from 6.89 percent to 7.0 percent.  
Medical and dental trend updated.  
Mortality rates updated.

2022 Valuation

Salary scale updated from 3.5 percent to 3.0 percent.  
Mortality improvement scale updated.  
Discount rate updated from 7.0 percent to 5.54 percent.

2023 Valuation

Medical and dental trend updated.  
Discount rate changed from 5.54 percent to 7.45 percent.

2024 Valuation

Medical and dental trend updated.  
Discount rate changed from 7.45 percent to 6.90 percent.  
Salary scale updated from 3.00 percent to 5.00 percent.

2025 Valuation

Medical and dental trend updated.  
Discount rate changed from 6.90 percent to 6.28 percent.  
Mortality improvement scale updated.

**Egelston Township**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS**  
 Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ -	\$ 21,014	\$ 90,118	\$ 67,098	\$ 99,937	\$ 121,783	\$ 133,804	\$ 129,336	\$ 131,586	\$ 131,586
Contributions in relation to the actuarially determined contribution	60,988	148,585	141,052	134,486	134,898	135,695	142,441	117,001	115,296	44,633
Contribution deficiency (excess)	<b>\$ (60,988)</b>	<b>\$ (127,571)</b>	<b>\$ (50,934)</b>	<b>\$ (67,388)</b>	<b>\$ (34,961)</b>	<b>\$ (13,912)</b>	<b>\$ (8,637)</b>	<b>\$ 12,335</b>	<b>\$ 16,290</b>	<b>\$ 86,953</b>
Covered employee payroll	\$ 855,997	\$ 856,883	\$ 848,307	\$ 789,467	\$ 788,582	\$ 765,603	\$ 810,511	Not Available	Not Available	Not Available
Contributions as percentage of covered employee payroll	7.1%	17.3%	16.6%	17.0%	17.1%	17.7%	17.6%	Not Available	Not Available	Not Available

**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	Included in investment rate of return
Salary increases	5.0 percent
Investment rate of return	6.28 percent (including inflation), net of administrative and investment expenses
Retirement age	60 years of age
Mortality	Mortality rates were as set forth in the Pub-2016 General and Safety Employees and Retirees, Headcount weighted IRS 2024 Adjusted Scale MP-2021

**Egelston Township**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS**  
 Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Annual money-weighted rate of return, net of investment expense	11.46%	16.69%	14.00%	-13.31%	29.74%	0.78%	5.81%	8.14%

**Notes to Schedule**

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

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**APPENDIX I**  
**DRAFT LEGAL OPINION**

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**Miller, Canfield, Paddock and Stone, P.L.C.**

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## FORM OF APPROVING OPINION

County of Muskegon  
State of Michigan

We have acted as bond counsel to the County of Muskegon, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$\_\_\_\_\_, designated Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of \_\_\_\_\_, 2026, payable as to principal and interest as provided in the Bonds, with the option of prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued pursuant to Act 185, Public Acts of Michigan, 1957, as amended, and Act 34, Public Acts of Michigan, 2001, as amended, in anticipation of and are payable as to both principal and interest primarily from the proceeds of certain specified contractual payments to be made to the Issuer by the Charter Township of Muskegon, the Township of Egelston and the Township of Dalton, each located in the County of Muskegon, State of Michigan (collectively, the "Local Units"), pursuant to a certain contract, as supplemented and amended by a refunding contract, referred to in the Bonds, entered into between the Issuer and the Local Units (together, the "Contract"). The Issuer has pledged all of such contractual payments for the payment of the principal of and interest on the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding obligations of the Issuer, payable in the first instance as to both principal and interest from moneys to be paid under the Contract.

**MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.**

County of Muskegon

-2-

**FORM OF APPROVING OPINION**

2. The Contract is a valid and binding obligation of the Issuer and each of the Local Units. Each of the Local Units has pledged its full faith and credit for the payment of such moneys to the Issuer as set out in the Contract.

3. The full faith and credit of the Issuer is also pledged for the payment of the Bonds and the interest thereon should the contractual payments from the Local Units prove insufficient for any reason. The full faith and credit pledges of the Local Units and the Issuer are a limited tax general obligation of each severally, and each is required to pay its respective debt service commitments on the Bonds as a first budget obligation from its general funds, including the collection of any ad valorem taxes which each is authorized to levy. However, the ability of each to levy such taxes is subject to applicable constitutional and statutory tax rate limitations.

4. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 4 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

**APPENDIX J**  
**FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS**

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## CONTINUING DISCLOSURE UNDERTAKING

### COUNTY OF MUSKEGON

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the County of Muskegon, State of Michigan (the “Issuer”), in connection with the issuance of its Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egerton and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the Issuer, the following annual financial information and operating data, commencing with the fiscal year ended September 30, 2025, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the Issuer relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. PROPERTY VALUATIONS – History of Valuations;
- b. MAJOR TAXPAYERS;
- c. TAX RATES - (Per \$1,000 of Valuation);
- d. TAX RATE LIMITATIONS;
- e. TAX LEVIES AND COLLECTIONS;
- f. REVENUES FROM THE STATE OF MICHIGAN;
- g. PENSION FUND;
- h. OTHER POST-EMPLOYMENT BENEFITS;
- i. DEBT STATEMENT – County-Issued Debt and Drain-Issued Debt Backed by County;
- j. LEGAL DEBT MARGIN; and
- k. GENERAL FUND BUDGET SUMMARIES (Current Year Only).

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Issuer and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

BOARD OF PUBLIC WORKS OF THE COUNTY OF  
MUSKEGON, on behalf of the COUNTY OF  
MUSKEGON  
STATE OF MICHIGAN

By \_\_\_\_\_

Its Chair

Dated: \_\_\_\_\_, 2026

## CONTINUING DISCLOSURE UNDERTAKING

### CHARTER TOWNSHIP OF MUSKEGON

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Charter Township of Muskegon, County of Muskegon, Michigan (the “Township”) in connection with the issuance by the County of Muskegon, State of Michigan of the Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the “Bonds”). The Township is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The Township hereby covenants and agrees for the benefit of the Bondholders (as hereinafter defined), as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Township prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Township hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA,

on or before the last day of the 6th month after the end of the fiscal year of the Township, the following annual financial information and operating data, commencing with the fiscal year ended December 31, 2025, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the Township relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. PROPERTY VALUATIONS – History of Valuations;
- b. MAJOR TAXPAYERS;
- c. TAX RATES - (Per \$1,000 of Valuation)
- d. TAX LEVIES AND COLLECTIONS;
- e. REVENUES FROM THE STATE OF MICHIGAN;
- f. PENSION FUND – Defined Benefit Pension Plan - Schedule of Employer Contributions;
- g. OTHER POST-EMPLOYMENT BENEFITS – Retiree Healthcare Plan - Schedule of Employer Contributions; and
- h. DEBT STATEMENT – Direct Debt.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Township and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Township or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the Township is changed, the Township shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Township agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Township to provide the annual financial information with respect to the Township described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Township agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of

terms, or other similar events under the terms of a Financial Obligation of the Township, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Township agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Township to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Township no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Township agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Township’s obligations hereunder and any failure by the Township to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Township, provided that the Township agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Township or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Township (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Township in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Township to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Township has caused this Undertaking to be executed by its authorized officer.

CHARTER TOWNSHIP OF MUSKEGON  
County of Muskegon  
State of Michigan

By \_\_\_\_\_

Its: Supervisor

Dated: \_\_\_\_\_, 2026

## CONTINUING DISCLOSURE UNDERTAKING

### TOWNSHIP OF DALTON

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Township of Dalton, County of Muskegon, Michigan (the “Township”) in connection with the issuance by the County of Muskegon, State of Michigan of the Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the “Bonds”). The Township is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The Township hereby covenants and agrees for the benefit of the Bondholders (as hereinafter defined), as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Township prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Township hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA,

on or before the last day of the 6th month after the end of the fiscal year of the Township, the following annual financial information and operating data, commencing with the fiscal year ending March 31, 2026, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the Township relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. PROPERTY VALUATIONS – History of Valuations;
- b. MAJOR TAXPAYERS;
- c. TAX RATES - (Per \$1,000 of Valuation)
- d. TAX LEVIES AND COLLECTIONS;
- e. REVENUES FROM THE STATE OF MICHIGAN;
- f. PENSION FUND – Defined Contribution Pension Plan - Schedule of Employer Contributions;
- g. DEBT STATEMENT – Direct Debt.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Township and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Township or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the Township is changed, the Township shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Township agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Township to provide the annual financial information with respect to the Township described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Township agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial

Obligation of the Township, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Township agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Township to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Township no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Township agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Township’s obligations hereunder and any failure by the Township to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Township, provided that the Township agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Township or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Township (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Township in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Township to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Township has caused this Undertaking to be executed by its authorized officer.

TOWNSHIP OF DALTON  
County of Muskegon  
State of Michigan

By \_\_\_\_\_

Its: Supervisor

Dated: \_\_\_\_\_, 2026

## CONTINUING DISCLOSURE UNDERTAKING

### TOWNSHIP OF EGELSTON

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Township of Egelston, County of Muskegon, Michigan (the “Township”) in connection with the issuance by the County of Muskegon, State of Michigan of the Muskegon County Wastewater Management System – Number One (Charter Township of Muskegon, Township of Egelston and Township of Dalton Section) Refunding Bonds, Series 2026 (Limited Tax General Obligation) (the “Bonds”). The Township is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The Township hereby covenants and agrees for the benefit of the Bondholders (as hereinafter defined), as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Township prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Township hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA,

on or before the last day of the 6th month after the end of the fiscal year of the Township, the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2026, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the Township relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. PROPERTY VALUATIONS – History of Valuations;
- b. MAJOR TAXPAYERS;
- c. TAX RATES - (Per \$1,000 of Valuation)
- d. TAX LEVIES AND COLLECTIONS;
- e. REVENUES FROM THE STATE OF MICHIGAN;
- f. PENSION FUND – Defined Contribution Pension Plan - Schedule of Employer Contributions;
- g. DEBT STATEMENT – Direct Debt.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Township and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Township or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the Township is changed, the Township shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Township agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Township to provide the annual financial information with respect to the Township described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Township agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial

Obligation of the Township, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Township agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Township to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Township no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Township agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Township’s obligations hereunder and any failure by the Township to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Township, provided that the Township agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Township or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Township (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Township in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Township to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Township has caused this Undertaking to be executed by its authorized officer.

TOWNSHIP OF EGELSTON  
County of Muskegon  
State of Michigan

By \_\_\_\_\_

Its: Supervisor

Dated: \_\_\_\_\_, 2026





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