

Muskegon Charter Township
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

December 31, 2022



Muskegon Charter Township

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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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note N to the financial statements, in the year ended December 31, 2022 the Township adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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.

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.

Township Board
Muskegon Charter Township
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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 7, 2023

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, 2022. 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 \$1,705,450 (net position). Of this amount, a deficit \$(15,451,177) is shown in governmental activities unrestricted net position and \$3,690,804 is shown in business-type activities unrestricted net position.
- Total revenues during the year were \$12,970,841 compared to total expenses of \$12,175,033, yielding an overall increase in net position of \$795,808.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$4,047,906. Approximately 53.0% (\$2,144,795) 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 \$2,541,592, or approximately 43.0% 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, Public Safety, and Fire Equipment 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. A budgetary comparison schedule for the General Fund and each major special revenue fund has 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 \$1,705,450 at the close of the most recent fiscal year.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2021 (as restated)		2021		2021 (as restated)	
	2022		2022		2022	
Current assets and other assets	\$ 9,977,128	\$ 10,106,902	\$ 5,090,511	\$ 5,005,080	\$ 15,067,639	\$ 15,111,982
Capital assets	4,486,714	3,200,747	18,255,327	18,893,472	22,742,041	22,094,219
Total assets	14,463,842	13,307,649	23,345,838	23,898,552	37,809,680	37,206,201
Deferred outflows of resources	3,170,683	11,252,376	323,689	941,329	3,494,372	12,193,705
Total assets and deferred outflows of resources	17,634,525	24,560,025	23,669,527	24,839,881	41,304,052	49,399,906
Current liabilities	2,282,057	1,938,256	817,285	811,295	3,099,342	2,749,551
Noncurrent liabilities	15,583,489	26,686,393	10,631,247	12,087,208	26,214,736	38,773,601
Total liabilities	17,865,546	28,624,649	11,448,532	12,898,503	29,314,078	41,523,152
Deferred inflows of resources	9,726,968	6,677,854	557,556	289,258	10,284,524	6,967,112
Total liabilities and deferred inflows of resources	27,592,514	35,302,503	12,006,088	13,187,761	39,598,602	48,490,264
Net position						
Net investment in capital assets	4,231,050	2,872,147	7,972,635	8,121,566	12,203,685	10,993,713
Restricted	1,262,138	1,233,818	-	-	1,262,138	1,233,818
Unrestricted	(15,451,177)	(14,848,443)	3,690,804	3,530,554	(11,760,373)	(11,317,889)
Total net position	\$ (9,957,989)	\$ (10,742,478)	\$ 11,663,439	\$ 11,652,120	\$ 1,705,450	\$ 909,642

The largest portion of the Township's net position is \$12,203,685 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.

\$1,262,138 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 \$(11,760,373) is unrestricted.

Muskegon Charter Township

Management's Discussion and Analysis

Governmental current assets decreased and capital assets increased due to the purchase of two new fire truck vehicles. Noncurrent liabilities decreased as the Township's net pension liability was reduced with pension obligation bonds issued in the prior year.

Business-type capital assets decreased due to depreciation exceeding current year capital asset additions. Noncurrent liabilities decreased due to the aforementioned reduction in net pension liability.

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.

In 2022, the Township adopted Government Accounting Standards Board (GASB) Statement No. 87, which requires recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contracts. The adoption of this standard had no impact on net position. See Note N, in the notes to the financial statements, for more detail.

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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 1,506,905	\$ 1,612,794	\$ 3,571,327	\$ 3,609,248	\$ 5,078,232	\$ 5,222,042
Operating grants and contributions	189,839	165,157	-	-	189,839	165,157
Capital grants and contributions	-	-	136,810	189,092	136,810	189,092
General revenues						
Property taxes	4,062,854	3,821,233	-	-	4,062,854	3,821,233
Grants and contributions not restricted	3,134,541	2,389,824	-	-	3,134,541	2,389,824
Franchise fees	211,498	210,931	-	-	211,498	210,931
Unrestricted investment earnings	106,728	12,665	29,824	33,557	136,552	46,222
Gain on sale of capital assets	16,250	-	-	-	16,250	-
Miscellaneous	4,265	-	-	-	4,265	-
Total revenues	9,232,880	8,212,604	3,737,961	3,831,897	12,970,841	12,044,501
Expenses:						
General government	1,362,830	1,486,392	-	-	1,362,830	1,486,392
Public safety	5,447,037	5,985,591	-	-	5,447,037	5,985,591
Public works	1,087,642	2,005,206	-	-	1,087,642	2,005,206
Community and economic development	177,113	(74,509)	-	-	177,113	(74,509)
Culture and recreation	221,467	76,300	-	-	221,467	76,300
Interest on long-term debt	188,644	381,180	-	-	188,644	381,180
Sanitation	-	-	888,543	538,249	888,543	538,249
Sewer	-	-	2,801,757	2,562,069	2,801,757	2,562,069
Total expenses	8,484,733	9,860,160	3,690,300	3,100,318	12,175,033	12,960,478
Increase in net assets						
before transfers	748,147	(1,647,556)	47,661	731,579	795,808	(915,977)
Transfers	36,342	30,189	(36,342)	(30,189)	-	-
Change in net position	784,489	(1,617,367)	11,319	701,390	795,808	(915,977)
Net position - Beginning	(10,742,478)	(9,125,111)	11,652,120	10,950,730	909,642	1,825,619
Net position - Ending	\$ (9,957,989)	\$ (10,742,478)	\$ 11,663,439	\$ 11,652,120	\$ 1,705,450	\$ 909,642

The Township's overall net position increased \$795,808 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

The increase in the overall net position of the governmental activities of the Township was \$784,489 during the year compared to a decrease of \$1,617,367 in the prior year.

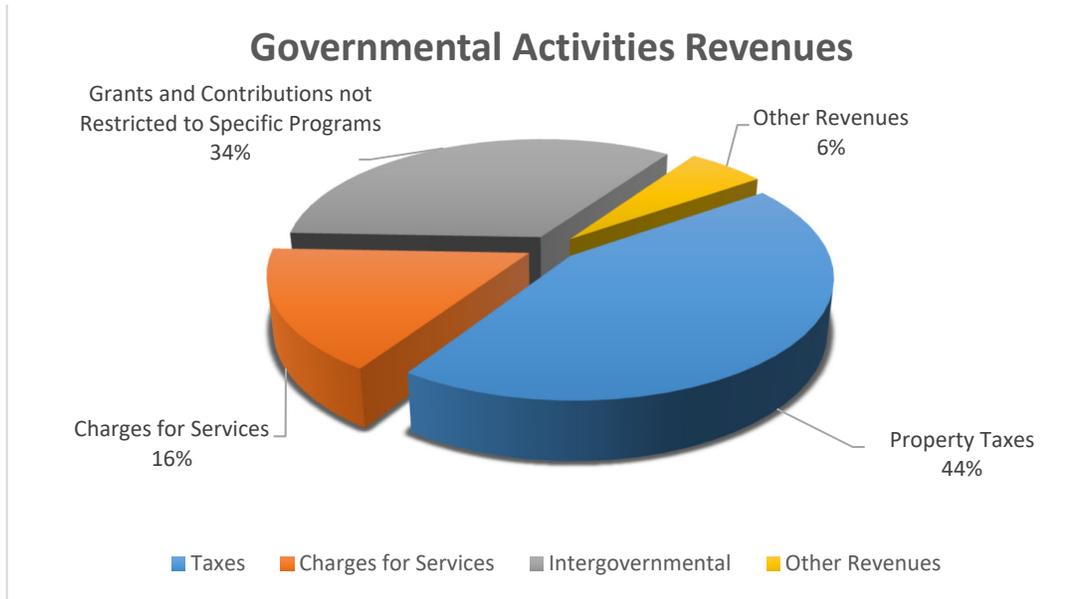
Property taxes increased due to growth in taxable value. Grants and contributions not restricted increased due to the Township utilizing American Rescue Plan Act (ARPA) funds and higher State revenue sharing.

Muskegon Charter Township

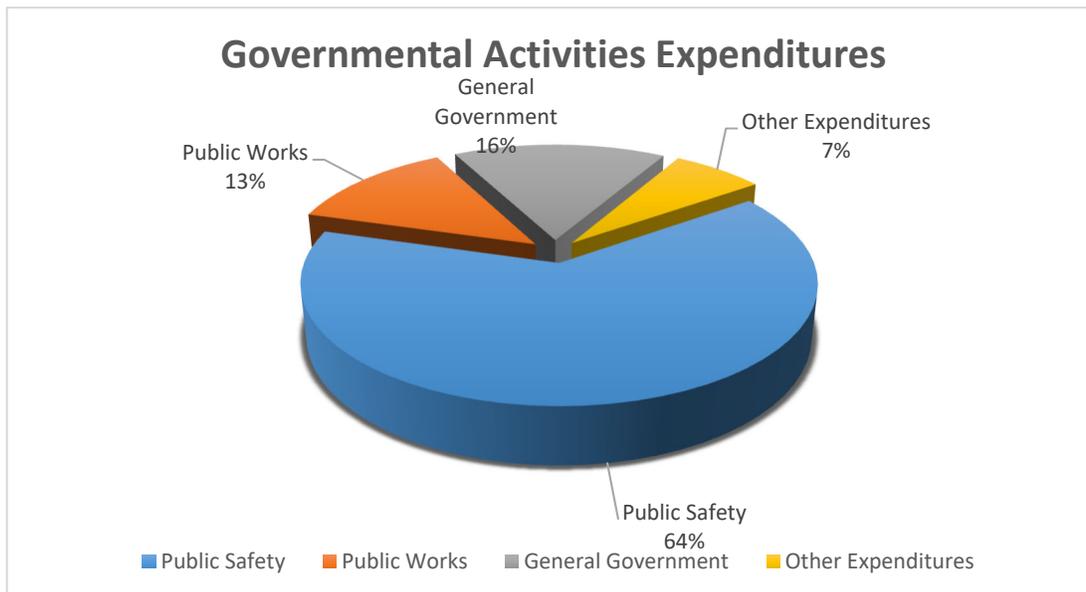
Management's Discussion and Analysis

Unrestricted investment earnings increased due to higher interest rates. Expenses fluctuated due to a reduction in the net pension liability with the issuance of pension obligation bonds in the prior year.

The following charts are the breakdown of the Townships governmental activities revenues:



The following charts are the breakdown of the Townships 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 \$11,319 compared to an increase of \$701,390 in the prior year. Revenues are relatively similar to the prior year. Expenses fluctuated due to a reduction in the net pension liability with the issuance of pension obligation bonds in the prior year.

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 \$4,047,906, a decrease of \$683,589 over the prior year. Approximately 53.0% (\$2,144,795) of this amount is available for spending at the government's discretion (unassigned fund balance). The remainder of the fund balance is either *restricted* or *committed* to indicate that it is: 1) restricted for particular purposes (\$1,262,138, or 31.2%) or 2) committed for particular purposes (\$640,000, or 15.8%).

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 \$2,541,592 while total fund balance decreased by \$183,426 to \$3,184,491. 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 39.6% of total General Fund expenditures and transfers out while total fund balance represents approximately 49.6% of that same amount.

General Fund revenues increased by \$712,524, mostly from increased property taxes, State revenue sharing, American Rescue Plan Act funds, and investment earnings. Expenditures decreased by \$7,862,760 from prior year, due to an extra payment into the Township's pension trust from the proceeds of pension obligation bonds in the prior year.

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 \$51,971 in the current year for an ending net position of \$529,181.

The sewer fund had an increase in net position of \$58,736 in the current year for an ending net position of \$11,129,704.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were several amendments for increases in revenues. The most significant being \$325,382 to federal intergovernmental revenues as the Township utilized American Rescue Plan Act funds, \$236,000 to state revenue sharing (still ended up being over \$100,000 to low) and \$150,000 to marijuana tax (which also still ended up being too low by over \$150,000). Expenditures were adjusted throughout the year, but with no significant changes other than for debt service related to the newly issued pension obligation bonds.

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, 2022.

Capital Assets

The Township’s investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$22,742,041 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, vehicles, equipment, and sewer system infrastructure. The total increase in capital assets for the current fiscal year was approximately 2.7% as a result of the capital asset additions exceeding depreciation expense during the year.

Following is a summary of the changes of the Township’s capital assets:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 577,138	\$ 577,138	\$ 53,638	\$ 53,638	\$ 630,776	\$ 630,776
Land improvements	523,969	260,244	88,499	91,659	612,468	351,903
Buildings and improvements	1,134,920	1,094,693	148,251	78,982	1,283,171	1,173,675
Furniture and equipment	115,310	123,181	35,277	42,382	150,587	165,563
Vehicles and equipment	2,135,377	1,145,491	395,168	488,046	2,530,545	1,633,537
Utility systems	-	-	17,435,019	18,085,821	17,435,019	18,085,821
Access rights	-	-	99,475	106,582	99,475	106,582
Total	\$ 4,486,714	\$ 3,200,747	\$ 18,255,327	\$ 18,947,110	\$ 22,742,041	\$ 22,147,857

Additional information on the Township’s capital assets can be found in Note F of the “Notes to the 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 \$18,815,536 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	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 8,205,000	\$ 8,560,000	\$ 10,282,692	\$ 10,825,544	\$ 18,487,692	\$ 19,385,544
Compensated absences	308,655	310,348	19,189	23,598	327,844	333,946
Total	\$ 8,513,655	\$ 8,870,348	\$ 10,301,881	\$ 10,849,142	\$ 18,815,536	\$ 19,719,490

The Township's total long-term obligations decreased by \$903,953 during the year as seen in the table above. The decrease occurred due to regularly scheduled debt service payments.

Additional information on the Township's long-term debt can be found in Note H of the "Notes to the Financial Statements" of this report.

In addition, as of December 31, 2022, the Township had \$191,827 of long-term pension liabilities and \$8,259,373 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 2022. Taxable value of property within the Township increased 3.0% for 2022 (2021 tax year) and 6.7% percent for 2023 (2022 tax year), with an estimated 7.9% increase for 2024 (2023 tax year) and modest increases in subsequent years. As the economic climate returned to more business as usual in 2022, the economy of Michigan remained relatively strong, which resulted in state revenue sharing/sales tax collections much higher than our conservative original budget amount for 2022. We anticipate revenue sharing to decrease approximately 2.0% for 2023, remain relatively flat for 2024 and then start to increase slowly in the next few years as the state's economy begins to stabilize.

We anticipate that the increase in home prices will continue at a modest rate in 2023, but will probably see those increases begin to slow in the coming years. We anticipate tax collections will increase by approximately 5.5% in 2023 and another 7.5% in 2024.

Muskegon Charter Township

Management's Discussion and Analysis

The 2023 General Fund budgeted expenditures were approved at \$5,770,353, a decrease of 13% from the actual General Fund expenditures of 2022. This is due mainly to a large decrease in transfers out to other funds. The General Fund's total fund balance at 12/31/22 was \$3,184,491 with \$2,541,592 (39.6% of budgeted expenditures) classified as unassigned. Our total fund balance is budgeted to increase by \$166,042 in 2023.

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 5,955,264	\$ 3,328,349	\$ 9,283,613
Receivables			
Accounts and other	3,249,663	943,698	4,193,361
Leases	12,786	-	12,786
Due from other governmental units	720,157	75,233	795,390
Internal balances	(686,906)	686,906	-
Prepaid items	973	6,849	7,822
Total current assets	9,251,937	5,041,035	14,292,972
Noncurrent assets			
Leases receivable, less amounts due within one year	339,795	-	339,795
Special assessments receivable, less amounts due within one year	385,396	49,476	434,872
Capital assets, net			
Nondepreciable	577,138	53,638	630,776
Depreciable	3,909,576	18,201,689	22,111,265
Total noncurrent assets	5,211,905	18,304,803	23,516,708
Total assets	14,463,842	23,345,838	37,809,680
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	798,200	60,079	858,279
Related to OPEB	2,372,483	263,610	2,636,093
Total deferred outflows of resources	3,170,683	323,689	3,494,372
Total assets and deferred outflows of resources	17,634,525	23,669,527	41,304,052

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF NET POSITION—CONTINUED
December 31, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 376,921	\$ 111,354	\$ 488,275
Due to other governmental units	46,921	195,931	242,852
Unearned revenues—expenditure-driven grants	1,316,215	-	1,316,215
Bonds and other obligations, due within one year	542,000	510,000	1,052,000
Total current liabilities	2,282,057	817,285	3,099,342
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	7,971,655	9,791,881	17,763,536
Net pension liability	178,399	13,428	191,827
Net OPEB liability	7,433,435	825,938	8,259,373
Total noncurrent liabilities	15,583,489	10,631,247	26,214,736
Total liabilities	17,865,546	11,448,532	29,314,078
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent fiscal year	3,747,376	-	3,747,376
Related to leases	352,581	-	352,581
Related to pension	1,887,951	142,104	2,030,055
Related to OPEB	3,739,060	415,452	4,154,512
Total deferred inflows of resources	9,726,968	557,556	10,284,524
Total liabilities and deferred inflows of resources	27,592,514	12,006,088	39,598,602
NET POSITION			
Net investment in capital assets	4,231,050	7,972,635	12,203,685
Restricted			
Public safety	1,926	-	1,926
Streets	276,362	-	276,362
Street lights	468,610	-	468,610
Hydrants	78,743	-	78,743
Water purposes	436,497	-	436,497
Unrestricted	(15,451,177)	3,690,804	(11,760,373)
Total net position	\$ (9,957,989)	\$ 11,663,439	\$ 1,705,450

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

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	\$ 1,362,830	\$ 423,167	\$ 17,086	\$ -	\$ (922,577)	\$ -	\$ (922,577)
Public safety	5,447,037	866,847	160,682	-	(4,419,508)	-	(4,419,508)
Public works	1,087,642	42,275	12,071	-	(1,033,296)	-	(1,033,296)
Community and economic development	177,113	154,618	-	-	(22,495)	-	(22,495)
Culture and recreation	221,467	19,998	-	-	(201,469)	-	(201,469)
Interest on long-term debt	188,644	-	-	-	(188,644)	-	(188,644)
Total governmental activities	8,484,733	1,506,905	189,839	-	(6,787,989)	-	(6,787,989)
Business-type activities							
Sanitation	888,543	855,959	-	-	-	(32,584)	(32,584)
Sewer	2,801,757	2,715,368	-	136,810	-	50,421	50,421
Total business-type activities	3,690,300	3,571,327	-	136,810	-	17,837	17,837
Total government	\$ 12,175,033	\$ 5,078,232	\$ 189,839	\$ 136,810	(6,787,989)	17,837	(6,770,152)
General revenues							
Property taxes, levied for							
General purposes					2,781,963	-	2,781,963
Specific purposes					1,280,891	-	1,280,891
Cable franchise fees					211,498	-	211,498
Grants and contributions not restricted to specific programs					3,134,541	-	3,134,541
Unrestricted investment earnings					106,728	29,824	136,552
Gain on sale of capital assets					16,250	-	16,250
Miscellaneous					4,265	-	4,265
Transfers					36,342	(36,342)	-
Total general revenues					7,572,478	(6,518)	7,565,960
Change in net position					784,489	11,319	795,808
Net position at beginning of year					(10,742,478)	11,652,120	909,642
Net position at end of year					\$ (9,957,989)	\$ 11,663,439	\$ 1,705,450

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
BALANCE SHEET
Governmental Funds
December 31, 2022

	General Fund	Public Safety Fund	Fire Equipment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,183,478	\$ 326,321	\$ 6,537	\$ 1,434,127	\$ 5,950,463
Receivables					
Accounts	90,243	-	-	-	90,243
Leases	352,581	-	-	-	352,581
Property taxes	1,465,888	934,761	-	712,705	3,113,354
Special assessments	-	-	-	413,942	413,942
Other	1,677	15,398	-	445	17,520
Due from other governmental units	679,179	2,851	-	38,127	720,157
Prepaid items	973	-	-	-	973
Total assets	\$ 6,774,019	\$ 1,279,331	\$ 6,537	\$ 2,599,346	\$ 10,659,233
LIABILITIES					
Accounts payable	\$ 96,266	\$ 49,828	\$ 6,537	\$ 26,544	\$ 179,175
Accrued liabilities	18,662	75,903	-	7,213	101,778
Due to other governmental units	4,795	838	-	41,288	46,921
Other payables	55,197	-	-	-	55,197
Unearned revenues - expenditure-driven grants	1,316,215	-	-	-	1,316,215
Advances from other funds	-	-	-	426,688	426,688
Total liabilities	1,491,135	126,569	6,537	501,733	2,125,974
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for subsequent fiscal year	1,745,812	1,152,762	-	848,802	3,747,376
Unavailable revenues - special assessments	-	-	-	385,396	385,396
Related to leases	352,581	-	-	-	352,581
Total deferred inflows of resources	2,098,393	1,152,762	-	1,234,198	4,485,353
FUND BALANCES (DEFICITS)					
Nonspendable - prepaid items	973	-	-	-	973
Restricted					
Public safety	1,926	-	-	-	1,926
Streets	-	-	-	276,362	276,362
Street lights	-	-	-	468,610	468,610
Hydrants	-	-	-	78,743	78,743
Water purposes	-	-	-	436,497	436,497
Committed					
Buildings and grounds improvements	290,000	-	-	-	290,000
Parks	200,000	-	-	-	200,000
Bike trails	100,000	-	-	-	100,000
Compensated absences	50,000	-	-	-	50,000
Unassigned	2,541,592	-	-	(396,797)	2,144,795
Total fund balances	3,184,491	-	-	863,415	4,047,906
Total liabilities, deferred inflows of resources and fund balances	\$ 6,774,019	\$ 1,279,331	\$ 6,537	\$ 2,599,346	\$ 10,659,233

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, 2022

Total fund balances—governmental funds \$ 4,047,906

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	\$ 9,753,644	
Accumulated depreciation	<u>(5,611,851)</u>	4,141,793

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.

385,396

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	(40,771)	
Bonds and notes payable	(8,205,000)	
Compensated absences	(308,655)	
Net pension liability and related deferred outflows/inflows of resources	(1,268,150)	
Other postemployment benefits and related deferred outflows/inflows of resources	<u>(8,800,012)</u>	(18,622,588)

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.

89,504

Net position of governmental activities

\$ (9,957,989)

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, 2022

	General Fund	Public Safety Fund	Fire Equipment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 2,201,217	\$ 1,065,834	\$ -	\$ 795,803	\$ 4,062,854
Licenses and permits	705,480	-	-	-	705,480
Intergovernmental revenues					
Federal	325,382	-	250,000	-	575,382
State	2,347,486	97,493	-	74,772	2,519,751
Local	17,086	71,050	-	90,000	178,136
Charges for services	445,973	3,837	359,417	19,139	828,366
Fines and forfeitures	3,857	1,440	-	-	5,297
Investment earnings	82,183	1,528	1,427	41,337	126,475
Other	63,160	148,550	2,600	51,640	265,950
Total revenues	6,191,824	1,389,732	613,444	1,072,691	9,267,691
EXPENDITURES					
Current					
General government	1,270,804	-	-	-	1,270,804
Public safety	822,444	4,170,677	47,187	-	5,040,308
Public works	169,549	-	-	903,029	1,072,578
Community and economic development	180,941	-	-	-	180,941
Culture and recreation	187,823	-	-	-	187,823
Debt service					
Principal	344,350	-	-	10,650	355,000
Interest and fees	159,241	-	-	21,457	180,698
Capital outlay	388,978	29,860	1,242,204	54,678	1,715,720
Total expenditures	3,524,130	4,200,537	1,289,391	989,814	10,003,872
Excess of revenues over (under) expenditures	2,667,694	(2,810,805)	(675,947)	82,877	(736,181)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	2,500	200	13,550	-	16,250
Transfers in	36,342	2,810,605	379,357	-	3,226,304
Transfers out	(2,889,962)	-	(300,000)	-	(3,189,962)
Total other financing sources (uses)	(2,851,120)	2,810,805	92,907	-	52,592
Net change in fund balances	(183,426)	-	(583,040)	82,877	(683,589)
Fund balances at beginning of year	3,367,917	-	583,040	780,538	4,731,495
Fund balances at end of year	\$ 3,184,491	\$ -	\$ -	\$ 863,415	\$ 4,047,906

The accompanying notes are an integral part of this statement.

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, 2022

Net change in fund balances—total governmental funds \$ (683,589)

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	\$ (365,693)	
Capital outlay	<u>1,715,720</u>	1,350,027

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(51,086)
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The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Repayment of principal on long-term debt		355,000
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Changes in accrual of interest and amortization of premiums and discounts		
Change in accrued interest payable		270

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	1,693	
Change in net pension liability and related deferred outflows/inflows of resources	(622,551)	
Change in other postemployment benefits and related deferred outflows/inflows of resources	<u>430,378</u>	(190,480)

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 funds is reported with governmental activities.

Change in net position of the internal service fund	8,901	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(4,554)</u>	<u>4,347</u>

Change in net position of governmental activities		<u><u>\$ 784,489</u></u>
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The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
ASSETS				
Current assets				
Cash and investments	\$ 403,587	\$ 2,924,762	\$ 3,328,349	\$ 4,801
Receivables				
Accounts	250,387	692,342	942,729	-
Other	133	836	969	-
Due from other governmental units	-	75,233	75,233	-
Prepaid items	-	6,849	6,849	-
Total current assets	654,107	3,700,022	4,354,129	4,801
Noncurrent assets				
Advances to other funds	-	682,352	682,352	-
Special assessments receivable	-	49,476	49,476	-
Capital assets				
Land	-	53,638	53,638	-
Utility systems	-	37,607,669	37,607,669	-
Buildings and improvements	121,918	131,113	253,031	-
Furniture and equipment	15,174	71,644	86,818	-
Vehicles	1,823,337	159,945	1,983,282	812,393
Access rights	-	213,161	213,161	-
Less accumulated depreciation	(1,502,387)	(20,439,885)	(21,942,272)	(467,472)
Net capital assets	458,042	17,797,285	18,255,327	344,921
Total noncurrent assets	458,042	18,529,113	18,987,155	344,921
Total assets	1,112,149	22,229,135	23,341,284	349,722
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	34,331	25,748	60,079	-
Related to OPEB	131,805	131,805	263,610	-
Total deferred outflows of resources	166,136	157,553	323,689	-
Total assets and deferred outflows of resources	1,278,285	22,386,688	23,664,973	349,722

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF NET POSITION—CONTINUED
 Proprietary Funds
 December 31, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 23,447	\$ 4,307	\$ 27,754	\$ -
Accrued liabilities	4,479	79,121	83,600	-
Due to other governmental units	10,203	185,728	195,931	-
Bonds and other obligations, due within one year	1,000	509,000	510,000	-
Total current liabilities	39,129	778,156	817,285	-
Noncurrent liabilities				
Advances from other funds	-	-	-	255,664
Bonds and other obligations, less amounts due within one year	405	9,791,476	9,791,881	-
Net pension liability	7,673	5,755	13,428	-
Net OPEB liability	412,969	412,969	825,938	-
Total noncurrent liabilities	421,047	10,210,200	10,631,247	255,664
Total liabilities	460,176	10,988,356	11,448,532	255,664
DEFERRED INFLOWS OF RESOURCES				
Related to pension	81,202	60,902	142,104	-
Related to OPEB	207,726	207,726	415,452	-
Total deferred inflows of resources	288,928	268,628	557,556	-
Total liabilities and deferred inflows of resources	749,104	11,256,984	12,006,088	255,664
NET POSITION				
Net investment in capital assets	458,042	7,514,593	7,972,635	89,257
Unrestricted	71,139	3,615,111	3,686,250	4,801
Total net position	\$ 529,181	\$ 11,129,704	11,658,885	\$ 94,058
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			4,554	
Net position of business-type activities			\$ 11,663,439	

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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
OPERATING REVENUES				
Charges for services	\$ 855,959	\$ 2,715,368	\$ 3,571,327	\$ 81,152
OPERATING EXPENSES				
Administration	58,500	157,000	215,500	-
Operations	707,816	1,449,242	2,157,058	-
Depreciation and amortization	126,781	780,487	907,268	64,060
Total operating expenses	<u>893,097</u>	<u>2,386,729</u>	<u>3,279,826</u>	<u>64,060</u>
Operating income (loss)	(37,138)	328,639	291,501	17,092
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	5,934	23,890	29,824	25
Connection fees	-	136,810	136,810	-
Interest expense	-	(415,028)	(415,028)	(8,216)
Total nonoperating revenues (expenses)	<u>5,934</u>	<u>(254,328)</u>	<u>(248,394)</u>	<u>(8,191)</u>
Income (loss) before transfers	(31,204)	74,311	43,107	8,901
TRANSFERS				
Transfers out	<u>(20,767)</u>	<u>(15,575)</u>	<u>(36,342)</u>	<u>-</u>
Change in net position	(51,971)	58,736	6,765	8,901
Net position at beginning of year	<u>581,152</u>	<u>11,070,968</u>		<u>85,157</u>
Net position at end of year	<u>\$ 529,181</u>	<u>\$ 11,129,704</u>		<u>\$ 94,058</u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			<u>4,554</u>	
Change in net position of business-type activities			<u>\$ 11,319</u>	

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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 851,687	\$ 2,696,934	\$ 3,548,621	\$ -
Receipts from interfund services provided	4,124	3,415	7,539	81,152
Payments to suppliers	(598,655)	(1,521,981)	(2,120,636)	-
Payments to employees	(162,526)	(113,474)	(276,000)	-
Net cash provided by (used for) operating activities	94,630	1,064,894	1,159,524	81,152
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(20,767)	(15,575)	(36,342)	-
Advances to other funds (net)	-	122,993	122,993	-
Net cash provided by (used for) noncapital financing activities	(20,767)	107,418	86,651	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Advances from other funds (net)	-	-	-	(72,936)
Connection fees	-	134,784	134,784	-
Purchases of capital assets	(36,293)	(179,192)	(215,485)	-
Principal paid on capital debt	-	(474,247)	(474,247)	-
Interest paid on capital debt	-	(487,585)	(487,585)	(8,216)
Net cash provided by (used for) capital and related financing activities	(36,293)	(1,006,240)	(1,042,533)	(81,152)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment earnings	5,934	23,890	29,824	25
Net increase (decrease) in cash and investments	43,504	189,962	233,466	25
Cash and investments at beginning of year	360,083	2,734,800	3,094,883	4,776
Cash and investments at end of year	\$ 403,587	\$ 2,924,762	\$ 3,328,349	\$ 4,801
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (37,138)	\$ 328,639	\$ 291,501	\$ 17,092
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization expense	126,781	780,487	907,268	64,060
Change in assets and liabilities				
Accounts receivable	(148)	33,700	33,552	-
Due from other governmental units	-	(48,719)	(48,719)	-
Prepaid items	-	(6,849)	(6,849)	-
Accounts payable	3,299	(15,206)	(11,907)	-
Accrued liabilities	1,633	(7,886)	(6,253)	-
Due to other governmental units	203	728	931	-
Net cash provided by (used for) operating activities	\$ 94,630	\$ 1,064,894	\$ 1,159,524	\$ 81,152

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF NET POSITION
 Fiduciary Funds
 December 31, 2022

	Other Post- Employment Benefits Trust Fund	Custodial Funds	
		Trust and Agency	Current Tax Account
ASSETS			
Cash and investments	\$ -	\$ 45,743	\$ 835,160
Receivables	-	2	-
Total assets	-	45,745	835,160
LIABILITIES			
Due to other governmental units	-	18,451	834,014
Deposits held for others	-	27,294	1,146
Total liabilities	-	45,745	835,160
NET POSITION			
Restricted for other post-employment benefits	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the year ended December 31, 2022

	Other Post- Employment Benefits Trust Fund	Custodial Funds	
		Trust and Agency	Current Tax Account
ADDITIONS			
Property taxes collected for other governments	\$ -	\$ -	\$ 13,634,870
Amounts collected for others	-	502,229	-
Employer contributions	270,193	-	-
Total additions	270,193	502,229	13,634,870
DEDUCTIONS			
Payments of property taxes to other governments	-	-	13,634,870
Amounts distributed to others	-	502,229	-
Benefit payments	270,193	-	-
Total deductions	270,193	502,229	13,634,870
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.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 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.

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 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 Fire Equipment Fund is used to track resources accumulated for fire equipment and other fire department costs.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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 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 and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

Measurement Focus and Basis of Accounting

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

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.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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.

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.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 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 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

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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.

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.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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.

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.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Property Taxes

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

The 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 2021 state taxable value for real/personal property of the Township totaled approximately \$387,519,000. The ad valorem taxes levied consisted of 4.2766, 2.7271, 1.4875, and .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 vacation and sick leave in varying amounts based on length of service and employee group. Upon termination, employees are paid for unused vacation at their current rates. One half of all unused accumulated sick leave is paid to employees upon retirement for certain employee groups. All vacation and sick pay 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, 2022

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. 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 Deficit

As of December 31, 2022, the Township's Paving Projects Capital Projects Fund had an unassigned fund deficit of \$396,797. The deficit will be eliminated through future special assessment collections.

NOTE C—DEPOSITS AND INVESTMENTS

As of December 31, 2022, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Months)	S&P	Percent
Negotiable certificates of deposit	\$ 449,379	27	not rated	7.2 %
External investment pool	<u>5,778,466</u>	2	AAAm	<u>92.8</u>
Total fair value	<u><u>\$ 6,227,845</u></u>			<u><u>100.0 %</u></u>
Portfolio weighted average maturity		<u><u>4</u></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, 2022

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, 2022, \$2,805,852 of the Township's bank balance of \$3,555,877 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, 2022

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, 2022.

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, 2022:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ 449,379	\$ -	\$ -	\$ 449,379
External investment pool	-	5,778,466	-	5,778,466
Total assets at fair value	\$ 449,379	\$ 5,778,466	\$ -	\$ 6,227,845

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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 \$1,520, increasing by 2 percent each year.

The future minimum payments to be received for this lease are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 12,786	\$ 5,548
2024	13,363	5,340
2025	13,954	5,122
2026	14,563	4,894
2027	15,190	4,656
2028-2032	85,996	19,350
2033-2037	104,554	11,758
2038-2041	92,175	2,889
	\$ 352,581	\$ 59,557

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE F—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 577,138	\$ -	\$ -	\$ 577,138
 Capital assets, being depreciated:				
Land improvements	1,188,508	295,437	-	1,483,945
Buildings and improvements	2,916,873	108,963	-	3,025,836
Furniture and equipment	658,538	19,050	-	677,588
Vehicles	3,955,850	1,292,270	446,590	4,801,530
Total capital assets, being depreciated	8,719,769	1,715,720	446,590	9,988,899
 Less accumulated depreciation:				
Land improvements	928,265	31,711	-	959,976
Buildings and improvements	1,822,180	68,736	-	1,890,916
Furniture and equipment	535,358	26,920	-	562,278
Vehicles	2,810,357	302,386	446,590	2,666,153
Total accumulated depreciation	6,096,160	429,753	446,590	6,079,323
Total capital assets, being depreciated, net	2,623,609	1,285,967	-	3,909,576
Capital assets, net	\$ 3,200,747	\$ 1,285,967	\$ -	\$ 4,486,714

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE F—CAPITAL ASSETS—Continued

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 53,638	\$ -	\$ -	\$ 53,638
Capital assets, being depreciated:				
Utility systems	37,508,555	99,114	-	37,607,669
Land improvements	94,820	-	-	94,820
Buildings and improvements	85,625	72,586	-	158,211
Furniture and equipment	86,818	-	-	86,818
Vehicles	1,939,497	43,785	-	1,983,282
Access rights	213,161	-	-	213,161
Total capital assets, being depreciated	39,928,476	215,485	-	40,143,961
Less accumulated depreciation:				
Utility systems	19,422,735	749,915	-	20,172,650
Land improvements	3,161	3,160	-	6,321
Building improvements	6,643	3,317	-	9,960
Furniture and equipment	44,436	7,105	-	51,541
Vehicles	1,451,449	136,665	-	1,588,114
Access rights	106,580	7,106	-	113,686
Total accumulated depreciation	21,035,004	907,268	-	21,942,272
Total capital assets, being depreciated, net	18,893,472	(691,783)	-	18,201,689
Capital assets, net	\$ 18,947,110	\$ (691,783)	\$ -	\$ 18,255,327

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE F—CAPITAL ASSETS—Continued

Depreciation

Depreciation expense has been charged to functions as follows:

Governmental activities:

General government	\$ 25,210
Public safety	289,084
Public works	12,327
Culture and recreation	39,072
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	64,060
	\$ 429,753

Business-type activities:

Sanitation	\$ 126,781
Sewer	780,487
	\$ 907,268

NOTE G—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Advances To/From Other Funds:

Other governmental funds and the Equipment Fund owe the Sewer Fund \$426,688 and \$255,664, respectively for capital projects as of December 31, 2022.

Interfund transfers:

	Transfers In:			Total	Purpose
	General Fund	Public Safety Fund	Fire Equipment Fund		
Transfers Out:					
General Fund	\$ -	\$ 2,510,605	\$ 379,357	\$ 2,889,962	Operations subsidy
Fire Equipment Fund	-	300,000	-	300,000	Operations subsidy
Sanitation Fund	20,767	-	-	20,767	Debt service
Sewer Fund	15,575	-	-	15,575	Debt service
	\$ 36,342	\$ 2,810,605	\$ 379,357	\$ 3,226,304	

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2022</u>	<u>Due Within One Year</u>
Governmental activities:					
Public placement debt					
General obligation bonds	\$ 8,560,000	\$ -	\$ 355,000	\$ 8,205,000	\$ 355,000
Compensated absences	310,348	266,769	268,462	308,655	187,000
Governmental activities long-term liabilities	<u>\$ 8,870,348</u>	<u>\$ 266,769</u>	<u>\$ 623,462</u>	<u>\$ 8,513,655</u>	<u>\$ 542,000</u>
Business-type activities:					
Public placement debt					
General obligation bonds	\$ 10,207,969	\$ -	\$ 474,247	\$ 9,733,722	\$ 498,000
Premium	617,575	-	68,605	548,970	-
Compensated absences	23,598	11,315	15,724	19,189	12,000
Business-type activities long-term liabilities	<u>\$ 10,849,142</u>	<u>\$ 11,315</u>	<u>\$ 558,576</u>	<u>\$ 10,301,881</u>	<u>\$ 510,000</u>

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.

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Governmental activities:			
Public placement debt:			
General obligation bonds:			
Limited Tax General Obligation Pension Obligation Bonds, Series 2021	0.325-2.717%	October 2042	<u>\$ 8,205,000</u>
Business-type activities:			
Public placement debt:			
General obligation bonds:			
Limited Tax General Obligation Muskegon County Wastewater Management Bonds - Number One, Series 2015	4-5%	November 2036	<u>\$ 9,733,722</u>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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, 2022 was \$450,568. 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, 2022 was \$796,250. 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, 2022 was \$1,258,400. 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, 2022 follow:

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Public Placement Debt		Public Placement Debt	
	Principal	Interest	Principal	Interest
2023	\$ 355,000	\$ 163,083	\$ 498,000	\$ 490,476
2024	360,000	161,929	525,000	466,837
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
2028-2032	1,905,000	690,169	3,476,000	1,460,131
2033-2037	2,105,000	487,233	3,501,722	478,382
2038-2042	2,395,000	198,613	-	-
	\$ 8,205,000	\$ 2,172,850	\$ 9,733,722	\$ 4,138,551

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, 2022, the net present value of future lease payments is \$236,537. 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, 2022

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.

Commitment

The Township has contract agreements for the purchase of tandem truck and sanitation truck as of December 31, 2022 of approximately \$240,000 and \$376,000, respectively. These costs will be paid by the Equipment Fund and Sanitation Fund, respectively.

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, 2022, the Township abated property taxes revenues totaling \$6,928 under this program.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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.

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

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	3
Active employees	22
Total employees covered by MERS	<u>76</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, 2022, the Township had an annual flat-dollar employer contribution to the Plan of \$299,328 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, 2021, 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, 2022

NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.00 percent, net of 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:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for 2021. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at rates agreed upon for employees and the actuarially determined rate for employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE K—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at January 1, 2021	\$ 27,608,430	\$ 18,214,591	\$ 9,393,839
Changes for the year			
Service costs	238,955	-	238,955
Interest	2,049,310	-	2,049,310
Difference between expected and actual experience	(136,514)	-	(136,514)
Changes in assumptions	1,117,902	-	1,117,902
Contributions - employer	-	8,828,098	(8,828,098)
Contributions - employee	-	140,743	(140,743)
Net investment income	-	3,543,315	(3,543,315)
Administrative expenses	-	(40,491)	40,491
Benefit payments including refund of employee contributions	(1,526,598)	(1,526,598)	-
Net changes	1,743,055	10,945,067	(9,202,012)
Balance at December 31, 2021	\$ 29,351,485	\$ 29,159,658	\$ 191,827

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	\$ 3,824,683	\$ 191,827	\$ (2,822,469)

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, the Township recognized pension expense of \$968,738. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 68,257
Differences in assumptions	558,951	-
Excess (deficit) investment returns	-	1,961,798
Contributions subsequent to the measurement date*	299,328	-
Total	\$ 858,279	\$ 2,030,055

*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, 2023.

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

Year Ending December 31,	Amount
2023	\$ 163,457
2024	(715,780)
2025	(543,233)
2026	(375,548)

Payables to the Pension Plan

At December 31, 2022, the Township reported a payable of \$24,944 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 6 percent for non-union and fire union employees and up to an additional 7 percent for clerical/DPW and police union employees (maximum Township contribution of 8 and 9 percent, respectively). Employees are not required to contribute. For the year ended December 31, 2022, Township and employee contributions were \$208,939 and \$179,505, 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, 2022, 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, 2022, the OPEB Plan is closed to new entrants except members of the fire union.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE L—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>53</u>
Total employees covered by OPEB Plan	<u><u>89</u></u>

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, 2022, the Township made payments for postemployment healthcare benefits for current retirees of \$270,193. 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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 30, 2021, which was rolled forward to December 31, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. The following actuarial assumptions were used 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 - 7.5 percent graded down to 4.5 percent over 12 years
	Post-Medicare - 5.75 percent graded down to 4.5 percent over 5 years

Mortality

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

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 4.31 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 2.25 percent.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a)-(b)
Balance at January 1, 2022	\$ 10,686,959	\$ -	\$ 10,686,959
Changes for the year			
Service costs	224,276	-	224,276
Interest	242,463	-	242,463
Difference between expected and actual experience	(90,200)	-	(90,200)
Changes in assumptions	(2,533,932)	-	(2,533,932)
Contributions - employer	-	270,193	(270,193)
Benefit payments including refund of employee contributions	(270,193)	(270,193)	-
Net changes	(2,427,586)	-	(2,427,586)
Balance at December 31, 2022	\$ 8,259,373	\$ -	\$ 8,259,373

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Township's OPEB liability	\$ 9,354,658	\$ 8,259,373	\$ 7,358,490

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 7.5 percent decreasing to 4.5 percent and post-Medicare of 5.75 percent 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:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Township's OPEB liability	\$ 7,223,885	\$ 8,259,373	\$ 9,538,602

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, 2022, the Township recognized OPEB expense of (\$208,005). At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 133,818	\$ 74,375
Differences in assumptions	2,502,275	4,080,137
Total	\$ 2,636,093	\$ 4,154,512

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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:

Year Ending December 31,	Amount
2023	\$ (674,744)
2024	(674,744)
2025	(674,744)
2026	(651,020)
2027	(62,174)
Thereafter	1,219,007

Payables to the OPEB Plan

At December 31, 2022, 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—CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2022, the Township implemented the following new pronouncement: GASB Statement No. 87—*Leases*.

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

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE N—CHANGE IN ACCOUNTING PRINCIPLE—Continued

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

	Balance Sheet - General Fund	
	Lease Receivable	Deferred Inflows
Balances at January 1, 2022	\$ -	\$ -
Adoption of GASB Statement 87	365,295	365,295
Balances at January 1, 2022, as restated	\$ 365,295	\$ 365,295

	Statement of Net Position - Governmental Activities	
	Lease Receivable	Deferred Inflows
Balances at January 1, 2022	\$ -	\$ -
Adoption of GASB Statement 87	365,295	365,295
Balances at January 1, 2022, as restated	\$ 365,295	\$ 365,295

NOTE O—UPCOMING ACCOUNTING PRONOUNCEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Muskegon Charter Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 2,041,907	\$ 2,191,907	\$ 2,201,217	\$ 9,310
Licenses and permits	672,000	696,000	705,480	9,480
Intergovernmental revenues				
Federal	-	325,382	325,382	-
State	2,035,000	2,311,707	2,347,486	35,779
Local	-	16,035	17,086	1,051
Charges for services	403,195	455,945	445,973	(9,972)
Fines and forfeitures	2,500	2,500	3,857	1,357
Investment earnings	12,000	67,000	82,183	15,183
Other	44,900	50,949	63,160	12,211
Total revenues	<u>5,211,502</u>	<u>6,117,425</u>	<u>6,191,824</u>	<u>74,399</u>
EXPENDITURES				
Current				
General government				
Board of trustees	41,955	41,955	41,394	561
Supervisor	94,690	96,908	96,801	107
Elections	43,343	58,495	58,417	78
Assessing	179,594	179,547	179,125	422
Professional services	38,000	78,000	73,641	4,359
Clerk	256,333	278,324	276,497	1,827
Treasurer	231,528	244,639	243,847	792
Township hall	104,886	116,213	115,950	263
Board of appeals	785	785	-	785
Other	653,844	193,892	185,132	8,760
Public safety				
Inspection department	240,598	253,678	248,132	5,546
Rental inspections	195,141	234,511	235,270	(759)
Other	340,000	340,000	339,042	958
Public works				
Leaf collection	12,533	12,750	12,660	90
Other	157,000	157,000	156,889	111
Community and economic development				
Planning	57,925	65,796	63,124	2,672
Zoning	99,800	123,357	117,817	5,540
Culture and recreation				
Parks and recreation	127,061	188,714	187,823	891
Debt service				
Principal	-	344,350	344,350	-
Interest and fees	-	159,241	159,241	-
Capital outlay	135,000	422,961	388,978	33,983
Total expenditures	<u>3,010,016</u>	<u>3,591,116</u>	<u>3,524,130</u>	<u>66,986</u>
Excess of revenues over expenditures	2,201,486	2,526,309	2,667,694	141,385
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,500	2,500	2,500	-
Transfers in	-	36,342	36,342	-
Transfers out	(2,461,944)	(3,034,286)	(2,889,962)	144,324
Total other financing sources (uses)	<u>(2,459,444)</u>	<u>(2,995,444)</u>	<u>(2,851,120)</u>	<u>144,324</u>
Net change in fund balance	<u>\$ (257,958)</u>	<u>\$ (469,135)</u>	(183,426)	<u>\$ 285,709</u>
Fund balance at beginning of year			3,367,917	
Fund balance at end of year			<u>\$ 3,184,491</u>	

Muskegon Charter Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Public Safety Fund
For the year ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,068,786	\$ 1,068,786	\$ 1,065,834	\$ (2,952)
Intergovernmental revenues				
State	71,500	97,879	97,493	(386)
Local	79,000	79,000	71,050	(7,950)
Charges for services	6,500	6,500	3,837	(2,663)
Fines and forfeitures	3,000	3,000	1,440	(1,560)
Investment earnings	1,000	1,000	1,528	528
Other	124,000	145,263	148,550	3,287
Total revenues	1,353,786	1,401,428	1,389,732	(11,696)
EXPENDITURES				
Current				
Public safety				
Police department	1,984,346	2,108,027	2,095,396	12,631
Fire department	2,043,384	2,099,839	2,075,281	24,558
Capital outlay	88,000	122,860	29,860	93,000
Total expenditures	4,115,730	4,330,726	4,200,537	130,189
Excess of revenues over (under) expenditures	(2,761,944)	(2,929,298)	(2,810,805)	118,493
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	200	200
Transfers in	2,761,944	2,929,298	2,810,605	(118,693)
Total other financing sources	2,761,944	2,929,298	2,810,805	(118,493)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ -</u>	

Muskegon Charter Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Fire Equipment Fund
For the year ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues - Federal	\$ -	\$ 250,000	\$ 250,000	\$ -
Charges for services	364,000	364,000	359,417	(4,583)
Investment earnings	1,000	1,000	1,427	427
Other	-	-	2,600	2,600
Total revenues	365,000	615,000	613,444	(1,556)
EXPENDITURES				
Current				
Public safety	65,000	65,000	47,187	17,813
Capital outlay	-	1,248,604	1,242,204	6,400
Total expenditures	65,000	1,313,604	1,289,391	24,213
Excess of revenues over (under) expenditures	300,000	(698,604)	(675,947)	22,657
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	13,550	13,550
Transfers in	-	404,988	379,357	(25,631)
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	104,988	92,907	(12,081)
Net change in fund balance	\$ -	\$ (593,616)	(583,040)	\$ 10,576
Fund balance at beginning of year			583,040	
Fund balance at end of year			\$ -	

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)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY								
Service cost	\$ 238,955	\$ 226,072	\$ 227,281	\$ 272,670	\$ 336,141	\$ 383,721	\$ 378,951	\$ 372,585
Interest	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	(136,514)	125,106	598,949	(225,184)	(111,579)	(89,950)	(65,004)	-
Changes of assumptions	1,117,902	754,687	975,249	-	-	-	1,018,947	-
Benefit payments, including refunds of employee contributions	(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	1,743,055	1,582,518	2,320,861	687,765	907,243	984,579	1,957,973	967,458
Total pension liability at beginning of year	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)	\$ 29,351,485	\$ 27,608,430	\$ 26,025,912	\$ 23,705,051	\$ 23,017,286	\$ 22,110,043	\$ 21,125,464	\$ 19,167,491
PLAN FIDUCIARY NET POSITION								
Contributions-employer	\$ 8,828,098	\$ 627,864	\$ 558,756	\$ 540,240	\$ 570,648	\$ 480,936	\$ 402,696	\$ 375,012
Contributions-employee	140,743	145,457	161,472	191,087	225,519	238,752	236,590	215,262
Net investment income	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	(1,526,598)	(1,454,631)	(1,332,802)	(1,165,395)	(1,057,276)	(975,557)	(933,370)	(885,473)
Administrative expense	(40,491)	(33,460)	(35,661)	(31,853)	(31,051)	(30,467)	(30,840)	(31,458)
Net change in plan fiduciary net position	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	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)	\$ 29,159,658	\$ 18,214,591	\$ 16,838,388	\$ 15,416,481	\$ 16,522,011	\$ 14,852,395	\$ 13,595,028	\$ 14,131,043
Township's net pension liability at end of year (a)-(b)	\$ 191,827	\$ 9,393,839	\$ 9,187,524	\$ 8,288,570	\$ 6,495,275	\$ 7,257,648	\$ 7,530,436	\$ 5,036,448
Plan fiduciary net position as a percentage of the total pension liability	99.35%	65.97%	64.70%	65.03%	71.78%	67.17%	64.35%	73.72%
Covered employee payroll	\$ 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	13.63%	670.54%	649.43%	490.29%	312.72%	306.47%	318.29%	216.50%

Notes to Schedule

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

The following were significant changes to actuarial assumptions:

2015 Valuation - The investment rate of return assumption was reduced from 8.25 percent to 8.0 percent, the wage inflation assumption was reduced from 4.5 percent to 3.75 percent, inflation rates changed from 3.0 - 4.0 percent to 2.5 percent.

2019 Valuation - The investment rate of return assumption was reduced from 8.0 percent to 7.6 percent, the wage inflation assumption was reduced from 3.75 percent to 3.0 percent

2020 Valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2021 Valuation - The investment rate of return assumption was reduced from 7.6 percent to 7.25 percent.

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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 299,328	\$ 797,352	\$ 627,864	\$ 558,756	\$ 540,240	\$ 570,648	\$ 480,936	\$ 402,696	\$ 375,012	\$ 383,471
Contributions in relation to the actuarially determined contribution	299,328	8,828,098	627,864	558,756	540,240	570,648	480,936	402,696	375,012	383,471
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (8,030,746)</u>	<u>\$ -</u>							
Covered employee payroll	Not Available	\$ 1,407,433	\$1,400,927	\$1,414,699	\$1,690,541	\$2,077,001	\$2,368,116	\$2,365,902	\$2,326,293	\$2,326,293
Contributions as percentage of covered employee payroll	Not Available	627.2%	44.8%	39.5%	32.0%	27.5%	20.3%	17.0%	16.1%	16.5%

Notes to Schedule

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.00 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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 224,276	\$ 285,254	\$ 184,090	\$ 231,845	\$ 226,190	\$ 220,673
Interest	242,463	258,168	340,034	316,992	306,187	305,517
Differences between expected and actual experience	(90,200)	175,706	-	25,032	-	-
Changes of assumptions	(2,533,932)	(2,998,730)	2,506,235	150,881	-	-
Benefit payments, including refunds of employee contributions	(270,193)	(249,534)	(305,442)	(301,697)	(243,377)	(221,710)
Net change in total OPEB liability	(2,427,586)	(2,529,136)	2,724,917	423,053	289,000	304,480
Total OPEB liability at beginning of year	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)	\$ 8,259,373	\$ 10,686,959	\$ 13,216,095	\$ 10,491,178	\$ 10,068,125	\$ 9,779,125
PLAN FIDUCIARY NET POSITION						
Contributions-employer	\$ 270,193	\$ 249,534	\$ 305,442	\$ 301,697	\$ 243,377	\$ 221,710
Benefit payments, including refunds or employee contributions	(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Township's net OPEB liability at end of year (a)-(b)	\$ 8,259,373	\$ 10,686,959	\$ 13,216,095	\$ 10,491,178	\$ 10,068,125	\$ 9,779,125
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 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	230.14%	300.16%	396.37%	355.39%	365.61%	335.05%

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.

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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 596,765	\$ 700,434	\$ 550,356	\$ 202,064	\$ 179,309	\$ 552,730	\$ 552,730	\$ 402,696	\$ 375,012	\$ 383,471
Contributions in relation to the actuarially determined contribution	270,193	249,534	305,442	301,697	243,377	221,710	209,563	402,696	375,012	383,471
Contribution deficiency (excess)	\$ 326,572	\$ 450,900	\$ 244,914	\$ (99,633)	\$ (64,068)	\$ 331,020	\$ 343,167	\$ -	\$ -	\$ -
Covered employee payroll	\$3,588,849	\$ 3,560,417	\$3,334,286	\$2,951,980	\$2,753,806	\$2,918,734	\$2,847,545	\$2,326,293	\$2,326,293	\$2,477,312
Contributions as percentage of covered employee payroll	7.5%	7.0%	9.2%	10.2%	8.8%	7.6%	7.4%	17.3%	16.1%	15.5%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	27 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 2010 Public General and Public Safety Employee and Healthy Retiree, headcount weighted

OTHER SUPPLEMENTAL INFORMATION

Muskegon Charter Township
COMBINING BALANCE SHEET
 Other Governmental Funds
 December 31, 2022

	Total Other Governmental Funds	Special Revenue Funds					Local Water Improvement	Capital Projects Funds
		Local Streets	Street Lighting	Hydrant	Northside Water System	Southside Water System		Paving Projects
ASSETS								
Cash and investments	\$ 1,434,127	\$ 393,157	\$ 521,087	\$ 78,742	\$ 150,930	\$ 44,286	\$ 244,580	\$ 1,345
Receivables								
Property taxes	712,705	521,505	191,200	-	-	-	-	-
Special assessments	413,942	-	-	-	-	-	-	413,942
Other	445	130	207	1	16	-	91	-
Due from other governmental units	38,127	-	-	-	-	-	38,127	-
Total assets	\$ 2,599,346	\$ 914,792	\$ 712,494	\$ 78,743	\$ 150,946	\$ 44,286	\$ 282,798	\$ 415,287
LIABILITIES								
Accounts payable	\$ 26,544	\$ 10,209	\$ 16,173	\$ -	\$ -	\$ -	\$ 162	\$ -
Accrued liabilities	7,213	7,130	-	-	-	-	83	-
Due to other governmental units	41,288	-	-	-	-	41,288	-	-
Advances from other funds	426,688	-	-	-	-	-	-	426,688
Total liabilities	501,733	17,339	16,173	-	-	41,288	245	426,688
DEFERRED INFLOWS OF RESOURCES								
Property taxes levied for subsequent year	848,802	621,091	227,711	-	-	-	-	-
Unavailable revenues - special assessments	385,396	-	-	-	-	-	-	385,396
Total deferred inflows of resources	1,234,198	621,091	227,711	-	-	-	-	385,396
FUND BALANCES (DEFICITS)								
Restricted								
Streets	276,362	276,362	-	-	-	-	-	-
Street lights	468,610	-	468,610	-	-	-	-	-
Hydrants	78,743	-	-	78,743	-	-	-	-
Water purposes	436,497	-	-	-	150,946	2,998	282,553	-
Unassigned	(396,797)	-	-	-	-	-	-	(396,797)
Total fund balances (deficits)	863,415	276,362	468,610	78,743	150,946	2,998	282,553	(396,797)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 2,599,346	\$ 914,792	\$ 712,494	\$ 78,743	\$ 150,946	\$ 44,286	\$ 282,798	\$ 415,287

Muskegon Charter Township
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 Other Governmental Funds
 For the year ended December 31, 2022

	Total Other Governmental Funds	Special Revenue Funds					Local Water Improvement	Capital Projects Fund
		Local Streets	Street Lighting	Hydrant	Northside Water System	Southside Water System		
REVENUES								
Property taxes	\$ 795,803	\$ 580,746	\$ 215,057	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues								
State	74,772	43,881	30,891	-	-	-	-	-
Local	90,000	90,000	-	-	-	-	-	-
Charges for services	19,139	-	-	-	-	-	19,139	-
Investment earnings	41,337	7,393	8,263	440	1,193	416	3,629	20,003
Other	51,640	494	-	-	-	-	60	51,086
Total revenues	1,072,691	722,514	254,211	440	1,193	416	22,828	71,089
EXPENDITURES								
Current								
Public works	903,029	694,405	194,425	-	-	-	14,199	-
Debt service								
Principal	10,650	10,650	-	-	-	-	-	-
Interest and fees	21,457	4,925	-	-	-	-	-	16,532
Capital outlay	54,678	54,678	-	-	-	-	-	-
Total expenditures	989,814	764,658	194,425	-	-	-	14,199	16,532
Net change in fund balances (deficits)	82,877	(42,144)	59,786	440	1,193	416	8,629	54,557
Fund balances (deficits) at beginning of year	780,538	318,506	408,824	78,303	149,753	2,582	273,924	(451,354)
Fund balances (deficits) at end of year	\$ 863,415	\$ 276,362	\$ 468,610	\$ 78,743	\$ 150,946	\$ 2,998	\$ 282,553	\$ (396,797)