City of Muskegon, Michigan

Citizen's Guide to Local Finances

September 2011

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

Assessor
(231)724-6708
FAX (231)726-5181

Cemetery
(231)724-6783
FAX (231)726-5617

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

Civil Service
(231)724-6716
FAX (231)724-4405

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

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

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

Finance
(231)724-6713
FAX (231)724-6768

Fire Department
(231)724-6792
FAX (231)724-6985

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

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

Inspection Services
(231)724-6715
FAX (231)728-4371

Leisure Services
(231)724-6704
FAX (231)724-1196

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

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

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

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

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

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

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

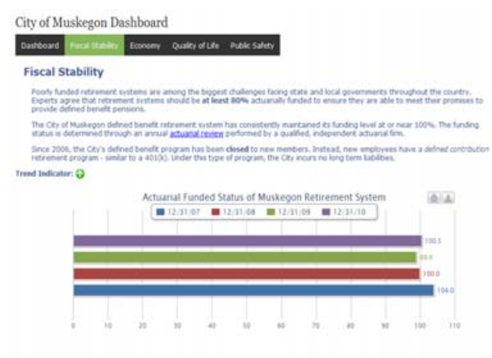
MUSKEGON

West Michigan's Shoreline City
www.shorelinecity.com

September 2, 2011

Dear Citizens:

In May 2011, Governor Snyder signed into law the Economic Vitality Incentive Program (EVIP) which set specific requirements for local governments to qualify to receive future statutory revenue sharing funds. One of the key requirements of EVIP is that cities make readily available to the public by October 1, 2011 "a citizen's guide and a performance dashboard of their local finances, including a recognition of their unfunded liabilities."



This *Citizen's Guide* is published in accordance with the requirements of EVIP. We have used the state-recommended reporting template in preparing the Guide. Because of the required timeframe for submission, it is not possible to include audited financial data for the fiscal year completed June 30, 2011.

Also in accordance with EVIP, the City has published on its website an interactive performance measurement dashboard that monitors performance trends in four key areas: *Fiscal Stability, Economy, Quality of Life, and Public Safety*. The City's Dashboard can be accessed at: http://www.muskegon-mi.gov/city-of-muskegon-dashboard/

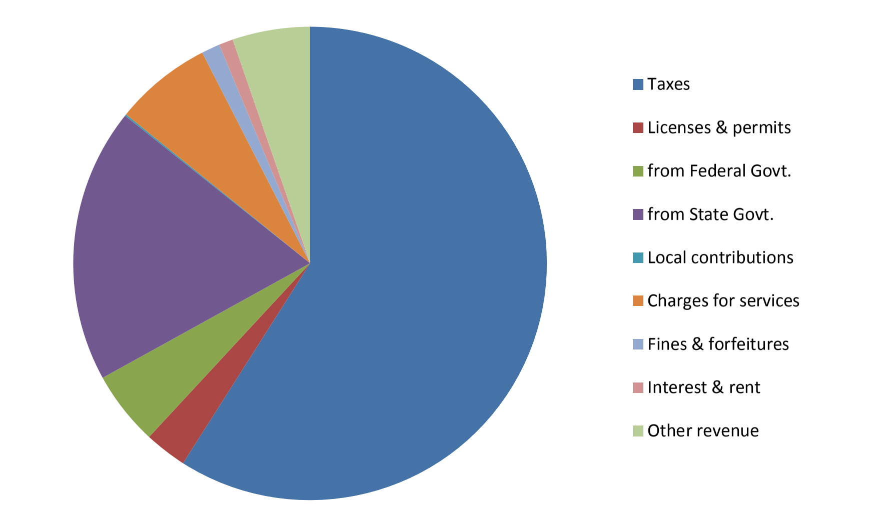
We hope that the *Citizen's Guide to Local Finances* together with the City's performance dashboard enhances the City's transparency and public accountability. If you have any questions or comments, you can email them to finance@shorelinecity.com or call 231.724.6713.

Thank you.

City of Muskegon

CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon

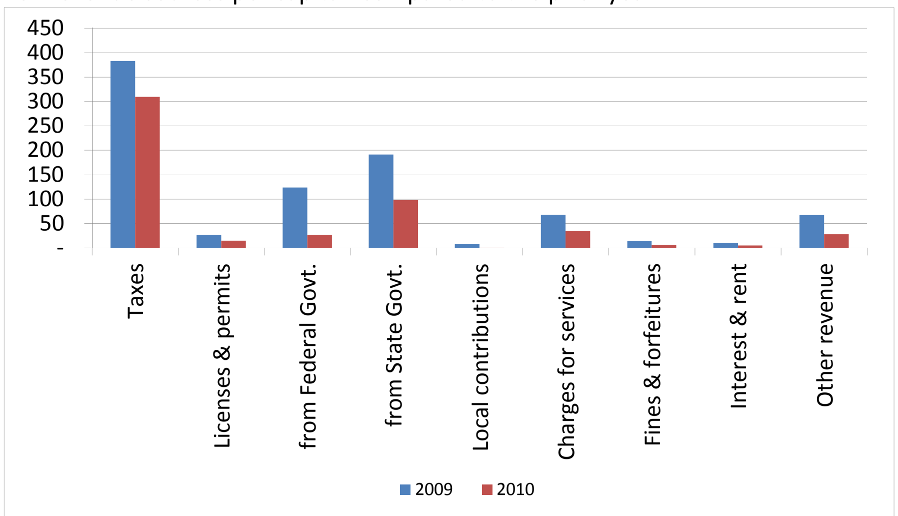
1. Where our money comes from (all governmental funds)



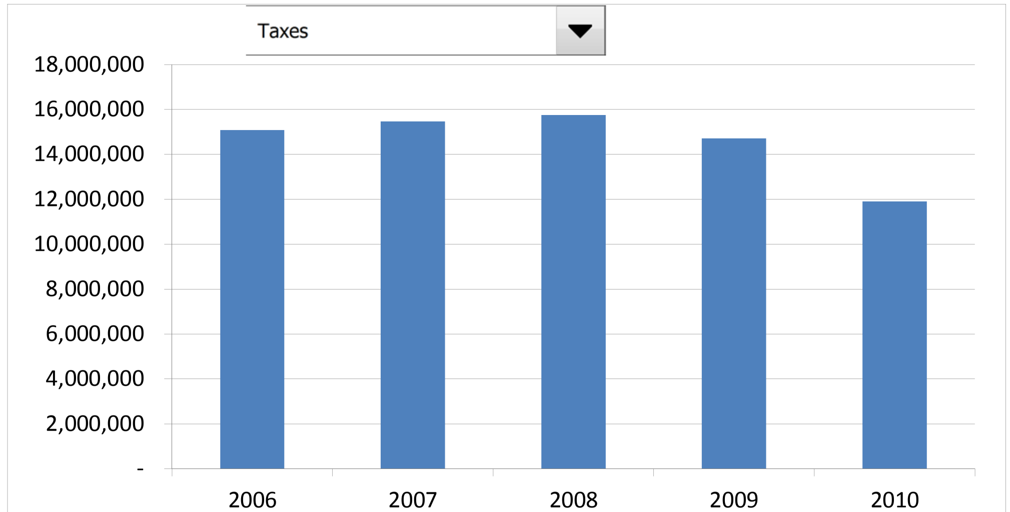
2. Compared to the prior year

	2009	2010	% change
Taxes	$ 14,709,597	$ 11,897,948	-19%
Licenses & permits	1,032,681	584,162	-43%
from Federal Govt.	4,743,140	1,023,565	-78%
from State Govt.	7,356,686	3,779,959	-49%
Local contributions	300,582	25,000	-92%
Charges for services	2,620,372	1,338,194	-49%
Fines & forfeitures	545,809	254,277	(1)
Interest & rent	400,900	193,873	(1)
Other revenue	2,589,607	1,068,440	-59%
Total	$ 34,299,374	$ 20,165,418	-41%

3. Revenue sources per capita - compared to the prior year



4. Historical trends of individual sources



Commentary: The City of Muskegon receives most of its income from local taxes - property and income taxes. Revenues from the state - in the form of genral revenues sharing and gas tax receipts earmarked for street maintenance - are the second biggest source of income.

NOTE: In 2010 the City changed its fiscal year from a 12/31 year-end to a 6/30 end date. Thus, figures shown above for 2010 represent a shortened six-month transition period (i.e. 1/1/10 through 6/30/10). This should be taken into account when making year to year comparisons.

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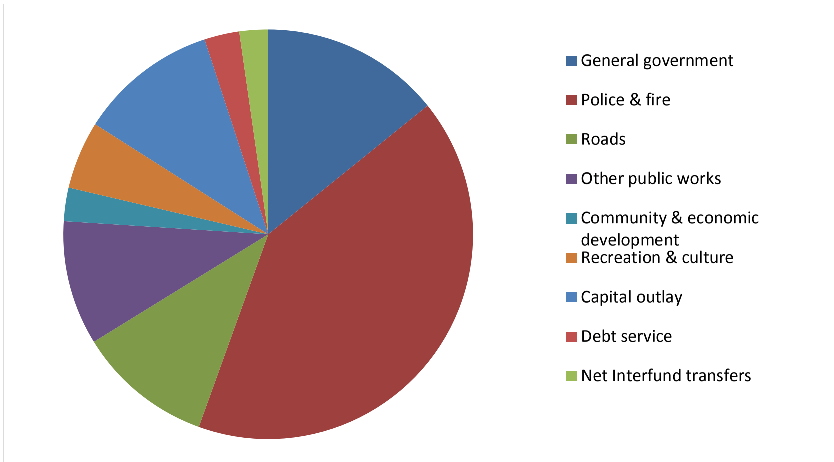
CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon

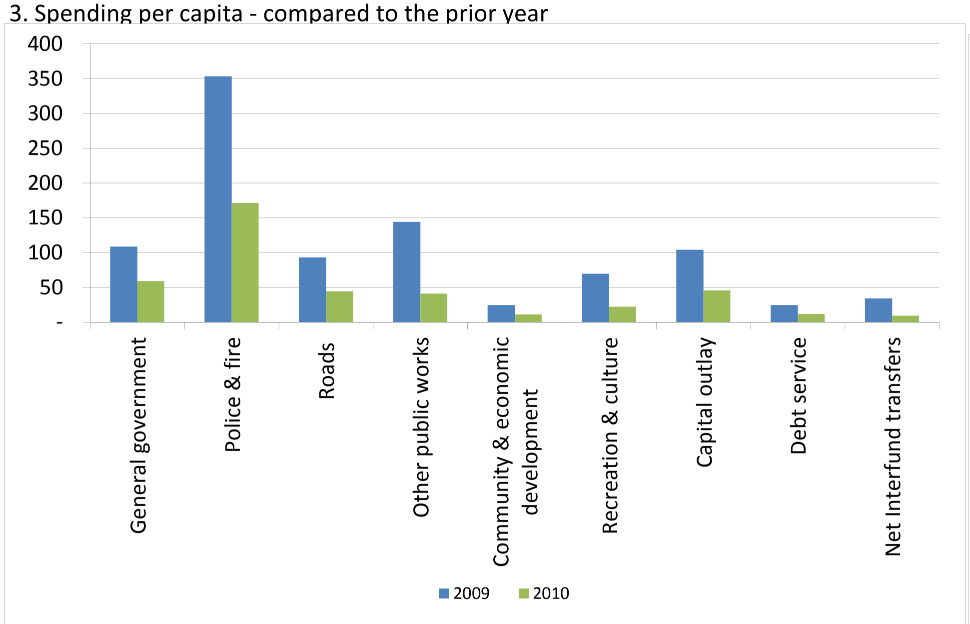
1. Where we spend our money (all governmental funds)



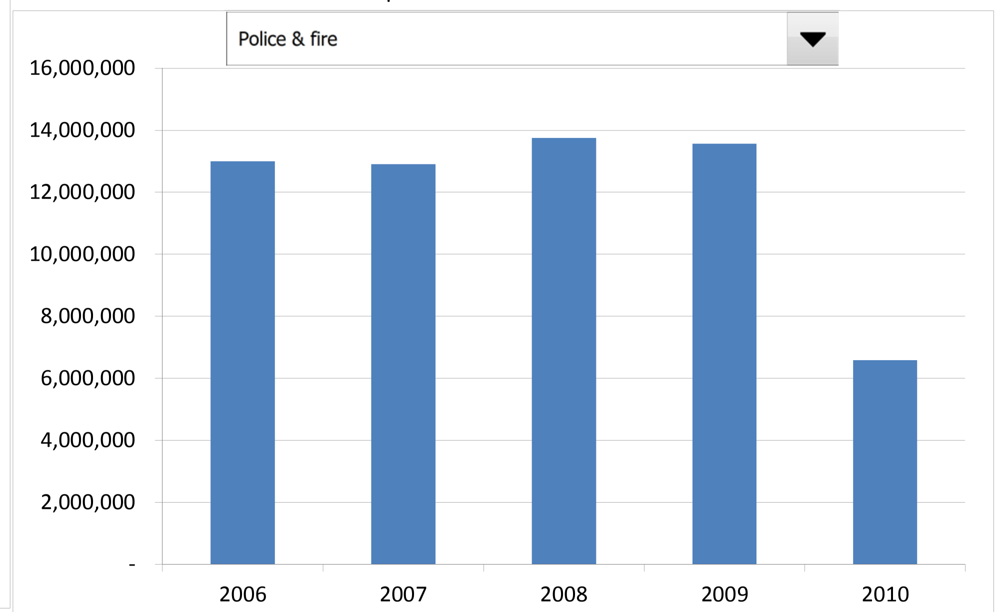
2. Compared to the prior year

	2009	2010	% change
General government	$ 4,167,237	$ 2,265,728	-46%
Police & fire	13,567,101	6,578,735	-52%
Other public safety	-	-	n/a
Roads	3,565,507	1,703,742	-52%
Other public works	5,530,513	1,567,498	-72%
Health & welfare	-	-	n/a
Community & economic develop	939,895	419,534	-55%
Recreation & culture	2,675,074	855,035	-68%
Capital outlay	3,987,509	1,746,421	-56%
Debt service	945,545	439,479	-54%
Unallocated fringes & insurance	-	-	n/a
Net Interfund transfers	1,309,910	359,971	-73%
total expenditures	$ 36,688,291	$ 15,936,143	-57%

3. Spending per capita - compared to the prior year



4. Historical trends of individual departments:



Commentary: The charts above summarize how the City spends its money. By far, the largest share of the expenditure pie goes to public safety (fire and police). Roads and other public works account for the second largest category of expenditure.

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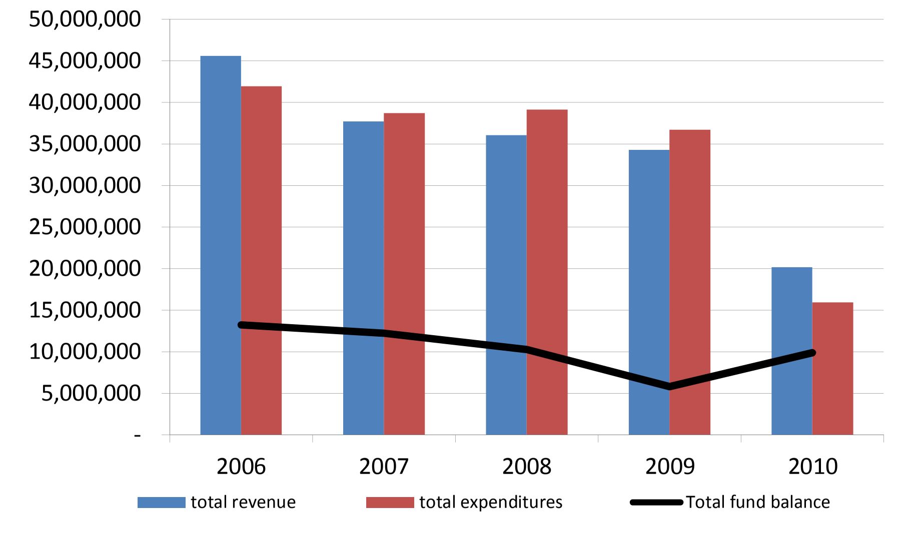
FINANCIAL POSITION

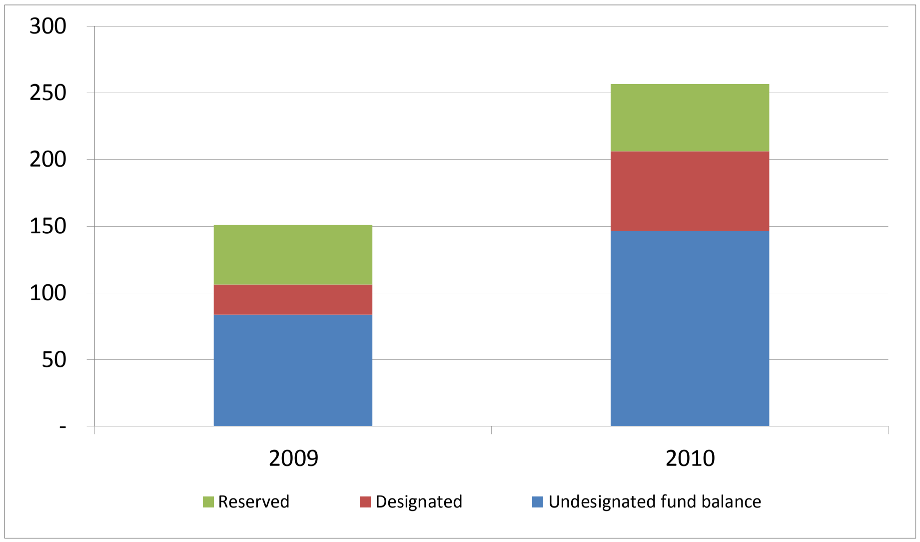
1. How have we managed our governmental fund resources (fund balance)?



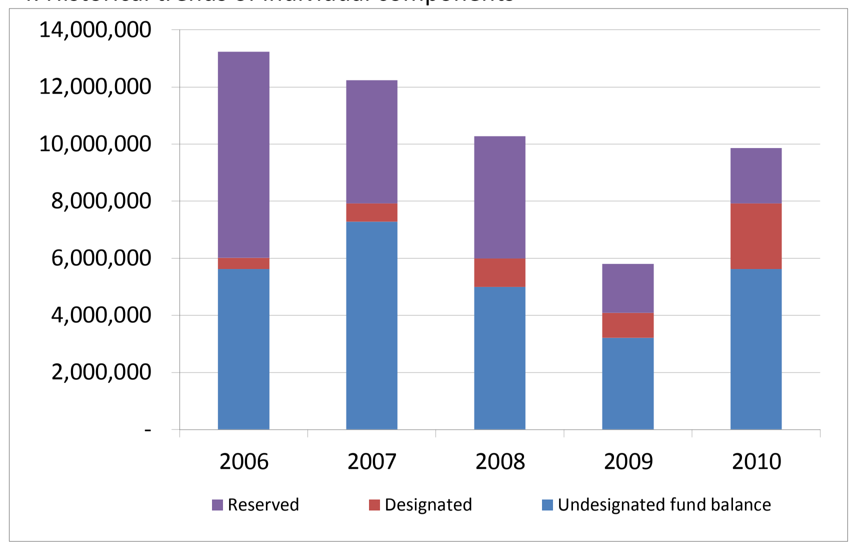
2. Compared to the prior year

	2009	2010	% change
Revenue	34,299,374	20,165,418	-41%
Expenditures	36,688,291	15,936,143	-57%
Surplus (shortfall)	(2,388,917)	4,229,275	-277%
Fund balance, by component:			
Reserved	1,720,985	1,934,575	12%
Designated	871,111	2,302,044	164%
Undesignated	3,209,921	5,621,496	75%
total fund balance	5,802,017	9,858,115	70%

3. Fund balance per capita - compared to the prior year



4. Historical trends of individual components



Commentary: The City's financial position improved significantly in 2010 with fund balances showing growth after several years of decline. In large part this was due to a one-time boost brought about by a change in the City's fiscal year.

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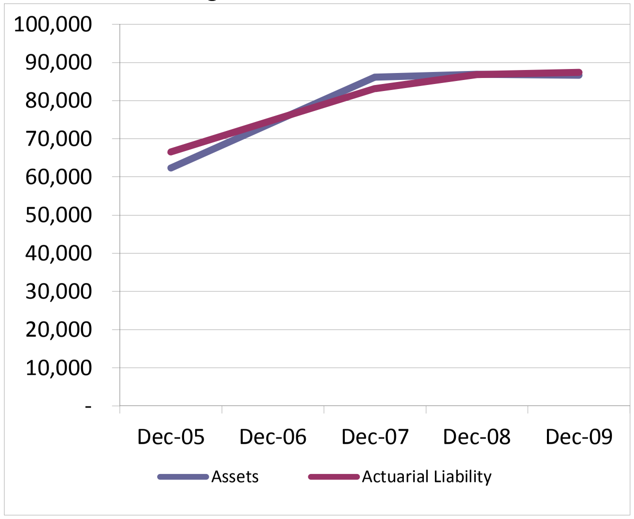
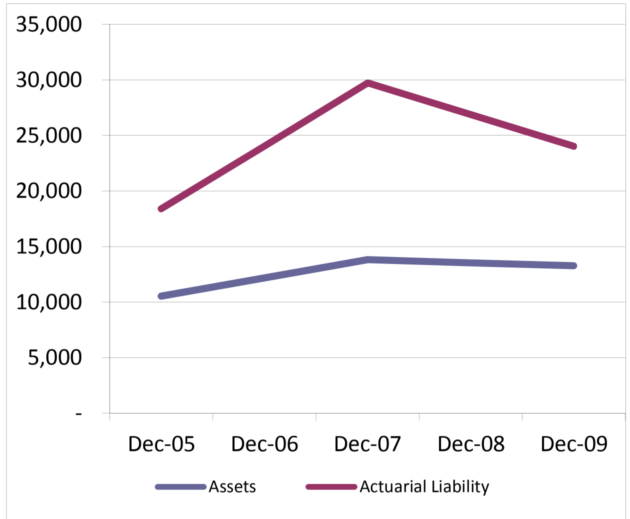
OTHER LONG TERM OBLIGATIONS

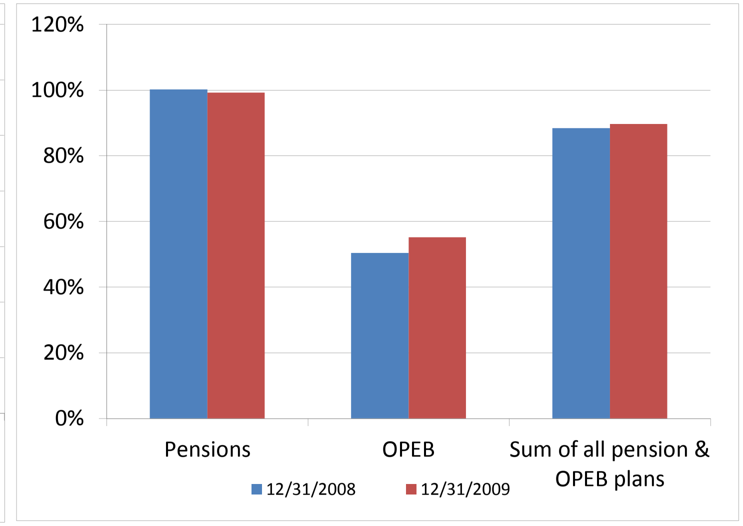
1. Pension funding status



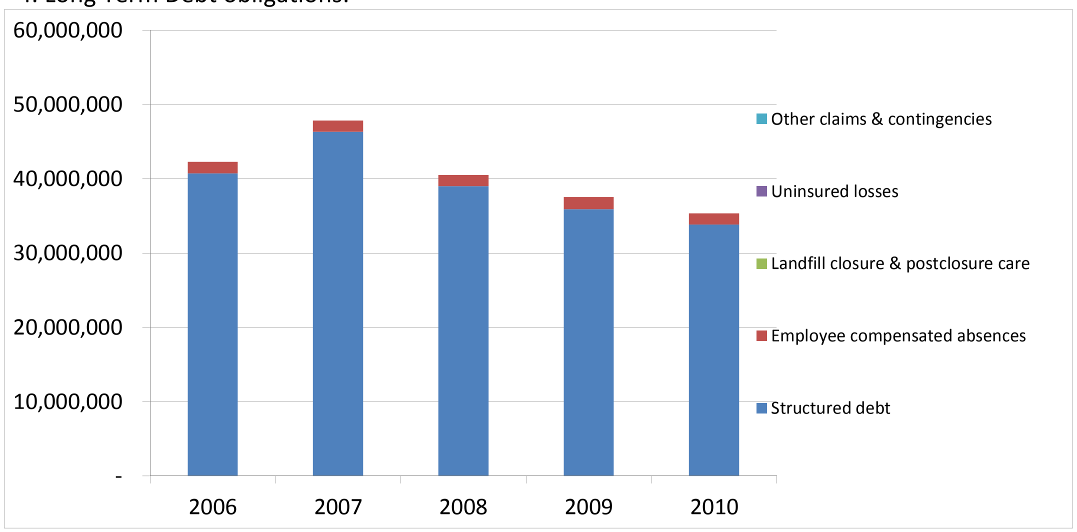
2. Retiree Health care funding status



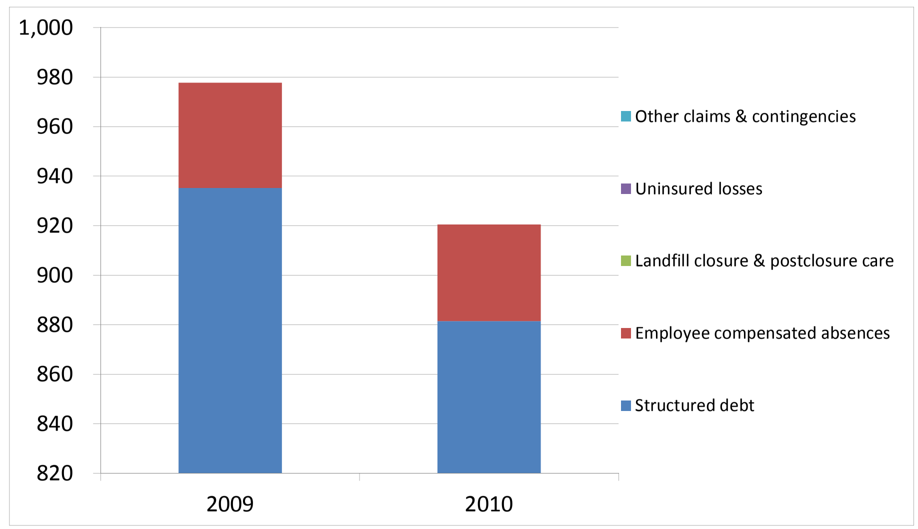
3. Percent funded - compared to the prior year



4. Long Term Debt obligations:



5. Debt & other long term obligations per capita - compared to the prior year



Commentary: The City is fortunate to have well-funded retirement retirement plans. For many communities throughout the US, large undfunded liabilities are causing severe financial problems. The City's debtload from borrowing for things like streets, fire stations and water plant improvements is also comparatively low and trending downward.

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