



City of Muskegon, Michigan

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# Citizen's Guide to Local Finances

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September 2012

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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](http://www.shorelinecity.com)

September 2012

Dear Citizens:

This *Citizen's Guide* is published in accordance with the requirements of the Economic Vitality Incentive Program (EVIP). We have used state-recommended reporting templates in preparing the Guide. Because of the required timeframe for submission, it is not possible to include audited financial data for the most recently completed fiscal year - June 30, 2012.

Two new EVIP reporting requirements were added in 2012. Cities are to produce and make readily available to the public:

1. A projected budget report of revenues and expenditures including the current fiscal year and a projection for the immediately following year (including assumptions used) and,
2. A detailed listing of debt service requirements.

Both of these new EVIP required reports are included in this *Citizen's Guide*.

Also in accordance with EVIP, the City has published and updated 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 2012 *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](mailto:finance@shorelinecity.com) or call 231.724.6713.

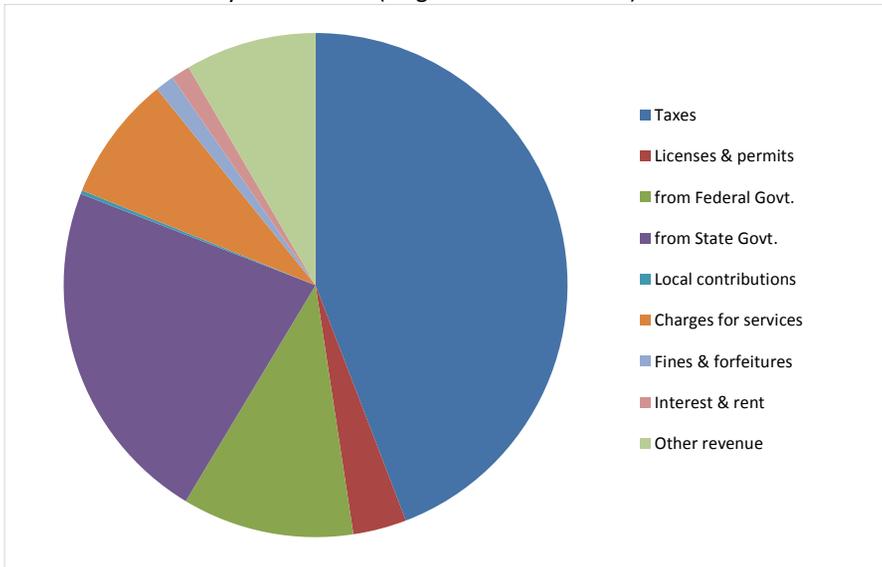
Thank you.

City of Muskegon

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon**

**REVENUES**

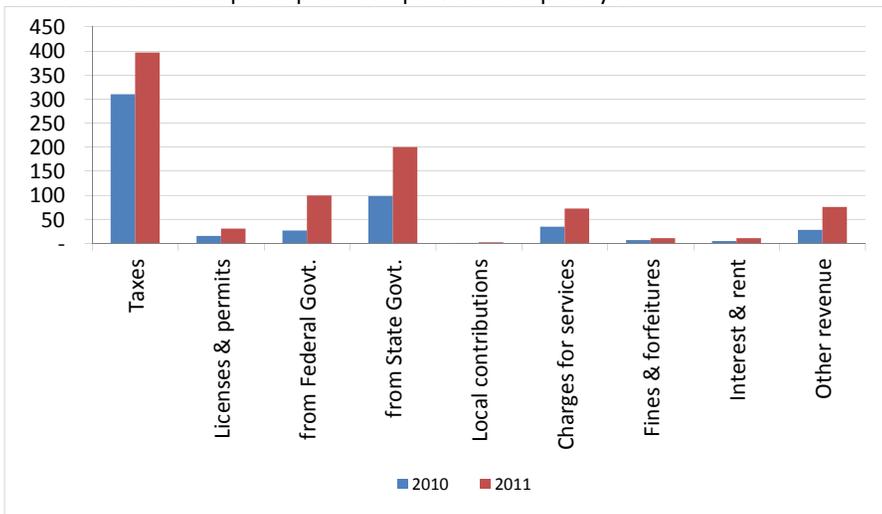
1. Where our money comes from (all governmental funds)



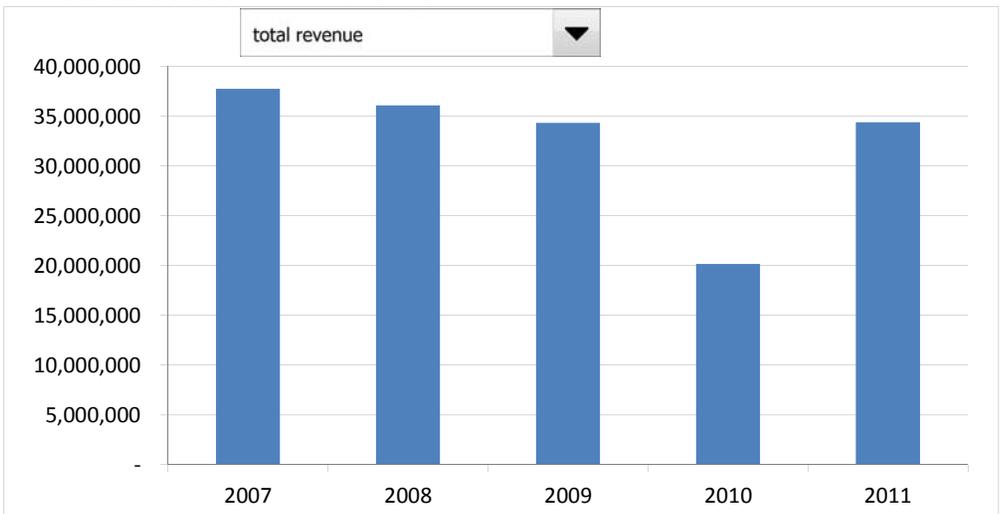
2. Compared to the prior year

	2010	2011	% change
Taxes	\$ 11,897,948	\$ 15,177,305	28%
Licenses & permits	584,162	1,179,639	102%
from Federal Govt.	1,023,565	3,793,531	271%
from State Govt.	3,779,959	7,654,718	103%
Local contributions	25,000	77,500	210%
Charges for services	1,338,194	2,769,204	107%
Fines & forfeitures	254,277	416,379	1
Interest & rent	193,873	412,498	1
Other revenue	1,068,440	2,890,713	171%
<b>Total</b>	<b>\$ 20,165,418</b>	<b>\$ 34,371,487</b>	<b>70%</b>

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



4. Historical trends of individual sources



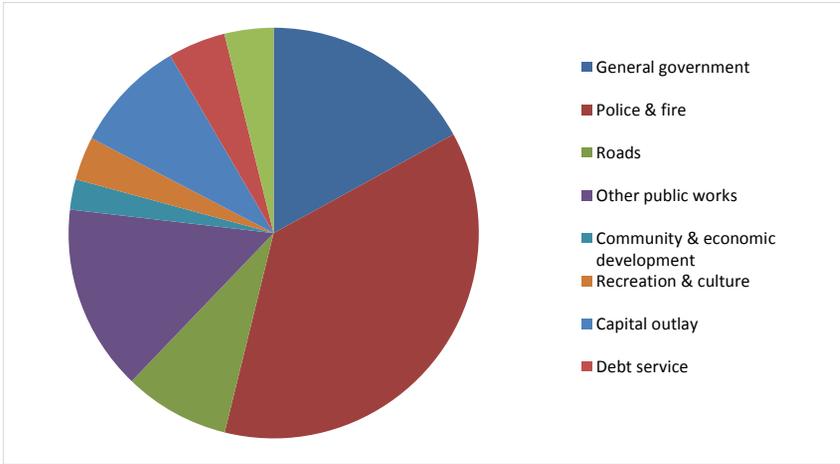
Commentary: The City of Muskegon receives most of its income from local taxes - property and income taxes. Revenues from the state - in the form of general revenues sharing and gas tax receipts earmarked for street maintenance - are the second biggest source of income.

**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.**

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon**

**EXPENDITURES**

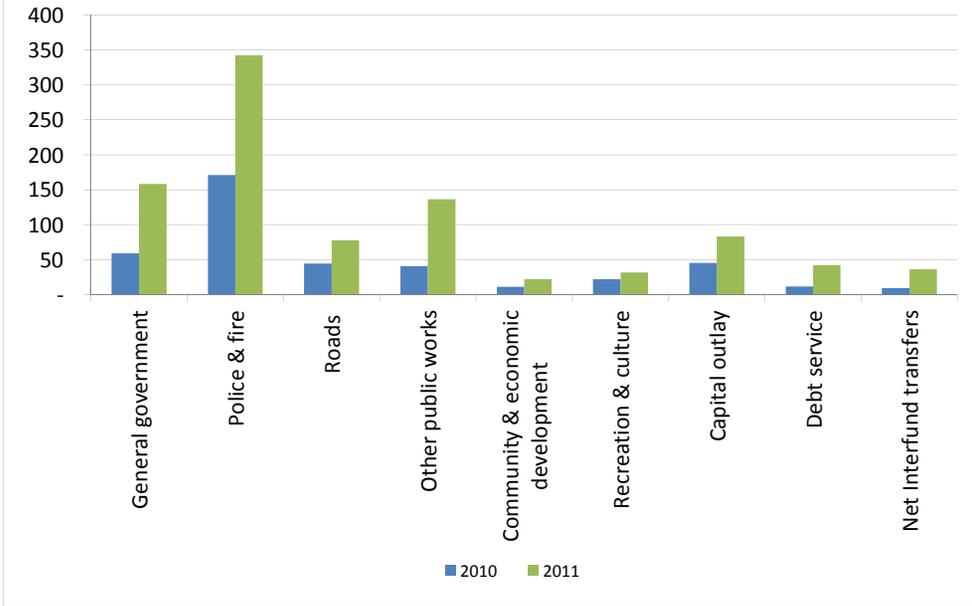
1. Where we spend our money (all governmental funds)



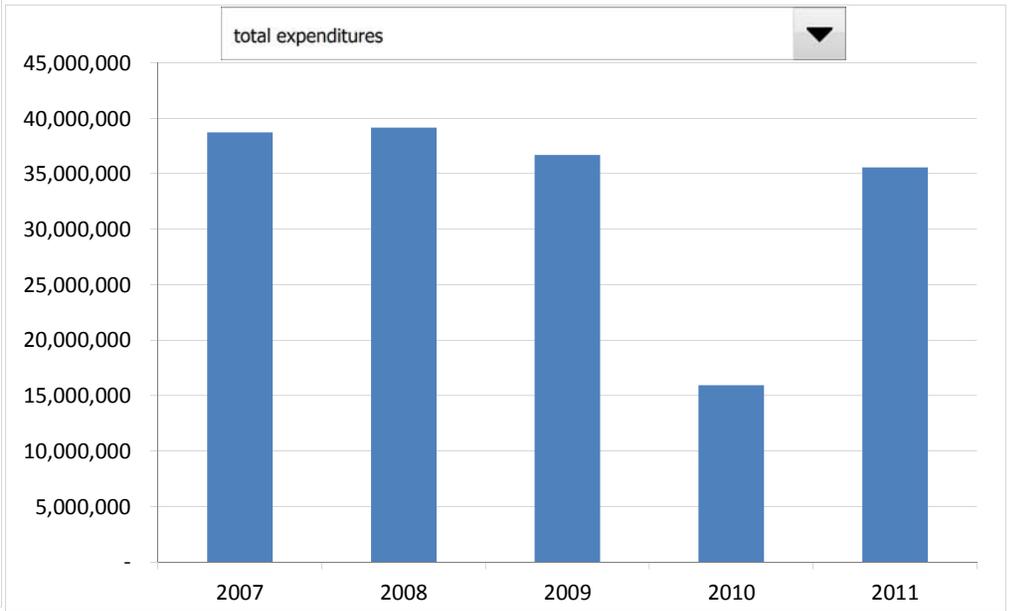
2. Compared to the prior year

	2010	2011	% change
General government	\$ 2,265,728	\$ 6,051,674	167%
Police & fire	6,578,735	13,087,976	99%
Other public safety	-	-	n/a
Roads	1,703,742	2,967,261	74%
Other public works	1,567,498	5,214,329	233%
Health & welfare	-	-	n/a
Community & economic developr	419,534	845,394	102%
Recreation & culture	855,035	1,217,225	42%
Capital outlay	1,746,421	3,183,905	82%
Debt service	439,479	1,612,441	267%
Unallocated fringes & insurance	-	-	n/a
Net Interfund transfers	359,971	1,376,740	282%
<b>total expenditures</b>	<b>\$ 15,936,143</b>	<b>\$ 35,556,945</b>	<b>123%</b>

3. Spending per capita - compared to the prior year



4. Historical trends of individual departments:

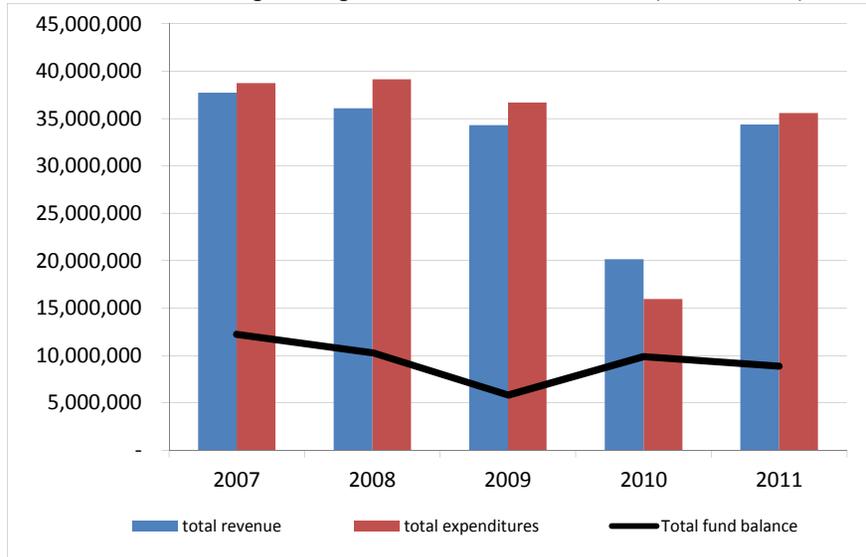


Commentary: The charts above summarize how the City spends its money. By far, the largest share of the expenditure pie goes to public safety (fire and police). Roads and other public works account for the second largest category of expenditure.

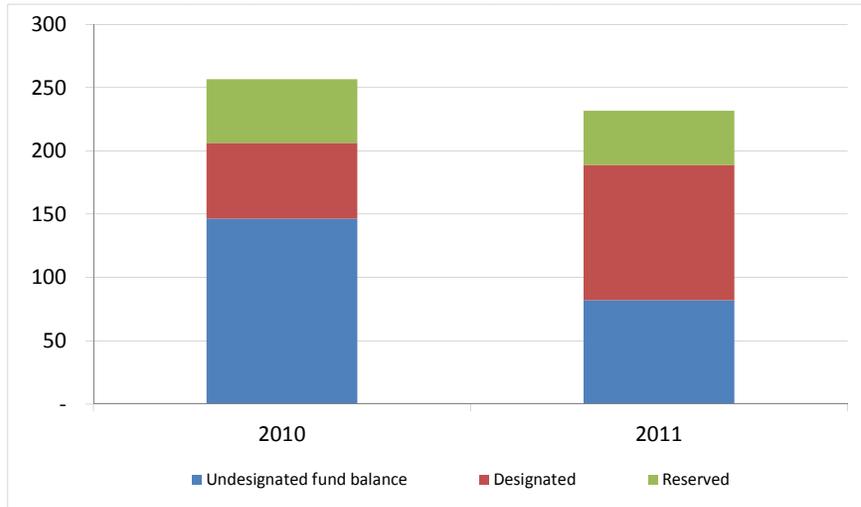
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**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon**

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



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

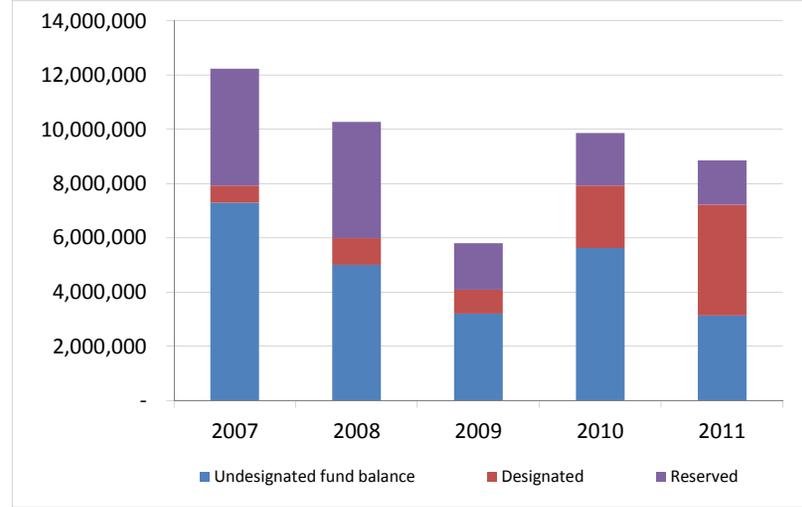


**FINANCIAL POSITION**

2. Compared to the prior year

	2010	2011	% change
Revenue	20,165,418	34,371,487	70%
Expenditures	15,936,143	35,556,945	123%
Surplus (shortfall)	4,229,275	(1,185,458)	-128%
Fund balance, by component:			
Reserved	1,934,575	1,626,952	-16%
Designated	2,302,044	4,089,984	78%
Undesignated	5,621,496	3,136,377	-44%
total fund balance	9,858,115	8,853,313	-10%

4. Historical trends of individual components

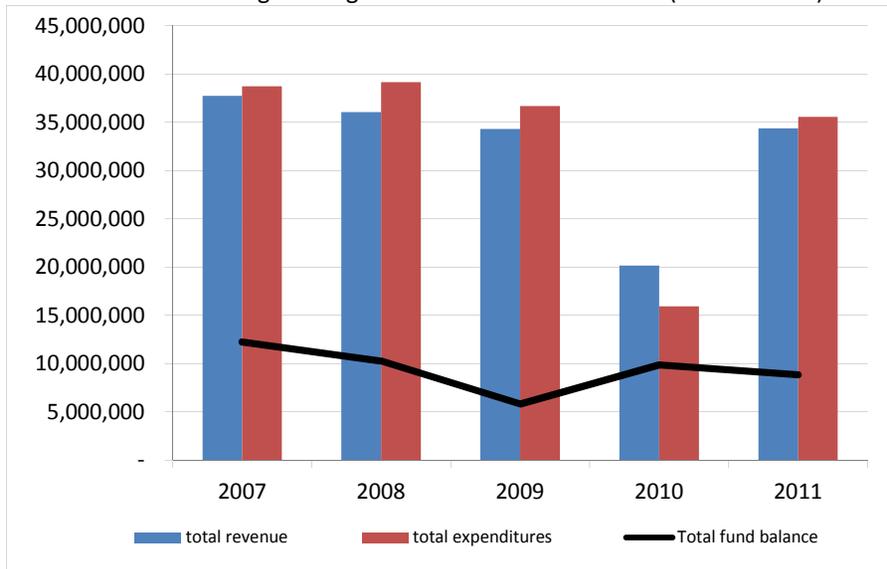


Commentary: The City's governmental fund balance position declined 10% between FY10 and FY11. This decrease was the result of the City electing to make a supplemental \$1.0 million payment from the General Fund to the City's pension funds. This was done to maintain the actuarial funding status of City pension funds at one hundred percent (see next page).

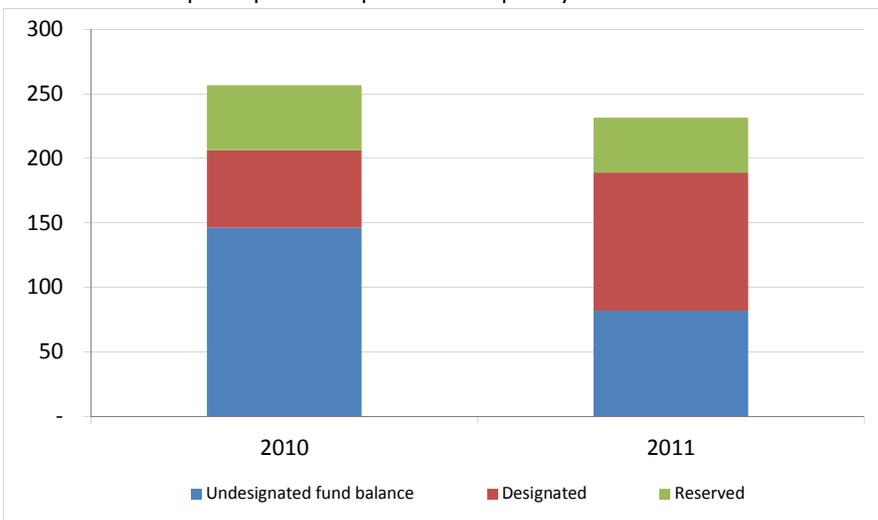
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**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon**

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

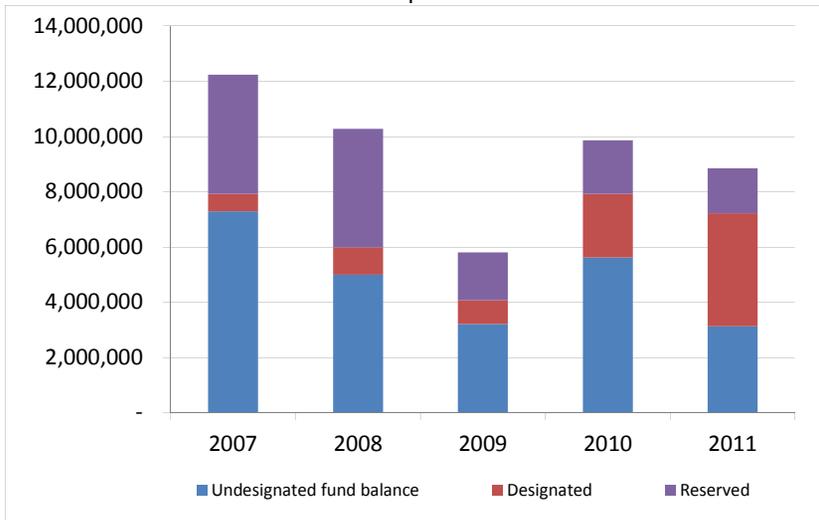


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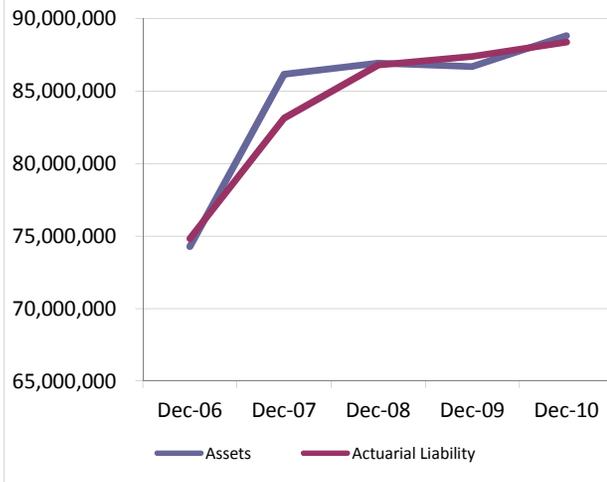
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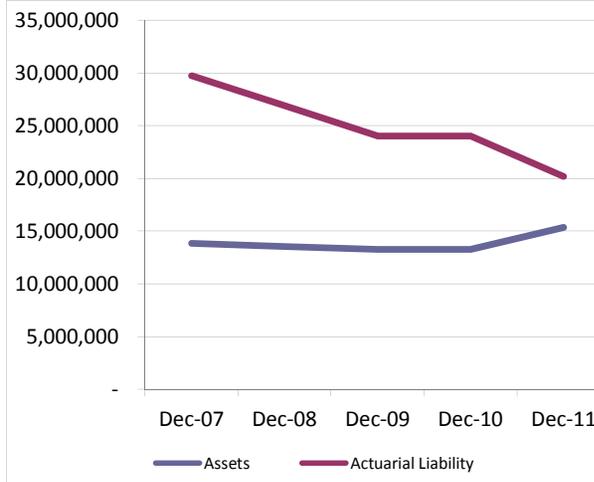
**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Muskegon**

**OTHER LONG TERM OBLIGATIONS**

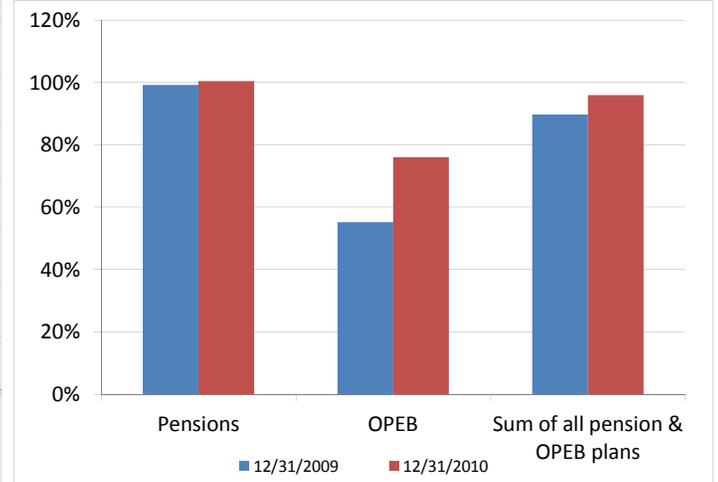
1. Pension funding status



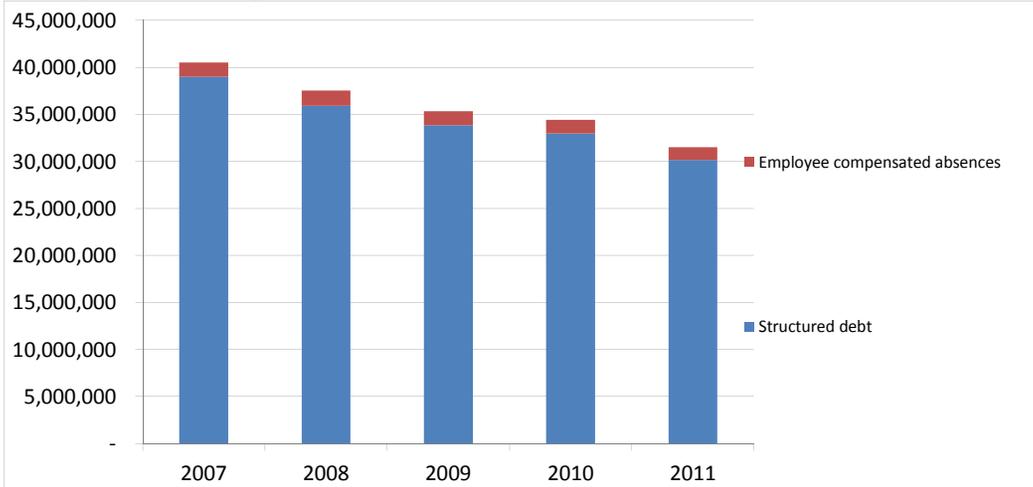
2. Retiree Health care (OPEB) funding status



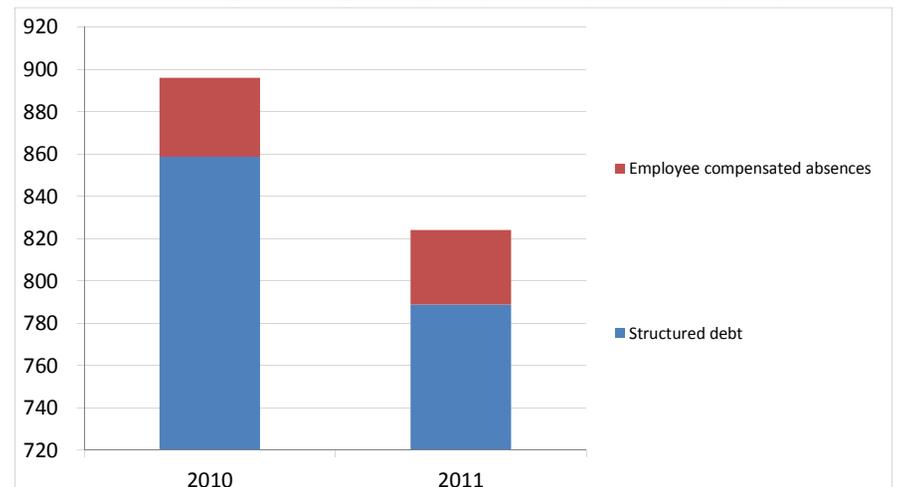
3. Percent funded - compared to the prior year



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 plans. For many state and cities throughout the US, large unfunded liabilities are causing severe financial problems. As of the 12/31/10 actuarial valuation (most recent available), the City's pension system was 100.5% funded. As of the 12/31/11 OPEB actuarial valuation, the City's retiree healthcare plan is 76.0% funded.

The City's long-term debt load from borrowing for things like streets, fire stations and water plant improvements is comparatively low and trending downward.

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## Projected Budget Report

Local Government Name:	City of Muskegon
Local Unit Code:	612020
Current Fiscal Year End Date:	6/30/2013
Fund Name:	General

REVENUES	Current Year Budget	Percentage Change	Year 2 Budget	Assumptions
Property Taxes	\$ 7,653,030	(6) %	\$ 7,193,848	Phaseout of BC Cobb power plant; other property tax losses
Other Taxes	\$ -	- %	\$ -	
State Revenue Sharing	\$ 3,592,422	- %	\$ 3,592,422	Stable with no growth
Income Tax	\$ 7,100,000	3 %	\$ 7,313,000	Re-opening of state prison; general employment growth in area
Fines & Fees	\$ 487,000	3 %	\$ 501,610	Annual fee schedule review and update
Licenses & Permits	\$ 1,189,000	(28) %	\$ 856,080	Privatize building & trade inspections function
Interest & Rental Income	\$ 351,761	- %	\$ 351,761	
Grant Revenues	\$ 175,524	- %	\$ 175,524	
Other Revenues	\$ 2,659,886	(5) %	\$ 2,526,892	Declining CDBG funding to support GF services
Interfund Transfers (In)	\$ 312,000	(64) %	\$ 112,320	One-time MMRMA payment included in FY2013
<b>Total Revenues</b>	<b>\$ 23,520,623</b>		<b>\$ 22,623,457</b>	
<b>EXPENDITURES</b>				
General Government	\$ 3,808,004	1 %	\$ 3,846,084	Wage & healthcare increases moderated by lower OPEB
Police and Fire	\$ 12,862,521	(1) %	\$ 12,733,896	Lower OPEB requirements based on 12/31/11 valuation
Other Public Safety	\$ 597,301	(100) %	\$ -	Privatize building & trade inspection functions
Roads	\$ -	- %	\$ -	
Public Works	\$ 4,179,061	1 %	\$ 4,220,852	Wage & healthcare increases moderated by lower OPEB
Health and Welfare	\$ -	- %	\$ -	
Community & Economic Dev.	\$ 968,277	1 %	\$ 977,960	Wage & healthcare increases moderated by lower OPEB
Recreation & Culture	\$ 202,824	- %	\$ 202,824	Freeze contributions to outside agencies
Capital Outlay	\$ 257,000	- %	\$ 257,000	
Debt Service	\$ 278,345	- %	\$ 278,345	Relatively stable payments to 2019
Other Expenditures	\$ 474,982	- %	\$ 474,982	
Interfund Transfers (Out)	\$ 468,046	29 %	\$ 603,779	Increased SmartZone debt requirements
<b>Total Expenditures</b>	<b>\$ 24,096,361</b>		<b>\$ 23,595,722</b>	
<b>Net Revenues (Expenditures)</b>	<b>\$ (575,738)</b>		<b>\$ (972,265)</b>	
<b>Beginning Fund Balance</b>	<b>\$ 4,576,273</b>		<b>\$ 4,000,535</b>	
<b>Ending Fund Balance</b>	<b>\$ 4,000,535</b>		<b>\$ 3,028,270</b>	

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2012

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2011	6/30/2012	Annual Interest Payable		
<b>Business-Type Activities Bonds and Loans Payable:</b>									
Water supply system bonds (\$152,208 unamortized premium)	4/1/2010	\$ 5,995,000	2.00%	05/01/12	\$ 600,000	\$ -	\$ -		
			3.00%	05/01/13	610,000	610,000	172,088		
			2.77%	05/01/14	640,000	640,000	153,788		
			3.50%	05/01/15	660,000	660,000	136,088		
			3.25%	05/01/16	685,000	685,000	112,988		
			4.00%	05/01/17	710,000	710,000	90,725		
			4.00%	05/01/18	740,000	740,000	62,325		
			4.25%	05/01/19	770,000	770,000	32,725		
							<u>5,415,000</u>	<u>4,815,000</u>	<u>760,725</u>
			Drinking Water State Revolving Fund (DWSRF)	3/2/2004	\$ 13,900,000	2.13%	10/01/11	630,000	-
2.13%	10/01/12	640,000				640,000	212,606		
2.13%	10/01/13	655,000				655,000	198,847		
2.13%	10/01/14	670,000				670,000	184,769		
2.13%	10/01/15	685,000				685,000	170,372		
2.13%	10/01/16	695,000				695,000	155,709		
2.13%	10/01/17	710,000				710,000	140,781		
2.13%	10/01/18	725,000				725,000	125,534		
2.13%	10/01/19	745,000				745,000	109,916		
2.13%	10/01/20	760,000				760,000	93,925		
2.13%	10/01/21	775,000				775,000	77,616		
2.13%	10/01/22	790,000				790,000	60,988		
2.13%	10/01/23	810,000				810,000	43,988		
2.13%	10/01/24	825,000				825,000	26,616		
2.13%	10/01/25	840,000				840,000	8,925		
				<u>10,955,000</u>	<u>10,325,000</u>	<u>1,610,591</u>			
<b>TOTAL BUSINESS-TYPE ACTIVITIES BONDS AND LOANS PAYABLE</b>					<u>\$ 16,370,000</u>	<u>\$ 15,140,000</u>	<u>\$ 2,371,316</u>		

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2012

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2011	6/30/2012	Annual Interest Payable
<b>Governmental Activities Bonds and Loans Payable:</b>							
Capital improvement bonds of 2003 (sidewalks)	3/1/2003	\$ 1,575,000	3.70%	06/01/12	125,000	-	-
			3.80%	06/01/13	130,000	130,000	22,080
			3.90%	06/01/14	135,000	135,000	17,140
			4.00%	06/01/15	145,000	145,000	11,875
			4.05%	06/01/16	150,000	150,000	6,075
							685,000
Capital improvement bonds of 2006 (fire station, recreation) (\$13,245 unamortized discount)	10/24/2006	\$ 5,400,000	4.00%	10/01/11	70,000	-	-
			4.00%	10/01/12	70,000	70,000	208,345
			4.00%	10/01/13	70,000	70,000	205,545
			4.00%	10/01/14	70,000	70,000	202,745
			4.00%	10/01/15	70,000	70,000	199,945
			4.00%	10/01/16	70,000	70,000	197,145
			4.00%	10/01/17	70,000	70,000	194,345
			4.00%	10/01/18	70,000	70,000	191,545
			4.00%	10/01/19	295,000	295,000	184,245
			4.00%	10/01/20	305,000	305,000	172,245
			4.00%	10/01/21	315,000	315,000	159,845
			4.00%	10/01/22	315,000	315,000	147,245
			4.00%	10/01/23	320,000	320,000	134,545
			4.00%	10/01/24	340,000	340,000	121,345
			4.00%	10/01/25	345,000	345,000	107,645
			4.00%	10/01/26	345,000	345,000	93,845
			4.10%	10/01/27	345,000	345,000	79,873
			4.10%	10/01/28	350,000	350,000	65,625
			4.10%	10/01/29	350,000	350,000	51,275
			4.20%	10/01/30	350,000	350,000	36,750
4.20%	10/01/31	350,000	350,000	22,050			
4.20%	10/01/32	350,000	350,000	7,350			
				5,235,000	5,165,000	2,783,498	
Capital improvement bonds of 2011 (streets) (\$13,245 unamortized discount)	9/30/2011	\$ 2,000,000	2.98%	09/01/12	-	175,000	56,993
			2.98%	09/01/13	-	180,000	51,703
			2.98%	09/01/14	-	185,000	46,265
			2.98%	09/01/15	-	190,000	40,677
			2.98%	09/01/16	-	195,000	34,941
			2.98%	09/01/17	-	200,000	29,056
			2.98%	09/01/18	-	210,000	22,947
			2.98%	09/01/19	-	215,000	16,614
			2.98%	09/01/20	-	220,000	10,132
			2.98%	09/01/21	-	230,000	3,427
				-	2,000,000	312,755	
State of Michigan environmental assessment loan	6/18/2010	\$ 500,000	2.00%	03/18/12	28,527	-	-
			2.00%	03/18/13	29,098	20,211	3,005
			2.00%	03/18/14	29,680	20,615	2,601
			2.00%	03/18/15	30,274	21,027	2,189
			2.00%	03/18/16	30,879	21,448	1,768
			2.00%	03/18/17	31,497	21,877	1,339
			2.00%	03/18/18	32,126	22,314	902
			2.00%	03/18/19	32,769	22,761	455
				244,850	150,253	12,259	
<b>TOTAL GOVERNMENTAL ACTIVITIES BONDS AND LOANS PAYABLE</b>					<b>\$ 6,164,850</b>	<b>\$ 7,875,253</b>	<b>\$ 3,165,682</b>
<b>TOTAL PRIMARY GOVERNMENT BONDS AND LOANS PAYABLE</b>					<b>\$ 22,534,850</b>	<b>\$ 23,015,253</b>	<b>\$ 5,536,997</b>

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2012

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2011	6/30/2012	Annual Interest Payable
<b>Discretely Presented Component Unit Bonds and Loans Payable:</b>							
Downtown Development Authority promissory note to Muskegon County	8/10/1989	\$ 1,000,000	0.00%	08/30/19	\$ 1,000,000	\$ 1,000,000	\$ -
					1,000,000	1,000,000	-
Downtown Development Authority refunding bonds (\$33,014 unamortized premium)	3/22/2011	\$ 2,045,000	2.00%	06/01/12	265,000	-	-
			2.50%	06/01/13	275,000	275,000	59,162
			2.75%	06/01/14	280,000	280,000	52,288
			3.25%	06/01/15	285,000	285,000	44,588
			3.50%	06/01/16	300,000	300,000	35,326
			3.75%	06/01/17	310,000	310,000	24,826
			4.00%	06/01/18	330,000	330,000	13,200
					2,045,000	1,780,000	229,390
Local Development Finance Authority Smartzone Bonds (\$4,333 unamortized discount)	11/1/2002	\$ 4,725,000	3.88%	11/01/11	80,000	-	-
			4.00%	11/01/12	180,000	180,000	-
			3.90%	11/01/13	240,000	-	-
			4.05%	11/01/14	305,000	-	-
			4.05%	11/01/15	325,000	-	-
			4.15%	11/01/16	340,000	-	-
			4.25%	11/01/17	355,000	-	-
			4.35%	11/01/18	375,000	-	-
			4.45%	11/01/19	395,000	-	-
			4.60%	11/01/20	400,000	-	-
			4.60%	11/01/21	255,000	-	-
			4.60%	11/01/22	265,000	-	-
			4.85%	11/01/23	280,000	-	-
			4.85%	11/01/24	295,000	-	-
			4.85%	11/01/25	315,000	-	-
					4,405,000	180,000	-
Local Development Finance Authority Smartzone Refunding Bonds (\$4,333 unamortized discount)	3/20/2012	\$ 4,100,000	0.00%	11/01/12	-	-	142,466
			0.00%	11/01/13	-	260,000	125,300
			2.00%	11/01/14	-	320,000	119,500
			2.00%	11/01/15	-	335,000	112,950
			2.00%	11/01/16	-	345,000	104,425
			3.00%	11/01/17	-	355,000	93,925
			3.00%	11/01/18	-	375,000	81,100
			4.00%	11/01/19	-	390,000	65,800
			4.00%	11/01/20	-	395,000	50,100
			4.00%	11/01/21	-	245,000	37,300
			4.00%	11/01/22	-	255,000	28,575
			3.00%	11/01/23	-	265,000	20,775
			3.00%	11/01/24	-	275,000	12,675
			3.00%	11/01/25	-	285,000	4,275
					-	4,100,000	999,166
<b>TOTAL DISCRETELY PRESENTED COMPONENT UNIT BONDS AND LOANS PAYABLE</b>					<b>\$ 7,450,000</b>	<b>\$ 7,060,000</b>	<b>\$ 1,228,556</b>
<b>TOTAL REPORTING ENTITY BONDS AND LOANS PAYABLE</b>					<b>\$ 29,984,850</b>	<b>\$ 30,075,253</b>	<b>\$ 6,765,553</b>