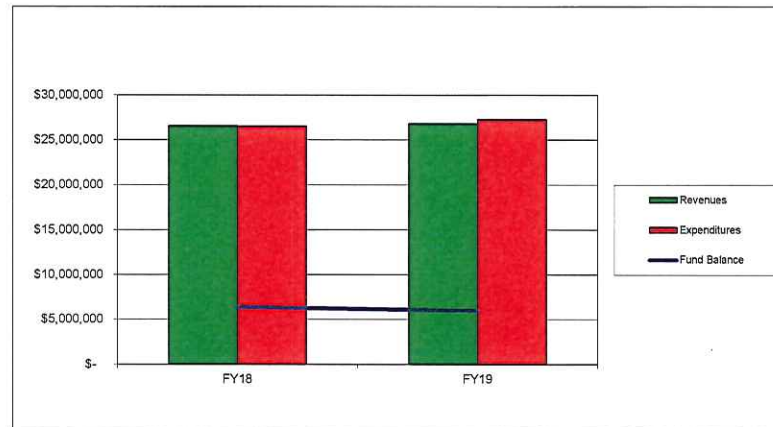


Projected Budget Report

Local Government Name: City of Muskegon
 Local Unit Code: 612020
 Current Fiscal Year End: 30-Jun-18
 Fund Name: General

	FY18 <u>Proposed Budget</u>	Estimated % change for year 2	FY19 <u>Estimate</u>
REVENUES			
Property Taxes	\$ 7,169,972	1%	\$ 7,241,672
State Revenue Sharing	\$ 3,973,538	1%	\$ 4,013,273
Income Tax	\$ 8,100,000	1%	\$ 8,181,000
Fines & Fees	\$ 410,000	1%	\$ 414,100
Licenses & Permits	\$ 1,580,603	0%	\$ 1,580,603
Interest Income	\$ 12,000	2%	\$ 12,240
Grant Revenues	\$ 633,480	0%	\$ 633,480
Other Revenues	\$ 4,653,111	1%	\$ 4,699,642
			\$ -
Total Revenues	\$ 26,532,704		\$ 26,776,010
EXPENDITURES			
Salaries & Benefits	\$ 15,990,053	2%	\$ 16,309,854
Operating Supplies	\$ 510,685	0%	\$ 510,685
Contractual Services	\$ 8,324,798	1%	\$ 8,408,046
Other Expenditures	\$ 68,249	1%	\$ 68,931
Special	\$ -	0%	\$ -
Property & Liability Insurance	\$ 274,665	2%	\$ 280,158
Contingency	\$ 100,000	75%	\$ 175,000
Capital Outlays	\$ 558,554	0%	\$ 558,554
Debt Service	\$ 236,100	90%	\$ 448,590
Transfers to Other Funds	\$ 425,000	8%	\$ 459,000
Total Expenditures	\$ 26,488,104		\$ 27,218,819
Net Revenues (Expenditures)	\$ 44,600		\$ (442,809)
Ending Fund Balance	\$ 6,388,508		\$ 5,945,699



Comments on Key Forecast Assumptions

Property Taxes - assumes property values will begin to grow modestly over the next several years.
State Shared Revenues - assumes slight growth as the state economy continues to move along.
Income Tax - assumes no recession during forecast period as local economic forecast is stable to slight growth.

Salaries & Benefits - assumes very modest wage increases but growing increases in pension and health insurance costs.
Capital Outlays - assumes flat spending on capital.
Transfers - the General Fund subsidy to retire the SmartZone bonds continues. The subsidy for the DDA debt ends after 2018.

SUMMARY

The City currently has healthy general fund balance and budget stabilization reserve. However, a key factor will be the matter of assessed and taxable property values in the coming years. State shared revenues seemed to have stabilized. On the expenditure side it is assumed that the mix of general fund operations remains stable. Additional transfers to other funds may be needed to help cover Smartzone debt service unless further development on the site occurs soon. It is assumed that wage growth can be kept at modest levels; however, significant cost pressures are anticipated from pension and/or healthcare. Without significant new revenues or cutbacks in staff/service levels, the forecast is for future annual operating deficits that will exhaust the City's fund balance reserves within 5 years.

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2017

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2016	6/30/2017	Annual Interest Payable
Business-Type Activities Bonds and Loans Payable:							
Water supply system bonds (\$13,661 unamortized premium)	4/1/2010	\$ 5,995,000	4.00%	05/01/17	\$ 710,000	\$ -	\$ -
			4.00%	05/01/18	740,000	740,000	62,325
			4.25%	05/01/19	770,000	770,000	32,725
Type of debt: revenue bond					2,220,000	1,510,000	95,050
Revenue pledged: water system net revenues							
Drinking Water State Revolving Fund	3/2/2004	\$ 13,900,000	2.13%	10/01/16	695,000	-	-
			2.13%	10/01/17	710,000	710,000	140,781
			2.13%	10/01/18	725,000	725,000	125,534
Type of debt: state loan			2.13%	10/01/19	745,000	745,000	109,916
Revenue pledged: water system net revenues			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
					7,675,000	6,980,000	688,289
TOTAL BUSINESS-TYPE ACTIVITIES BONDS AND LOANS PAYABLE					\$ 9,895,000	\$ 8,490,000	\$ 783,339

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2017

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2016	6/30/2017	Annual Interest Payable
Governmental Activities Bonds and Loans Payable:							
Capital improvement bonds of 2006 (fire station, recreation)	10/24/2006	\$ 5,400,000	4.00%	10/01/16	\$ 70,000	\$ -	\$ -
					70,000	-	-
Type of debt: limited G.O. bond Revenue pledged: general revenues							
Capital Improvement refunding bonds of 2016 (\$330,903 unamortized premium)	3/8/2016	\$ 4,535,000	2.00%	10/01/17	70,000	70,000	166,100
			2.00%	10/01/18	65,000	65,000	164,750
			3.00%	10/01/19	290,000	290,000	159,750
			3.00%	10/01/20	295,000	295,000	150,975
			3.00%	10/01/21	305,000	305,000	141,975
			3.00%	10/01/22	300,000	300,000	132,900
			4.00%	10/01/23	300,000	300,000	122,400
			4.00%	10/01/24	320,000	320,000	110,000
			4.00%	10/01/25	325,000	325,000	97,100
			4.00%	10/01/26	325,000	325,000	84,100
			4.00%	10/01/27	325,000	325,000	71,100
			4.00%	10/01/28	325,000	325,000	58,100
			4.00%	10/01/29	325,000	325,000	45,100
			4.00%	10/01/30	325,000	325,000	32,100
			4.00%	10/01/31	320,000	320,000	19,200
			4.00%	10/01/32	320,000	320,000	6,400
					4,535,000	4,535,000	1,562,050
Capital improvement bonds of 2011 (streets)	9/30/2011	\$ 2,000,000	2.98%	09/01/16	195,000	-	-
			2.98%	09/01/17	200,000	200,000	29,055
			2.98%	09/01/18	210,000	210,000	22,946
			2.98%	09/01/19	215,000	215,000	16,614
			2.98%	09/01/20	220,000	220,000	10,132
			2.98%	09/01/21	230,000	230,000	3,427
					1,270,000	1,075,000	82,174
Type of debt: limited G.O. bond Revenue pledged: gas tax, general revenues							
State of Michigan environmental assessment loan	6/18/2010	\$ 500,000	2.00%	03/18/17	18,563	-	-
			2.00%	03/18/18	18,934	18,934	1,159
			2.00%	03/18/19	19,313	19,313	780
			2.00%	03/18/20	19,699	19,699	394
					76,509	57,946	2,333
Type of debt: state loan Revenue pledged: general revenues							
TOTAL GOVERNMENTAL ACTIVITIES BONDS AND LOANS PAYABLE					\$ 5,951,509	\$ 5,667,946	\$ 1,646,557
TOTAL PRIMARY GOVERNMENT BONDS AND LOANS PAYABLE					\$ 15,846,509	\$ 14,157,946	\$ 2,429,896

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2017

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2016	6/30/2017	Annual Interest Payable
Discretely Presented Component Unit Bonds and Loans Payable:							
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	\$ -
					<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Type of debt: intergovernmental note Revenue pledged: DDA tax increments							
Downtown Development Authority refunding bonds (\$5,327 unamortized premium)	3/22/2011	\$ 2,045,000	3.75%	06/01/17	310,000	-	-
			4.00%	06/01/18	330,000	330,000	13,200
					<u>640,000</u>	<u>330,000</u>	<u>13,200</u>
Type of debt: limited G.O. bond Revenue pledged: DDA tax increments, general revenues							
Local Development Finance Authority Smartzone Refunding Bonds (\$102,948 unamortized premium)	3/20/2012	\$ 4,100,000	3.00%	11/01/16	345,000	-	-
			3.00%	11/01/17	355,000	355,000	93,925
			4.00%	11/01/18	375,000	375,000	81,100
			4.00%	11/01/19	390,000	390,000	65,800
			4.00%	11/01/20	395,000	395,000	50,100
			4.00%	11/01/21	245,000	245,000	37,300
			3.00%	11/01/22	255,000	255,000	28,575
			3.00%	11/01/23	265,000	265,000	20,775
			3.00%	11/01/24	275,000	275,000	12,675
			3.00%	11/01/25	285,000	285,000	4,275
TOTAL DISCRETELY PRESENTED COMPONENT UNIT BONDS AND LOANS PAYABLE					<u>3,185,000</u>	<u>2,840,000</u>	<u>394,525</u>
					<u>\$ 4,825,000</u>	<u>\$ 4,170,000</u>	<u>\$ 407,725</u>
TOTAL REPORTING ENTITY BONDS AND LOANS PAYABLE					<u>\$ 20,671,509</u>	<u>\$ 18,327,946</u>	<u>\$ 2,837,621</u>