NEW ISSUE
Book-Entry-Only

		Underlying Ratings	Insured Ratings
Ratings:	*Moody's:*	*A2*	*Aaa*
	Standard & Poor's:	*A+*	*AAA*
			(Financial Guaranty Insured)

TAX STATUS: *Bond counsel is of the opinion that, assuming compliance with certain covenants by the Issuer, under existing law as presently interpreted, the interest on the Bonds is excluded from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes, and taxes on gains realized from the sale, payment or other disposition thereof. See TAX MATTERS herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the tax treatment of interest on the Bonds for certain bondholders. The Bonds have* ***NOT*** *been designated as* ***QUALIFIED TAX-EXEMPT OBLIGATIONS*** *for purposes of deduction of interest expense by financial institutions.*

$17,000,000
COUNTY OF MUSKEGON
State of Michigan
Muskegon County Wastewater Management System No. Two Revenue Bonds
Series 2002
(General Obligation Limited Tax)

Date of Sale: **January 15, 2002**

PURPOSE AND SECURITY: The Bonds are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, Act 185, Public Acts of Michigan, 1957, as amended and an ordinance adopted October 11, 2001 (the "Ordinance") by the County of Muskegon (the "Issuer"), for the purpose of defraying the cost of acquiring and constructing Muskegon County Wastewater Management System No. Two (the "System"). The Bonds are payable primarily from the net revenues of the System and any additions thereto, and a statutory first lien on said revenues has been established by said Ordinance. The Issuer has covenanted and agreed to fix and maintain at all times while any of such Bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal and interest on all of said Bonds when due and to provide for such other expenditures and funds for the System as are required by said Ordinance. The Issuer has also pledged its limited tax full faith and credit to the payment of the Bonds. In the event the Net Revenues of the System (as defined in said Ordinance) are insufficient to pay the principal of and interest on the Bonds, the Issuer shall pay such principal and interest from its general funds lawfully available therefore including ad valorem taxes levied within constitutional and statutory limits. The rights and remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditor's rights generally, now existing or hereafter enacted, and by application of general principles of equity including those relating to equitable subordination.

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

PAYMENT OF BONDS: Interest on the Bonds will be payable semiannually on January 1 and July 1 of each year commencing on July 1, 2002. The Bonds will be registered Bonds, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity. The principal and interest shall be payable at the principal corporate trust office of Fifth Third Bank, Michigan, Grand Rapids, Michigan (the "Transfer Agent") or such other Transfer Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date. Interest shall be paid when due by check or draft mailed to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in *BOOK-ENTRY ONLY SYSTEM* herein.

BOND INSURANCE: Payment of the principal of and interest on the Bonds will be insured by a municipal bond insurance policy (see APPENDIX G) to be issued simultaneously with the delivery of the Bonds by

FGIC. **Financial Guaranty Insurance Company**

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Governmental agency.

Dated: January 15, 2002 **Principal Due:** July 1 of each year as shown below

SERIAL BONDS

Year	Amount	Interest Rate	Yield	Year	Amount	Interest Rate	Yield	Year	Amount	Interest Rate	Yield
2003	$130,000	3.200%	1.630%	2010	$850,000	4.375%	4.100%	2017	$850,000	4.800%	4.850%
2004	245,000	3.200	2.310	2011	850,000	4.375	4.200	2018	850,000	5.000	4.910
2005	390,000	3.500	2.890	2012	850,000	4.500	4.310	2019	850,000	5.000	4.970
2006	170,000	3.700	3.230	2013	850,000	4.500	4.450	2020	850,000	5.000	5.010
2007	310,000	4.000	3.570	2014	850,000	4.500	4.570	2021	850,000	5.000	5.040
2008	455,000	4.125	3.780	2015	850,000	4.625	4.670	2022	850,000	5.000	5.060
2009	850,000	4.250	3.980	2016	850,000	4.750	4.770	2023	850,000	5.000	5.090

TERM BONDS

Year	Amount	Interest Rate	Yield
2026	$2,550,000	5.000%	5.120%

Standard Capital Markets
A Division of ABN AMRO Financial Services, Inc.

RBC Dain Rauscher Inc.
NatCity Investments Inc.
Stifel, Nicolaus & Co., Inc.
Hanifen Imhoff Division

Griffen, Kubik, Stephens & Thompson, Inc.
Commerce Capital Markets, Inc.
Robert W. Baird & Co., Inc.

PRIOR REDEMPTION: Bonds maturing in the years 2012 through 2026 inclusive, are subject to redemption as described under the heading *PRIOR REDEMPTION* herein.

BOND COUNSEL: The Bonds will be offered when, as and if issued by the Issuer subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan.

THIS COVER PAGE CONTAINS INFORMATION FOR A QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Additional information relative to this Bond issue may be obtained from
Stauder, BARCH & ASSOCIATES, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108

OFFICIAL STATEMENT DATED: JANUARY 15, 2002

COUNTY OF MUSKEGON

Hall of Justice
990 Terrace Street
Muskegon, Michigan 49442
Telephone #: (231) 724-6520
Fax #: (231) 724-6673

MUSKEGON COUNTY BOARD OF COMMISSIONERS

Kenneth J. Hulka, *Chair*
Bill Gill, *Vice Chair*

Paul T. Baade
Douglas Bennett
Nancy G. Frye
James J. Kobza
Louis A. McMurray
Tony Moulatsiotis
Clarence E. Start

BOARD OF PUBLIC WORKS

Louis McMurray, *Chair*
Clarence E. Start, *Vice Chair*
Martin L. Hulka, *Secretary*

Paul Baade
Douglas Bennett
Nancy G. Frye
Bill Gill
Kenneth J. Hulka
James J. Kobza

ELECTED OFFICIALS

Jan A. Koens, *County Treasurer*
Susan R. Doriot, *County Clerk*
Tony Tague, *County Prosecutor*
Mark F. Fairchild, *Register of Deeds*
Martin L. Hulka, *Drain Commissioner*
Robert Carter, *County Sheriff*

COUNTY FINANCIAL STAFF

Frank Bednarek, *Administrator/Controller*
James M. Elwell, *Central Services Director*
Joseph W. Siedenstrang, CPA, *Accounting Director*
Timothy R. Westman, *Wastewater Management Director*

PROFESSIONAL SERVICES

TRANSFER AGENT . . . . . *Fifth Third Bank, Michigan*

BOND COUNSEL . . . . . *Miller, Canfield, Paddock and Stone, P.L.C.*

FINANCIAL ADVISOR . . . . . *Stauder, BARCH & ASSOCIATES, Inc.*

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INFORMATION FOR BIDDERS

$17,000,000
County of Muskegon
State of Michigan
Muskegon County Wastewater Management System No. Two Revenue Bonds
Series 2002
(General Obligation Limited Tax)

DATE OF SALE: January 15, 2002

TIME OF SALE: 10:30 o'clock a.m., Eastern Standard Time

TIME OF AWARD: No later than 5:00 o'clock p.m., Eastern Standard Time on the same date

LOCATION OF SALE: County Administrator/Controller
990 Terrace Street
Muskegon, Michigan 49442

or

Municipal Advisory Council
1445 First National Building
Detroit, Michigan 48226

BIDS MAY BE SUBMITTED ELECTRONICALLY VIA PARITY

DATED: January 15, 2002

FIRST INTEREST: July 1, 2002

DENOMINATIONS: $5,000 or any integral multiple up to the maximum amount of the maturity

MAXIMUM INTEREST RATE: 8%

MAXIMUM INTEREST SPREAD: 2.5%

MULTIPLES: 1/8th or 1/20th of 1% or both

REGISTRATION: Principal and Interest

PURCHASE PRICE: Not less than 99.50% of the par value

GOOD FAITH: $170,000 Cashier's or Certified Check or Financial Surety Bond

TRANSFER AGENT: Fifth Third Bank, Michigan

BOOK-ENTRY ONLY SYSTEM

TAX DESIGNATION: **NOT** Qualified Tax-Exempt Obligations

RESTRICTION: THE INTEREST RATE BORNE BY BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR.

PRINCIPAL DUE: July 1, annually

PURPOSE AND SECURITY

The Bonds are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, Act 185, Public Acts of Michigan, 1957, as amended and an ordinance adopted October 11, 2001 (the "Ordinance") by the County of Muskegon (the "Issuer"), for the purpose of defraying the cost of acquiring and constructing Muskegon County Wastewater Management System No. Two (the "System"). The Bonds are payable primarily from the net revenues of the System and any additions thereto, and a statutory first lien on said revenues has been established by said Ordinance. The Issuer has covenanted and agreed to fix and maintain at all times while any of such Bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal and interest on all of said Bonds when due and to provide for such other expenditures and funds for the System as are required by said Ordinance. The Issuer has also pledged its limited tax full faith and credit to the payment of the Bonds. In the event the Net Revenues of the System (as defined in said Ordinance) are insufficient to pay the principal of and interest on the Bonds, the Issuer shall pay such principal and interest from its general funds lawfully available therefore including ad valorem taxes levied within constitutional and statutory limits. The rights and remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditor's rights generally, now existing or hereafter enacted, and by application of general principles of equity including those relating to equitable subordination.

PRIOR REDEMPTION

A. Mandatory Redemption

The Bonds maturing July 1, 2026 are term bonds subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a redemption price equal to the principal amount thereof, without premium, together with interest thereon to the redemption date. When term Bonds are purchased by the Issuer and delivered to the transfer agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the term Bonds affected shall be reduced by the principal amount of the bonds so redeemed or purchased in the order determined by the Issuer.

TERM BOND DUE JULY 1, 2026

Redemption Dates	Principal Amounts
July 1, 2024	$850,000
July 1, 2025	850,000
July 1, 2026 (Maturity)	850,000

B. Optional Redemption

Bonds of this issue maturing in the years 2003 through 2011, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of Bonds in multiples of $5,000 of this issue maturing in the years 2012 through 2026, inclusive, shall be subject to redemption prior to maturity, at the option of the Issuer, in such order as the Issuer may determine and by lot within any maturity, on any interest payment date on or after July 1, 2011, at par plus accrued interest to the date fixed for redemption.

NOTICE OF SALE

See *APPENDIX F - OFFICIAL NOTICE OF SALE*.

PARITY BIDDING

Notice is hereby given that electronic proposals will be received via *PARITY*, in the manner described below, until 10:30 a.m., Eastern Standard Time, on Tuesday, January 15, 2002.

Bids may be submitted electronically via *PARITY* pursuant to the Notice of Sale until 10:30 a.m., Eastern Standard Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY* conflict with the Official Notice of Sale for the Bond, the terms of the Official Notice of Sale for the Bonds, shall control. For further information about *PARITY*, potential bidders may contact the Financial Advisor at (734) 668-6688 or *PARITY* at (212) 806-8304.

BOOK-ENTRY ONLY SYSTEM

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

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participant's accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

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

entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Transfer Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Transfer Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Transfer Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

TRANSFER AGENT AND BOND REGISTRATION

Principal and interest shall be payable and the Bonds shall be registered and transferred as described under the heading *BOOK-ENTRY ONLY SYSTEM* above until the book-entry only system is discontinued. The Issuer has appointed the Transfer Agent shown on the cover. In the event the book-entry only system is discontinued, the Transfer Agent will also act as bond register and transfer agent.

TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM

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

MICHIGAN PROPERTY TAX REFORM

Legislation has been introduced in the Michigan legislature which, if enacted in its present form, would exempt up to $25,000 of taxable value of personal property from collection. The final forms and thus the ultimate impact of this legislation, if enacted, on the Issuer's finances cannot be determined at this time.

In addition, the Michigan Department of Treasury approved revisions to the State's personal property tax tables which became effective in the year 2000 and which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal has informally indicated that it may allow the new multipliers to be applied retroactively in pending personal property tax appeals. In anticipation of the new multipliers, many personal property taxpayers filed appeals of their existing tax assessments. The financial impact of the change in multipliers and any appeals, if successful, on the Issuer's operating revenues and revenues available for debt service is unknown. See "PERSONAL PROPERTY TAX ASSESSMENT AND APPEALS" in this Official Statement. Certain information pertaining to the Issuer's personal property tax base is set forth in "STATE EQUALIZED VALUATION" in this Official Statement.

The ultimate nature, extent and impact of the legislation or administrative action and of other tax and revenue measures which are still under consideration cannot currently be predicted. No assurance can be given that any future legislation or administrative action, if enacted or implemented, will not

adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of an investment therein. Purchasers of the Bonds offered herein should be alert to the potential effect of such measures upon the Bonds, the security therefor, and the operations of the Issuer.

LITIGATION

The Issuer has no litigation pending or threatened which would have any material effect on the Issuer's finances or its ability to pay principal of and interest on the Bonds.

OTHER LITIGATION

On December 28, 1998, in *Bolt V City of Lansing,* the Michigan Supreme Court decided that the City of Lansing's stormwater user fee, imposed to defray the capital costs of the city's stormwater system, was an unconstitutional tax levied without the approval of the electors of the city in violation of the Headlee Amendment to the Michigan Constitution. The opinion pertains solely to the City of Lansing's stormwater system ordinance and stormwater enterprise system. The Court articulated certain principles in reaching its decision which, if extended to all enterprise systems, such as the Issuer's Wastewater System, could, in certain instances, result in a finding that fees charged to the user's of such systems are taxes, which may not be imposed without the approval of the electors of the municipality which created the System. The actual opinion in *Bolt*, however, did not purport to address user charges relating to enterprise systems generally, and, indeed, cited case decisions which upheld user charges to pay capital costs under other circumstances. On June 11, 1999 in *Graham v Township of Kochville*, the Michigan Court of Appeals applied the principles in *Bolt* in deciding that the connection charge imposed on users of a municipal water system was a permissible fee and not a special assessment.

Confusion caused by the language of the *Bolt* decision could affect the market value of the Bonds. Bond counsel has reviewed the opinion of the Supreme Court in *Bolt* and has concluded that it would be unreasonable for a court to apply the holding in *Bolt* to prevent the Issuer from imposing rates and charges on users of the Wastewater System in amounts necessary to produce net revenues sufficient to pay the Bonds, as required by the Revenue Bond Act.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, based on its examination of the documents described in its opinion, under existing law as presently interpreted, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements may include rebating certain earnings to the United States. Failure to comply with any of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds and interest thereon.

Bond Counsel is further of the opinion that under existing law as presently interpreted, the Bonds and the interest thereon are exempt from all taxation provided by the laws of the State of Michigan except inheritance and estate taxes, and taxes on gains realized from the sale, payment or other disposition thereof.

Additional federal tax consequences relative to the Bonds and interest thereon include the following matters. The following is a general description of some of these consequences, but is not intended to be complete or exhaustive, and investors should consult their tax advisors with respect to these matters. For federal income tax purposes: (a) tax-exempt interest, including interest on the Bonds, is included in the calculation of modified adjusted gross income required to determine the taxability of social security or railroad retirement benefits; (b) the receipt of tax-exempt interest, including interest on the Bonds, by life insurance companies may affect the federal income tax liabilities of such companies; (c) the amount of certain loss deductions otherwise allowable to property and casualty insurance companies will be reduced (in certain instances below zero) by 15% of, among other things, tax-exempt interest, including interest on the Bonds; (d) interest incurred or continued to purchase or carry the Bonds may not be deducted in determining federal income tax; (e) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations; (f) interest on the Bonds will be included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States; (g) passive investment income, including interest on the Bonds, may be subject to federal income taxation for Subchapter S Corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S Corporation is passive investment income; and (h) the receipt or accrual of interest on the Bonds may cause disallowance of the earned income credit under Section 32 of the Code.

Original Issue Discount

For federal income tax purposes, if the initial public offering price of a Bond as shown on the cover of this Official Statement is less than the stated redemption price at maturity, then such Bond is considered to have an "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). The original issue price of each OID Bond will be the initial offering price to the public at which a substantial amount of OID Bonds are sold, and the issue date will be the date on which an OID Bond is first issued to the public.

In the opinion of Bond Counsel, under existing law as presently interpreted, the original issue discount on an OID Bond accrued in the hands of a registered owner is treated for federal income tax purposes as tax-exempt interest as described below. The registered owner's basis for determining gain or loss on a sale, maturity or other disposition of an OID Bond generally will equal the registered owner's cost, increased by any original issue discount that accrued while the owner held the OID Bond as described below. Generally, any gain or loss incurred by a U.S. registered owner on the sale, exchange or payment at maturity of an OID Bond (based on the registered owner's basis) would be taxable as capital gain or loss (assuming the OID Bond is held as a capital asset), which would be long-term or short-term depending on whether the OID Bond was held for more than the applicable period for treatment of long-term capital gain.

Subject to the modification described in the next paragraph for certain subsequent registered owners, the original issue discount accrued in each "accrual period" will equal the original issue price of the OID Bond (increased by the amount of the original issue discount accrued in all prior accrual periods without regard to the modifications discussed in the next paragraph) multiplied by the yield to the maturity of the OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less the interest payable on such OID Bond during such accrual period. For purposes of this paragraph, "accrual period" means a six-month period (or shorter period from the date of original issue of the OID Bond) which ends on a day in the calendar year corresponding to the maturity date of the OID Bond or the date six months before such maturity date. The

original issue discount so accrued in a particular accrual period will then be considered to accrue ratably on each day of the accrual period.

A modification of the foregoing rules will generally apply to a registered owner who acquired an OID Bond by "purchase" if the cost of the OID Bond to that purchaser exceeds the sum of (a) the original issue price of the OID Bond and (b) the total original issue discount accrued under the rules of the preceding paragraph during the entire period prior to the registered owner's purchase of the OID Bond. In that case, the amount of the original issue discount considered to accrue in an accrual period will equal (i) the amount determined under the rules of the preceding paragraph reduced by (ii) the portion of such excess purchase price allocable to the days beginning on the date of such purchase and ending on the stated maturity date of the OID Bond. Such excess would be allocated so as to equal a constant percentage of the original issue discount accrued on each such day in the remaining period to maturity as described above. For this purpose, a "purchase" is any acquisition of an OID Bond other than one in which the registered owner's basis in such OID Bond is determined by reference to the basis of the OID Bond in the hands of the person from whom acquired (such as a gift).

Amortizable Bond Premium

For federal income tax purposes, if the initial offering price of a Bond as shown on the cover of this Official Statement is greater than the stated redemption price at maturity (such Bonds are hereafter referred to as "Premium Bonds"), then the difference between a purchaser's cost basis of the Premium Bonds and the amounts payable on the Premium Bonds (other than the payment of the stated interest thereon) constitutes an amortizable bond premium. Such amortizable bond premium is not deductible from gross income, but is treated for federal income tax purposes as an offset to the amount of stated tax-exempt interest paid on the Premium Bonds and is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code.

In general, the amount of amortizable bond premium allocated to each "accrual period" is the excess of the stated interest on a Premium Bond allocable to such accrual period over the product of the bond purchaser's adjusted acquisition price at the beginning of the accrual period multiplied by the discount rate that, when used in computing the present value of all remaining payments to be made on such Premium Bond (including stated interest) produces an amount equal to the holder's basis in the Premium Bonds. For purposes of this calculation, the adjusted acquisition price at the beginning of any accrual period is equal to the purchaser's original basis in the Premium Bond decreased by (i) the amount of bond premium amortized in prior accrual periods and (ii) the amount of any payments previously made on the Premium Bond other than payments of stated interest on such Premium Bond.

The amount of amortizable bond premium allocable to each taxable year is deducted from the bond purchaser's adjusted basis on such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such bonds.

Market Discount

Pursuant to amendments made to the Code by the Omnibus Budget Reconciliation Act of 1993, the "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Future Development

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

APPROVAL OF STATE DEPARTMENT OF TREASURY

Issuance of the Bonds has been acknowledged by the State Department of Treasury (the "Department"), by an Exception from Prior Approval of the Department in accordance with the provisions of Act No. 202, Public Acts of Michigan, 1943, as amended.

BOND COUNSEL'S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, and except as stated below, Bond Counsel has not been retained to examine or review, and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements made in this Official Statement on the cover page and under the heading "Information for Bidders". Except as otherwise disclosed on pages herein, Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the Issuer or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

CONTINUING DISCLOSURE

Prior to the delivery of the Bonds, the Issuer will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the holders of the Bonds or Beneficial Owners to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and the other terms of the Undertaking are set forth in *APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING* to this Official Statement.

A failure by the Issuer to comply with the Undertaking will not constitute an event or default under the resolution authorizing the issuance of the Bonds and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking.

The Issuer has not failed to comply with the requirements as described in section (b)(5) of the Rule of any undertaking made by the Issuer on or after July 3, 1995.

A failure by the Issuer to comply with the Undertaking must be reported by the Issuer in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

LEGAL OPINION

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be furnished with the Bonds, which opinion will be substantially in the form set forth in *APPENDIX E*.

FINANCIAL CONSULTANT'S OBLIGATION

Stauder, BARCH & ASSOCIATES, Inc. is serving as independent financial consultant on this issue and has no underwriting, secondary obligations or other responsibility to the Issuer. Stauder, BARCH & ASSOCIATES, Inc.'s duties, responsibilities and fees are derived solely from that as financial consultant to the County and Local Units.

Further information concerning the Bonds may be secured from Stauder, BARCH & ASSOCIATES, Inc., 3989 Research Park Drive, Ann Arbor, Michigan 48108. Telephone: 734-668-6688.

CREDIT RATINGS

Rating reviews of this offering have been requested of *Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.* and *Moody's Investors Service, Inc.*

Moody's Investors Service, Inc. and *Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.* have assigned bond ratings of"Aaa" and "AAA", respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by Financial Guaranty Insurance Company.

Moody's Investors Service, Incorporated and *Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.* will assign, as of the date of delivery of the Bonds, their underlying municipal bond ratings of "A2" and "A+," respectively, to this issue of Bonds.

The aforementioned ratings will reflect the sole view of each rating agency and there is no assurance that such ratings will be continued for any period of time, or that they will not be revised upwards or downwards or be withdrawn; a revision, suspension, or withdrawal of the ratings may have an effect on the market price of these securities and should be noted.

A brief description of the *Standard & Poor's* and *Moody's* rating definitions reads as follows:

Standard & Poor's Ratings Services

Bonds rated "AAA" have the highest rating assigned. Capacity to pay interest and repay principal is extremely strong.

Bonds rated "AA" qualify as high quality debt obligations. Capacity to pay principal and interest is very strong, and in the majority of instances they differ from "AAA" issues only in a small degree.

Bonds rated "A" have a strong capacity to pay principal and interest, although they are somewhat more susceptible to the adverse effects of change in circumstances and economic conditions.

Bonds rated "BBB" are regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

Plus (+) or Minus (-): To provide more detailed indications of credit quality, the ratings from "AA" to "BBB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Moody's Investors Service, Inc.

Bonds which are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Bonds which are rated "Aa" are judged to be of a high quality by all standards. Together with the "Aaa" group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of great amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in the "Aaa" securities.

Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Bonds which are rated "Baa" are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

General Note: Those Bonds in the 'Aa', 'A', and 'Baa' groups which Moody's believes possess the strongest investment attributes are designated by the symbols 'Aa1', 'A1' and 'Baa1'. Under the expanded rating scale adopted by Moody's January 7, 1997 the numerical rating modifiers 2 and 3 have been added for long-term debt. The numerical modifier 2 indicates that the security is in the mid-range of its category, while the modifier 3 indicates that the issue is in the lower end of its generic category. A triple-A (Aaa) rating will have no numerical modifier; it remains Moody's highest bond rating.

ESTIMATED COST OF PROJECT

Construction, Engineering and Contingencies	$16,266,875
Issuance Costs	110,000
Bond Discount (0.5%)	85,000
Capitalized Interest (9 months @ 5.75%)	733,125
Total Project Costs	$17,195,000
Less: Interest Earnings	195,000
BOND AMOUNT	$17,000,000

RATE COVENANT

The Issuer has covenanted to set rates on the System as necessary to produce amounts so that the Net Revenues of the System annually shall be equal to not less than 105% of the annual debt service on the Bonds.

ADDITIONAL BONDS

Additional Bonds of equal standing may be issued to complete the project in accordance with the plans and specifications therefore upon certification by the engineer in charge of construction evidencing the fact that additional funds are needed to complete the project in accordance with the plans and specifications therefore. No additional debt shall be issued unless the Adjusted Net Revenues of the System for the then last two (2) preceding twelve-month operating years or the Adjusted Net Revenues for the last preceding twelve-month operating year, if the same shall be lower than the average, shall be equal to at least one hundred ten percent (110%) of the average amount of principal and interest maturing in any operating year on the then outstanding Bonds and on the additional Bonds then being issued. Additional Bonds may also be issued for purposes of refunding a part of the outstanding Bonds and paying the cost of issuing such additional Bonds. Additional Bonds of equal standing may not be issued for refunding purposes unless the maximum amount of the principal and interest maturing in any one operating year after giving effect to the refunding shall be less than the maximum amount of principal and interest maturing in any operating year prior to giving effect to the refunding.

BOND RESERVE ACCOUNT

The Issuer will establish a Bond Reserve Account. There Issuer may deposit in the Bond Reserve Account, each month such sums as may be determined by the Issuer until a sum equal to the "Reserve Account" is accumulated in the Bond Reserve Account. The Bond Reserve Account shall be the lesser of (1) the maximum annual debt service due in the current or any future year on the Bonds, (2) 125% of the average annual debt service or (3) 10% of the principal amount of the Bonds.

APPENDIX A - MUSKEGON COUNTY WASTEWATER MANAGEMENT SYSTEM NO. TWO

In 1969, the County of Muskegon committed itself to a "new" method of treatment of wastewater. The Muskegon County Wastewater Management System is a bold step toward economic redevelopment, which restores the degraded surface waters in the County by taking the existing wastewater flow out of the waterways, where it is a pollutant, and applying it to the land where it acts as a resource, by fertilizing crops and returning pure water back into the County's waterways. The treatment facility is located in Egelston and Moorland Townships (which are in the central part of the County), and encompasses an area of approximately 11,000 acres and consists of six (6) basic components, which are:

(1) collection and transportation network;
(2) biological treatment cells;
(3) storage basins;
(4) irrigation land and facilities;
(5) living filter (the soil); and
(6) drainage network.

The collection and transportation network consists of sewers, force mains, pumping stations and twelve (12) access points where the existing sewage system and water-using industries enter the County System. The interceptor contains thirteen (13) miles of reinforced concrete pipe ranging from 16" to 42" in diameter. The final portion of the transportation network is composed of a large pump station with four pumps, having a rated capacity of 56,000 gallons per minute, that transport the combined wastewater eleven (11) miles through a 66" diameter reinforced concrete pipe to the treatment site.

The Muskegon County Wastewater Management System Metro Facility uses a land application system designed to treat an average wastewater flow of 42 million gallons per day ("MGD"). The land application processes include slow rate irrigation and rapid infiltration. Prior to land application, raw wastewater is treated complete-mix aeration lagoons followed by aerated settling lagoons, and then in long term storage. Sludge is removed from the settling lagoons on a periodic basis. Removal and disposal of sludge is on a contract basis. The wastewater enters the plant through an inlet flume where it is metered prior to entering the preaeration basins.

During the preaeration stage, air is introduced into the wastewater by turbine aerators. Blowers remove the malodorous gases from the airspace above the wastewater and force them through an earth filter. The earth filter removes the odor-causing volatile compounds from the air.

Wastewater then flows to the first of two complete-mix aerated treatment lagoons. These two lagoons can be operated individually, together in series, or simultaneously in parallel. Lagoon No. 1 is equipped with slow speed aerators while Lagoon No. 2 has a combination of high speed and slow speed aerators.

Following complete-mix aeration the wastewater passes through the outlet flume to one of two aerated settling lagoons. These lagoons designated No. 3 and No. 4 are equipped with high speed floating aerators. Sludge removal from the aerated settling lagoons is performed on a contract basis. Settled wastewater then flows to the Storage Lagoons until it is pumped to the slow rate irrigation system and/or to the rapid infiltration (RI) system

During the growing season, wastewater flows from the storage lagoons through the Outlet Lagoon and the East Storage Lagoon Outlet Structure to one of three irrigation pump stations. Up to 3.0 MGD (design) flows from storage to the Rapid Infiltration Pump Station for distribution to the RI basins. The majority of the wastewater, however, is pumped through 43 center-pivot irrigation rigs for distribution over approximately 4, 400 acres of feed corn, alfalfa or soybeans. Some of this wastewater is taken up by

the plants while the excess water is filtered by the soil and then carried away from fields by an underground drainage system.

During the non-irrigation season, wastewater flows as needed from the storage lagoons through the Outlet Lagoon to the interception ditch and onto the RI system. The wastewater can be treated with ferric chloride (Fe C1 3) to increase phosphorus removal. The wastewater is then pumped into the RI basins where it is filtered through the sandy soil and collected by an underground drainage system. Seepage from the storage lagoons and some groundwater is also treated in the RI system. Treated wastewater drained from the irrigating fields and the RI basin is carried by a series of underground drains, ditches and interceptors to the Metro outfall. The plant effluent is screened for weeds prior to flowing through a hydroelectric generating plant and then through the Metro outfall pipeline to the Muskegon River.

A second treatment facility located in northern Muskegon County is part of the treatment system and utilizes similar processes for treating industry and a substantial population density in the immediate area.

Built into the System are more than 300 monitoring observation wells, located around the perimeter of the irrigation site, which are grouped in clusters to evaluate water quality at various depths. The Director is in charge of the operation and maintenance of the Muskegon County Wastewater Management System, and serves at the pleasure of the Muskegon County Board of Public Works.

HISTORY OF WASTEWATER TREATED

Year	Annual Flow in Gallons Treated by the System*	Year	Annual Flow in Gallons Treated by the System*
2000	11,617.91	1995	12,501.10
1999	11,110.18	1994	12,059.89
1998	11,522.96	1993	13,146.21
1997	11,728.29	1992	12,059.63
1996	12,136.68	1991	11,841.82

* Annual flow in millions of gallons
Source: Muskegon County

SUMMARY OF OPERATIONS

The County has owned and operated the System since 1973. In accordance with the terms of the contract, the Board of Public Works, as agent for the County, is responsible for the operation, maintenance and management of the System, as well as establishing the rates to be charged for service from the System. The County must maintain the System in good condition and repair and provide insurance to protect the System from losses and protect the County, the Local Units and all other contractees against loss, costs, expense, damage or liability. As can be seen by the "Comparative Statement of Revenues, Expenditures, and Changes in Retained Earnings for the Fiscal Year Ended September 30" below, the System has generated sufficient revenues to meet its debt service obligations.

The County bills the five major users of the system, as well as the twelve local units which are served by the system. The largest user of the system is SAPPI Fine Paper North America (formerly S.D. Warren), located in the City of Muskegon, representing approximately 50% of the usage of the system. The balance of the five industries billed directly by the County represent approximately 8% of the total usage of the system.

COUNTY OF MUSKEGON
WASTEWATER ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Years Ended September 30

	2000	1999
Operating Revenues:		
Charges for Services	$10,273,347	$10,465,236
Farm Sales	1,278,257	774,576
	$11,551,604	$11,239,812
Operating Expenses:		
Salaries and Fringe Benefits	$2,921,326	$2,783,549
Supplies and Other Operating Expenses	6,892,470	7,065,072
Depreciation and Amortization	3,116,927	3,012,404
	$12,930,723	$12,861,025
Operating Income (loss)	($1,379,119)	($1,621,213)
Other Income (expenses)		
Interest Income	$674,134	$466,306
Interest Expense	($922,306)	($1,000,850)
Other (net)	111,738	336,280
	($136,434)	($198,264)
Net income (loss) before operating transfers	($1,515,553)	($1,819,477)
Other Transfers:		
Operating Transfers In	$0	$0
Operating Transfers Out	0	0
	0	0
Net Income (Loss)	($1,515,553)	($1,819,477)
Transfer of depreciation and amortization to contributions in aid of construction	$2,194,488	$2,369,242
Net income (loss) transferred to retained earnings	$678,935	$549,765
Retained Earnings at beginning of year	$18,919,113	$18,369,348
Retained Earnings at end of year	$19,598,048	$18,919,113

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APPENDIX B - COUNTY OF MUSKEGON
GENERAL FINANCIAL INFORMATION

AREA

The County covers an area of approximately 527.34 square miles.

POPULATION

The population of the County is as follows:

2000 U.S. Census	170,200
1990 U.S. Census	158,983
1980 U.S. Census	157,589
1970 U.S. Census	157,426

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution, limits the proportion of true cash value at which property can be assessed to a percentage not to exceed 50%. The Michigan Legislature has provided that property shall be assessed at 50% of its true cash value, except as described in the paragraphs below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

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

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

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

In addition to limiting the annual increase in taxable value, the Michigan Constitution mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for taxable value purposes, the final SEV and taxable value are arrived at through several steps. Assessments are

established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining taxable value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes (e.g., churches, governmental property, public schools) is not included in the SEV or taxable value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended, is recorded on a separate tax roll which is subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or taxable value data in the Official Statement except as noted.

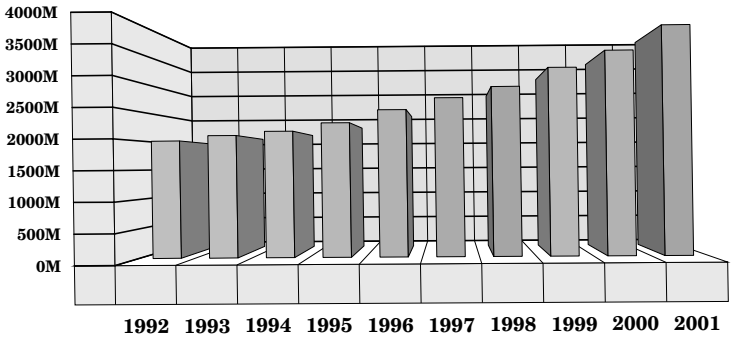
Taxable property in the County is assessed by the local township assessors and is subject to review by the County Equalization Department.

Historical Valuation

Year	Taxable Value	State Equalized Value	Year	State Equalized Value
2001	$3,244,251,018	$3,896,510,084	1996	$2,497,060,814
2000	2,969,387,077	3,475,535,083	1995	2,280,632,929
1999	2,808,287,454	3,191,715,441	1994	2,143,790,778
1998	2,639,408,331	2,876,769,060	1993	2,076,999,023
1997	2,523,476,328	2,693,583,620	1992	1,880,980,289

HISTORICAL VALUATION

MUSKEGON COUNTY



2001 Taxable Value	$3,244,251,018
Plus: 2001 IFT	210,901,758
Total Valuation	$3,455,152,776

Source: Muskegon County Equalization Department

Per Capita Valuation

2001 Per Capita Taxable Value	$19,061.40
2001 Per Capita State Equalized Valuation	22,893.71
2001 Per Capita Estimated True Cash Value	45,787.43

Tax Abatements

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

After expiration of the abatement certificate, it must be renewed or the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate for additional equipment and improvements, provided it has complied with the provisions of Act 198.

The 2001 Taxable Value for all IFT abated property within the County's boundaries is $210,901,758, of which $210,893,158 are new facilities that are taxed at half rate and $8,600 are rehabilitate that are taxed at full rate. The reader is advised that this figure is not included in the aggregate valuation reflected in this Official Statement.

Tax Increment Authorities

Act 450 of the Public Acts of Michigan, 1980 (the "TIFA Act"), Act 197 of the Public Acts of Michigan, 1975 (the "DDA Act"), and Act 281 of the Public Acts of Michigan, 1986 (the "LDFA Act") (together the "TIF Acts") authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, or Local Development Finance Authority ("LDFA") Districts, authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within the district.

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

There are several DDA/TIFA/LDFA districts within the County of Muskegon, under the authority contained in the TIF Acts. The DDA/TIFA/LDFA districts, with the exception of the City of Muskegon, do not capture debt levies, including the County's. The reader is advised that these figures are not included in the aggregate valuation reflected in this Official Statement. The 2000 captured values for the entities which capture the County's taxes are as follows:

	Captured Taxable Value	
City	Captured Value	Industrial Facility Tax
City of Montague	$ 9,279,603	$ -0-
City of Muskegon	24,311,462	5,031,095
City of Muskegon Heights	5,693,745	-0-
City of Norton Shores	25,601,205	17,281,358
City of Roosevelt Park	5,223,180	1,234,831
City of Whitehall	22,459,008	19,830,222
TOTAL	$92,568,203	$43,377,506

Source: Muskegon County Treasurer

Tax Base Composition

A breakdown of the County's 2001 Taxable Value by municipality, class and use is as follows:

By Municipality	Taxable Value	Percent of Total
Cities		
City of Montague	$61,172,576	1.89%
City of Muskegon	631,680,652	19.47
City of Muskegon Heights	114,191,694	3.52
City of North Muskegon	110,043,333	3.39
City of Norton Shores	618,469,485	19.06
City of Roosevelt Park	96,115,684	2.96
City of Whitehall	92,346,417	2.85
Townships		
Township of Blue Lake	44,291,567	1.37
Township of Casnovia	46,698,580	1.44
Township of Cedar Creek	46,344,307	1.43
Township of Dalton	135,576,977	4.18
Township of Egelston	124,907,220	3.85
Township of Fruitland	158,476,835	4.88

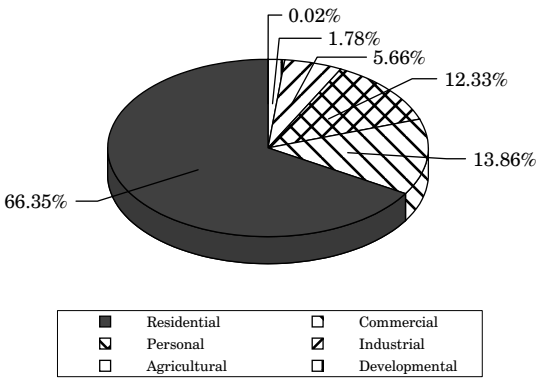
(Cont.'d)

By Municipality	Taxable Value	Percent of Total
Township of Fruitport	266,362,139	8.21
Township of Holton	34,782,450	1.07
Township of Laketon	148,268,704	4.57
Township of Montague	35,417,361	1.09
Township of Moorland	26,261,877	0.81
Township of Muskegon	260,365,949	8.03
Township of Ravenna	55,669,068	1.72
Township of Sullivan	42,295,962	1.30
Township of Whitehall	41,764,546	1.29
Township of White River	52,747,635	1.63
TOTAL	$3,244,251,018	100.00%

By Class	Taxable Value	Percent of Total
Real Property	$2,844,388,654	87.67%
Personal Property	399,862,364	12.33
TOTAL	$3,244,251,018	100.00%
By Use		
Agricultural	$ 57,875,742	1.78%
Commercial	449,775,287	13.86
Industrial	183,604,617	5.66
Residential	2,152,612,698	66.35
Development	520,310	0.02
Personal	399,862,364	12.33
TOTAL	$3,244,251,018	100.00%

TAXABLE VALUE BY USE

MUSKEGON COUNTY



Source: Muskegon County Equalization Department

MAJOR TAXPAYERS

The top ten taxpayers in the County and their 2001 Taxable Values and industrial facilities tax valuations are as follows:

Taxpayer	Product/Service	Taxable Value	+	I.F.T.	=	Total Valuation
Consumers Energy	Utility	$114,289,231		$ 9,777,500		$124,066,731
S.D. Warren (SAPPI)	Paper mfg.	40,913,614		20,947,200		61,860,814
Howmet Corp.	Aerospace	30,146,000		25,772,300		55,918,300
MichCon Gas	Utility	29,115,370		-0-		29,115,370
Sun Chemical Co.	Pigments	8,098,009		15,068,800		23,166,809
Aventis Cropscience/Muskegon	Chemical products	2,891,694		13,386,046		16,277,740
Anglo American Clays Corp.	Paper products	15,005,200		-0-		15,005,200
THF Fruitport Dev. LP	Real estate	11,734,613		-0-		11,734,613
Lorin Industries	Coil anodizing	8,350,178		3,129,100		11,479,278
Lomac Inc.	Chemical products	7,984,464		3,072,500		11,056,964
TOTAL		$268,528,373		$91,153,446		$359,681,819

The Taxable Values of the above taxpayers represent 8.28% of the County's 2001 Taxable Value of $3,244,251,018 and 10.41% of the County's total valuation of $3,455,152,776.

Source: Muskegon County Equalization Department

CONSTITUTIONAL ROLLBACK AND ASSESSMENT CAPS

Article IX, § 31 of the Michigan Constitution (the "Headlee Amendment") requires that if the total value of existing taxable property (State Equalized Valuation) in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate must be reduced through a Millage Reduction Fraction (commonly referred to as a "Headlee Rollback") unless reversed by a vote of the electorate. As noted above (see "PROPERTY VALUATIONS") under the amendment to the Michigan Constitution recently approved by the electors and the enabling legislation, the taxable value of each parcel of property, adjusted for additions or losses, is permitted to increase by the percentage net change in State Equalized Value from the previous year, the rate of inflation or 5%, whichever is less, until ownership of the parcel is transferred. At the time of transfer, the assessment reverts to the state equalized valuation.

TAX RATES (Per $1,000 of Taxable Valuation)

Under Michigan statutes, the property tax base used for levies authorized for the County is the same as that used for county, township, special authority, and city levies. Each school district, county, township, special authority and city has a geographical definition which constitutes a tax district. Since local school districts and the county overlap either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

Muskegon County	2001	2000	1999	1998	1997
Operating	5.7490*	5.7966*	5.8240*	5.8416*	5.8416*
Veterans Affairs	0.0759	0.0766	0.0770	0.0770	0.0770
Museum Operating	0.3250	0.3224	0.3240	0.3250	0.3250
Quality of Life	0.4300	0.4300	0.4300	0.4700	0.4700
Total	6.5799	6.6256	6.6550	6.7136	6.7136
Other Taxing Units					
City of Muskegon	10.0792	10.0859	10.0880	10.0950	10.0937
State Education Fund	6.0000[1]	6.0000[1]	6.0000[1]	6.0000[1]	6.0000[1]
Muskegon I/S/D	2.7842	2.8049	2.8184	2.8294	2.8294
Muskegon School District	26.4000[2]	25.9947[2]	25.9947[2]	26.0000[2]	26.0000[2]
Muskegon Comm. College	2.2233	2.2417	2.2523	2.2591	2.2591

[1] Pursuant to a ballot proposal approved by the electors of the State of Michigan on March 15, 1994, beginning with the December 1, 1994, tax levy, the State of Michigan levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. School districts levy 18.00 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located with the School District.

[2] One mill was designated by the electorate for Hackley Public Library. It will expire in 2002.

* Maximum operating levy after Headlee Roll-back

Source: Muskegon County Equalization Department

TAX RATE LIMITATION

On November 5, 1974, the County voted to fix millage rates and eliminate the Tax Allocation Board. The fixed rates per thousand dollars of taxable value are as follows:

Unit of Government	Rate
County of Muskegon	6.20
Any School District	7.00
Any Township	1.30
Muskegon County ISD	0.50
TOTAL	15.00

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

1. All debt service on tax supported bonds or notes issued prior to December 23, 1978, or tax supported issued which have been approved by the voters for which the issuer has pledged its full faith and credit.

2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

Source: Muskegon County Equalization Department

TAX LEVIES AND COLLECTIONS

Beginning in 1998, County's fiscal year begins October 1 and ends September 30. Previously, the County's fiscal year was from January 1 to December 31. For 1998, the County's fiscal year was for the period January 1 to September 30. County property taxes are due December 1 of each fiscal year and are payable without penalty or interest on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Muskegon County annually pays from its Tax Revolving Fund delinquent taxes on real property to all taxing units in the County, including the County's, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

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

Levy Year	Operating Tax Levy	Collections to Following March 1, Each Year	
2000	$16,668,846	$14,820,682	88.92%
1999	15,777,149	14,051,256	89.06
1998	14,977,233	13,252,658	88.49
1997	14,320,229	12,727,517	88.88
1996	13,516,325	12,022,505	88.95
1995	12,834,944	11,401,912	88.83
1994	12,297,166	10,923,071	88.83
1993	11,897,978	10,399,272	87.40
1992	11,384,276	9,857,578	86.59
1991	11,172,624	9,616,368	86.07

Source: Muskegon County Treasurer's Office

The Tax Revolving Fund is financed through the issuance of Delinquent Tax Anticipation Notes (DTANs). Although the County anticipate the continuance of this program, the ability to issue such DTANs is subject to Michigan Department of Treasury approval and market conditions at the time of offering. In addition, Act 206 of 1893, as amended, provides in part that: "The primary obligation to pay to the County the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the County are not received by the County for any reason, the County has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, a tax sale is held by the County at which lands delinquent for taxes assessed in the third year, preceding the sale, or in a prior year are sold for the total of the unpaid taxes of those years.

The General Property Tax Act was amended by Act 123, Public Acts of Michigan of 1999 ("Act 123") which made extensive revision to the procedures for collection of delinquent real property taxes. In general, for real property taxes levied after December 31, 1998, all County Treasurers held a tax lien sale on the second Monday in May (26 months after taxes were returned as delinquent). Act 123 has the effect of shortening the process for collection of delinquent real property taxes from approximately six years (including statutory redemption periods) to approximately two years from the date taxes are returned to the County Treasurer as delinquent. Act 123 will not affect the obligation or authority of the City to levy any taxes necessary for payment of debt service on general obligation limited tax obligations of the Authority, including the Bonds offered herein, subject to constitutional, statutory and charter limitations.

REVENUES FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"). The table appearing at the end of this section shows State revenue sharing distributions received by County during the County's past six fiscal years, and the estimated distribution for the County's 2000/2001 fiscal year.

The State's fiscal year begins October 1 of each year and ends September 30 of the following calendar year. Before the State's 1996/97 fiscal year, the State shared revenues received from personal income tax, intangibles tax, sales tax and single business tax collections with counties, cities, townships and villages. In 1996, the State Legislature began reform of both the formula for distribution of State revenue sharing and the designated sources of revenue to be shared. At that time, the State expressly designated the revenues of the sales tax as the sole source for revenue sharing.

At the end of calendar year 1998, the Legislature again amended the Revenue Sharing Act to accomplish the following:

- To freeze payments to the City of Detroit for 8.5 years at 1997-98 levels.
- To create a three-part formula for distribution to all other cities, villages and townships.
- To re-adjust the percent share of statutory distributions from 24.5% for counties and 75.5% to cities, villages and townships, to 25.06% for counties and 74.94% for cities, villages and townships.
- To limit the annual increase in distributions to any one city, village or township to 8% of the previous year's distribution.
- To provide for an 8.5 year phase-in of the new formulas, beginning in the State's fiscal year ending September 30, 1999.
- To create an artificial sunset of the statute by including language that revenue sharing after June 30, 2007 will be distributed "as provided by law".

The sales tax revenues come from a 6% State levy on retail sales (other than sales of items such as food and drugs). The State Constitution limits the rate of sales tax to 6%, and dedicates 100% of the revenue of sales tax imposed at a rate of 2% to the State School Aid Fund. The State Constitution further mandates that 15% of the total revenues collected from sales taxes levied at the remaining 4% be distributed to townships, cities and villages. The Revenue Sharing Act distributes an additional 21.3% of those revenues. The State's ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies.

Beginning with the State fiscal year ending September 30, 1999, through June 30, 2007, the County will receive its pro rata share determined per capita of the following amount:

- 25.06% of 21.3% of the difference between the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the State fiscal year in which the payments are made and $31,926,947.32.

The County's receipts could therefore vary depending on the population of the County and the County's taxable value per capita compared to the population and taxable value in the State as a whole.

In addition to payments of revenue sharing moneys, the State pays the County to support judges' salaries, as well as other miscellaneous state grants.

Revenue sharing payments and other monies paid to municipalities (other than the portion which is mandated by the State Constitution) are subject to annual appropriation by the State Legislature, and may be reduced or delayed by Executive Order during any fiscal year in which the Governor, with the approval of the State Legislature's appropriation

committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

The following table sets forth the annual revenue sharing payments received by the County for the fiscal periods ended December 31, 1995 through September 30, 2001.

Fiscal Period Ended	Revenue Sharing Payments
09/30/01	$3,229,000
09/30/00	3,095,000
09/30/99	2,907,552
09/30/98	1,943,020*
12/31/97	2,800,000
12/31/96	2,534,129
12/31/95	2,310,913

* Nine month fiscal year
Source: Muskegon County

LABOR FORCE

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

Employees	Number	Bargaining Unit	Contract Expiration
Wastewater/ Public Work Employees	47	Local 586, Services Employees International AFL-CIO	12/31/00*
Brookhaven Practical Nurses	30	Local 79, Service Employees International AFL-CIO	12/31/00*
Brookhaven Employees	168	Local 570, Council II, AFSCME, AFL-CIO	12/31/02
Sheriff Corrections Officers	46	Teamsters Local 214**	12/31/04
Sheriff Deputies	39	Teamsters Local 214**	12/31/04
Sheriff Command Officers	10	Teamsters Local 214**	12/31/00*
District Court Employees	29	Teamsters Local 214**	12/31/02
General Employees	262	Teamsters Local 214**	12/31/04
Mental Health Aide	55	Teamsters Local 214**	12/31/00*
Health Dept. Nurses	15	Michigan Nurses Association	12/31/02
Sheriff Captains	2	Professional Command Association	12/31/00*
Non-Affiliated	735	N/A	N/A
TOTAL	1,438		

* In Negotiation
** Affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.
Source: Muskegon County Human Resources Department.

PENSION FUND

The County of Muskegon has a defined benefit pension plan for its employees that provides retirement, disability and death benefits to its members and beneficiaries. The plan is administered by the Municipal Employees Retirement System (MERS), an agent multiple employer pension plan created under Public Act 135 of 1945.

Members are required to contribute from 0-7% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is from 1% to 6.28% of their

annual covered payroll. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners.

For 2001, the County's annual pension cost of $1,083,000 was not contributed as the fund was over 100% funded. The required contribution was determined as part of the December 31, 1999 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions include: a) 8% Investment Rate of Return (net of administrative expenses) and b) projected salary increases of 4.5-8.66% per year. The actuarial value of the County MERS plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The County's actuarial accrued liability has been overfunded for the past three years. Any future unfunded liability would be amortized over the next 30 years. The amortization period is open.

GENERAL FUND - FUND BALANCE

Period Ending	Revenues	Expenditures	Fund Balance
09/30/00	$32,814,742	$23,914,725	$5,988,500
09/30/99	29,939,171	22,246,718	5,671,914
09/30/98	25,154,774	17,598,729	4,849,171
12/31/97	27,454,407	21,325,214	3,879,104
12/31/96	25,716,008	20,585,129	2,617,068
12/31/95	24,429,488	19,167,525	3,311,935
12/31/94	22,513,661	17,413,487	3,306,362
12/31/93	20,592,935	16,878,504	3,134,209
12/31/92	20,257,442	16,745,941	2,617,068
12/31/91	19,343,579	16,301,426	2,770,068

DEBT STATEMENT (as of February 2, 2002 and including the Bonds described herein)

The following table of direct debt includes bonds payable from ad valorem taxes that may be levied without limitation as to rate or amount (marked "UT") and bond payable in the first instance from a specified source and, alternatively, from the general funds of the County in the event of insufficiency of the specified source (marked "LT"). The County is not authorized to levy taxes beyond constitutional and statutory tax rate limitations with respect to the bonds marked "LT".

DIRECT DEBT	Dated Date	Amount Outstanding	
General Obligation Bonds and Notes			
Water, #1 Fruitport/Norton Shores, UT*	5/1/73	$600,000	
Water #5, Northside, LT*	1/2/82	750,000	
Water, Fruitport-Norton Shores, LT*	7/1/00	6,325,000	
Sewer #1, Series II, UT*	5/1/74	300,000	
Wastewater #1, Muskegon Twp, Extn., UT*	10/1/77	600,000	
Wastewater #1, Laketon Twp, Extn., UT*	10/1/78	450,000	
Wastewater #1, 1989 Series, LT*	9/1/89	6,000,000	
Wastewater, Management #1, 1992 Ser., LT*	9/1/92	1,325,000	
Wastewater #1 Refunding, LT*	5/1/96	6,815,000	
Wastewater, Fruitport Twp, Extn., LT*	8/1/99	2,680,000	
Mental Health Refunding, UT	2/1/98	880,000	
Tax Notes, Series 1999, LT	6/1/00	1,250,000	
Tax Notes, Series 2000, LT	6/1/01	6,000,000	$33,975,000

Revenue Bonds			
Wastewater, LT* (Described herein)	1/15/02		17,000,000
Building Authority Bonds			
Mental Health Facilities, LT	10/1/90	$525,000	
Convention Center Refunding, LT	5/1/92	500,000	
Airport, LT	12/1/93	2,390,000	
Building, UT	6/1/96	1,450,000	
Co. Fairgrounds Refunding, LT	2/1/98	1,520,000	
Mental Health Refunding, LT	2/1/98	855,000	
Refunding - Building, UT	3/1/99	13,900,000	
Recreational Facilities, LT	1/15/02	6,500,000	27,640,000
TOTAL DIRECT DEBT			$78,615,000
Less: Self-Supporting Bonds (*)		$42,845,000	
NET DIRECT DEBT			$35,770,000
OVERLAPPING DEBT:			
School Districts		$288,821,703	
Twps, Cities, Villages		45,074,005	
Intermediate School District		101,340	
District Library		1,705,000	
Total Overlapping Debt			335,702,048
NET DIRECT AND OVERLAPPING DEBT			$371,472,048

Source: Municipal Advisory Council of Michigan

DEBT RATIOS

PER CAPITA:	170,200	
Net Direct Debt		$210.16
Net Direct and Overlapping Debt		$2,182.56
RATIO TO TAXABLE VALUATION:	3,244,251,018	
Net Direct Debt		1.10%
Net Direct and Overlapping Debt		11.45%
RATIO TO STATE EQUALIZED VALUATION:	3,896,510,084	
Net Direct Debt		0.92%
Net Direct and Overlapping Debt		9.53%
RATIO TO TRUE CASH VALUE:	7,793,020,168	
Net Direct Debt		0.46%
Net Direct and Overlapping Debt		4.77%

DEBT HISTORY

The County has no record of default.

SHORT TERM BORROWING

With the exception of the County's tax notes identified in the section captioned "DEBT STATEMENT" above, the County does not have any short term borrowing outstanding.

FUTURE FINANCING

The County may issue wastewater bonds for Muskegon Township for approximately $2,500,000 within the next year. The County may also issue refunding bonds within the next year.

LEGAL DEBT MARGIN
(as of February 2, 2002, and including Bonds described herein)

2001 State Equalized Valuation (excluding IFT values)	$3,896,510,084
Debt Limit - 10% of State Equalized Valuation	$389,651,008
Amount of Direct Debt Outstanding	78,615,000
LEGAL DEBT MARGIN	$311,036,008

SCHEDULE OF BOND MATURITIES
(As of February 2, 2002, and including Bonds described herein)

Calendar Year	General Obligation Tax Notes	General Obligation UT Bonds	Building Authority Bonds, LT&UT	Revenue Bonds	Water & Sewer Bonds LT&UT	Total	Percent Repaid
2002	$4,750,000	$225,000	$1,160,000	$0	$3,295,000	$9,430,000	
2003	1,500,000	220,000	1,405,000	130,000	2,705,000	5,960,000	
2004	1,000,000	235,000	1,265,000	245,000	2,420,000	5,165,000	
2005	0	200,000	1,460,000	390,000	2,160,000	4,210,000	
2006	0	0	1,530,000	170,000	2,560,000	4,260,000	36.92%
2007	0	0	1,615,000	310,000	2,560,000	4,485,000	
2008	0	0	1,740,000	455,000	2,610,000	4,805,000	
2009	0	0	1,845,000	850,000	410,000	3,105,000	
2010	0	0	1,775,000	850,000	460,000	3,085,000	
2011	0	0	1,720,000	850,000	485,000	3,055,000	60.50%
2012	0	0	1,850,000	850,000	540,000	3,240,000	
2013	0	0	1,995,000	850,000	595,000	3,440,000	
2014	0	0	1,795,000	850,000	615,000	3,260,000	
2015	0	0	1,855,000	850,000	640,000	3,345,000	
2016	0	0	1,880,000	850,000	665,000	3,395,000	81.71%
2017	0	0	400,000	850,000	690,000	1,940,000	
2018	0	0	420,000	850,000	740,000	2,010,000	
2019	0	0	445,000	850,000	815,000	2,110,000	
2020	0	0	470,000	850,000	840,000	2,160,000	
2021	0	0	495,000	850,000	40,000	1,385,000	93.93%
2022	0	0	520,000	850,000	0	1,370,000	
2023	0	0	0	850,000	0	850,000	
2024	0	0	0	850,000	0	850,000	
2025	0	0	0	850,000	0	850,000	
2026	0	0	0	850,000	0	850,000	100.00%
	$7,250,000	$880,000	$27,640,000	$17,000,000	$25,845,000	$78,615,000	

GENERAL ECONOMIC INFORMATION

LOCATION AND AREA

Muskegon County is located on the western side of the State in Michigan's lower peninsula, along 25 miles of Lake Michigan shoreline. To the south of the county lines lies Ottawa County and to the north; Oceana County. Muskegon Lake serves as a deep water harbor and is connected to Lake Michigan by a navigable channel which is 6,050 feet in length, 240 feet wide and 27 feet deep. The City of Muskegon is the county seat of Muskegon County and the most populous area on Michigan's western shoreline.

The City of Muskegon is located the following distances from these commercial and industrial areas:

30	miles north of the City of Holland
167	miles northwest of Detroit
102	miles southwest of Traverse City
185	miles west of Port Huron

FORM OF GOVERNMENT

Article VII of the Constitution of the State of Michigan of 1963 designates County Government as a body corporate with certain powers and immunities. The County's legislative body is a nine member Board of Commissioners who are elected for two-year terms. The County may levy taxes, within a set limit, for county purposes and other taxes as may be appropriate. The County may adopt resolutions and ordinances relating to its concerns. The County board has legislative, administrative, and other duties as prescribed by law.

Other County officers, such as the clerk, treasurer, register of deeds, drain commissioner, sheriff, and prosecuting attorney are elected for four-year terms. The County also has an administrator/controller to operate the County on a day-to-day basis.

POPULATION BY AGE

The 2000 U.S. Census estimate of population by age for Muskegon County is as follows:

	Number	Percent
Total Population	170,200	100.00%
0 through 17 years	46,878	27.54
18 through 64 years	101,435	59.60
65 years and over	21,887	12.86
Median Age	35.5 years	

INCOME*

The 1990 U.S. Census estimate of family income for the County of Muskegon is as follows:

	Number	Percent
HOUSEHOLDS BY INCOME	57,827	100.00%
Less than $5,000	3,404	5.89
$5,000 to $9,999	7,398	12.79
$10,000 to $14,999	5,858	10.13
$15,000 to $24,999	11,537	19.95
$25,000 to $34,999	10,116	17.49
$35,000 to $49,999	10,505	18.17
$50,000 to $74,999	6,638	11.48
$75,000 to $99,999	1,437	2.48
$100,000 to $149,999	636	1.10
$150,000 or more	298	0.52
Median Income	$25,617	

* The U.S. Census Bureau expects to release the 2000 breakdowns by income in September of 2002.

HOUSING

The history of building permits in the County of Muskegon is as follows:

	2001*	2000	1999	1998	1997
New Residential					
Number	646	836	919	653	628
Value	$76,372,098	$103,757,732	$92,131,521	$73,349,684	$65,939,286

* Through November 2001
Source: Bureau of the Census, Construction Statistics Division, Building Permits Branch, and County of Muskegon

EMPLOYMENT CHARACTERISTICS

Over the past several years, Muskegon County's economic position has been improved by tourism related developments, which compliment their strong industrial base. Several of the important individual companies in the area and their position in the marketplace are as follows:

Howmet Turbine Component Corp. - This is the County's largest employer, with approximately **1,968** employees. They manufacture investment grade castings for the aerospace industry. They are also the largest defense contractor in West Michigan. Presently, there are six plants and one technical center. Howmet is currently in the process of a $50,000,000 expansion of its facilities. It is expected that this expansion will add 500 new jobs to the facility.

Dana Corp. - This corporation is a Fortune 500 company and has approximately **1,140** employees. Gaskets, pistons and piston rings are manufactured at SPX. They are the world's largest supplier, with their headquarters based in Muskegon County.

SAPPI Fine Paper North America - A large employer for the County with approximately **575** employees in its City of Muskegon facility. This company produces high-grade coated paper which is used in printing corporate annual reports.

Brunswick Bowling and Billiards Corp. - This company has approximately **630** employees. They manufacture bowling alley equipment. Their research center is located in the City of Muskegon.

General Dynamics Land Systems - With approximately **500** employees, this company manufactures military engines and tanks. They are a large prime defense contractor. General Dynamics, formerly Teledyne, was acquired in April, 1996.

Kaydon Corp. - This corporation has approximately **190** employees. They manufacture precision bearings for the defense industry.

Verizon - The corporate headquarters for Michigan is located in the City of Norton Shores. Approximately **450** employees are located at this site They provide communication services to the State.

Knoll, Inc. - They are a wholly-owned subsidiary of the Knoll Group, Inc. and have approximately **580** employees. They manufacture office furniture and accessories, including modulars.

In additional to the companies listed above, the following companies located in the County and surrounding area offer employment opportunities for residents:

Company	Product/Service	Approx. No. Employed
Muskegon County (500 or more)		
S P X Corporation	Die castings, aluminum	1,700
Mercy General Health Partners	Health care	1,654
County of Muskegon	Government	1,438
Meijers, Inc.	Retailer	1,053
Hackley Hospital	Health care	1,000
Muskegon Public Schools	Education	930
Plumbs	Food stores	801
Teledyne Vehicle Systems	Engines, internal combustion	500
GE Johnson Technology	Aircraft engine parts	500
Kent County (1,500 or More)		
Meijer, Inc.	Retail store	12,575
Spectrum Health	Health care	10,000
Steelcase Inc.	Office furniture	9,000
General Motors Corporation		
Metal Fabricating Division	Automotive	2,500
Delphi Interior/Lighting System	Auto soft interior trim assembly	1,883
Delphi Energy & Engine Mgmnt. Sys.	Motor vehicles	1,300
Butterworth Hospital	Health care	5,250
Alticore, Inc. (formerly Amway Corp.)	Home/personal care	4,307
Grand Rapids Public Schools	Education	4,000
D&W Food Centers, Inc.	Grocery stores, markets	3,993
U.S. Postal Service	Government/Postal services	3,635
Fifth Third Bank, Michigan	Financial institution	3,600
Prince Corporation	Automotive supplies	3,281
Herman Miller	Office furniture	3,125
WCI Refrigeration	Appliances, refrigeration	3,000
Haworth	Office furniture	2,885
C-P-C Group	Auto body stamping	2,800
McDonalds	Restaurants	2,800
Donnelly	Automotive mirrors	2,635
Blodgett Memorial Medical Center	Health care	2,500

(cont'd)

Company	Product/Service	Approx. No. Employed
Saint Mary's Health Services	Health care	2,500
Perrigo Company	Beauty aids	2,000
Wolverine World Wide Inc.	Footwear and leather products	1,935
Brooks Beverage Mgmt.	Bottling company	1,900
Kent, County of	Government	1,900
Universal Forest Products, Inc.	Millwork	1,900
Grand Rapids, City of	Government	1,831
Lack Industries, Inc.	Auto plastic products	1,800
Rapistan Systems Corp.	Materials handling equip.	1,800
Lescoa, Inc.	Metal stampings	1,700
Spartan Stores, Inc.	Wholesales - grocers	1,648
Metropolitan Hospital	Health care	1,536

Source: 2001 Michigan Manufacturers Directory, Counties of Muskegon and Kent, and Grand Rapids Chamber of Commerce.

EMPLOYMENT BREAKDOWN*

The 1990 U.S. Census reports the occupational breakdown of persons 16 years and over for Muskegon County as follows:

	Number	Percent
PERSONS BY OCCUPATION	65,424	100.00%
Executive, Admin., Managerial	6,127	9.36
Professional Specialty Occupations	7,044	10.77
Technicians, Related Support	2,251	3.44
Sales	6,695	10.23
Administrative Support	9,154	13.99
Private Household Occupations	214	0.33
Protective Service Occupations	991	1.51
Service, Other	8,849	13.52
Farming, Forestry, Fishing	730	1.12
Precision Production, Craft & Repair	8,930	13.65
Operators, Assemblers, Inspectors	9,040	13.82
Transportation & Material Moving	2,385	3.65
Handlers, Eqpt. Cleaners, Helpers, Laborers	3,014	4.61

The breakdown by industry for persons 16 years and over in Muskegon County is as follows:

	Number	Percent
PERSONS BY INDUSTRY	65,424	100.00%
Agriculture, Forestry, Fisheries, etc.	698	1.07
Mining	38	0.06
Construction	3,215	4.91
Manufacturing, Non-durable Goods	4,969	7.59
Manufacturing, Durable Goods	15,903	24.31
Transportation	1,498	2.29
Communications, Public Utilities	1,731	2.65
Wholesale Trade	2,255	3.45
Retail Trade	12,372	18.91
Finance, Insurance, and Real Estate	2,190	3.35
Business and Repair Services	2,042	3.12
Personal Services	1,731	2.65
Entertainment & Recreational Svcs.	924	1.41
Health Services	5,622	8.59
Educational Services	4,783	7.31
Other Professional and Related Services	3,293	5.03
Public Administration	2,160	3.30

* The U.S. Census Bureau expects to release the 2000 breakdowns by industry and occupation in September of 2002.

UNEMPLOYMENT

The Michigan Employment Security Commission, Research and Statistical Division, reports unemployment averages for Muskegon County as compared to the State of Michigan, on a calendar year basis, as follows:

	County of Muskegon	State of Michigan
2001 (November)	7.2%	5.2%
2000 Annual Average	4.6	3.6
1999 Annual Average	4.7	3.8
1998 Annual Average	4.2	3.9
1997 Annual Average	4.9	4.2

RETAIL SALES

A breakdown of retail sales (000's omitted) for Muskegon County as compared to the State of Michigan, as reported in the 2001 Editor & Publishers Market Guide is as follows:

	NUMBER OF STORES		ESTIMATE OF SALES (000's omitted)	
Product/Service	County of Muskegon	State of Michigan	County of Muskegon	State of Michigan
Auto	102	4,126	$429,108	$37,339,533
Furniture	35	2,052	42,262	3,668,632
Electrical Appliance	22	1,455	41,028	3,293,436
Lumber & Hardware	55	3,541	196,047	11,898,080
Food	73	6,151	176,962	13,745,189
Drugs	46	2,869	94,354	5,792,584
Gasoline	62	4,315	125,019	7,324,116
Apparel	60	5,144	46,106	5,494,817
General Merchandise	20	1,214	432,808	19,464,706
TOTALS	475	30,867	$1,583,694	$108,021,093

UTILITIES

Consumers Energy supplies electricity. Natural gas is provided by Michigan Consolidated Gas Company. The Muskegon County Wastewater Management System provides sewer service. Solid waste facilities are provided by the Whitehall Landfill, Independent Landfill, Inc, and the Muskegon County Solid Waste Facility. Telephone service is provided by Verizon.

BANKING

The following banks serve the financial needs of the County's residents. Deposits are as reported in the McFadden American Financial Directory, July - December 2001.

Bank	Main Office	Total State-Wide Deposits
Comerica Bank	Detroit	$19,963,249,000
Fifth Third Bank [1]	Grand Rapids	17,386,576,000
Bank One, Michigan	Detroit	16,074,549,000
Michigan National Bank [2]	Farmington Hills	8,494,777,000
Independent Bank Corporation	Ionia	1,374,188,000
Commercial Bank	Alma	158,266,000
Valley Ridge Bank	Kent City	123,281,000
The Shelby State Bank	Shelby	117,003,000
National City Bank of Michigan/Illinois	Bannockburn, IL	N/A
The Huntington National Bank	Columbus, Ohio	N/A

[1] Fifth Third Bank and Old Kent Bank have entered into an agreement to merge in April 2001.

[2] In process of acquisition by ABN AMRO

N/A - Not Available

OTHER MATTERS

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

The Issuer certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the Issuer and its economic and financial condition, is true and correct as of January 15, 2002, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

COUNTY OF MUSKEGON
/s/Kenneth J. Hulka, Chair

APPENDIX C - BUDGET & AUDITS

MUSKEGON COUNTY
General Fund Budget
For Fiscal Year Ended September 30

REVENUES	2000/01	2001/02
Taxes	$19,249,462	$21,046,115
Licenses & Permits	7,500	8,400
Intergovernmental Revenue	5,890,392	6,064,939
Charges for Current Services	7,034,067	7,649,788
Fines & Forfeits	902,000	871,667
Interest Earned	1,035,528	1,005,216
Rentals	97,740	124,876
Contributions	250,000	175,000
Other Revenue	310,702	270,800
TOTAL REVENUES	$34,777,391	$37,216,801
EXPENDITURES		
Legislative	$328,906	$351,535
Judical	5,308,851	5,570,871
General Government	10,303,067	10,785,085
Public Safety	8,365,109	8,789,182
Culture	186,581	191,802
Other	10,284,877	11,572,176
TOTAL EXPENDITURES	$34,777,391	$37,260,651
REVENUE OVER (UNDER) EXPENDITURES	$0	($43,850)
BEGINNING FUND BALANCE, OCTOBER 1	5,988,500	5,988,500
ESTIMATED ENDING FUND BALANCE, SEPTEMBER 30	$5,988,500	$5,944,650

The following comparative financial statements were excerpted from the complete audited financial statements of the County of Muskegon. Complete copies of the audited financial statements are available upon request at Stauder, Barch & Associates, Inc. (734) 668-6688, financial advisor to the County.

COUNTY OF MUSKEGON
GENERAL FUND
COMPARATIVE BALANCE SHEET

	For Fiscal Periods Ended		
ASSETS	Sept-30 2000	Sept-30 1999	Sept-30 1998
Cash	$786,613	$194,647	$633,486
Investments	831,885	375,659	889,941
Receivables			
Accounts	585,024	343,049	133,631
Intergovernmental	1,375,033	1,264,235	1,309,002
Accrued Interest	1,704,753	1,213,612	493,038
Current Taxes	0	0	1,647
Other	13,544	21,506	15,071
Due From Other Funds	3,450,399	5,435,650	3,445,469
Advance to Other Funds	618,618	618,618	618,618
Total Assets	$9,365,869	$9,466,976	$7,539,903
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	$1,068,043	$1,206,067	$1,236,235
Intergovernmental	107,667	106,670	0
Accrued Liabilities	2,201,659	2,042,825	1,250,908
Due to Other Funds	0	0	0
Deferred Revenue	0	439,500	203,589
Total Liabilities	$3,377,369	$3,795,062	$2,690,732
Fund Balance:			
Reserve for Advances	$618,618	$618,618	$618,618
Unreserved:			
Designated	690,872	689,709	8,074
Undesignated	4,679,010	4,363,587	4,222,479
Total Fund Balance	$5,988,500	$5,671,914	$4,849,171
Total Liabilities and Fund Balance	$9,365,869	$9,466,976	$7,539,903

The following comparative financial statements were excerpted from the complete audited financial statements of the County of Muskegon. Complete copies of the audited financial statements are available upon request at Stauder, Barch & Associates, Inc. (734) 668-6688, financial advisor to the County.

COUNTY OF MUSKEGON
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

	For Fiscal Periods Ended		
Revenues:	Sept-30 2000	Sept-30 1999	Sept-30 1998
Taxes	$17,452,197	$16,540,187	$15,629,285
License & Permits	14,405	7,984	6,471
Intergovernmental Revenue	5,625,556	5,000,396	3,302,005
Charges for Services:			
Administrative	2,168,919	2,179,967	1,598,335
Services Rendered	5,025,346	4,049,797	2,982,646
Fines and Forfeitures	868,407	824,026	566,890
Investment Income	1,033,331	931,410	822,107
Contributions from Private Sources	415,419	249,650	150,206
Other Revenue	211,162	155,754	96,829
Total Revenues	$32,814,742	$29,939,171	$25,154,774
Expenditures:			
Current Operations			
Legislative	$324,701	$304,961	$243,213
Judicial	5,163,608	4,599,674	4,351,266
General Government	9,950,834	8,870,609	6,577,128
Public Safety	7,392,064	7,635,589	5,807,299
Health	439,761	336,474	251,867
Culture	172,236	157,791	107,245
Other	390,300	276,969	175,504
Capital Outlay	81,221	64,651	85,207
Total Expenditures	$23,914,725	$22,246,718	$17,598,729
Excess of Revenues Over Expenditures	$8,900,017	$7,692,453	$7,556,045
Other Financing Sources (Uses):			
Sale of Fixed Assets	$76,827	$637,042	$1,328,144
Operating Transfers In	20,324	0	0
Operating Transfer From Other Units	(9,801)	(5,278)	(7,078)
Operating Transfers Out	(8,670,781)	(8,552,590)	(7,907,044)
Total Other Financing Sources (Uses)	($8,583,431)	($7,920,826)	($6,585,978)
Fund Balance at Beginning of Year	$5,671,914	$4,849,171	$3,879,104
Equity Transfer (to) from Other Funds	0	1,051,116	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	316,586	(228,373)	970,067
Fund Balance at End of Year	$5,988,500	$5,671,914	$4,849,171

BDO Seidman, LLP
Accountants and Consultants

801 W. Norton Avenue
Muskegon, Michigan 49441-4155
Telephone: (231) 739-9441
Fax: (231) 733-0031

Independent Auditors' Report

To the Board of Commissioners of the
County of Muskegon, Michigan

We have audited the accompanying general-purpose financial statements of the County of Muskegon, Michigan, as of and for the year ended September 30, 2000. These general purpose financial statements are the responsibility of the County of Muskegon's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Muskegon County Road Commission, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Muskegon County Road Commission, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Muskegon, as of September 30, 2000, and the results of its operation and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

BDO Seidman, LLP

Muskegon, Michigan
December 8, 2000

County of Muskegon
All Fund Types and Account Groups and Discretely Presented Component Units
COMBINED BALANCE SHEET

September 30, 2000

ASSETS	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency
Cash and cash equivalents	$ 786,613	$ 3,886,972	$ 1,485,703	$ 760,266	$ 11,588,123	$ 8,484,411	$ 4,668,989
Investments	831,885	5,843,681	2,233,609	1,142,986	17,421,607	12,755,479	7,019,365
Receivables							
Accounts	585,024	622,694	1,227,890	38	3,791,279	7,129	701,896
Intergovernmental	1,375,033	6,015,924	-	208,872	1,097,984	-	-
Accrued interest	1,704,753	144,595	81,306	35,052	520,325	338,443	171,236
Current taxes	-	-	-	-	-	4,269,837	-
Delinquent taxes	-	-	-	-	-	4,779,833	-
Interest and penalties on delinquent taxes	-	-	-	-	-	1,520,252	-
Special assessments	-	-	5,030,000	-	-	-	-
Other	13,544	-	-	-	-	-	-
Prepaid Items	-	49,270	-	-	-	-	-
Prepaid expenses	-	-	-	-	397,100	48,546	-
Due from other funds	3,450,399	-	-	-	-	-	-
Inventories	-	51,926	-	-	27,979	-	-
Long-term advances to other funds	618,618	-	-	-	217,410	1,440,912	-
Long-term note receivable	-	-	-	800,000	-	200,000	-
Property and equipment at cost, net of accumulated depreciation	-	-	-	-	96,547,445	3,745,162	
Amount available in other funds	-	-	-	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	-
	$ 9,365,869	$ 16,615,062	$ 10,058,508	$ 2,947,214	$ 131,609,252	$ 37,590,004	$ 12,561,486

The accompanying notes are an integral part of this statement.

This Statement covers more than one page

County of Muskegon
All Fund Types and Account Groups and Discretely Presented Component Units
COMBINED BALANCE SHEET

September 30, 2000

LIABILITIES AND FUND EQUITY	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency
Payables							
Accounts	$ 1,068,043	$ 5,066,001	$ -	$ 29,077	$ 5,394,718	$ 307,631	$ 22,903
Intergovernmental	107,667	4,389,593	-	-	98,886	-	530,654
Advances	-	-	-	-	-	-	-
Undistributed current and delinquent taxes	-	-	-	-	-	-	928,322
Trust deposits	-	-	-	-	-	-	9,877,271
Accrued liabilities	2,201,659	1,193,050	122,208	1,273	7,750,177	3,573,654	43,239
Payable from restricted funds							
Accrued interest	-	-	-	-	215,352	-	-
Due to other funds	-	2,724,195	-	192,913	520,811	-	12,480
Unallocated receipts	-	-	-	-	-	-	1,064,420
Long-term advances from other funds	-	-	-	21,500	1,440,912	814,528	-
Long-term debt	-	-	-	-	20,006,372	16,280,017	-
Deferred revenue	-	660,587	6,180,000	10,353	393,398	-	-
Total liabilities	3,377,369	14,033,426	6,302,208	255,116	35,820,626	20,975,830	12,479,289
Fund equity							
Investment in general fixed assets	-	-	-	-	-		-
Contributions in aid of construction net of accumulated amortization	-	-	-	-	60,777,097	-	-
Retained earnings							
Reserved	-	-	-	-	12,940,106	3,659,620	-
Unreserved	-	-	-	-	22,071,423	12,954,554	-
Fund balances (deficit)							
Reserved for long-term advances to other funds	618,618	-	-	-	-	-	-
Reserved for long-term note receivable	-	-	-	800,000	-	-	-
Reserved for prepaid items	-	49,270	-	-	-	-	-
Reserved for inventories	-	51,926	-	-	-	-	-
Unreserved							
Designated for programs	4,773	1,136,548	-	1,853,130	-	-	82,197
Designated for debt service	686,099	-	3,756,300	-	-	-	-
Undesignated	4,679,010	1,343,892	-	38,968	-	-	-
Total Fund Equity and other credits	5,988,500	2,581,636	3,756,300	2,692,098	95,788,626	16,614,174	82,197
	$ 9,365,869	$ 16,615,062	$ 10,058,508	$ 2,947,214	$ 131,609,252	$ 37,590,004	$ 12,561,486

The accompanying notes are an integral part of this statement.

This Statement covers more than one page

County of Muskegon
All Fund Types and Account Groups and Discretely Presented Component Units
COMBINED BALANCE SHEET - continued

September 30, 2000

ASSETS	Account Groups: General Fixed Assets	Account Groups: General Long-term Debt	Totals (memorandum only) Primary Government 2000	Discretely Presented Component Units: Road Commission 2000	Discretely Presented Component Units: Family Ind. Agency 2000	Totals (memorandum only) Reporting Entity 2000	Totals (memorandum only) Reporting Entity 1999
Cash and cash equivalents	$ -	$ -	$ 31,661,077	$ 1,963,572	$ 54,911	$ 33,679,560	$ 27,160,269
Investments			47,248,612	3,341,974		50,590,586	48,784,865
Receivables							
Accounts	-	-	6,935,950	-	-	6,935,950	8,247,163
Intergovernmental	-	-	8,697,813	1,899,153	112,311	10,709,277	14,817,895
Accrued interest	-	-	2,995,710	-	-	2,995,710	2,010,091
Current taxes	-	-	4,269,837	-	-	4,269,837	4,567,209
Delinquent taxes	-	-	4,779,833	-	-	4,779,833	5,241,760
Interest and penalties on delinquent taxes	-	-	1,520,252	-	-	1,520,252	1,531,279
Special assessments	-	-	5,030,000	-	-	5,030,000	6,180,000
Other	-	-	13,544	-	-	13,544	21,506
Prepaid Items	-	-	49,270	176,461	-	225,731	165,982
Prepaid expenses	-	-	445,646		-	445,646	772,436
Due from other funds	-	-	3,450,399	-	-	3,450,399	5,435,650
Inventories	-	-	79,905	1,092,519	-	1,172,424	1,041,884
Long-term advances to other funds	-	-	2,276,940	-	-	2,276,940	2,317,943
Long-term note receivable	-	-	1,000,000	-	-	1,000,000	1,000,000
Property and equipment at cost, net of accumulated depreciation	45,358,555	-	145,651,162	5,886,308	-	151,537,470	152,345,449
Amount available in other funds	-	3,756,300	3,756,300	-	-	3,756,300	3,701,025
Amount to be provided for retirement of long-term debt	-	27,646,294	27,646,294	324,488	-	27,970,782	30,420,422
	$ 45,358,555	$ 31,402,594	$ 297,508,544	$ 14,684,475	$ 167,222	$ 312,360,241	$ 315,762,828

The accompanying notes are an integral part of this statement.

This Statement covers more than one page

County of Muskegon
All Fund Types and Account Groups and Discretely Presented Component Units
COMBINED BALANCE SHEET - continued

September 30, 2000

LIABILITIES AND FUND EQUITY	Account Groups: General Fixed Assets	Account Groups: General Long-term Debt	Totals (memorandum only) Primary Government 2000	Discretely Presented Component Units: Road Commission 2000	Discretely Presented Component Units: Family Ind Agency 2000	Totals (memorandum only) Reporting Entity 2000	Totals (memorandum only) Reporting Entity 1999
Payables							
Accounts	$ -	$ -	$ 11,888,373	$ 688,760	$ -	$ 12,577,133	$ 15,108,642
Intergovernmental	-	-	5,126,800	428,509	163,000	5,718,309	4,302,216
Advances	-	-	-	383,960	-	383,960	473,820
Undistributed current and delinquent taxes	-	-	928,322	-	-	928,322	544,606
Trust deposits	-	-	9,877,271	-	4,222	9,881,493	8,204,738
Accrued liabilities	-	-	14,885,260	160,108	-	15,045,368	15,551,402
Payable from restricted funds							
Accrued interest	-	-	215,352	-	-	215,352	235,128
Due to other funds	-	-	3,450,399	-	-	3,450,399	5,435,650
Unallocated receipts	-	-	1,064,420	-	-	1,064,420	853,229
Long-term advances from other funds	-	-	2,276,940	-	-	2,276,940	2,317,943
Long-term debt	-	31,402,594	67,688,983	324,488	-	68,013,471	72,706,452
Deferred revenue	-	-	7,244,338	234,597	-	7,478,935	9,102,033
Total liabilities	-	31,402,594	124,646,458	2,220,422	167,222	127,034,102	134,835,849
Fund equity							
Investment in general fixed assets	45,358,555	-	45,358,555	5,886,308	-	51,244,863	50,882,765
Contributions in aid of construction net of accumulated amortization	-	-	60,777,097	-	-	60,777,097	60,177,374
Retained earnings							
Reserved	-	-	16,599,726	-	-	16,599,726	14,471,906
Unreserved	-	-	35,025,977	-	-	35,025,977	32,434,335
Fund balances (deficit)							
Reserved for long-term advances to other funds	-	-	618,618	-	-	618,618	618,618
Reserved for long-term note receivable	-	-	800,000	-	-	800,000	800,000
Reserved for prepaid items	-	-	49,270	176,461	-	225,731	165,982
Reserved for inventories	-	-	51,926	1,092,519	-	1,144,445	1,013,995
Unreserved							
Designated for programs	-	-	3,076,648	548,987	-	3,625,635	4,563,812
Designated for debt service	-	-	4,442,399	-	-	4,442,399	4,387,124
Undesignated	-	-	6,061,870	4,759,778	-	10,821,648	11,411,068
Total Fund Equity and other credits	45,358,555	-	172,862,086	12,464,053	-	185,326,139	180,926,979
	$ 45,358,555	$ 31,402,594	$ 297,508,544	$ 14,684,475	$ 167,222	$ 312,360,241	$ 315,762,828

The accompanying notes are an integral part of this statement.

This Statement covers more than one page

County of Muskegon
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year ended September 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals (memorandum only) Primary	Discretely Presented Component Units		Totals (memorandum only) Reporting	Totals (memorandum only) Reporting
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Government 2000	Road Commission 2000	Family Ind Agency 2000	Entity 2000	Entity 1999
Revenues										
Taxes	$ 17,452,197	$ -	$ 1,245,031	$ -	$ -	$ 18,697,228	$ -	$ -	$ 18,697,228	$ 17,818,758
Licenses and permits	14,405	-	-	-	-	14,405	10,673	-	25,078	19,124
Intergovernmental revenue	5,625,556	24,361,826	-	528,812	-	30,516,194	11,494,820	946,497	42,957,511	38,797,854
Charges for services										
Administrative	2,168,919	-	-	-	-	2,168,919	-	-	2,168,919	2,179,967
Services rendered	5,025,346	50,281,155	-	-	-	55,306,501	2,139,777	-	57,446,278	56,300,353
Fines and forfeitures	868,407	602,276	-	-	-	1,470,683	-	-	1,470,683	1,105,348
Investment income	1,033,331	407,011	243,627	114,423	3,800	1,802,192	378,295	-	2,180,487	1,785,613
Rentals	-	-	447,530	-	-	447,530	-	-	447,530	491,422
Special assessments	-	-	1,275,000	-	-	1,275,000	-	-	1,275,000	1,275,000
Contributions from private sources	415,419	978,872	-	18,050	-	1,412,341	-	-	1,412,341	1,224,842
Other	211,162	1,049,384	22,597	39,224	-	1,322,367	62,624	79,672	1,464,663	1,360,643
Total revenues	32,814,742	77,680,524	3,233,785	700,509	3,800	114,433,360	14,086,189	1,026,169	129,545,718	122,358,924
Expenditures										
Current operations										
Legislative	324,701	-	-	-	-	324,701	-	-	324,701	304,961
Judicial	5,163,608	-	-	-	-	5,163,608	-	-	5,163,608	4,599,624
General County government	9,950,834	4,314,962	-	-	-	14,265,796	-	1,035,970	15,301,766	13,944,184
Public safety	7,392,064	2,276,126	-	-	-	9,668,190	-	-	9,668,190	9,270,489
Health	439,761	68,946,052	-	-	-	69,385,813	-	-	69,385,813	66,466,528
Welfare	-	6,569,268	-	-	-	6,569,268	-	-	6,569,268	6,559,399
Culture	172,236	1,528,709	-	-	-	1,700,945	-	-	1,700,945	1,593,176
Recreation	-	453,325	-	-	-	453,325	-	-	453,325	486,590
Highways and streets	-	-	-	-	-	-	13,448,625	-	13,448,625	12,830,449
Other	390,300	-	123,808	54,542	8,762	577,412	-	-	577,412	490,988
Capital outlay	81,221	1,055,782	-	1,875,632	-	3,012,635	1,238,835	-	4,251,490	7,190,489
Debt service										
Principal payments	-	-	2,275,000	-	-	2,275,000	-	-	2,275,000	2,448,591
Interest	-	-	1,009,209	-	-	1,009,209	-	-	1,009,209	1,260,553
Total expenditures	23,914,725	85,144,224	3,408,017	1,930,194	8,762	114,405,922	14,687,460	1,035,970	130,129,352	127,452,071
Revenues over (under) expenditures	8,900,017	(7,463,700)	(174,232)	(1,229,685)	(4,962)	27,438	(601,271)	(9,801)	(583,634)	(5,093,147)
Other financing sources (uses)										
Sales of Fixed Assets	76,827	10,967	-	-	-	87,794	-	-	87,794	1,491,197
Bond Proceeds	-	-	-	-	-	-	-	-	0	2,680,060
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	0	13,892,830
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	0	(13,892,830)
Operating transfers in	20,324	7,558,425	206,815	124,944	-	7,910,508	-	-	7,910,508	10,315,967
Operating Transfer from (to) component units	(9,801)	-	-	-	-	(9,801)	-	9,801	-	-
Operating transfers (out)	(8,670,781)	(256,347)	-	(69,663)	-	(8,996,791)	-	-	(8,996,791)	(8,841,008)
	(8,583,431)	7,313,045	206,815	55,281	-	(1,008,290)	-	9,801	(993,489)	5,646,156
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	316,586	(150,655)	32,583	(1,174,404)	(4,962)	(980,852)	(601,271)	-	(1,582,123)	553,009
Fund balance at beginning of year	5,671,914	2,732,291	3,701,025	3,889,194	87,159	16,081,583	7,179,016	-	23,260,599	21,356,474
Equity transfer (to) other funds	-	-	-	-	-	-	-	-	-	-
Equity transfer from other funds	-	-	22,692	(22,692)	-	-	-	-	-	1,351,116
Fund balance at end of year	$ 5,988,500	$ 2,581,636	$ 3,756,300	$ 2,692,098	$ 82,197	$ 15,100,731	$ 6,577,745	$ -	$ 21,678,476	$ 23,260,599

The accompanying notes are an integral part of this statement.

County of Muskegon
General, Special Revenue and Debt Service Funds
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
For the Year Ended September 30, 2000

	General Fund			Special Revenue Funds			Debt Service Funds		
	Amended Budget	Actual	Variance favorable (unfavorable)	Amended Budget	Actual	Variance favorable (unfavorable)	Amended Budget	Actual	Variance favorable (unfavorable)
Revenues									
Taxes	$ 17,393,410	$ 17,452,197	$ 58,787	$ -	$ -	$ -	$ 1,169,293	1,245,031	$ 75,738
Licenses and permits	13,645	14,405	760	-	-	-	-	-	-
Intergovernmental revenue	5,596,422	5,625,556	29,134	26,315,011	24,361,826	(1,953,185)	-	-	-
Charges for services									
Administrative	2,151,150	2,168,919	17,769	-	-	-	-	-	-
Services rendered	4,807,347	5,025,346	217,999	51,190,648	50,281,155	(909,493)	-	-	-
Fines and forfeitures	870,700	868,407	(2,293)	539,504	602,276	62,772	-	-	-
Investment income	1,016,156	1,033,331	17,175	289,600	407,011	117,411	208,175	243,627	35,592
Rentals	-	-	-	-	-	-	462,517	447,530	(14,987)
Special assessments	-	-	-	-	-	-	1,275,000	1,275,000	-
Contributions from private sources	411,913	415,419	3,506	941,559	978,872	37,313	-	-	-
Other	192,050	211,162	19,112	943,839	1,049,384	105,545	18,918	22,597	3,679
Total revenues	32,452,793	32,814,742	361,949	80,220,161	77,680,524	(2,539,637)	3,133,853	3,233,785	99,932
Expenditures									
Current operations									
Legislative	318,475	324,701	(6,226)	-	-	-	-	-	-
Judicial	5,206,118	5,163,608	42,510	-	-	-	-	-	-
General County government	10,131,089	9,950,834	180,255	4,901,724	4,314,962	586,762	-	-	-
Public safety	7,478,878	7,392,064	86,814	2,468,552	2,276,126	192,426	-	-	-
Health	576,951	439,761	137,190	68,593,673	68,946,052	(352,379)	-	-	-
Welfare	-	-	-	8,355,423	6,569,268	1,786,155	-	-	-
Culture	176,143	172,236	3,907	1,540,824	1,528,709	12,115	-	-	-
Recreation	-	-	-	473,622	453,325	20,297	-	-	-
Other	483,389	390,300	93,089	-	-	-	123,139	123,808	(669)
Capital outlay	77,605	81,221	(3,616)	1,615,236	1,055,782	559,454	-	-	-
Debt service									
Principal payments	-	-	-	-	-	-	2,275,000	2,275,000	-
Interest	-	-	-	-	-	-	1,009,237	1,009,209	28
Total expenditures	24,448,648	23,914,725	533,923	87,949,054	85,144,224	2,804,830	3,407,376	3,408,017	(641)
Revenues over (under) expenditures	8,004,145	8,900,017	895,872	(7,728,893)	(7,463,700)	265,193	(273,523)	(174,232)	99,291
Other financing sources (uses)									
Sale of Fixed Assets	76,827	76,827	-	-	10,967	10,967	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Operating transfers in	-	20,324	-	7,829,765	7,558,425	(271,340)	201,191	206,815	5,624
Operating Transfer from (to) component units	(10,822)	(9,801)	1,021	-	-	-	-	-	-
Operating transfers (out)	(8,950,860)	(8,670,781)	280,079	(20,324)	(256,347)	(236,023)	-	-	-
	(8,884,855)	(8,583,431)	281,100	7,809,441	7,313,045	(496,396)	201,191	206,815	5,624
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(880,710)	316,586	1,197,296	80,548	(150,655)	(231,203)	(72,332)	32,583	104,915
Fund balance at beginning of year	5,671,914	5,671,914	-	2,732,291	2,732,291	-	3,701,025	3,701,025	-
Equity transfer (to) other funds	-	-	-	-	-	-	-	-	-
Equity transfer from other funds	880,710	-	(880,710)	-	-	-	-	22,692	(22,692)
Fund balance at end of year	$ 5,671,914	$ 5,988,500	$ 316,586	$ 2,812,839	$ 2,581,636	($ 231,203)	$ 3,628,693	$ 3,756,300	$ 82,223

The accompanying notes are an integral part of this statement.

All Proprietary Fund Types
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS
For the Year ended September 30, 2000

	Proprietary Fund Types		Totals (memorandum only)	
	Enterprise Funds	Internal Service Funds	2000	1999
Operating revenues				
Charges for services	$ 14,396,535	$ -	$ 14,396,535	$ 14,357,534
Farm sales	1,278,257	-	1,278,257	774,576
Interest and penalties on delinquent taxes	-	1,830,600	1,830,600	1,810,164
Intragovernmental revenues	-	10,472,877	10,472,877	10,898,340
Federal	-	-	-	18,750
State	-	-	-	918,723
Other	-	1,087,790	1,087,790	1,816,000
	15,674,792	13,391,267	29,066,059	30,594,087
Operating expenses				
Salaries and fringe benefits	5,283,790	1,244,548	6,528,338	6,029,759
Supplies and other operating expenses	9,221,127	1,382,901	10,604,028	12,419,387
Insurance benefits and claims	-	4,514,149	4,514,149	474,902
Insurance premiums	-	3,836,687	3,836,687	7,415,741
Interest expense	-	845,807	845,807	866,787
Depreciation and amortization	4,442,779	681,686	5,124,465	4,852,426
	18,947,696	12,505,778	31,453,474	32,058,102
Operating income (loss)	(3,272,904)	885,489	(2,387,415)	(1,464,015)
Non Operating revenues (expenses)				
Operating subsidies	1,712,089	-	1,712,089	1,725,287
Interest income	1,672,071	855,070	2,527,141	2,011,408
Interest expense	(1,245,415)	-	(1,245,415)	(1,340,447)
Other - net	326,628	-	326,628	734,470
	2,465,373	855,070	3,320,443	3,130,718
Income before operating transfers	(807,531)	1,740,559	933,028	1,666,703
Operating transfers in	1,153,113	-	1,153,113	1,472,093
Operating transfers (out)	(70,792)	(358,289)	(429,081)	(3,047,739)
	1,082,321	(358,289)	724,032	(1,575,646)
NET INCOME	274,790	1,382,270	1,657,060	91,057
Transfer of depreciation and amortization to contributions in aid of construction	3,062,402	-	3,062,402	3,146,006
Net income transferred to retained earnings	3,337,192	1,382,270	4,719,462	3,237,063
Retained earnings at beginning of year	31,674,337	15,231,904	46,906,241	45,020,294
Equity Transfer (to) other funds	-	-	-	(1,351,116)
Retained earnings at end of year	$ 35,011,529	$ 16,614,174	$ 51,625,703	$ 46,906,241

The accompanying notes are an integral part of this statement

County of Muskegon
All Proprietary Fund Types
COMBINED STATEMENT OF CASH FLOWS
For the Year ended September 30, 2000

	Proprietary Fund Types		Totals (memorandum only)	
	Enterprise Funds	Internal Service Funds	2000	1999
CASH FLOW FROM OPERATIONS				
Operating income (loss)	($ 3,272,904)	$ 885,489	($ 2,387,415)	($ 1,464,015)
Adjustments to reconcile operating income (loss) to net cash provided by operations:				
Depreciation expense	4,433,778	681,686	5,115,464	4,852,426
(Increase) decrease in accounts receivable	869,025	(40,141)	828,884	(1,475,510)
Decrease in intergovernmental receivable	395,940	-	395,940	675,926
Increase in advances payable	(208,081)	-	(208,081)	20,646
Increase (decrease) in deferred revenue	(178,363)	-	(178,363)	(173,504)
(Increase) decrease in inventory	(90)	-	(90)	(2,666)
Increase (decrease) in accounts payable	394,111	(251,372)	142,739	2,002,871
Other Income	432,975	-	432,975	883,398
Other (Expense)	(84,049)	-	(84,049)	(109,633)
(Increase) decrease in prepaid expenses	14,286	312,504	326,790	(146,497)
Increase in due to other funds	-	-	0	564,197
(Decrease) in due from other funds	(515,713)	-	(515,713)	(384,090)
Loss on sale of fixed assets	-	17,971	17,971	52,382
Debt service revenues	-	(1,830,600)	(1,830,600)	(1,810,164)
Debt service interest expense	-	810,481	810,481	849,227
Other debt service expense	-	26,000	26,000	20,440
Increase (decrease) in accrued liabilities	(107,029)	1,274,420	1,167,391	(777,680)
Total adjustments	5,446,790	1,000,949	6,447,739	5,041,769
Net cash provided by operations	2,173,886	1,886,438	4,060,324	3,577,754
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on long term debt	(1,980,000)	(18,616)	(1,998,616)	(2,037,673)
Interest expense and agent fees	(1,270,801)	-	(1,270,801)	(1,368,575)
Purchase of fixed assets	(2,203,099)	(878,132)	(3,081,231)	(980,840)
Construction in progress	(900,201)	-	(900,201)	(2,896,515)
Sale of fixed assets	18,385	-	18,385	584,207
Capital contributions and grants	3,662,125	-	3,662,125	2,834,455
Net cash used for capital and related financing activities	($ 2,673,591)	($ 896,748)	($ 3,570,339)	($ 3,864,941)

The accompanying notes are an integral part of this statement. This Statement cover more that one page

County of Muskegon
All Proprietary Fund Types
COMBINED STATEMENT OF CASH FLOWS - CONTINUED
For the Year ended September 30, 2000

	Proprietary Fund Types		Totals (memorandum only)	
	Enterprise Funds	Internal Funds	2000	1999
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Intragovernmental loans	$ 7,867	$ -	$ 7,867	($ 547,289)
Advances to other funds	-	16,568	16,568	570,341
Advances from other funds	-	(24,435)	(24,435)	(23,052)
Operating subsidies	2,020,951	-	2,020,951	1,533,266
Operating transfers out	(70,792)	(358,289)	(429,081)	(3,047,739)
Operating transfers in	1,153,113	-	1,153,113	1,472,093
Equity transfers to other funds	-	(2,165,695)	(2,165,695)	(6,543,712)
Equity transfers from other funds	-	2,165,695	2,165,695	5,192,596
Increase in closure costs	(992,720)	-	(992,720)	1,260,360
Bond payments	-	(9,550,000)	(9,550,000)	(8,300,000)
Bond proceeds	-	9,250,000	9,250,000	9,250,000
Interest and agent fees expenses	-	991,105	991,105	975,368
Tax collections	-	14,607,120	14,607,120	11,784,780
Delinquent tax payments to municipalities	-	(13,836,794)	(13,836,794)	(11,340,157)
Net cash provided by noncapital financing activities	2,118,419	1,095,275	3,213,694	2,236,855
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received from investment pool	1,471,577	783,756	2,255,333	1,918,998
Net cash provided by investing activities	1,471,577	783,756	2,255,333	1,918,998
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,090,291	2,868,721	5,959,012	3,868,666
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,919,439	18,371,169	44,290,608	40,421,942
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 29,009,730	$ 21,239,890	$ 50,249,620	$ 44,290,608

The accompanying notes are an integral part of this statement.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

The County of Muskegon, Michigan, was incorporated on July 18, 1859, and covers an area of approximately 527.34 square miles with the county seat located in the City of Muskegon. The county operates under an elected Board of Commissioners (9 members) and provides services to its 159,000 residents in many areas, including law enforcement, administration of justice, transportation, waste disposal, road maintenance, community enrichment and development and human services.

In 1998, the County adopted a September 30 year end to be consistent with the fiscal period of the respective federal and state grants.

a) Fund Accounting

The financial activities of the county are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various fund types and account groups are categorized and described as follows:

Governmental Fund Types

General Fund - The general fund accounts for all revenues and expenditures applicable to the general operations of county government except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and intergovernmental revenues.

Special Revenue Funds - The special revenue funds are used to account for specific activities (other than major capital projects) requiring separate accounting because of legal or regulatory provision or administrative action.

Debt Service Funds - The debt service funds are used to record the funding and payment of principal and interest on the county's bonded debt.

Capital Projects Funds - The capital projects funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations.

Proprietary Fund Types

Enterprise Funds - Enterprise funds report on operations that provide services which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Internal Service Funds - Internal service funds are established to finance and account for goods and services provided by the county to other departments and funds, or to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds - Trust and agency funds are used to account for assets held by the county in trust or as an agent for others.

Account Groups

General Fixed Assets Account Group - This account group presents the fixed assets of the county utilized in its general operations (non-proprietary fixed assets).

General Long-Term Debt Account Group - This account group presents the principal balance of general obligation long-term debt which is not recorded in governmental fund types.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS - Continued

b) Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets. In accordance with Governmental Accounting Standards Board (GASB) No. 20, Paragraph 7, Muskegon County has elected not to apply FASB pronouncements issued after November 30, 1989, in relation to proprietary fund activities.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

c) Inventories

Inventories, which consist of replacement parts, office supplies, drugs and medical supplies, are stated at cost using the first in, first out (FIFO) method in governmental funds, and at the lower of average cost or market in proprietary funds. Inventories are accounted for by the consumption method.

d) Property and Equipment

Property and equipment are stated at cost. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits, and bond interest costs during the construction period. General fixed assets purchased are recorded as expenditures in the respective governmental fund types at the time of purchase and capitalized in the general fixed assets account group. Donated fixed assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) general fixed assets consisting of certain improvements to roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS - Continued

Depreciation is not recorded in the general fixed assets account group. Depreciation on property and equipment recorded in proprietary fund types is computed using the straight-line method over the following estimated useful lives of the related assets:

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

e) Employee Vacation and Sick Leave

County employees are granted vacation and sick leave in varying amounts based on length of service. Upon termination, employees are paid (1) accumulated vacation at full rates with certain limitations for non-staff personnel, and (2) accumulated sick leave at death or retirement at three-quarters the employee's pay rate and at one-half the employee's pay rate for all other reasons.

The county has adopted the accounting and reporting principles outlined in the Governmental Accounting Standards Board, Statement No. 16, with regard to employee vacation and sick leave. Vacation and sick leave payable out of expendable available resources in the governmental fund types is accrued in the general fund and the long-term portion of $5,307,594 is recorded in the general long-term debt account group. Compensated absences in the proprietary funds are accrued in full.

County Road Commission personnel are paid fully for accumulated vacation and nothing for sick leave upon termination. Upon retirement or death, personnel receive full accumulated vacation and one half the sick leave accrued.

f) Self-Insurance Fund

The county maintains a self-insurance fund. The purpose of this fund is to pay premiums and claims as they are billed or occur. For the self-insured areas of workers' compensation, medical and unemployment, the county maintains an incurred but not reported (IBNR) reserve in both areas.

g) Fund Balance Reserves and Designations

Long-term advances from the general fund to the internal service funds were made to finance and sustain the activities of these funds. A portion of the general fund balance is reserved in an amount equal to such advances to reflect the amount of fund balance not currently available for expenditure.

As discussed in Note 4, the county has a long-term note receivable from the City of Muskegon Downtown Development Authority, which is held jointly by the capital projects and internal service funds. Portions of the capital projects fund balance have been reserved and retained earnings of an internal service fund have been appropriated in amounts equal to their respective portions of such long-term note receivable to reflect the amount of the fund balance and retained earnings not currently available for expenditure.

Fund balances designated for programs and debt service represent amounts appropriated by the Board of Commissioners for specific projects which carry over each year.

Specific fund balances designated and reserved are:

Special Revenue	
Emergency Services (1190)	$ 20,000
Friend of the Court (2150)	103,282

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS - Continued

Special Revenue - continued	
Parks Development (2080 & 2411)	$ 71,716
Brookhaven Medical Care (2900)	6,774
Veterans Trust (2940)	5,252
Accommodations Tax (2300)	87,511
Michigan Enforcement Team (WMET) (2670)	5,856
TNT Drug (2671)	142,058
Prosecutor Drug Fund (2672)	32,242
Library (2710)	52,728
EDC Loan Revolving (2860)	517,908
Cherry Hill Loan (2871)	38,332
Rambusch-Fuchs CDBG Grant (2873)	3,549
Remonumentation Program (2890)	2,245
Victim Restitution (2980)	23,983
Health Department (2210)	51,139
Community Corrections (2640)	1,412
Mental Health Buildings (2970)	71,757
	$ 1,237,744
Debt Service	
Designated for debt service	$ 3,756,300
	$ 3,756,300
Capital Projects	
Capital improvements designated for Fruitport Township Sewer Project (4615)	$ 478,874
Capital improvements designated for Heritage Landing (4180)	8,532
Capital improvements designated for drain projects (8010)	251,227
Future capital projects (4930)	1,114,497
	$ 1,853,130
Enterprise	
Reserved for cell closure (5710)	$ 8,793,898
Reserved for debt service (5920)	4,146,208
	$12,940,106
Internal Service	
Reserved for equipment purchases (6660)	$ 3,659,620
Trust and Agency	
Designated for perpetual care	
Cemetery Trust Endowment (7110)	$ 32,125
Medical Care Facility Endowment (7150)	50,072
	$ 82,197

h) Contributions in Aid of Construction

The county follows the policy of reducing the contributions in aid of construction in the enterprise funds for an amount equal to the yearly depreciation and amortization on assets acquired or constructed with such contributions. This policy is based on the premise that future replacement of these facilities will be funded by the users who benefit from the facilities and not current users through the current rate structure. At September 30, 2000, the status of contributions in aid of construction is as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS - Continued

	Muskegon County Airport (5810)	Muskegon Area Transit System (5880)
Contributions in aid of construction at beginning of year	$ 9,924,018	$ 2,660,944
Current year contributions	787,309	1,179,816
(Retirements) - transfers - net	-	-
Depreciation and amortization of fixed assets acquired through contributions in aid of construction	(515,299)	(352,615)
Contributions in aid of construction at end of year	$ 10,196,028	$ 3,488,145

	Muskegon County Wastewater Management System (5920)	Total 2000
Contributions in aid of construction at beginning of year	$ 47,592,412	$ 60,177,374
Current year contributions	1,695,000	3,662,125
(Retirements) - transfers - net	-	-
Depreciation and amortization of fixed assets acquired through contributions in aid of construction	(2,194,488)	(3,062,402)
Contributions in aid of construction at end of year	$ 47,092,924	$ 60,777,097

i) Budgets

The general, special revenue, and debt service funds are the governmental fund types under formal budgetary control. The county adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget.

1. A general, special revenue and debt service funds budget is presented to the Ways and Means Committee of the Board in September, at which time hearings on the budget are scheduled. A Public Hearing is held in August or September and a special meeting is held to give all elected officials the opportunity to discuss their budget with the Board.

2. The budget, and an appropriation ordinance implementing it, is then adopted in September.

3. Formal budget integration is employed as a management control device during the year for the general, special revenue and debt service funds. Formal budgetary integration is not employed for any other fund and only informational summaries are prepared as a management tool and are presented to the Board for consideration.

4. Budgets presented for the general, special revenue and debt service funds were prepared on the modified accrual basis of accounting. Encumbrances are not recorded at year end.

5. Expenditures may not legally exceed activity (department) totals in the general fund. All other special revenue fund expenditures and debt service funds cannot legally exceed their respective fund totals and must remain in accordance with their respective grant agreements with federal and state agencies.

6. Budgets for the current year are carefully reviewed in June or July for any revision of estimates Proposed increases or reductions in appropriations are presented to the Ways and Means Committee and the Board in August and September for their action The legislative body amends the general appropriation act as soon as it becomes apparent this action is necessary.

7. The Governing Board has the authority to amend all budgets at the fund level through the appropriation ordinance. It further has the right to amend the General Fund at the activity level if it desires

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS - Continued

Management has no authority to amend budgets at the fund level. Management can do transfers within funds at the departmental level without governing board approval but not between departments. Some budgets are approved at the zero activity level when there appears to be no consistent operating data to project future revenues or expenses.

8. The budgetary information presented has been amended during the year by an official action of the County Board of Commissioners. The amendments were not significant in total.

9. All budget appropriations lapse at the end of each funds' fiscal year.

j) Reporting Entity

In accordance with GASB Statement No. 14, all funds and account groups under direct control of the county have been included in this report.

1) The component units of government included in this report are the Muskegon County Road Commission and the Muskegon County Family Independence Agency.

2) The Muskegon County Road Commission (MCRC) and Family Independence Agency (FIA) (Fund 2910) are discretely presented to emphasize that they are legally separate from the County. Their inclusion is based on the County Board appointing the legislative body and there is a potential financial burden on the county. The MCRC financial statements can be obtained from the MCRC offices in Muskegon, MI. The FIA is included in the State of Michigan Financial Report and receives appropriations from the state and can be obtained from the State of Michigan Family Independence Agency in Lansing MI.

3) The criteria established by the GASB Statement No. 14 " The Financial Reporting Entity" for determining the reporting entity includes fiscal dependency and whether the financial statements present the Muskegon County Road Commission, a component unit of Muskegon County, and include the Road Commission Operating Fund, General Fixed Asset Account Group and General Long Term Debt Account Group. The financial statements also included the Family Independence Agency Special Revenue Fund as a component unit.

4) There are no other overlapping entities that generate a positive response in any of the criteria defined in GASB Statement No. 14.

k) Grants and Third Party Cost Reimbursement Settlements

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

l) Reclassifications

Certain items in the 1999 financial information have been reclassified to conform to the 2000 presentation.

m) Indirect Cost Rate

Administrative costs are recorded in the general fund as indirect costs in the county's accounting system and allocated to the various funds based upon a negotiated indirect cost plan. Indirect costs are defined by Office of Management and Budget (OMB) Circular A-87 as costs "(a) incurred for a common or joint purpose benefitting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved". The indirect cost rate used by the county is based on prior cost experience, documented by a cost allocation plan, (published March 2000), and is approved by a cognizant federal agency (health and human services) in accordance with the provision of OMB Circular A-87. Upon the completion of an independent audit at the end of each fiscal year, the indirect cost rate is scrutinized and a revised fixed rate for future use is negotiated with the cognizant agency only if necessary. During 2000, the county's indirect cost rate was 11 9440% of direct salaries and wages, excluding fringe benefits. Certain other accounting policies are disclosed in subsequent footnotes.

NOTE 2 - PROPERTY TAX

Property taxes are levied and attached as an enforceable lien on property as of July 1 and December 1. Taxes are payable by March 1 with local treasurers. After March 1, taxes are delinquent and are collected by the county with additional penalty and interest added. Delinquent tax rolls are used to finance delinquent tax notes of which the proceeds are used to pay off the various taxing authorities around July 1. Collections of delinquent taxes (including penalty and interest) are kept by the county to repay the notes, with any remainder being remitted to the general fund. Any delinquent taxes not collected after three years have elapsed trigger the property to be sold, for the price of taxes due, at a tax sale on or about the first Monday in May. Therefore, under the statutes, total delinquency collection is assured.

NOTE 3 - CASH AND CASH EQUIVALENTS

To facilitate better management of the county's resources, substantially all cash is combined in one pooled operating account. The county's excess cash is invested principally in certificates of deposit, U.S treasury notes, and commercial paper primarily on a pooled investment basis.

Cash equivalents are short-term, highly liquid investments that have both of the following characteristics:

- Investments that are readily convertible to known amounts of cash
- Investments that mature in such a short period of time that their values are effectively immune from changes in interest rates
- Original maturity of three months or less

Investments are stated at fair value. Investment income of the pooled investment account is allocated monthly to the respective funds on the basis of their average daily cash balance. As of September 30, 2000, investments consisted of the following:

	Treasury Notes	Investment Funds	Commercial Paper	Total
Pooled Investments	$30,549,937	$5,459,518	$16,698,675	$52,708,130

The county maintains a cash and investment pool that is used by all county funds and service agencies for which the county provides bookkeeping services. Each fund's portion of this pool is displayed as "cash and cash equivalents" (and investments) on the combined and individual balance sheets.

Deposits. At year-end, the carrying amount of the county's deposits was $31,599,751 and the bank balance was $30,665,259. Of the balances, $400,000 was covered by federal depository insurance in the County's name. The remaining $30,265,259 is uninsured and uncollateralized.

Investments. Per M.S.A. 3.843 (1), the legislative or governing body of the county has authorized the treasurer to invest surplus funds belonging to and under the control of the commission of the county as follows:

1. In bonds and other direct obligations of the United States or an instrumentality of the United States.
2. In certificates of deposit, saving accounts, deposit accounts, or depository receipts of a bank which is a member of the federal deposit insurance corporation or a savings and loan association which is a member of the federal savings and loan insurance corporation or a credit union which is insured by the national credit union administration.
3. In commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.

NOTE 3 - CASH AND CASH EQUIVALENTS - Continued

4. In United States government or federal agency obligation repurchase agreements
5. In banker's acceptance of United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan

The county's investments are listed below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the county, or its agent in the county's name. Category 2 includes investments that are uninsured and unregistered, held by the counterparty's trust department or agent in the county's name. Category 3 includes investments that are uninsured and unregistered and held by the counterparty or by its trust department or agent but not in the county's name. The regulatory oversight for the municipal sweep account and the government investment account pools is the investment statute for the State of Michigan.

	Category 1	Category 2	Category 3	Amount
U.S. Treasury Notes	$30,549,937	$ -	$ -	$30,549,937
Commercial Paper	16,698,675	-	-	16,698,675
	$47,248,612	$ -	$ -	$47,248,612
Municipal Sweep Account	(stated at fair value)			5,171,000
Government Investment Account	(stated at fair value)			288,518
Total Investments				$ 52,708,130

NOTE 4 - LONG-TERM NOTE RECEIVABLE

The county has a long-term note receivable from the City of Muskegon Downtown Development Authority (a Michigan nonprofit corporation) dated August 17, 1989 (issued in the face amount of $1,000,000, interest free), which is held jointly by capital projects and internal service funds.

The note is included in the accompanying combined financial statements at its original face amount. The note is collateralized by a certain tax increment financing plan and by the assignment of the related leases, which are believed to provide adequate assurance for the realization of the notes.

NOTE 5 - PROPERTY AND EQUIPMENT

The components of property and equipment at September 30, 2000 are summarized as follows:

	Proprietary Funds	General Fixed Asset Account Group	Total
In-Service			
Land	$ 11,795,248	$ 2,250,514	$ 14,045,762
Land Improvements	15,868,956	2,324,427	18,193,383
Lagoons	9,517,671	-	9,517,671
Buildings & Improvements	19,534,149	33,351,300	52,885,449
Machinery & Equipment	19,055,772	7,432,314	26,488,086
Wastewater collection and distribution system	66,970,009	-	66,970,009
Capitalized interest and engineering	$ 7,381,808	-	7,381,808
	150,123,613	45,358,555	195,482,168
Less accumulated depreciation	(58,729,734)	-	(58,729,734)
	91,393,879	45,358,555	136,752,434
Construction in progress	8,898,728	-	8,898,728
	$ 100,292,607	$45,358,555	$ 145,651,162

NOTE 5 - PROPERTY AND EQUIPMENT - Continued

The following table summarizes the changes in the components of the general fixed assets account group for the year ended September 30, 2000:

	Balance October 1, 1999	Additions and Adjustments	Retirements and Adjustments	Balance September 30, 2000
Land	$ 2,282,514	$ -	$ 32,000	$ 2,250,514
Land Improvements	2,299,289	25,138	-	2,324,427
Buildings and improvements	33,991,275	195,486	835,461	33,351,300
Equipment	6,789,628	1,197,582	554,896	7,432,314
Construction in progress	-	-	-	-
	$ 45,362,706	$1,418,206	$1,422,357	$ 45,358,555

General fixed assets at September 30, 1999 are utilized in the following functions:

Legislative	$ -
Judicial	1,146,290
General County Government	16,197,155
Public Safety	6,114,972
Health	11,741,953
Welfare	5,206,238
Culture	1,403,802
Recreation	3,548,145
	$45,358,555

NOTE 6 - LONG-TERM DEBT

Long-term debt of the county consisted of the following:

	Balance October 1, 1999	Balance Borrowings (payments)	September 30, 2000
General Long-Term Debt Account Group			
Special Assessment Debt with Governmental Commitment			
Series II - payable in annual installments of $100,000 through 2004 with interest from 6% to 7.4% (8713)	$ 600,000	$(100,000)	$ 500,000
Egelston Township Extension Bonds - payable in annual installments of $125,000 in 2000 with interest at 5%. (8832)	125,000	(125,000)	-
Muskegon Township Extension Bonds - payable in annual installments of $600,000 to 2002 with interest from 5% to 6.25% (8833)	1,800,000	(600,000)	1,200,000

NOTE 6 - LONG TERM DEBT - Continued

General Long Term Debt Group-continued			
Laketon Township Extension Bonds - payable in annual installments of $150,000 to 2004 with interest from 6.30% to 6.4% (8834)	$750,000	($150,000)	$ 600,000
Muskegon County Water Supply System No. 1 Bonds - payable in annual installments of $300,000 to 2003 with interest of 5.0% (8711)	1,500,000	(300,000)	1,200,000
Northside Water Project Bonds - payable in increasing annual installments ranging from $30,000 in 2000 to $40,000 in 2021 with interest at 5% (8719)	810,000	(30,000)	780,000
Fruitport Sewer Bond - payable in increasing annual installments ranging from $25,000 in 2002 to $250,000 in 2020 with interest from 4.7% to 6.5% . (8715)	2,680,000	-	2,680,000
Quality of Life Project Bond - payable in increasing annual installments ranging from $325,000 in 2000 to $550,000 in 2004 with interest from 7.5% to 7.875% (3110)	2,150,000	(325,000)	1,825,000
Quality of Life Project Bond (Refunded)-payable in increasing annual installments ranging from $45,000 in 2000 to $1,505,000 in 2016 with interest from 4% to 4.85% (3111)	14,000,000	(45,000)	13,955,000
Other Debt			
Muskegon County Building Authority - Convention Center (Refunded) - payable in increasing annual installments of $250,000 to 2003 with interest from 5.8% to 6.2% (3100)	1,000,000	(250,000)	750,000
Muskegon County Mental Health Center Bonds (refunded) - payable in increasing annual installments ranging from $230,000 in 2000 to $200,000 in 2005 with interest from 3.9% to 4.25% (3141)	1,340,000	(230,000)	1,110,000
Muskegon County Mental Health Center Bonds (refunded) - payable in 3 installments of $175,000 in 2008 to 2010 with interest at 5.0% (3142)	525,000	-	525,000
Muskegon County Health Center Bonds - payable in increasing annual installments ranging from $120,000 in 2000 to $140,000 in 2007 with interest from 3.9% to 4.35% (3143)	1,090,000	(120,000)	970,000
Sick leave and annual time payable as used or upon retirement or termination. (See Note 1(e) for limitations on payoff) (1010)	5,429,973	(2,969,181) 2,846,802	5,307,594
Total General Long-Term Debt Account Group	$ 33,799,973	($ 2,397,379)	$31,402,594

NOTE 6 - LONG-TERM DEBT - Continued

Enterprise Funds			
1989 Muskegon County Wastewater Management System No. 1 Bonds Refunded - payable in varying annual installments ranging from $1,570,000 in 2000 to $1,650,000 in 2005 with interest from 4.7% to 5.7% (3914)	$ 9,925,000	($1,570,000)	$ 8,355,000
1992 Muskegon County Wastewater Management System No. 1 Bonds - payable in increasing annual installments ranging from $125,000 in 2000 to $200,000 in 2008 with interest from 5.50% to 6.4% (3913)	1,575,000	(125,000)	1,450,000
1989 Muskegon County Wastewater Management System No. 1 Bonds-payable in 3 annual installments of $2,000,000 in 2006, 2007 and 2008 with interest at 5.75% (3912)	6,000,000	-	6,000,000
Muskegon County Building Authority (County Fairgrounds Refunding) payable in increasing annual installments to $185,000 in 2009 with interest from 5.75% to 6.25% (5083)	1,885,000	(185,000)	1,700,000
Muskegon County Airport Terminal - payable in increasing annual installments ranging from $100,000 in 2000 to $280,000 in 2013 with interest from 4.75% to 5.625% (5810)	2,595,000	(100,000)	2,495,000
Ten year promissory note payable for building improvements at 6% interest payable in annual installments of $6,372 including interest through 2000 (5810)	6,372	-	6,372
Total Enterprise Funds	$21,986,372	($1,980,000)	$20,006,372
Internal Service Funds			
Land contract payable in monthly installments of $3,033.20 including interest at 8% until August 2009 (6660)	248,633	(18,616)	230,017
General Obligation Tax Notes			
1999-payable in annual installments of $6,00,000 2001 and $3,250,000 in 2002, including interest at 7.45% (6199)	-	9,250,000	9,250,000
1998- payable in annual installments of $3,500,000 in 2000, and $1,500,000 in 2001 with interest ranging from 5.875% to 6.10% (6198)	9,250,000	(4,250,000)	5,000,000
1997- payable in annual installment of $1,800,000 in 2001 with interest of 6.10% (6197)	5,400,000	(3,600,000)	1,800,000
1996 - payable in annual installment of $1,700,000 in 2000, with interest of 7.35% (6196)	1,700,000	(1,700,000)	-
Total Internal Service Funds	$16,598,633	($ 318,616)	$ 16,280,017
Total Long-Term Debt (including current maturities of proprietary fund types long-term debt)	$ 72,384,978	($4,695,995)	$ 67,688,983

NOTE 6 - LONG-TERM DEBT - Continued

The total requirement for payment of principal and interest amount to $67,688,983 and $17,795,353, respectively, at September 30, 2000 as follows:

	Enterprise Funds	Internal Service Funds	Long-Term Debt Account Group
2000	$ 57,742	$ 7,342,785	$ 5,950,676
2001-2005	15,178,129	9,966,492	13,841,510
2006-2010	9,709,049	142,558	9,560,565
2011-2015	886,125	-	9,746,089
2016-2020	-	-	3,061,616
2021	-	-	41,000
	$25,831,045	$17,451,835	$42,201,456

The special assessment bonds were issued by the county pursuant to contracts entered into with the City of Norton Shores, Egelston Township, Muskegon Township, Laketon Township, Fruitport Township, Dalton Township, and the County Road Commission for the financing of additional sewage collection and disposal and water supply systems for the contractees. Under the terms of the agreements, the contractees are to pay the county each year amounts sufficient to provide for debt service. The full faith and credit of the county and that of the respective participating municipalities are pledged for repayment of the bonds.

The Muskegon County Wastewater Management System No. 1 Bonds issued are a general obligation bond issue repayable from the proceeds of contract payments by participating users in the system. The full faith and credit of the county and that of participating municipalities are pledged for repayment of the bonds. The General Obligation tax notes are issued by the county to pay the various local units of government their respective share of delinquent property taxes. The notes are collateralized by the assets of the respective Delinquent Tax Revolving Funds ($21,695,598 at September 30, 2000) and the full faith and credit of the county.

The General Obligation Debt of the county is issued to pay for the construction of a new Community Mental Health Center repayable from building leases and patient revenues. In addition, ad valorem taxes can be levied if revenues are not sufficient to cover debt service requirements. In 1995, the voters approved a 16 million General Obligation Bond issued in 1996 for renovation of an arts and sports complex. Millage of .47 mills has been levied for the repayment of the bonds through the last bond payment in the year 2016. The full faith and credit of the county is pledged for repayment of the bonds. County Building Authority Bonds were used to build a new convention center in combination with a new 200-room hotel. The full faith and credit of the county is pledged for repayment of the bonds. County Building Authority Bonds were used to remodel the former Family Independence Agency building for Community Mental Health. Lease payments are pledged for the payment of annual debt service along with the full faith and credit of the county.

Combined Schedule of Annual Principal Requirements for Bonded Debt Outstanding at September 30, 2000

Year	Total Water	Total Sewer	Total General Obligation	Total Delinquent Tax	Totals	Principal Due Every Five Years
2000	$	$	$	$9,250,000	$ 9,250,000	
2001	330,000	2,515,000	1,310,000	5,300,000	9,455,000	
2002	335,000	2,785,000	1,385,000	1,500,000	6,005,000	
2003	335,000	2,170,000	1,445,000		3,950,000	
2004	335,000	2,185,000	1,310,000		3,830,000	32,490,000
2005	35,000	2,000,000	1,455,000		3,490,000	
2006	35,000	2,300,000	1,315,000		3,650,000	
2007	35,000	2,300,000	1,390,000		3,725,000	
2008	35,000	2,300,000	1,500,000		3,835,000	
2009	35,000	100,000	1,590,000		1,725,000	16,425,000
2010	35,000	150,000	1,505,000		1,690,000	
2011	35,000	150,000	1,435,000		1,620,000	
2012	40,000	150,000	1,550,000		1,740,000	
2013	40,000	180,000	1,675,000		1,895,000	
2014	40,000	200,000	1,460,000		1,700,000	8,645,000
2015	40,000	200,000	1,500,000		1,740,000	
2016	40,000	200,000	1,505,000		1,745,000	
2017	40,000	200,000			240,000	
2018	40,000	200,000			240,000	
2019	40,000	250,000			290,000	4,255,000
2020	40,000	250,000			290,000	
2021	40,000				40,000	330,000
2022						
	$1,980,000	$20,785,000	$23,330,000	$16,050,000	$ 62,145,000	$ 62,145,000

NOTE 6 - LONG -TERM DEBT-Continued

The following fund balances represent long-term debt amounts available in other funds:

Debt Service Funds Designated for Debt Service	$3,756,300

NOTE 7 - PENSION PLAN

Plan Description

The County of Muskegon has a defined benefit pension plan for its employees that provides retirement, disability and death benefits to its members and beneficiaries. The plan is administered by the Municipal Employees Retirement System (MERS), an agent multiple employer pension plan created under Public Act 135 of 1945.

MERS issues a publicly available financial report that includes financial statements and required supplemental information for the County. This report may be obtained by writing to MERS, 447 N. Canal Rd., Lansing , Michigan, 48917, or by calling (517) 622-4401.

Funding Policy

Members are required to contribute from 0-5% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 8.0% of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners.

Annual Pension Cost

For 2000, the County's annual pension cost of $2,964,000 was equal to the County's required and actual contribution. The required contribution was determined as part of the December 31, 1998 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions include: a) 8% Investment Rate of Return (net of administrative expenses) and b) projected salary increases of 4.5-8.66% per year. The actuarial value of the County MERS plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The County's actuarial accrued liability has been overfunded for the past three years. Any future unfunded liability would be amortized over the next 30 years. The amortization period is open.

Three Year Trend Information
(Dollar Amounts in Thousands)

Ending	Pension Cost (APC)	of APC Contributed	Obligation
12/31/98	$ 2,125	100%	$ -
12/31/99	2,600	100%	-
12/31/00	2,964	100%	-

Analysis of Funding Progress

Valuation Date December 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1)/(2)	(4) Unfunded (Overfunded) Actuarial Liability (2)-(1)	(5) Annual Covered Payroll	(6) Ratio of Unfunded (Funding excess) to Covered Payroll (4)/(5)
1997	$80,516,088	$78,774,520	102 %	($1,741,568)	$32,662,094	(5) %
1998	91,083,248	85,648,752	106 %	(5,434,496)	34,921,958	(16) %
1999	104,386,840	92,130,520	113 %	(12,256,320)	35,994,384	(34) %

NOTE 8 - OVERVIEW TOTAL COLUMNS

Included in the combined financial statements are total columns captioned "memorandum only" to indicate that they are presented for informational purposes only In accordance with generally accepted accounting principles for municipal governments, adjustments to eliminate interfund transactions have not been recorded in arriving at such amounts and therefore, the memorandum totals are not intended to fairly present the financial position and results of operations of the County of Muskegon, taken as a whole. Additionally, the amounts shown for 2000 in the "memorandum only" columns are included only to provide a basis for comparison with 1999 amounts and are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains seven enterprise funds which provide various services. Segment information for the year ended September 30, 2000 is presented below for each of these activities.

	Fairgrounds Operations	Solid Waste Management	Fly Ash Program	Muskegon County Airport
Operating revenues	$ -	$1,932,086	$442,743	$ 1,049,963
Depreciation and amortization	65,586	144,160	18,112	736,468
Operating income (loss)	(165,530)	1,070,832	109,616	(1,090,676)
Operating subsidies	-	-	-	22,609
Operating transfers	336,462	-	-	816,651
Net income (loss)	222,200	1,612,101	312,991	(326,827)
Current capital contributions	-	-	-	787,309
Property additions	6,982	17,786	10,833	677,019
Property deletions (transfers)	-	-	-	-
Total non-current liabilities	1,520,000	5,064,000	1,601,680	3,830,912
Net working capital	765,267	12,502,118	3,820,627	(603,312)
Total assets	2,936,516	13,954,420	4,055,029	16,270,440
Total equity	1,188,425	8,793,898	2,046,967	11,660,316

	Muskegon Area Transit System	Northside Water	Wastewater Management System	Total
Operating revenues	$ 273,508	$424,888	$11,551,604	$15,674,792
Depreciation and amortization	361,526	-	3,116,927	4,442,779
Operating income (loss)	(1,975,793)	157,766	(1,379,119)	(3,272,904)
Operating subsidies	1,689,480	-	-	1,712,089
Operating transfers	-	(70,792)	-	1,082,321
Net income (loss)	(273,361)	243,239	(1,515,553)	274,790
Current capital contributions	1,179,816	-	1,695,000	3,662,125
Property additions	1,338,477	-	1,052,203	3,103,300
Property deletions (transfers)	-	-	(18,385)	(18,385)
Total non-current liabilities	-	-	14,140,000	26,156,592
Net working capital	321,367	1,444,320	7,323,374	25,573,761
Total assets	4,450,263	1,477,730	88,464,854	131,609,252
Total equity	3,963,728	1,444,320	66,690,972	95,788,626

NOTE 10 - LEASES

The County leases certain office space and equipment under operating leases, which expire on various dates through 2000, with aggregate minimum monthly rentals of $4,087 Rental expense under operating leases was $603,076 for the year ended September 30, 2000.

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the combined statements - Overview, of certain information concerning individual funds including:

(a) Individual fund interfund receivable and payable balances Such balances at September 30 were:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund (1010)	$3,450,399	Co-Op Reimb. Pros. (1150)	$144,594
		Marine Safety (1200)	170,323
		Sheriff Road Patrol (1210)	45,557
		School Liaison (1230)	15,271
		Family Court (2140)	25,626
		Friend of the Court (2150)	126,245
		Parks Development (2411)	7,183
		Community Corrections (2640)	94,049
		Project Cornerstone (2650)	10,778
		Wagner-Peyser (2731)	90,063
		Jobs Training Partnership Act (2740)	54,023
		JTPA (2741)	7,976
		Dislocated Workers (2745)	5,790
		Displaced Homemaker (2746)	10,760
		Economic Development Job Training (2750)	34,962
		Welfare to Work (2758)	748,515
		Food Stamp Program (2759)	6,202
		WIA Admin Pool (2760)	34,014
		Strategic Planning (2765)	9,825
		WTW Youth Program (2770)	100,072
		Crime Victim's Rights (2800)	27,145
		Juvenile Accountability Incentive BG (2831)	8,423
		Brookhaven Medical Care Facility (2900)	653,610
		Child Care Facility (2920)	280,398
		Veterans Trust (2940)	7,168
		Older Workers Program (2994)	5,623
		Wickham Drive Expansion (4200)	189,279
		Fruitport/Norton Sh Reg Water II Const (4698)	3,634
		Muskegon County Airport (5810)	450,390
		Muskegon County Wastewater System (5920)	70,421
		Central Dispatch (7708)	12,480
			$3,450,399

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - Continued

b) Operating transfers in (out) balances Such balances at September 30 were:

Fund	transfers in	transfers out
General (1010)	$ 20,324	$8,670,781
Co-Op Reimb.-Pros. (1150)	36,736	
Emergency Services (1190)	128,332	
Marine Safety (1200)	50,842	
School Liaison (1230)	1,258	
Township Patrols (1240)	76,536	
Parks (2080)	40,000	
Family Court (2140)	36,446	
Friend of the Court (2150)	1,222,669	
Accommodations Tax (2300)		136,023
Health Department (2210)	1,698,766	
Community Mental Health (2220)	260,439	
Managed Care (2222)	108,175	
Community Corrections (2640)	228,536	
Project Cornerstone (2650)	18,916	
Law Library (2610)	24,577	
WMET Drug (2670)		20,324
Library (2710)	551,143	
Howmet CDBG (2754)	100,000	
Crime Victims' Rights (2800)	19,565	
Children's Justice Act (2810)	5,281	
Juvenile Accountability Incentive BG (2831)	9,433	
EDC Loan Revolving (2860)		100,000
Remonumentation Program (2890)	7,000	
Brookhaven Medical Care Facility (2900)	786,345	
Child Care Facility (2920)	2,147,135	
Muskegon County EDC (2960)	295	
Convention Center Debt (3100)	136,023	
Heritage Landing (4180)	61,081	
Public Improvement (4930)		69,663
Jail Expansion (4950)	21,826	
Fairgrounds Operations (5083)	336,462	
Muskegon County Airport (5810)	816,651	
Muskegon Co. Airport Contributed Capital (5810)	292,588	
Northside Water O & M (5910)		70,792
Delinquent Tax Revolving (6196)		358,289
Department of Veterans Affairs (7940)	69,663	
Drain Project (8010)	42,037	
Northside Water System (8719)	70,792	
	$ 9,425,872	$9,425,872

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES -Continued

c) Excess of expenditures over budget in individual funds and functions

Fund	Budget	Actual
General Fund (1010)		
Board of Commissioners	$318,475	$ 324,701
District Court	2,455,645	2,473,592
Cobo Hall Tax	109,102	112,581
Probate Court	56,485	579,709
Grand Jury	-	39
Circuit Court Records	249,688	267,553
Equalization	1,189,803	1,225,707
Training Center	62,324	66,529
Stark Hall	30,115	52,751
E-911	630,000	637,452
Treasurer	529,059	531,530
Building Security	77,312	82,895
Heritage Landing	111,361	160,858
Gypsy Moth Program	369,029	369,203
Equipment Pool	23,024	26,282
DPW	96,521	108,399
Health	350,595	408,101
Township Patrols (1240)	160,414	170,042
Health Department (2210)	7,005,368	7,286,908
Managed Care (2222)	18,516,193	18,938,468
Project Cornerstone (2650)	74,830	75,039
TAA/NAFTA (2733)	300,000	335,524
WTW (2758)	1,169,850	1,635,492
Crime Victim's Rights (2800)	126,046	126,331
Juvenile Violence Reporting System (2830)	-	6,627
Juvenile Accountability Incentive Block Grant (2831)	67,528	73,642
EDC Revolving Loan (2860)	52,885	148,899
Cherry Hill Loan (2871)	123	358

All expenditures over appropriations have either been paid by excess revenues, operating transfers from other funds or by the reductions of current fund balance

NOTE 11 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES-Continued

d) Individual fund advances to and from other funds. Such balances at September 30, 2000 were:

Fund	Advances to other funds	Advances from other funds
General Fund (1010)	$ 618,618	
Solid Waste Management (5710)	217,410	
Muskegon County Airport (5810)		$1,440,912
Drain Revolving (6010)		21,500
Central Stores (6330)		30,000
Equipment Revolving (6660)		784,528
Insurance (6770)	1,440,912	
	$2,276,940	$2,276,940

e) Overall reconciliation of operating transfers

Fund	Transfers in	Transfers out
Primary Government	$ 7,910,508	$8,996,791
Primary Government to Discretely Presented Units		9,801
Veterans Affairs from Capital Projects	69,663	
Proprietary Fund Types	1,153,113	70,792
Airport Contributed Capital	292,588	
Internal Service Funds		358,289
Discretely Presented Units	9,801	
	$ 9,435,673	$9,435,673

NOTE 12- COMMITMENTS

The County has two $1,000,000 letters of credit with a local financial institution to cover any possible shortfalls in the County's coverage of the solid waste and fly ash landfills. The statutory authority for these obligations is PA Act 451 of 1994, Section 324.11523 (a).

NOTE 13- OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the County provides post-retirement health care benefits, in accordance with County policies, to all employees who retire from the County on or after attaining the age of 55 with at least 15 years of service. Currently 405 retirees meet those eligibility requirements. The County pays up to 100 percent of the amount of premium (depending on length of service at time of retirement) for medical and hospitalization costs and reimburses retirees for a portion of their dental costs. The County also pays 100 percent of the premium for a Medicare supplement for each retiree eligible for Medicare. Expenditures for post-retirement health care benefits are recognized as retirees report claims and as invoices are received from the insurance carrier. A separate trust fund has been established and funded for the continued payment of these benefits for retirees. During the year, expenditures of $1,045,503 were recognized for post-retirement health care. The amount of net assets available in the trust fund for future benefit payments was $9,454,525 as of September 30, 2000.

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees and the public; and natural disasters. The County has a self-insurance (internal service) fund to account for and finance its uninsured risk of losses. Under this program, the self-insurance fund provides coverage for up to a maximum of $300,000 for each Workers' Compensation claim, $250,000 for each general liability claim, $50,000 for each property damage claim and the County is partially self-insured for medical costs with a lifetime maximum exposure of $1 million per participant. The County purchases commercial insurance for claims in excess of the stated coverages and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

All funds of the County participate in the program and make payments to the self-insurance fund based on experience estimates of the amounts needed to pay prior and current year claims and to establish a designation for catastrophic losses with the exception of Brookhaven Workers' Compensation claims which are funded directly by the department on actual claims paid. The designated amount at September 30, 2000 was $5,239,301. The claim's liability of $3,197,933 reported in the fund at September 30, 2000, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the funds claims liability amount in fiscal 2000 and 1999 were:

	Beginning of year liability	Current year claims and changes in estimates	Claim Payments	Balance at end of year
2000	$2,295,495	$5,416,587	($4,514,149)	$3,197,933
1999	2,863,129	(220,385)	(347,249)	2,295,495

NOTE 15 - CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its Solid Waste landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfills stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $6.7 million reported as landfill closure and post-closure care liability at September 30, 2000 represents the cumulative amount reported to date based on the use of 60 percent of the estimated capacity of the landfills. The remaining life of the landfill is estimated to be 14 years. The County will recognize the remaining estimated cost of closure and post-closure care of the total $8.5 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2000. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance unanticipated closure and post-closure care. The County is in compliance with these requirements at September 30, 2000. The County expects that future inflation costs will be paid from interest earnings in the Solid Waste Funds. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by the trust fund set up for this purpose.

NOTE 16 - PRIOR YEAR'S DEBT DEFEASANCE

In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's General Long-Term debt Account Group. As of September 30, 2000, the amount of defeased debt outstanding but removed from the General Long Term Debt Account Group amounted to $13,350,000.

NOTE 17 - DISCRETE ENTITY NOTES

The following note relates to the Muskegon County Road Commission notes as they appear in their report. The notes are presented here to assure fair disclosure for those items as they appear in this comprehensive annual financial report.

(a) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Commission employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Unused vacation and sick leave days are paid to employee upon termination under limits that vary by employee group.

The commission follows the accounting and reporting principles outlined in Governmental Accounting Standards Board Statement, GASB #16, with regards to employees vacation and sick leave. Accrued vacation and sick leave payable that is expected to be liquidated with expendable available resources in the governmental funds is accrued in those funds and the long-term portion is recorded in the general long-term debt account group.

NOTE 17 - DISCRETE ENTITY NOTES - Continued

b) CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

At year end, the carrying amount of the commission's deposits was $5,305,546 and the bank balance was $5,304,847. Of the bank balance, $200,000 was covered by federal depository insurance and $5,104,847 was uninsured and uncollateralized.

The commission's deposits are categorized below according to level of credit risk: (1) insured or collateralized deposits with securities held by the commission or by its agent in the commission's name, (2) collateralized deposits with securities held by the pledging financial institution's trust department or agent in the commission's name, (3) uncollateralized deposits including any bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent not in the commission's name.

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Demand deposits	$100,000	$ -	$ 263,190	$ 363,190	$ 363,889
Time deposits	100,000	-	4,841,657	4,941,657	4,941,657
	$200,000	$ -	5,104,847	5,304,847	$ 5,305,546

c) FIXED ASSETS

A summary of changes in general fixed assets for the year follows:

	Balance October 1, 1999	Additions	Retirements	Balance September 30, 2000
Land and improvements	$ 1,036,986	$ -	$ -	$ 1,036,986
Buildings	4,727,594	539,120	4,395	5,262,319
Yard and storage equipment	208,046	-	-	208,046
Road equipment	7,124,382	655,250	359,057	7,420,575
Shop equipment	302,417	5,050	14,582	292,885
Office equipment	457,504	22,083	41,610	437,977
Engineering equipment	221,243	17,332	7,359	231,216
Total General Fixed Assets	14,078,172	1,238,835	427,003	14,890,004
Accumulated Depreciation				
Buildings	1,946,428	224,705	1,481	2,169,652
Yard and storage equipment	242,558	7,206	54,996	194,768
Road equipment	5,690,090	606,573	364,958	5,931,705
Shop equipment	243,778	19,110	7,403	255,485
Office equipment	286,148	37,027	30,299	292,876
Engineering equipment	149,111	15,170	5,071	159,210
Total accumulated depreciation	8,558,113	909,791	464,208	9,003,696
Net General Fixed Assets	$ 5,520,059	$ 329,044	($ 37,205)	$ 5,886,308

NOTE 17- DISCRETE ENTITY NOTES - Continued

d) LONG-TERM DEBT

Long-term debt consisted of the following as of September 30, 2000:

Long-Term Compensated Absences	$324,488

A summary of long-term compensated absences transactions for the year ended September 30, 2000 follows:

	Long-Term Compensated Absences
Balance at beginning of year	$ 321,474
Additions	3,014
Repayments	-
Balance at end of year	$324,488

APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING

COUNTY OF MUSKEGON

THIS CONTINUING DISCLOSURE UNDERTAKING (THE "UNDERTAKING") IS EXECUTED AND DELIVERED BY THE COUNTY OF MUSKEGON, STATE OF MICHIGAN (THE "COUNTY"), IN CONNECTION WITH THE ISSUANCE OF ITS $17,000,000 MUSKEGON COUNTY WASTEWATER MANAGEMENT SYSTEM NO. TWO REVENUE BONDS, SERIES 2002 (GENERAL OBLIGATION LIMITED TAX) (THE "BONDS"). THE COUNTY COVENANTS AND AGREES FOR THE BENEFIT OF THE BONDHOLDERS, AS HEREINAFTER DEFINED, AS FOLLOWS:

(a) *Definitions*. The following terms used herein shall have the following meanings:

"Audited Financial Statements" means the annual audited financial statement pertaining to the County prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

"Bondholders" shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

"Disclosure Representative" means the Secretary of the Board of Public Works of the County of Muskegon or his or her designee, or such other officer, employee, or agent as the County shall designate from time to time in writing.

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each nationally recognized municipal securities information repository as designated by the SEC in accordance with the Rule.

"Rule" means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

"SID" means the state information depository for the State of Michigan as designated by the SEC in accordance with the Rule.

(b) *Continuing Disclosure.* The County hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to each NRMSIR and to the SID for the State of Michigan ("SID"), on or before the last day of the sixth month after the end of the fiscal year of the County, the following annual financial information and operating data, commencing with the fiscal year ended September 30, 2001:

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(1) Current fiscal year updates of the numerical financial information and operating data included in the official statement of the County relating to the Bonds (the "Official Statement") appearing in the tables in the Official Statement and under the headings described below:

a. History of wastewater treated

b. Comparative Statement of Revenues, Expenditures, and Changes in Retained Earnings;

c. Historical Valuation

d. Per Capita Valuation;

e. Tax Abatements;

f. Tax Increment Authorities;

g. Tax Base Composition;

h. Major Taxpayers

i. Tax Rates;

j. Tax Rate Limitation;

k. Tax Levies and Collections;

l. Revenues from the State of Michigan;

m. General Fund Balance;

n. Debt Statement; and

(2) Audited Financial Statements; provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements in a format similar to the financial statements contained in the Official Statement will be filed by such date and the Audited Financial Statements will be filed as soon as available.

Such annual financial information and operating data described above are expected to be provided directly by the County in the following documents to be filed with each NRMSIR and the SID: the Audited Financial Statements; materials containing the updates described in (b)(1) above; and in subsequent official statements of the County filed with the MSRB.

If the fiscal year of the County is changed, the County shall send notices of such change to each NRMSIR or the MSRB, and to the SID, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(c) *Notice of Failure to Disclose*. The County agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) the SID, notice of a failure by the County to provide the annual financial information with respect to the County described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The County agrees to provide or cause to be provided in a timely manner to (i) each NRMSIR or the MSRB and (ii) the SID, if any, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds, if applicable, if material:

(1) principal and interest payment delinquencies

(2) non-payment related defaults

(3) unscheduled draws on debt service reserves reflecting financial difficulties

(4) unscheduled draws on credit enhancements reflecting financial difficulties

(5) substitution of credit or liquidity providers, or their failure to perform

(6) adverse tax opinions or events affecting the tax-exempt status of the security

(7) modifications to rights of security holders

(8) bond calls

(9) defeasances

(10) release, substitution, or sale of property securing repayment of the securities

(11) rating changes

(e) *Materiality Determined Under Federal Securities Laws*. The County agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Termination of Reporting Obligation*. The obligation of the County to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the County no longer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(g) *Benefit of Bondholders*. The County agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the County's obligations hereunder and any failure by the County to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(h) *Amendments to the Undertaking*. Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the County, provided that the County agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the County (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the County in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. A notice of the change in accounting principles shall be sent (i) to each NRMSIR or the MSRB and (ii) the SID.

IN WITNESS WHEREOF, the County has caused this Undertaking to be executed by its authorized officer.

COUNTY OF MUSKEGON
State of Michigan

By _____
Secretary, Board of Public Works

Dated: _____, 2001

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

APPENDIX E - DRAFT LEGAL OPINION

Founded in 1852
by Sidney Davy Miller

Sidney T. Miller (1864-1940)
George L. Canfield (1866-1928)
Lewis H. Paddock (1866-1935)
Ferris D. Stone (1882-1945)

MILLER
CANFIELD

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Howell • Kalamazoo
Lansing • Monroe • Troy

New York, N.Y.
Washington, D.C.
POLAND: Gdynia
Katowice • Warsaw

AFFILIATED OFFICE:
Pensacola, FL

150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL: (313) 963-6420
FAX: (313) 496-7500
www.millercanfield.com

January 30, 2002

County of Muskegon
State of Michigan

We have examined the transcript of proceedings for the issue by the County of Muskegon, State of Michigan (the "County"), of bonds in the aggregate principal sum of $17,000,000, designated Muskegon County Wastewater Management System No. Two Revenue Bonds, Series 2002 (General Obligation Limited) (the "Bonds"), for the purpose described in the Bonds. The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of January 15, 2002, payable as to principal and interest as provided on the faces of the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified on the faces of the Bonds.

We have also examined one Bond only as executed.

From such examination we are of opinion that the Bonds are valid and binding obligations of the City, according to their tenor, payable solely and only from and secured by a first lien on the revenues of the Muskegon County Wastewater Management System No. Two (the "System"), after payment of the expenses of administration, operation and maintenance thereof, and are entitled to the benefits of an ordinance adopted October 11, 2001 authorizing the Bonds (the "Ordinance"), Act 185. Public Acts of Michigan, 1957, as amended and of Act 94, Public Acts of Michigan, 1933, as amended, and that the County is obligated to charge and collect rates from every user of the service supplied by the System sufficient to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the System and for the payment of the principal of and interest on the Bonds and all other bonds payable from the revenues of the System, and to provide for such other expenditures and funds for the Bonds and the System as are required by the Ordinance. The full faith and credit of the County is also pledged for the payment of the Bonds and the interest thereon should revenues of the System prove insufficient for any reason. The full faith and credit pledge of the County is a limited tax general obligation of the County subject to applicable constitutional and statutory limitations. The County has reserved the right to issue additional bonds of equal standing with the Bonds on conditions stated in the Ordinance. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

We are also of opinion that under existing law as presently interpreted, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

We are also of opinion that under existing law as presently interpreted, the Bonds and the interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By _____
Joel L. Piell

APPENDIX F - OFFICIAL NOTICE OF SALE

$17,000,000
COUNTY OF MUSKEGON, STATE OF MICHIGAN
MUSKEGON COUNTY WASTEWATER MANAGEMENT
SYSTEM NO. TWO REVENUE BONDS, SERIES 2002
(GENERAL OBLIGATION LIMITED TAX)

SEALED BIDS for the purchase of the above bonds will be received by the undersigned at the office of the County Administrator/Controller located at the Muskegon County Hall of Justice Building 990 Terrace Street, Muskegon, Michigan 49442, on Tuesday, the 15th day of January, 2002, until 10:30 o'clock a.m., Eastern Standard Time, at which time and place said bids will be publicly opened and read. Sealed bids for the purchase of the above bonds will also be received until the same time on the same date at the offices of the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226, at which time and place said bids will be simultaneously opened and read. The Board of Public Works of the County of Muskegon (the "Board") acting on behalf of the County of Muskegon (the "Issuer") will meet no lather than 5:00 o'clock p.m. on that date to consider the award or rejection of bids.

FAXED BIDS: Signed bids may be submitted by fax to the Board at fax number (231) 724-3588, Attention: Timothy Westman, or by MUNICIPAL ADVISORY COUNCIL OF MICHIGAN members to the MUNICIPAL ADVISORY COUNCIL OF MICHIGAN at fax number (313) 963-0943; **provided that** faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure, and the GOOD FAITH DEPOSIT MUST BE MADE AND RECEIVED as described in the section captioned "GOOD FAITH" below.

ELECTRONIC BIDS: Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES, 395 Hudson Street, New York, New York 10014, (212) 806-8304. NO ELECTRONIC BID WILL BE ACCEPTED UNLESS THE BIDDER HAS SUBMITTED A FINANCIAL SURETY BOND IN THE AMOUNT DESCRIBED IN THE SECTION CAPTIONED "GOOD FAITH" BELOW.

Bidders may choose any means or location to present bids but a bidder may not present a bid in more than one location or by more than one means.

BOND DETAILS: The bonds will be issued in fully-registered form, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the aggregate principal amount of that maturity, dated January 15, 2002, numbered in order of registration, and will bear interest from their date payable on July 1, 2002, and semiannually thereafter.

The bonds will mature on the 1st day of July of the years as follows:

2003;	$130,000
2004;	245,000
2005;	390,000
2006;	170,000
2008;	310,000
2009;	455,000
2009 through 2026	850,000

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing on and after July 1, 2012, as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2012 through 2026, inclusive, represents a serial maturity or a mandatory redemption requirement for a term bond maturity. A bidder may designate more than one term bond maturity. Any such designation must be made within twenty four hours of the time bids are submitted.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 8% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR The difference between the highest and lowest interest rate on the bonds shall not exceed two and one half percent (2.5%) per annum. No proposal for the purchase of less than all of the bonds or at a price less than 99.50% of their par value will be considered.

PRIOR REDEMPTION: Serial Bonds of this issue maturing in the years 2003 to 2011, inclusive, are not subject to redemption prior to maturity. Bonds or portions of bonds in multiples of $5,000 maturing in the year 2012 and thereafter may be redeemed at the option of the Issuer, in such order as the Issuer shall determine and within any maturity by lot, on any interest payment date on or after July 1, 2011 at par and accrued interest to the date fixed for redemption.

Amounts of the maturities which are aggregated in a designated term bond shall be subject to mandatory redemption on July 1 of the years and in the amounts set forth in the maturity schedule a redemption price of par, plus accrued interest to the date of mandatory redemption.

Notice of redemption of any bond or portion thereof shall be given by the transfer agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the transfer agent. Bonds shall be called for redemption in multiples of $5,000 and any bond of a denomination of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the transfer agent to redeem the bond or portion thereof.

BOOK-ENTRY ONLY: The bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of $5,000 or any multiple thereof. Purchasers will not receive certificate representing their interest in bonds purchased. The book-entry-only system is described further in the preliminary official statement for the bonds.

TRANSFER AGENT AND REGISTRATION: Principal and interest shall be payable at the corporate trust office of Fifth Third Bank, Michigan, Grand Rapids, Michigan, or such other transfer

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

agent as the Issuer may thereafter designate by notice mailed to the registered owners of the bonds not less than 60 days prior to any interest payment date. Interest shall be paid by check or draft mailed to the registered owners of the bonds as shown by the registration books of the Issuer on the 15th day of the month preceding the interest payment date. The bonds will be transferable only upon the registration books of the Issuer kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, Act 185, Public Acts of Michigan, 1957, as amended and an ordinance of the Issuer adopted October 11, 2001 (the "Ordinance"), for the purpose of defraying the cost of acquiring and constructing Muskegon County Wastewater Management System No. Two (the "System"). The bonds are payable primarily from the net revenues of the System and any additions thereto, and a statutory first lien on said revenues has been established by said Ordinance.. The Issuer has covenanted and agreed to fix and maintain at all times while any of such bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal and interest on all of said bonds when due and to provide for such other expenditures and funds for the System as are required by said Ordinance. The Issuer has also pledged its Limited Tax Full Faith and Credit to the payment of the Bonds. In the event the Net Revenues of the System (as defined in said Ordinance) are insufficient to pay the principal of and interest on the Bonds the Issuer shall pay such principal and interest from its general funds lawfully available therefore including ad valorem taxes levied within constitutional and statutory limits.

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

ADDITIONAL BONDS: For the terms upon which additional bonds of equal standing with the bonds of this issue as to revenues of the System may be issued reference is made to the above described Ordinance.

INSURANCE: Payment of the principal of and interest on the above bonds, when due, will be unconditionally and irrevocably guaranteed under and in accordance with the terms of a policy of insurance to be issued by Financial Guaranty Insurance Company, the premium of which policy will be prepaid by the Authority. All bids for the purchase of said bonds will be conditioned upon the issuance of said policy.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a financial surety bond, in the amount of $170,000 and payable to the order of the Treasurer of the Issuer, must accompany each bid as a guarantee of good faith on the part of the bidder, to be forfeited as a portion of the Issuer's damages if such bid be accepted and the bidder fails to take up and pay for the bonds. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such bond must be submitted to the Issuer's financial advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the bonds are awarded to a bidder utilized a financial surety bond, then that purchaser (the "Purchaser") is required to submit its good faith deposit to the Issuer or its financial advisor in the form of a cashier's check (or wire transfer such amount) as instructed by the Issuer or its financial advisor in the form of a cashier's check not later than Noon, Eastern Standard Time, on the next business day

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

following the award. If such good faith deposit is not received by that time, the financial surety bond may be drawn by the Issuer to satisfy the good faith deposit requirement. The good faith deposit will be applied to the purchase price of the bonds. In the event the Purchaser fails to honor its accepted bid, the good faith deposit will be retained by the Issuer. No interest shall be allowed on the good faith checks and checks of the unsuccessful bidders will be promptly returned. The good faith check of the successful bidder may be deposited immediately by the Issuer and payment for the balance of the purchaser price of the bonds shall be made at the closing.

CONTINUING DISCLOSURE: As described in greater detail in the Official Statement, the Issuer has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, (i) on or prior to the last day of the sixth month after the end of the fiscal year of the Issuer, commencing with the fiscal year ended September 30, 2001, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the Bonds, or unaudited financial statements, if audited financial statements are unavailable (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Issuer to provide the required annual financial information on or before the date specified in (i) above.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest interest cost computed by determining, at the rate or rates specified in the bid, the total dollar value of all interest on the bonds from February 1, 2002 to their maturity and deducting therefrom any premium or adding thereto any discount.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

DELIVERY OF BONDS: The Issuer will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC, New York, New York or such other location as may be mutually acceptable to the Issuer and the purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by Twelve o'clock noon, Eastern Standard Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the Issuer shall promptly return the good faith deposit. Payment for the bonds shall be made in immediately available funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

TAX EXEMPTION: In the opinion of bond counsel, the bonds will be exempt from taxation in the State of Michigan and from federal income tax subject, in both cases, to certain exceptions described in bond counsel's opinion.

CUSIP NUMBERS: CUSIP identification numbers will be printed on the bonds, but neither the failure to print the numbers nor any error with respect thereto shall constitute cause for refusal by the purchaser to accept delivery of the bonds. All expenses in relation to the printing of CUSIP numbers shall be paid for by the Issuer except that the CUSIP Service Bureau charge for the assignment of numbers shall be the responsibility of and paid for by the purchaser.

OFFICIAL STATEMENT: A copy of the Official Statement may be obtained by contacting Stauder, Barch & Associates, Inc., 3989 Research Park Drive, Ann Arbor, Michigan 48108, Telephone No. (734) 668-6688. The Official Statement is in a form deemed final as of its date by the Issuer for purposes of SEC Rule 15c2-12(b)1, but is subject to revision, amendment and completion of a final Official Statement. The successful bidder shall supply to the Issuer, within twenty-four hours after the award of the bonds, all pricing information and any underwriter identification determined by the Issuer to be necessary to complete the Official Statement.

The Issuer will furnish to the successful bidder, at no cost, a reasonable number of copies of the final Official Statement within seven business days after the award of the bonds. Additional copies will be supplied upon the bidder's agreement to pay the cost of the City for those additional copies.

The Issuer shall deliver, at closing, an executed certificate to the effect that as of the date of delivery the information contained in the Official Statement, including revisions, amendments and completions as necessary, relating to the Issuer and the bonds is true and correct in all material respects, and that such Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CERTIFICATION: The successful bidder will be required to furnish, prior to the delivery of the bonds, a certificate in a form acceptable to bond counsel as to the "issue price" of the bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended.

FINANCIAL CONSULTANT: Additional information may be obtained from Stauder, Barch & Associates, Inc. at the hereinbefore stated address.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for Revenue Bonds".

Martin L. Hulka
Secretary, Muskegon County
Board of Public Works

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

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APPENDIX G - BOND INSURANCE

Financial Guaranty Insurance Company insurance for the County of Muskegon, State of Michigan, Muskegon County Wastewater Management System No. Two Revenue Bonds, Series 2002 (General Obligation - Limited Tax) is being paid for by the Issuer.

Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of September 30, 2001, the total capital and surplus of Financial Guaranty was approximately $1.033 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

SPECIMEN

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

SPECIMEN

President

Effective Date: **Authorized Representative**

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:** 0010001

SPECIMEN

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

NOTES

NOTES

TABLE OF BOND YEARS

$17,000,000
County of Muskegon
State of Michigan
Muskegon County Wastewater Management System No. Two Revenue Bonds
Series 2002
(General Obligation Limited Tax)

Year	Principal	Years From 2/1/02	Bond Years	Cumulative Bond Years
2003	$130,000	1.42	184.17	184.17
2004	245,000	2.42	592.08	776.25
2005	390,000	3.42	1,332.50	2,108.75
2006	170,000	4.42	750.83	2,859.58
2007	310,000	5.42	1,679.17	4,538.75
2008	455,000	6.42	2,919.58	7,458.33
2009	850,000	7.42	6,304.17	13,762.50
2010	850,000	8.42	7,154.17	20,916.67
2011	850,000	9.42	8,004.17	28,920.83
2012	850,000	10.42	8,854.17	37,775.00
2013	850,000	11.42	9,704.17	47,479.17
2014	850,000	12.42	10,554.17	58,033.33
2015	850,000	13.42	11,404.17	69,437.50
2016	850,000	14.42	12,254.17	81,691.67
2017	850,000	15.42	13,104.17	94,795.83
2018	850,000	16.42	13,954.17	108,750.00
2019	850,000	17.42	14,804.17	123,554.17
2020	850,000	18.42	15,654.17	139,208.33
2021	850,000	19.42	16,504.17	155,712.50
2022	850,000	20.42	17,354.17	173,066.67
2023	850,000	21.42	18,204.17	191,270.83
2024	850,000	22.42	19,054.17	210,325.00
2025	850,000	23.42	19,904.17	230,229.17
2026	850,000	24.42	20,754.17	250,983.33
	$17,000,000			

Average Life in Years: 14.7637

$17,000,000
COUNTY OF MUSKEGON
State of Michigan
Muskegon County Wastewater Management System
No. Two Revenue Bonds
Series 2002
(General Obligation Limited Tax)

Additional information relative to this Bond issue may be obtained from
Stauder, BARCH & ASSOCIATES, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
734-668-6688

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