

COUNTY OF KENT, MICHIGAN

2006 POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2006

Introduction

The Popular Annual Financial Report (PAFR) is created for the citizens of Kent County. The purpose of this report is to summarize the presentation of financial information contained in the Kent County Comprehensive Annual Financial Report (CAFR). The PAFR is not required to present the same level of detail as the CAFR. The PAFR contains reports and statements that do not present the entire financial reporting entity and may not conform to generally accepted accounting principles (GAAP). These reports are intended to inform the public of the County's financial condition in a less technical and user friendly format.

The County's CAFR contains a complete set of financial statements presented in conformance with GAAP and audited in conformity with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. The statements contained in the CAFR are technical and complex, resulting in a document that may not be useful to the general public. The CAFR is available online at www.accesskent.com.

Government Profile

The County of Kent, the fourth most populous County in the State of Michigan (State), encompasses an area of approximately 864 square miles and, with a 2000 census population of 574,335, is located in the central west portion of Michigan's Lower Peninsula. It is approximately 64 miles west of Lansing, the state capital. The County is empowered by the State to levy a property tax on real and personal properties located within the County. The County is composed of twenty-one townships, five villages and nine cities. The 2000 population of the County resides as follows: townships (194,163); cities (373,043); and villages (7,129). The County seat is located in the City of Grand Rapids, which is the

second largest city in the State. The County was organized as a County by the territorial legislature on March 24, 1836. The County is governed by a Board of Commissioners (Board) whose numbers ranged from three in 1836 up to 77 as recently as 1968. As a result of a United States Supreme Court decision in 1969, the number of commissioners was reduced to 21. The Board took action in 1992 to reduce further the number of members to 19 effective January 1993. The Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller. The Administrator/Controller is responsible for carrying out the policies set forth by the Board and overseeing the day-to-day operations of the County. The Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County, which include the Sheriff, Clerk/Register of Deeds, Prosecuting Attorney, Drain Commissioner and Treasurer, are elected on a partisan basis serving four-year terms. The County provides a range of services including sheriff, correctional facility, three court systems, airport, fire, social services both State and County funded public health, park system and zoo. Kent County CMH Authority is a component unit that provides mental health services. The Department of Public Works, a component unit, manages a waste-to-energy incinerator and landfill, maintains some local unit water and sanitary sewer systems, and provides for the construction of these local systems. The Kent County Drain Commission, another component unit, is responsible for the construction and maintenance of County drains and the control of lake levels. In addition, the Road Commission is a component unit providing maintenance to county roads. Annually the Board is required to adopt a final budget by December 31 for the subsequent fiscal year. This budget serves as the foundation for the County's financial planning and

Page 1 Government Profile	Page 2 Local Economy	Page 4 Net Assets	Page 6 Revenues & Expenses	Page 8 Debt Summary	Page 9 Bond Rating	Page 10 General Fund Summary
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control. The budget is prepared by fund, function (e.g. public safety) and department (e.g. Sheriff). Department heads may transfer resources within the activities they manage. Transfers between departmental budgets and above administrative amounts set by the Board need special approval from the governing body.

Local Economy

Major industries that are located within the boundaries of Kent County or in close proximity include manufacturers of office equipment and furniture, heating controls, automotive parts, financial institutions, health care, retail food/merchandise and insurance companies. The Grand Rapids metropolitan area, which is the hub of the County, continues to experience growth in population. Within the County, the State Equalized Value (SEV) for commercial property increased in

value from \$3.08 billion (tax year 2001) to \$4.17 billion (tax year 2006), for an average annual increase of 7.1 percent. Industrial property SEV increased in value from \$1.48 billion (tax year 2001) to \$1.90 billion (tax year 2006), for an average annual increase of 5.5 percent. In addition, the area has begun to experience significant employment increases in the educational and health services industry. Several projects that will provide additional employment opportunities in this industry are either recently completed, nearing completion or about to break ground. These projects and a brief description of each include:

- Spectrum Health - Lemmen Holton Cancer Pavilion - The hospital recently broke ground on this new facility. The projected cost of the project is \$78 million and is scheduled to open in late 2007. The new facility will provide a comprehensive cancer treatment program.

Labor Force By Industry					
Grand Rapids, Wyoming MSA⁽¹⁾					
Calendar Year Average Employment					
Industry	2003	2004	2005	2006	Three-Year Change
Manufacturing					
Durable Goods	52,200	51,900	51,600	51,200	(1,000)
Nondurable Goods	22,700	22,200	22,300	22,300	(400)
Trade, Transportation & Utilities					
Retail Trade	43,900	43,200	43,200	43,200	(700)
Wholesale Trade	22,200	22,100	22,100	22,600	400
Warehousing & Utilities	10,000	10,100	10,400	10,500	500
Professional & Business Services	51,800	53,500	54,100	54,200	2,400
Educational & Health Services					
Health Care & Social Assistance	41,100	42,400	43,800	45,000	3,900
Educational Services	9,400	10,400	11,400	11,800	2,400
Government					
Federal, State, Local	17,300	17,300	17,600	17,800	500
Education	21,000	20,500	20,500	20,400	(600)
Leisure & Hospitality	31,200	31,800	32,600	32,400	1,200
Financial Activities	21,100	21,600	21,900	22,000	900
Natural Resources & Mining	18,900	19,000	18,600	18,600	(300)
Other Services	17,100	17,000	17,600	17,800	700
Information	5,700	5,500	5,600	5,600	(100)
Total Nonfarm Employment	385,600	388,500	393,300	395,400	9,800

Sources: DLEG/Bureau of Labor Market Information & Strategic Initiatives.
 (1) Includes Kent, Barry, Ionia & Newaygo Counties.

- **Spectrum Hospital - DeVos Children's Hospital** - The hospital began construction of a new 415,000 square foot facility in early 2007. This new \$190 million facility is scheduled to open in 2010.

- **Metro Hospital** - The hospital currently has under construction a new 208-bed facility located in southwest Kent County. This \$190 million facility is scheduled to open in the fall of 2007.

- **VanAndel Institute** - This medical research facility recently broke ground on construction of a 280,000 square foot addition to its existing research complex. This \$160 million project is scheduled for opening in late 2010.

- **Michigan State University Medical School** - The University continues to work with local hospitals, research institutes and philanthropic partners to establish a relocated medical school in the community. The school is scheduled to begin its local program by 2008, in temporary facilities, transitioning to full operations by 2010. On January 18, 2007, Michigan State University announced construction of a new \$70 million medical school facility on the "Michigan Hill." Construction is expected to be completed in 2010.

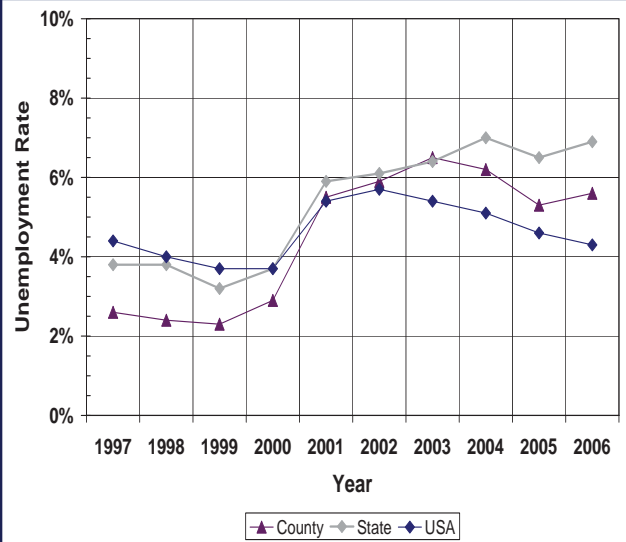
- **St. Mary's Hospital** - The hospital broke ground, in 2006, on the construction of a new 145,000 square foot neurology services facility. This \$60 million facility is scheduled to open in summer 2008.

Factors that have encouraged major projects and have attracted numerous firms from outside the area are: a strong but highly diversified base of industries, an excellent work force, educational opportunities, excellent employer/employee relations, good location and transportation facilities, utilities and possibly the most important, quality of life.

The County has experienced a favorable local economic environment for a number of years. The area has a diversified employment base, which adds to the strength of the local economy. During the past ten years, the unemployment rate has fluctuated from a decade low of 2.3 percent (1999) to a decade high of 6.5 percent (2003), only to descend once more to the current annual average rate of 5.6 percent. Unemployment is expected to remain stable or decrease still further due the expanding economy discussed above.

Unemployment Rates

Year	County	State	USA
1997	2.6%	3.8%	4.4%
1998	2.4%	3.8%	4.0%
1999	2.3%	3.2%	3.7%
2000	2.9%	3.7%	3.7%
2001	5.5%	5.9%	5.4%
2002	5.9%	6.1%	5.7%
2003	6.5%	6.4%	5.4%
2004	6.2%	7.0%	5.1%
2005	5.3%	6.5%	4.6%
2006	5.6%	6.9%	4.3%



Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$447.6 million at the close of the most recent fiscal year.

A substantial portion of the County's net assets, \$236.4 million (52.8 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from

Net Assets (in thousands)

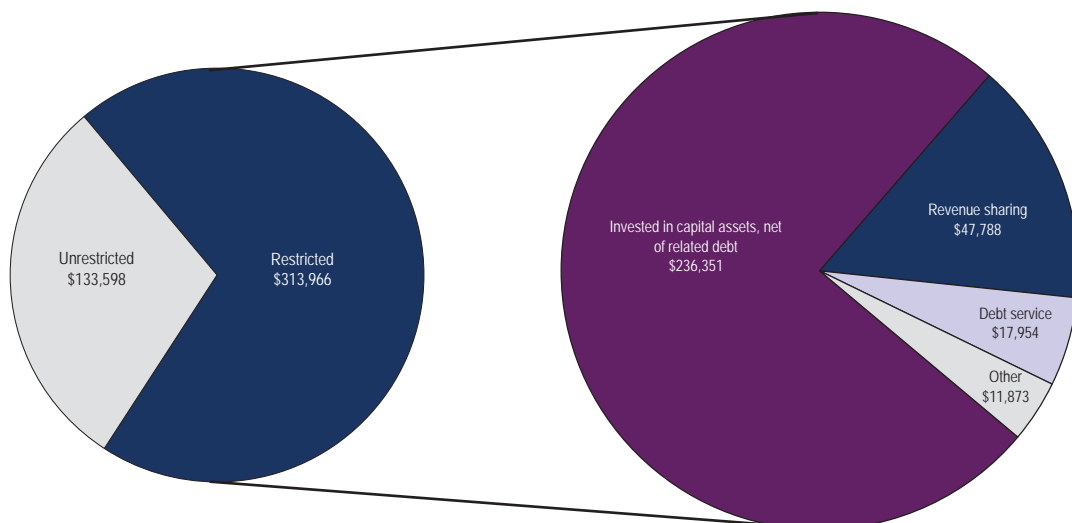
	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 205,397	\$ 193,912	\$ 91,517	\$ 88,714	\$ 296,914	\$ 282,626
Capital assets	184,827	179,534	219,577	222,338	404,404	401,872
Total assets	390,224	373,446	311,094	311,052	701,318	684,498
Long-term liabilities outstanding	86,854	84,657	130,896	124,196	217,750	208,853
Other liabilities	21,585	20,637	7,260	7,444	28,845	28,081
Total liabilities	108,439	105,294	138,156	131,640	246,595	236,934
Net assets:						
Invested in capital assets, net of related debt	98,745	96,409	134,899	139,941	233,644	236,350
Restricted	40,099	57,708	17,213	19,907	57,312	77,615
Unrestricted	142,941	114,035	20,826	19,564	163,767	133,599
Total	\$ 281,785	\$ 268,152	\$ 172,938	\$ 179,412	\$ 454,723	\$ 447,564

other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net assets of \$77.6 million (17.3 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net assets of \$133.6 million (29.8 percent) to meet its ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both

for the government as a whole, and for its separate governmental and business-type activities.

There was an increase of \$17.6 million in restricted net assets reported in connection with the County's governmental activities. Almost all of this increase, \$15.1 million, or 86 percent, was the result of restricting funds for the new Revenue Sharing Fund mandated by the State of Michigan. State law restricts the use of accelerated property tax collections. There was an increase of \$2.7 million

Components of Net Assets (in thousands)



in the County's business-type activities. All of this \$2.7 million increase was the result of restricting funds within the Aeronautics Fund to meet future debt service requirements.

The County's net assets decreased by \$7.2 million during the current fiscal year. Increases in ongoing revenues were less than increases in ongoing expenses. The primary reason for the decline in net assets was related to an increase in expenses related to general government, public safety and health and welfare. A capital grant for airport construction offset the total decrease in net assets.

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenues:						
Charges for services	\$ 29,190	\$ 29,276	\$ 32,268	\$ 36,478	\$ 61,458	\$ 65,754
Operating grants and contributions	55,886	55,470	-	-	55,886	55,470
Capital grants and contributions	-	-	2,315	2,180	2,315	2,180
General revenues	110,536	120,148	2,553	3,773	113,089	123,921
Total revenues	195,612	204,894	37,136	42,431	232,748	247,325
Expenses:						
General government	38,127	41,699	-	-	38,127	41,699
Public safety	55,035	60,754	-	-	55,035	60,754
Health and welfare	58,486	63,349	-	-	58,486	63,349
Cultural and recreation	16,109	16,827	-	-	16,109	16,827
Judicial	32,903	34,506	-	-	32,903	34,506
Interest and fiscal charges	4,078	4,221	-	-	4,078	4,221
Delinquent tax	-	-	2,097	2,651	2,097	2,651
Airport operations	-	-	30,466	30,477	30,466	30,477
Total expenses	204,738	221,356	32,563	33,128	237,301	254,484
Net revenues (expenses)	(9,126)	(16,462)	4,573	9,303	(4,553)	(7,159)
Transfers	3,000	2,829	(3,000)	(2,829)	-	-
Inc (dec) in net assets	(6,126)	(13,633)	1,573	6,474	(4,553)	(7,159)
Net Assets, beginning	287,911	281,785	171,365	172,938	459,276	454,723
Net Assets, ending	\$ 281,785	\$ 268,152	\$ 172,938	\$ 179,412	\$ 454,723	\$ 447,564

Government Activities. Governmental activities decreased the County's net assets by \$13.6 million. Key elements of this decrease are as follows:

- An increase in expenses relating to general government of \$3.6 million, public safety of \$5.7 million, and health and welfare of \$4.9 million. There was an increase in revenues relating to property taxes of \$6.1 million to offset the increase in expenses.
- Reimbursements for Board & Care at the correctional facility decreased by \$0.6 million (15.4 percent) during the year.

Business-Type Activities. Business-type activities offset the decrease in the County's net assets by \$6.5 million. The key element of this increase was a capital grant for airport construction during the current fiscal year, producing \$2.2 million in capital contributions, which resulted in an increase in net assets for business-type activities.

Revenues

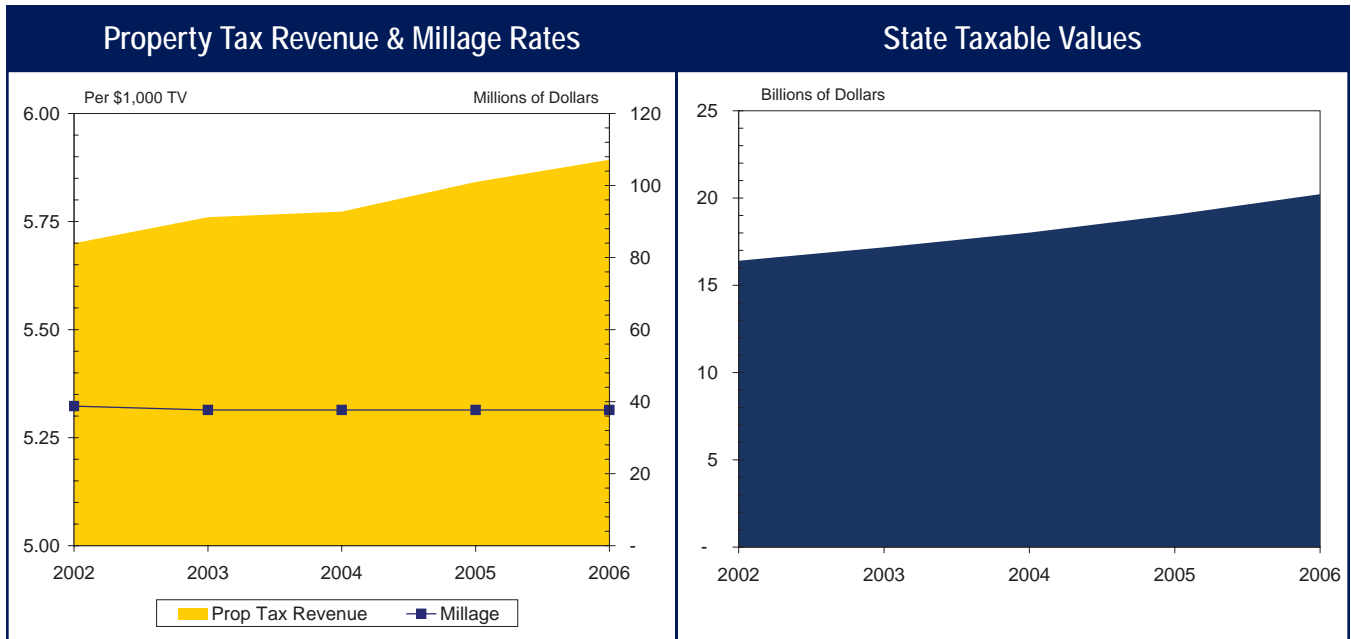
The majority of the County's revenues come from Taxes which represents 56.3 percent of total revenues. In FY 2006, the County collected \$132.7 million in taxes. This represents an \$8.4 million, or 6.7 percent, increase over FY 2005.

The two other main sources of revenues come from the Intergovernmental and Charges for services categories.

Taxes: \$132,658,697 - The majority of the County's tax collections come from property taxes and includes the designated millages for the Correctional Facility and Senior Services, as well as Industrial Facilities Exemption Certificate taxes, and the Hotel/Motel Tax. In FY 2006, the County collected \$107.1 million in property taxes, a \$6.1 million, or 6.1 percent increase over FY 2005 collections of \$101.0 million. The primary factor in the increase can be attributed to the County's State Taxable Value (STV), which grew from \$18.015 billion in 2004 to \$19.044 billion in 2005 representing an increase of 5.7 percent. While the millage rate has remained constant, at 5.314 mills, since FY 2003.

Revenue:	2005	2006
Taxes	\$ 124,294,420	\$ 132,658,697
Intergovernmental	60,111,767	58,924,230
Licenses and permits	1,443,107	1,294,778
Charges for services	21,831,358	21,053,923
Fines and forfeitures	334,079	442,504
Investment earnings	4,288,828	7,511,202
Contributions and reimbursements	8,810,105	8,593,436
Other	4,404,269	5,276,245
Total revenue	\$ 225,517,933	\$ 235,755,015

* This statement was created using the modified accrual basis, while the Changes in Net Assets statement was created using the full accrual basis causing a variance between the statements.



Intergovernmental: \$58,924,230 - Intergovernmental revenue consists of grants from Federal, State, and local units of government. In FY 2006, this source accounts for \$58.9 million or 25.0 percent of total revenues. This represents a decrease of \$1.2 million, or 2.0 percent, from FY 2005.

Charges for Services: \$21,053,923 - Charges for services revenue consists of State court funding, Real estate transfer tax, Certified copy fees, Recording fees, Board & care, Parking fees, Public works services, and other fees. In FY 2006, this source accounts for \$21.1 million, or 8.9 percent, of total revenues. This represents a decrease of \$0.8 million, or 3.6 percent, from FY 2005.

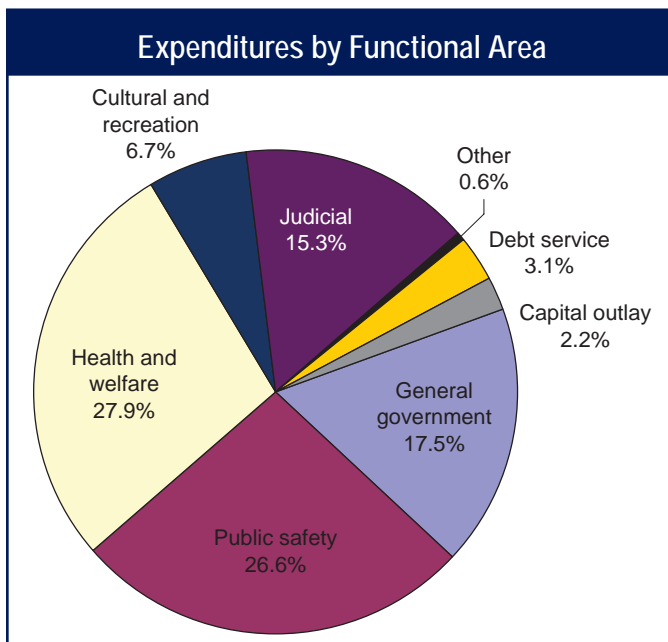
Expenditures

The County's expenditures are segregated into eight functional areas: General government, Public safety, Health and welfare, Cultural and recreation, Judicial, Other, Debt service, and Capital outlay.

General government: \$39,189,502 - The primary activities of the General government functional area include Facilities Management, Fiscal Services, Information Technology, and Policy/Administration. In FY 2006, the General government functional area accounts for \$39.2 million or 17.5 percent of total expenditures. This represents an increase of \$1.6 million, or 4.3 percent, from FY 2005.

Public safety: \$59,445,999 - The primary activities of the Public Safety functional area include the Sheriff's administration & road patrol, the Correctional facility, and the Fire commission. In FY 2006, the Public safety functional area accounts for \$59.4 million or 26.6 percent of total expenditures. This represents an increase of \$4.1 million, or 7.4 percent, from FY 2005.

Health and welfare: \$62,267,542 - The primary activities of the Health and welfare functional area include the Health department and Childcare. In FY 2006, the Health and welfare functional area accounts for \$62.3 million, or 27.9 percent, of total expenditures. This represents a decrease of \$0.2 million, or 0.4 percent, from FY 2005.



Cultural and recreation: \$14,951,995 - The primary activities of the Cultural and recreation functional area include the Parks, the Zoo, and the MSU cooperative extension. In FY 2006, the Cultural and recreation functional area accounts for \$15.0 million, or 6.7 percent, of total expenditures. This represents a decrease of \$0.2 million, or 1.6 percent, from FY 2005.

Judicial: \$34,256,960 - The primary activities of the Judicial functional area include the Circuit Court, District Court, Probate Court, and the Prosecutor's Office. In FY 2006, the Judicial functional area accounts for \$34.3 million, or 15.3 percent, of total expenditures. This represents an increase of \$0.9 million, or 2.7 percent, from FY 2005.

Expenditure:	2005	2006
General government	\$ 37,558,469	\$ 39,189,502
Public safety	55,375,644	59,445,999
Health and welfare	62,494,632	62,267,542
Cultural and recreation	15,190,910	14,951,995
Judicial	33,366,670	34,256,960
Other	1,455,560	1,418,596
Debt service	12,997,153	6,852,291
Capital outlay	13,409,026	4,949,520
Total expenditure	\$ 231,848,064	\$ 223,332,405

* This statement was created using the modified accrual basis, while the Changes in Net Assets statement was created using the full accrual basis causing a variance between the statements.

Debt Summary

At the end of the current fiscal year, the County had total bonded debt outstanding of \$266.6 million. Of this amount, \$203.6 million comprises debt backed by the full faith and credit of the government and \$13.6 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the County debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt decreased by \$21.6 million (7.5 percent) during the current fiscal year. The net decrease was attributable to regular scheduled payments on long-term debt and refunding of the 1997 Series A Refuse Disposal Bonds.

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Primary Government						
Limited tax pledge bonds	\$ 81,670	\$ 78,930	\$ 48,300	\$ 44,000	\$129,970	\$122,930
Limited revenue bonds	-	-	34,396	35,300	34,396	35,300
Full faith revenue bonds	-	-	50,615	47,411	50,615	47,411
Component Units						
Limited tax pledge bonds	-	-	58,460	47,300	58,460	47,300
Special assessment debt with governmental commitment	14,705	13,632	-	-	14,705	13,632
Total	\$ 96,375	\$ 92,562	\$191,771	\$174,011	\$288,146	\$266,573

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$2.3 billion, which is significantly higher than the County's current outstanding general obligation debt of \$348.6 million.

	2003	2004	2005	December 31, 2006
	State Equalized Value (SEV)	\$19,919,370,780	\$20,930,699,290	\$22,119,875,769
Legal Debt Limit (10% of SEV)	1,991,937,078	2,093,069,929	2,211,987,577	2,334,684,832
Debt Outstanding (including the Notes)	421,559,316	399,927,376	373,049,381	348,610,657
Margin of additional debt that could be legally incurred	\$ 1,570,377,762	\$ 1,693,142,553	\$ 1,838,938,196	\$ 1,986,074,175
Percentage of Debt Outstanding to SEV	2.12%	1.91%	1.69%	1.49%

Bond Rating

What is a Bond Rating? A bond rating performs the isolated function of credit risk evaluation. A bond rating does not constitute a recommendation to invest in a bond and does not take into consideration the risk preference of the investor. While many factors go into the investment decision making process, the bond rating is often the single most important factor affecting the interest cost on bonds.

There are three main risks that investors face when investing in bonds: interest rate risk (the risk that interest rates could rise), purchasing power risk (the risk that inflation will rise and thereby erode the value of bonds), and credit risk (the risk that a bond issuer will become unable to meet its debt obligations). While assessing the first two risks demands that individual investors conduct a significant amount of research on their own, credit risks are arguably the easiest for investors to assess—thanks to credit ratings.

Rating	Rating Service	
	Standard & Poor's	Moody's
Best Quality	AAA	Aaa
High quality	AA+	Aa1
	AA	Aa2
	AA-	Aa3
Upper Medium grade	A+	A1
	A	A2
	A-	A3
Medium Grade	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3

Credit ratings are essentially rankings of an organization's ability to repay their debts and to withstand various types of financial and economic stress compared to that of other companies. Ratings are intended to help provide forward-looking opinions on an organization's ability and willingness to pay interest and repay principle as scheduled.

There are three major rating agencies for municipal bonds: Moody's Investors Service, Standard & Poor's, and Fitch Ratings. Of the three rating agencies, Standard & Poor's and Moody's rate over 80 percent of all municipal and corporate bonds including Kent County.

In assigning a rating for general obligation bonds the rating agencies assess the following factors:

Economy; Debt Structure; Financial Condition; and Demographic Factors.

Year	Rating Service	
	Standard & Poor's	Moody's
2002	AAA	Aaa
2003	AAA	Aaa
2004	AAA	Aaa
2005	AAA	Aaa
2006	AAA	Aaa

Since FY 2000, the County has attained the top bond rating for its long-term debt of Aaa from Moody's; and AAA from S&P. There are 3,142 counties in the U.S., Kent County is one of 42 counties rated AAA by S & P and one of 48 rated Aaa by Moody's. There are 83 counties in Michigan, Kent County is one of only three counties rated AAA by S & P and Aaa by Moody's. Top bond ratings allow the County to either refinance outstanding debt, or to issue new debt, at more favorable rates. Lower interest rates translate into lower debt service payments.

General Fund Summary

General Fund					
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual					
	2005		2006		December 31,
	Actual	Original Budget	Final Budget	Actual	Pos/(Neg) Variance
Revenues					
Taxes	\$ 73,134,574	\$ 80,302,273	\$ 80,302,273	\$ 80,230,391	\$ (71,882)
Intergovernmental	11,723,184	11,822,442	12,050,879	11,983,317	(67,562)
License and permits	81,252	93,035	93,035	73,072	(19,963)
Charges for services	16,830,179	20,502,615	20,564,115	17,850,973	(2,713,142)
Investment earnings	3,017,636	2,750,000	2,750,000	4,368,903	1,618,903
Contributions and reimbursements	7,308,678	7,196,140	7,096,101	6,816,183	(279,918)
Other	4,297,625	5,118,396	5,118,396	4,664,442	(453,954)
Total revenues	116,393,128	127,784,901	127,974,799	125,987,281	(1,987,518)
Expenditures					
General government	33,192,629	36,316,330	36,630,711	34,762,154	1,868,557
Public safety	51,103,443	56,756,628	57,714,705	56,367,529	1,347,176
Health and welfare	2,069,880	2,141,715	2,141,715	2,123,034	18,681
Cultural and recreation	4,191,240	9,376,690	8,992,764	8,209,075	783,689
Judicial	22,726,000	23,750,244	23,896,765	23,752,380	144,385
Other	1,455,560	1,420,630	1,505,097	1,418,596	86,501
Total expenditures	114,738,752	129,762,237	130,881,757	126,632,768	4,248,989
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	227,859	160,000	160,000	230,672	70,672
Interfund transfers in	26,366,586	24,564,485	24,880,680	24,872,940	(7,740)
Interfund transfers out	(31,930,520)	(30,392,141)	(30,417,894)	(26,210,766)	4,207,128
Estimated budget appropriation lapse	-	6,100,000	6,100,000	-	(6,100,000)
Total other financing sources (uses)	(5,336,075)	432,344	722,786	(1,107,154)	(1,829,940)
Net change in fund balance	(3,681,699)	(1,544,992)	(2,184,172)	(1,752,641)	431,531
Fund Balance, beginning	77,650,226	73,968,527	73,968,527	73,968,527	-
Fund Balance, ending	\$ 73,968,527	\$ 72,423,535	\$ 71,784,355	\$ 72,215,886	\$ 431,531

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$9.3 million while total fund balance amounted to \$72.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 7.4 percent of total general fund expenditures, while total fund balance represents 57.0 percent of the same amount.

The fund balance of the County's General Fund decreased by \$1.8 million during the current fiscal year. Key factors in this change are as follows:

- Increase in total expenses relating to the general fund of \$11.9 million (10.3 percent).
- Interfund transfers in decreased by \$1.5 million (5.7 percent).

The General Fund budgeted for a decrease in fund balance of \$8.3 million and the actual decrease in fund balance was \$1.8 million. Significant changes in budgetary variance are as follows:

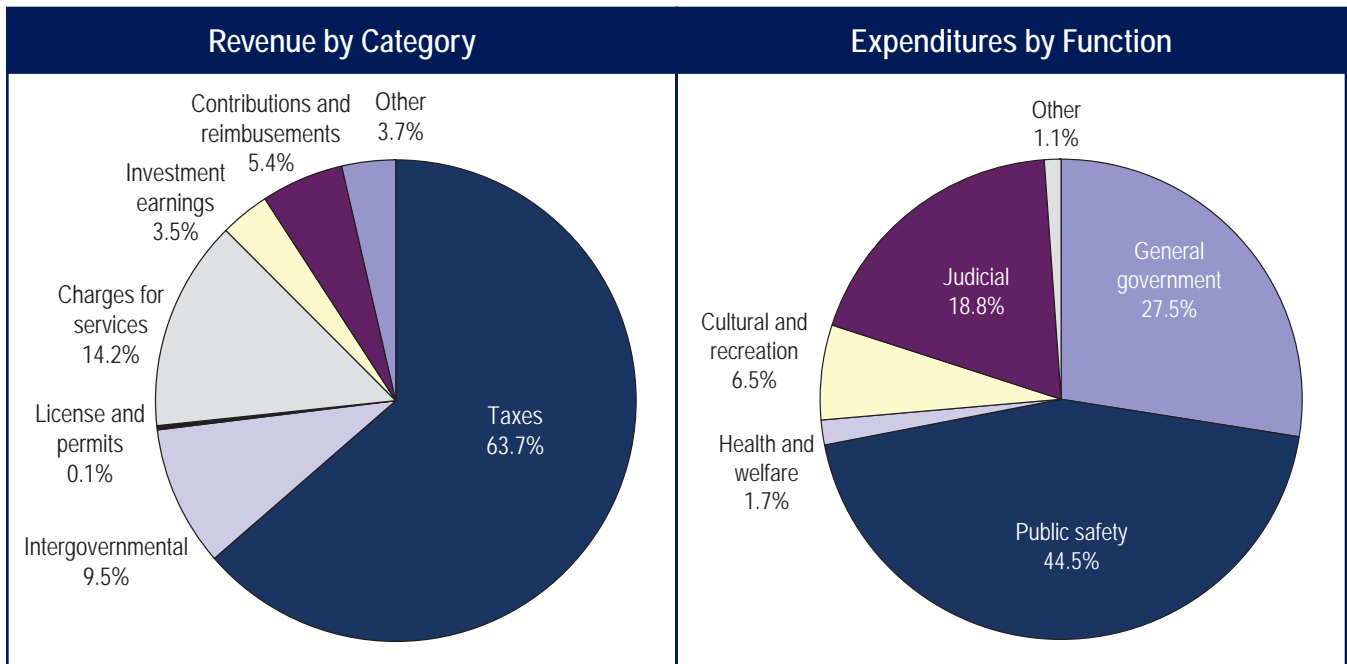
- Charges for services had a negative budgetary variance between budget and actual revenues of \$2.7 million. The largest part of this decrease was attributable to a decrease in board and care revenue relating to the correctional facility.

- Investment earnings had a positive budgetary variance of \$1.6 million as a result of interest rates being higher than originally projected.
- Other revenues had a negative budgetary variance of \$0.4 million.
- Expenditures had an overall positive budgetary variance of \$4.2 million, of which \$1.9 million related to general government, \$1.3 million related to public safety and \$0.1 million related to judicial.

General Fund Budgetary Highlights. During the year, there was a \$1.1 million increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$0.3 million in increases in general government activities mainly due to information technology department, courthouse, boiler plant operation, and equalization department increases.
- \$1.0 million in increases in public safety primarily for increased jail and road patrol costs.
- \$0.4 million in decreases in cultural and recreation activities for additional grants.
- \$0.1 million in increases in judicial activities with the majority allocated to Kent County Community Mental Health Authority.
- \$0.08 million in increases in other activities.
- \$0.03 million in increases for other financing which reflects additional contributions for Capital Improvement Bonds Debt Service, Capital Improvement Projects as well as to DHS for Child Care.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$9.3 million as previously mentioned. The County has appropriated \$0.07 million for spending in the 2007 fiscal year budget. This appropriation of available fund balance allows the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2007 fiscal year.



Board of Commissioners

Ted Vonk	District 1
Fritz Wahlfield	District 2
Roger Morgan (Chair)	District 3
Gary Rolls	District 4
Sandi Frost Parrish	District 5
Arthur Tanis	District 6
Marvin Hiddema	District 7
Jack Boelema	District 8
Harold Voorhees	District 9
David Morren	District 10
Dean Agee	District 11
Harold Mast	District 12
Dick Vander Molen (Vice-Chair)	District 13
Carol Hennessy	District 14
Dick Bulkowski	District 15
Paul Mayhew	District 16
James Vaughn	District 17
Brandon Dillion	District 18
Nadine Klein	District 19

Elected Officials/Executive Staff

Mary Hollinrake - Clerk/Register of Deeds
William Forsyth - Prosecuting Attorney
William Byl - Drain Commissioner
Larry Stelma - Sheriff
Kenneth Parrish - Treasurer
Daryl Delabbio - Administrator/Controller
Robert White - Fiscal Services Director

Phone Numbers

Administrator's Office	616.632.7570
Aeronautics	616.233.6000
Animal Shelter	616.336.3210
Board of Commissioners Office	616.632.7580
Circuit Court	616.632.5220
Clerk's Office	616.632.7640
Community Development	616.632.7400
Drain Commissioner	616.336.3688
Equalization	616.632.7520
Fiscal Services	616.632.7670
Friend of the Court	616.632.6888
Health Department	616.632.7100
Housing Commission	616.632.7400
Human Resources	616.632.7440
Information Technology	616.632.6500
John Ball Zoological Garden	616.336.4301
Parks Department	616.336.7275
Probate Court	616.632.5440
Prosecutor's Office	616.632.6710
Public Works	616.336.3694
Sheriff	616.632.6100

Administration Building

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