

**2005**  
**FINANCIAL OVERVIEW**  

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**Kent County, Michigan**



**Daryl J. Delabbio**  
County Administrator/Controller

**Robert J. White**  
Fiscal Services Director

# OFFICE OF THE ADMINISTRATOR

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Kent County Administration Building 300 Monroe Avenue, N.W. Grand Rapids, Michigan 49503-2206  
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April 14, 2005

The Honorable Board of Commissioners  
Kent County Administration Building  
300 Monroe Avenue NW  
Grand Rapids, MI 49503-2221

RE: 2005 Kent County Financial Overview

The following document presents a "Financial Overview" for Kent County. The information contained herein provides significant economic, demographic and financial information in summary format. It will provide the reader with a comprehensive report demonstrating the financial strength and stability of Kent County government.

The document is intended to serve the information needs of individuals and organizations with a financial interest in Kent County including:

- Retail Bond Holders/Institutional Investors/Rating Agencies
- County Elected Officials.
- The Citizens of Kent County.
- Businesses doing business or considering locating new business in Kent County.

This is an annual publication, the preparation of which is a cooperative effort of the County Treasurer, Human Resources and Fiscal Services staff. This document continues to demonstrate the County's adherence to conservative fiscal principles and strong management oversight.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl J. Delabbio".

Daryl J. Delabbio  
County Administrator/Controller

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## GOVERNMENT

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The County is governed by a legislative body consisting of 19 members forming the Board of Commissioners, each of whom is elected for terms of two years from districts of approximately equal population. County elected officials include the County Treasurer, County Clerk and Register of Deeds, Prosecuting Attorney, Drain Commissioner, and Sheriff. These officials are elected at large for four year terms.

Administration of the County is divided by the State of Michigan Constitution (the “State Constitution”) among various officials all elected at large according to purpose and by various appointed officials. The County Treasurer is the chief custodian of the County moneys, collector of County taxes, disbursing agent for certain tax funds to local communities and school districts and performs other duties concerned with inter-related fiscal affairs of County departments and agencies and is the Treasurer of the Drainage Board. The duties of the County Clerk and Register of Deeds are primarily record keeping in nature and include such duties as clerk of the Circuit Court and Board of Commissioners and keeping and maintaining records of births, deaths, marriages, discharges of military personnel, records of deeds, mortgages, surveys, recording of plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of state criminal law within the County and may represent the County in appropriate courts. The County Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff’s duties involve the charge and custody of the County jail, the serving of processes, and law enforcement in unincorporated areas. The Board of Commissioners has created the office of County Administrator/Controller as the chief administrative and fiscal officer of the County. The County Administrator/Controller is appointed by the Board and the responsibilities of the office include, but are not limited to: County Administration; budget preparation and control; all accounting and auditing; Executive Secretary to the Board of Commissioners. The County Administrator/Controller administers all policies of the Board of Commissioners and oversees centralized service functions (information technology, human resources, finance, purchasing, etc.) that serve all departments.

**Kent County Elected/Appointed Officials**

**Board of Commissioners**

Chair  
David Morren

Vice-Chair  
Roger Morgan

Dean Agee  
Jack Boelema  
Dick Bulkowski  
Marvin Hiddema  
Jack Horton

Dan Koorndyk  
Nadine Klein  
Harold Mast  
Paul Mayhue

Tom Postmus  
Gary Rolls  
Arthur Tanis  
Dick Vander Molen

James Vaughn  
Ted Vonk  
Harold Voorhees  
Fritz Wahlfield

**Elected Officers**

Clerk/Register of Deeds  
Mary Hollinrake

Drain Commissioner  
Roger Laninga

Prosecuting Attorney  
William Forsyth

Treasurer  
Kenneth Parrish

Sheriff  
Lawrence Stelma

**Executive Staff**

Administrator/Controller  
Daryl Delabbio

Civil Counsel  
Sherry Batzer

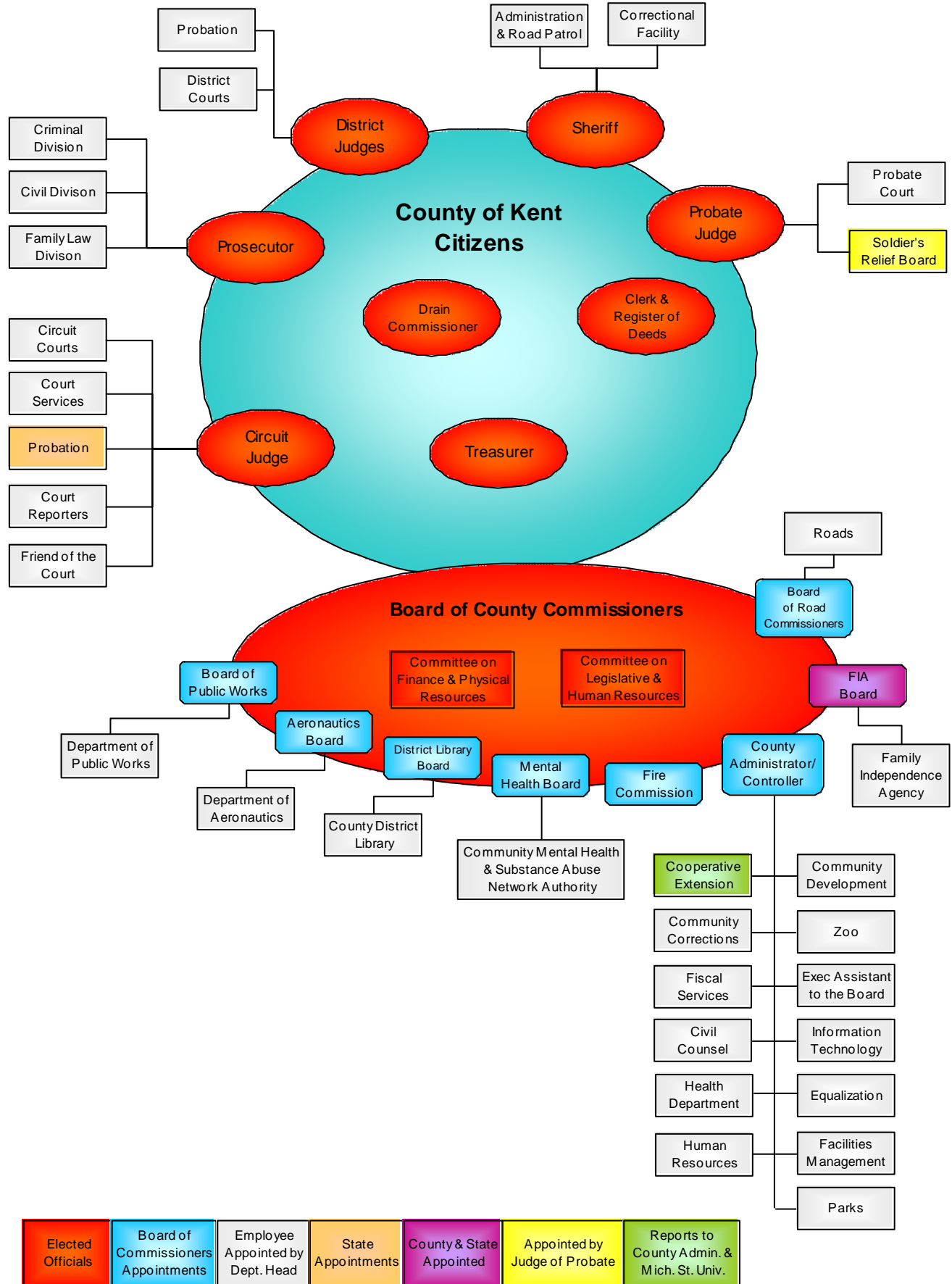
Fiscal Services Director  
Robert White

Budget Manager  
Marvin Van Nortwick

**Professional Services**

Auditors: BDO Seidman  
Grand Rapids, Michigan

Organization Chart



## TAXATION AND LIMITATIONS

### Property Tax Rates

Prior to 1982, the County's tax rate per \$1,000 of State Equalized Valuation (SEV) was determined annually by a County-wide Tax Allocation Board (the "Allocation Board"). The Allocation Board met each year to determine the division of 15 mills for operating purposes authorized by the State Constitution, which is equal to \$15.00 per \$1,000 of SEV/Taxable Value (see "Property Valuation" page 9), among the County, the school districts, intermediate school districts and townships within the County. In 1982, the County electorate voted a fixed millage allocation, of 15 mills for an indefinite period of time, although State statute permits a maximum levy of 18 mills. The electorate may, at any time in the future, vote to re-establish the Allocation Board. Of the 15 voted mills, 4.8 mills were authorized as the maximum levy for the County's operating purposes, including the payment of debt service. The remaining 10.2 mills were allocated among the other taxing units within the County. The allocation of the millage is fixed until such time as the electorate votes to change the allocation or the total authorized millage. The County electorate must approve additional millages of any amount for any general or specific purpose within statutory and constitutional limitations. In addition, the electorate may, at any time in the future, vote to (i) increase the 15 mill limit to 18 mills or (ii) re-establish the Allocation Board and the County allocation of the total authorized 15 mills tax levy would thereafter be determined by the Allocation Board. The County's operating and additional voted millage for the past five years is shown in the following table. Tax levies are as of December 1<sup>st</sup> of each year shown, are levied against each \$1,000 of Taxable Value and excludes taxes levied by underlying taxing units. The tax levies have been reduced from the voter approved levels of 4.8000 mills, .8400 mills and .25 mills as a result of the 1978 State Constitutional amendment described under "Property Tax Limitations".

MILLAGE RATE					
Millages	2000	2001	2002	2003	2004
County Operating	4.2865	4.2788	4.2726	4.2803	4.2803
Correction Facility <sup>(1)</sup>	0.7998	0.7973	0.7952	0.7893	0.7893
Senior Services <sup>(1)</sup>	0.2477	0.2469	0.2462	0.2444	0.2444
<b>Total Levy</b>	<b><u>5.3340</u></b>	<b><u>5.3230</u></b>	<b><u>5.3140</u></b>	<b><u>5.3140</u></b>	<b><u>5.3140</u></b>
(1) Voter approved millages					

Source: County of Kent

## Property Tax Rate History

In addition to the County taxes, property owners in the County are required to pay ad valorem taxes to other taxing units such as cities, townships, school districts, community colleges, and other units within the County. The year 2004 total tax rate per \$1,000 of Taxable Value varies widely depending upon in which municipality and school district the property is located. The highest tax rate on property within the County for the 2004 tax year was 61.4568 mills (44.1386 mills on homestead property) per \$1,000 of Taxable Value for the residents of the City of East Grand Rapids in the East Grand Rapids School District; the lowest tax rate was 39.1245 mills (21.9853 mills on homestead property) for the residents of Solon Township in the Tri-County School District.

In addition to the allocated millage, the County electorate from time to time may approve additional millages of any amount for any general or specific purpose within Constitutional and Statutory limitations.

## Property Tax Rate Limitations

In June 1978, the electorate of the State passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35, Public Acts of Michigan of 1979, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, then the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. The Amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the amendment became effective or which have been approved by the electors of the County.

## Taxable Valuation of Property

Article IX, Section 3, of the State Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true market value. The State of Michigan Legislature (the "State Legislature") by statute has provided that property shall be assessed at 50% of its true cash value. The State 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 State Constitution (the "1994 Amendment") permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing the 1994 Amendment added a new measure of property value known as Taxable Value ("Taxable Value"). Since 1995, taxable property has two valuations – SEV and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, 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.

The 1994 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

## TAXATION AND LIMITATIONS

Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of the percentage net 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 of new construction is equal to current SEV. 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 State of Michigan Tax Tribunal.

The State Constitution also 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's 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.

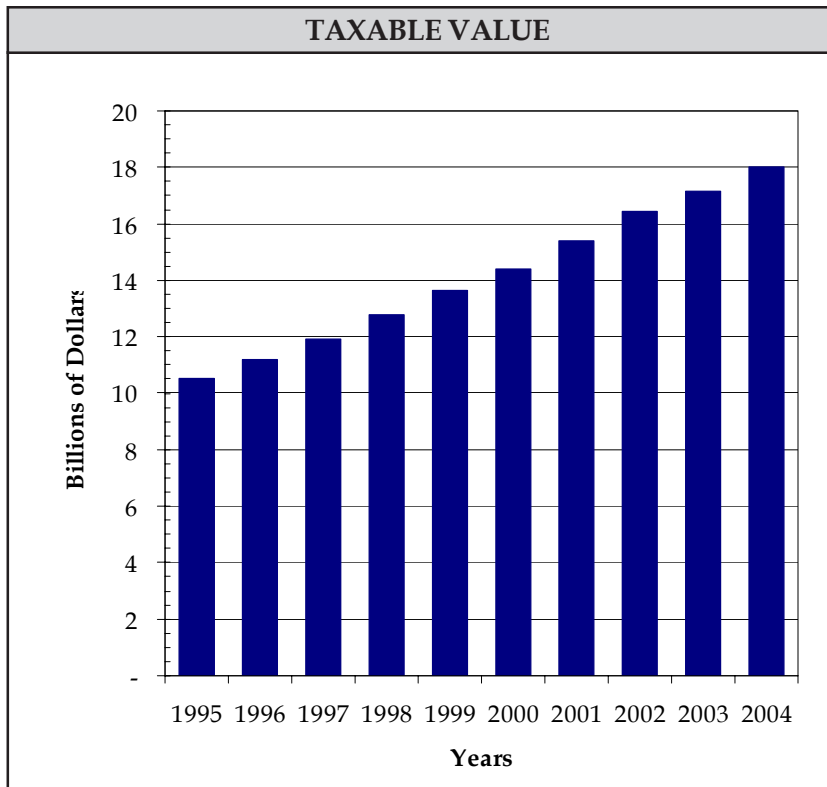
Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended ("Act 198"), is recorded on separate tax rolls while 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 this Official Statement except as noted.

### State Equalized and Taxable Valuation

The County's SEV has increased \$5,057,800,190 or 31.5% between 2000 and 2004 and the Taxable Value has increased \$3,617,097,751 or 25.1% between 2000 and 2004. SEV and Taxable Value do not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198. (See "TAXATION AND LIMITATIONS - Property Tax Abatement"). Per capita 2004 SEV is \$35,451 and the per capita 2004 Taxable Valuation is \$30,513, both of which are based on the 2003 U.S. Census estimated population of 590,417.

SEV AND TAXABLE VALUE HISTORY				
Year of Valuation	SEV	Taxable Valuation	SEV Increase Over Prior Year	Taxable Valuation Increase Over Prior Year
2000	\$ 15,912,899,100	\$14,398,276,117	7.0%	5.8%
2001	17,212,047,916	15,384,754,476	8.2%	6.9%
2002	18,647,720,962	16,411,380,420	8.3%	6.7%
2003	19,919,370,780	17,175,074,149	6.8%	4.7%
2004	20,930,699,290	18,015,373,868	5.1%	4.9%

Source: County of Kent



**CURRENT TAXABLE VALUATION COMPONENTS**

<u>By Use:</u>		<u>By Class:</u>		<u>By Municipality:</u>	
Residential	62.6%	Real Property	90.0%	Cities	56.3%
Commercial	17.8%	Personal Property	10.0%	Townships	43.7%
Personal	10.0%				
Industrial	8.7%				
Agricultural and Development	0.9%				
<b>Total</b>	<u><u>100.0%</u></u>		<u><u>100.0%</u></u>		<u><u>100.0%</u></u>

Source: County of Kent

### Property Tax Abatement

The SEV does not include valuation of certain facilities, which are exempt under Act 198. Act 198 is designed to provide a stimulus in the form of significant tax incentives to industry to renovate and expand aging facilities and to build new facilities in the State. Under the provisions of Act 198, certain local governmental units (cities, villages or townships) may offer industrial firms certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new plants to the area.

An industrial facilities exemption certificate entitles the facility to an exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the owner of the facility will pay a specific tax known as the industrial facility tax. The tax for an

## TAXATION AND LIMITATIONS

obsolete facility which is being restored or replaced, is determined in exactly the same manner as the ad valorem property tax would be, except that the SEV of the property remains at the value assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increase the true cash value of the facility. For a new facility being built, the applicable tax is also determined as the ad valorem property tax would be, but only half the total millage rate for ad valorem taxes is applied. The amount of the resulting tax thus is equal to 50% of the property tax which otherwise would be payable.

Since 1976, local units in the County have approved a number of applications for local property tax relief to industry. The effect of property tax relief granted under Act 198 is to understate the 2004 taxable valuation of the County by \$581,275,413 or approximately 3.2%.

### Property Tax Collections

The County's fiscal year is the calendar year. County taxes are due and payable on December 1 of each prior year, at which time a lien on taxable property is created. Property taxes are payable without penalty until February 14. Unpaid real property taxes become delinquent on the following March 1 and are thereafter collected by the County Treasurer with penalties and interest. Property returned to the County Treasurer for delinquent taxes is subject to forfeiture, foreclosure and sale as provided in Act 206. In recent years, the County has paid to the respective municipalities within the County, including the County, from the Delinquent Tax Revolving Fund (the "Fund"), the delinquent real property taxes of such municipalities; collections of delinquent real property taxes otherwise would be paid to such municipalities by the County Treasurer on a monthly basis following collection. Funding by the County of delinquent real property taxes is dependent upon the ability of the County, annually, to sell its bonds for that purpose. There is no assurance the Fund will be continued in future years. Delinquent personal property taxes are less than 1% of the County's total levy. Suit may be brought to collect personal property taxes or personal property may be seized and sold to satisfy the tax lien thereon.

<b>PROPERTY TAX COLLECTION HISTORY</b>					
<b>Year of Levy</b>	<b>Levy as of <sup>(1)</sup> December 1</b>	<b>Total Tax Collection to March 1 Year Following Levy</b>		<b>Collection to February 28, 2005</b>	
2000	\$ 76,506,563	\$70,112,951	91.64%	\$ 76,504,452	100.00%
2001	81,557,073	75,400,554	92.45%	81,544,993	99.99%
2002	86,714,980	80,408,545	92.73%	86,673,672	99.95%
2003	90,498,480	84,020,375	92.84%	90,115,726	99.58%
2004	94,868,201	88,336,598	93.12%	88,336,598	93.12%

(1) The County of Kent's fiscal year begins January 1. Taxes are due the previous December 1 and are recorded as delinquent the following March 1.

## REVENUES FROM THE STATE OF MICHIGAN

### Revenue Sharing

The State Revenue Sharing program distributes sales tax collected by the State of Michigan to City, Village, Township, and County governments as unrestricted revenues. The distribution of funds is authorized by the State Revenue Sharing Act, PA. 140 of 1971, as amended (MCL 141.901).

Funding for the State Revenue Sharing program consists of the following dedicated tax revenues:

- Constitutional - 15% of the 4% gross collections of the state sales tax
- Statutory - 21.3% of the 4% gross collections of the state sales tax

Under the State Revenue Sharing Act, Counties normally receive revenue generated by the State sales tax. Of the total amount of sales tax available for distribution to local governments, County's receive 25.06% of the 21.3% statutory distributions. Payments are apportioned among the 83 counties on a per capita basis, and are distributed each February, April, June, August, October, and December.

PA. 532 of 1998, amended Revenue Sharing Act in that only counties are annually reimbursed, with a portion of the sales tax, for business inventory personal property that has not been subject to local taxation since 1975. Payment is determined by multiplying the County' 1975 State Equalized Value of business inventory by its 1996 ad valorem tax rate on real and personal property.

The Revenue Sharing program, in regard to county distributions, was amended by Act 356 of the Public Acts of Michigan of 2004. This amendment had the affect of suspending revenue sharing payments to county government and substituting in its place transfers from a County established "Revenue Sharing Reserve Fund".

The Revenue Sharing Reserve Fund (RSRF) was created by amendment to the State General Property Tax Act. Under this amendment, the State of Michigan directed county governments to shift the levy of County operating property tax millages from the December tax billing to the July tax billing in one-third increments over a three year time period and fund the RSRF from increased cash flow generated by the tax billing shift. The planned transition of County operating millage levies and creation of reserve accounts is as follows:

Deposits			
General Fund			
Year	July Tax	December Tax	RSRF
2004	-	3/3	1/3
2005	1/3	2/3	1/3
2006	2/3	1/3	1/3
2007	3/3	-	-

- The creation of the RSRF will be restricted for the purpose of reducing the State's obligation for revenue sharing payments to county governments for a temporary period.
- The RSRF will be funded with a set aside of property tax collections equal to 100% of the December 2004 operating millage tax collections. One-third of this amount would be set aside for each of the December 2004 through 2006 inclusive tax collection cycles.
- Counties with a fiscal year end December 31, were allowed to withdraw from the RSRF the amount which would otherwise have been received as revenue sharing payments for October 2004, December 2004, and February 2005 as necessary to compensate for revenue sharing payments accrued to the prior year.
- On January 1, 2005, counties with a fiscal year ended December 31 were allowed to withdraw from the RSRF an amount equal to the total amount which would have otherwise been received as revenue sharing payments for April 2004 through February 2005, increased by the "inflation rate" as defined in section 34d of the General Property Tax Act, Act 204 of the Public Acts of Michigan of 1893, as amended (the "Inflation Rate"), and not affected by any Executive Orders issued after May 17, 2004.
- On January 1, 2006, and each year thereafter, counties with a fiscal year ending December 31, will be able to withdraw from the RSRF an amount equal to the total amount able to be withdrawn in the prior year, again increased by the Inflation Rate and not affected by any Executive Orders issued after May 17, 2004.
- The counties' statutory guarantee to receive revenue sharing payments from the State will remain in full force and effect, but the payments to an individual county will be credited by the amount the individual county is able to withdraw funds from the RSRF. At the time that the RSRF for an individual county is depleted, the State will immediately resume its obligation to make revenue sharing payments. The counties' statutory guarantee to receive revenue sharing payments will supersede the current sunset provision in the revenue sharing statute. The statutory language clearly indicates the intent of the State to continue revenue sharing payments to counties.

PROJECTED RESERVE ACCUMULATION AND DEPLETION SCHEDULE								
<b>County of Kent, Michigan</b> <b>Revenue Sharing Reserve Special Revenue Fund</b> <b>Projection of Revenues, Expenses, and Changes in Fund Balance (in thousands)</b>								
Category	Year Ended December 31,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:								
Property Tax Set-Aside	\$ 24,676	\$ 24,676	\$ 24,676	\$ -	\$ -	\$ -	\$ -	\$ -
Interest <sup>(1)</sup>	-	590	1,026	1,098	794	473	164	-
	<u>24,676</u>	<u>25,266</u>	<u>25,702</u>	<u>1,098</u>	<u>794</u>	<u>473</u>	<u>164</u>	<u>-</u>
Appropriations:								
Transfers to General Fund <sup>(2)</sup>	6,845	10,494	10,736	10,983	11,235	11,494	11,758	4,628
Excess (Deficient) Revenues	17,831	14,772	14,966	(9,885)	(10,441)	(11,021)	(11,594)	(4,628)
Fund Balance, Beg	-	17,831	32,603	47,569	37,684	27,243	16,222	4,628
Fund Balance, End	<u>\$17,831</u>	<u>\$32,603</u>	<u>\$47,569</u>	<u>\$37,684</u>	<u>\$27,243</u>	<u>\$16,222</u>	<u>\$4,628</u>	<u>\$-</u>

(1) Prior year ending Fund Balance, less current year transfer, plus one half current year property tax \* 3% new interest rate  
(2) Indexed at =2.3% per annum, the assumed Inflation Rate

Source: County of Kent

During Fiscal Year 2003, under the then existing Revenue Sharing distribution formula, the County received \$10,684,502 from the State. Based on the new distribution program the County General Fund recognized revenues/transfers of \$10,243,256 based on the combination of “old” revenue sharing distributions from the State of Michigan totaling \$3,397,853 and transfers from the December County tax levy of Revenue Sharing “in lieu” monies totaling \$6,845,403.

GENERAL FUND REVENUES FROM THE STATE OF MICHIGAN					
Category	2001	2002	2003	2004 <sup>(1)</sup>	2005 <sup>(2)</sup>
Revenue Sharing <sup>(3)</sup>	\$11,548,174	\$10,542,625	\$9,223,485	\$10,243,256	\$10,494,321
Court Equity Funding	3,538,623	3,433,106	2,601,669	3,324,746	3,333,338
Liquor Tax	1,150,968	1,331,843	2,584,383	2,850,000	2,580,000
Single Business Tax	1,514,007	1,514,007	1,461,017	-	-
Cigarette Tax	510,009	495,651	345,405	330,300	375,000
Grants and Other	1,602,110	1,941,416	1,446,823	1,543,938	1,531,546
Total	<u>\$19,863,891</u>	<u>\$19,258,648</u>	<u>\$17,662,782</u>	<u>\$18,292,240</u>	<u>\$18,314,205</u>

(1) Preliminary, subject to audit  
(2) As budgeted by the County  
(3) Including Interfund Transfers from the RSRF in FY 2004 and FY 2005.

Source: County of Kent

## DEBT POSITION

---

### Constitutional Debt Limitation

Article VII, Section 6 of the State Constitution states "No county shall incur any indebtedness which shall increase its total debt beyond 10% of its assessed valuation". The Notes are included within this debt limitation. Below is the legal debt margin as of as of March 31, 2005.

STATEMENT OF LEGAL DEBT MARGIN	
2004 State Equalized Value (SEV)	\$ 20,930,699,290
Legal Debt Limit (10% of SEV)	2,093,069,929
Debt Outstanding (including the Notes)	<u>409,193,492</u>
Margin of additional debt that can be legally incurred	<u>\$ 1,683,876,437</u>
Debt Outstanding as a percentage of 2004 SEV	<u>2.0%</u>

## Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of March 31, 2005, including the Notes. Bonds or notes designated L.T.G.O. are limited tax pledge bonds or notes.

Debt Type	Gross	Self-supporting or Portion Paid Directly By Benefited Municipalities	Net	Net Debt	
				Per Capita <sup>(1)</sup>	% of SEV
<b>Direct Debt</b>					
General Obligation Limited					
Tax Notes <sup>(2)</sup>	\$ 57,700,000	\$ 57,700,000	\$ -		
Refuse and Solid Waste Bonds					
(L.T.G.O.)	58,705,000	58,705,000	-		
Airport Bonds					
(L.T.G.O.)	36,460,000	36,460,000	-		
(Revenue)	50,615,000	50,615,000	-		
Water and Sewer Bonds					
(L.T.G.O.)	8,855,000	8,855,000	-		
Drain Bonds (L.T.G.O.)	15,493,472	15,493,472	-		
County/City Building					
Authority Bonds (L.T.G.O.) <sup>(3)</sup>	92,775,020	-	92,775,020		
County Building Authority					
(L.T.G.O.)	78,220,000	765,000	77,455,000		
CIP Bonds (L.T.G.O.)	10,370,000	-	10,370,000		
<b>Total Direct Debt</b>	<b>\$409,193,492</b>	<b>\$ 228,593,472</b>	<b>\$ 180,600,020</b>	<b>\$ 305.89</b>	<b>0.9%</b>
<b>Overlapping Debt<sup>(4)</sup></b>					
School Districts			1,210,641,410		
Cities			220,648,286		
Community Colleges			58,218,002		
Townships			30,941,492		
Villages			4,987,000		
Intermediate School Districts			25,882		
<b>Total Overlapping Debt</b>			<b>1,525,462,072</b>	<b>2,583.70</b>	<b>7.3%</b>
<b>Total Direct and Overlapping</b>			<b>\$1,706,062,092</b>	<b>\$2,889.59</b>	<b>8.2%</b>

(1) Based on 2003 estimated population of 590,417.

(2) Includes the 2005 Notes @ \$20,000,000. Preliminary, subject to change.

(3) Includes the appreciated value of capital appreciation bonds calculated to December 1, 2004.

(4) Overlapping debt is the portion of other public debt for which a County taxpayer is liable in addition to the Direct Debt of the County.

Source: Municipal Advisory Council

**DEBT POSITION**

<b>DEBT AMORTIZATION SCHEDULE REQUIREMENTS AT MARCH 31, 2005</b>													
Year	Tax Notes	Refuse Disposal Bonds	Airport Revenue LTGO Bonds	Water & Sewer LTGO Bonds	Drain Bonds	City/County			County			Cumulative Total	Percent Amortized
						Building Authority Bonds	Building Authority Bonds	Capital Improvement Bonds	Building Authority Bonds	Building Authority Bonds	Capital Improvement Bonds		
2005	\$ -	\$ 7,940,000	\$ -	\$ 1,160,000	\$ 1,097,995	\$ 2,510,000	\$ 2,085,000	\$ 500,000	\$ 15,292,995	\$ 15,292,995	\$ 15,292,995	3.7%	
2006	19,400,000	8,690,000	2,415,000	1,220,000	1,011,724	2,750,000	2,165,000	575,000	38,226,724	53,519,719	53,519,719	13.1%	
2007	18,300,000	9,385,000	2,515,000	1,265,000	1,023,753	3,020,000	2,275,000	590,000	38,373,753	91,893,472	91,893,472	22.5%	
2008	20,000,000	10,125,000	2,625,000	1,310,000	1,065,000	3,345,000	4,600,000	605,000	43,675,000	135,568,472	135,568,472	33.1%	
2009	-	10,900,000	2,740,000	490,000	1,105,000	3,690,000	4,760,000	620,000	24,305,000	159,873,472	159,873,472	39.1%	
2010	-	11,665,000	2,865,000	510,000	1,165,000	4,050,000	4,915,000	640,000	25,810,000	185,683,472	185,683,472	45.4%	
2011	-	-	3,000,000	530,000	1,215,000	4,455,000	2,630,000	665,000	12,495,000	198,178,472	198,178,472	48.4%	
2012	-	-	3,135,000	550,000	1,280,000	4,890,000	2,755,000	685,000	13,295,000	211,473,472	211,473,472	51.7%	
2013	-	-	3,280,000	580,000	1,350,000	5,350,000	2,900,000	365,000	13,825,000	225,298,472	225,298,472	55.1%	
2014	-	-	3,440,000	605,000	1,165,000	5,840,000	3,045,000	375,000	14,470,000	239,768,472	239,768,472	58.6%	
2015	-	-	3,595,000	635,000	1,235,000	3,747,415	3,200,000	390,000	12,802,415	252,570,887	252,570,887	61.7%	
2016	-	-	3,775,000	-	925,000	3,675,818	3,360,000	405,000	12,140,818	264,711,705	264,711,705	64.7%	
2017	-	-	3,955,000	-	980,000	3,605,059	3,485,000	420,000	12,445,059	277,156,764	277,156,764	67.7%	
2018	-	-	4,150,000	-	275,000	3,529,007	3,665,000	435,000	12,054,007	289,210,771	289,210,771	70.7%	
2019	-	-	4,350,000	-	290,000	3,471,601	3,850,000	455,000	12,416,601	301,627,372	301,627,372	73.7%	
2020	-	-	4,565,000	-	310,000	3,415,376	4,050,000	480,000	12,820,376	314,447,748	314,447,748	76.8%	
2021	-	-	4,790,000	-	-	3,360,352	4,255,000	500,000	12,905,352	327,353,100	327,353,100	80.0%	
2022	-	-	5,040,000	-	-	3,319,693	3,650,000	530,000	12,539,693	339,892,792	339,892,792	83.1%	
2023	-	-	5,285,000	-	-	3,279,084	3,840,000	555,000	12,959,084	352,851,876	352,851,876	86.2%	
2024	-	-	5,545,000	-	-	2,863,450	4,035,000	580,000	13,023,450	365,875,326	365,875,326	89.4%	
2025	-	-	5,825,000	-	-	2,807,594	4,240,000	-	12,872,594	378,747,920	378,747,920	92.6%	
2026	-	-	3,230,000	-	-	2,759,064	4,460,000	-	10,449,064	389,196,984	389,196,984	95.1%	
2027	-	-	3,395,000	-	-	2,705,790	-	-	6,100,790	395,297,774	395,297,774	96.6%	
2028	-	-	3,560,000	-	-	2,658,324	-	-	6,218,324	401,516,098	401,516,098	98.1%	
2029	-	-	-	-	-	2,604,317	-	-	2,604,317	404,120,415	404,120,415	98.8%	
2030	-	-	-	-	-	2,558,890	-	-	2,558,890	406,679,305	406,679,305	99.4%	
2031	-	-	-	-	-	2,514,187	-	-	2,514,187	409,193,492	409,193,492	100.0%	
<b>Total</b>	<b>\$57,700,000</b>	<b>\$58,705,000</b>	<b>\$87,075,000</b>	<b>\$ 8,855,000</b>	<b>\$15,493,472</b>	<b>\$92,775,020</b>	<b>\$78,220,000</b>	<b>\$10,370,000</b>	<b>\$409,193,492</b>	<b>\$409,193,492</b>	<b>\$409,193,492</b>		

## Debt History

There is no record of default on any obligation of the County.

## Short-Term Financing

The County does not issue short-term obligations for cash flow purposes. The County has in the years 1974 through 2004 issued short-term notes in order to establish the Delinquent Tax Revolving Fund. Notes issued in each of these years have been in a face amount which has been less than the actual real property tax delinquency. The primary security for these notes is the collection of the delinquent taxes pledged to the payment of principal of and interest on the notes issued. The County has pledged its full faith and credit and limited taxing power to the payment of the principal and interest on notes issued. The County may or may not issue notes to fund the Fund in future years. The amount of Notes issued in 2001 through 2005, including the Notes, and their outstanding balance as of March 31, 2005 are as follows:

OUTSTANDING NOTES			
Tax Year	Year Issued	Notes Issued	Amount Outstanding
2001	2002	\$20,500,000	\$ -
2002	2003	19,400,000	19,400,000
2003	2004	18,300,000	18,300,000
2004	2005	20,000,000	20,000,000 <sup>(1)</sup>

(1) The 2005 Notes preliminary amount.

Source: County of Kent

## Lease Obligations

As of December 31, 2003 the County had lease obligations outstanding in the amount of \$3,268,554 which are payable as follows:

December 31	Balance
2004	\$ 1,634,243
2005	781,135
2006	332,945
2007	216,412
2008	190,594
2009 and thereafter	113,225
Total	<u>\$ 3,268,554</u>

Source: County of Kent

### Future Financing

There are no planned additional financings during calendar year 2005.

### Vacation and Sick Leave Liabilities

As of December 31, 2003, the County had an unfunded vacation liability of \$3,028,695 and no unfunded sick leave liabilities.

### Retirement System

#### Plan Description

The Kent County Employees' Retirement Plan (Plan) is a single-employer, defined benefit pension plan which covers all employees of Kent County, except employees of the Road Commission and Parks Fund. The Plan was established and may be amended by the Kent County Board of Commissioners and is administered by the Kent County Employees' Retirement Plan Board. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2003, the date of the most recent actuarial valuation, membership consisted of 1,088 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 1,836 current active employees.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by contacting the Fiscal Services Department.

#### Summary of Significant Accounting Policies

##### *I. Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

##### *II. Method Used to Value Investments*

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded, on a national or international exchange, are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

##### *III. Funding Policy*

The contribution requirements of Plan members are established and may be amended through union agreements. After meeting eligibility requirements, active plan members are required to contribute to the Plan based on their bargaining unit or management group contribution rate. Member rates (2003) were either fixed at 6.5% of total salary or variable at the lesser of 6.5% or one-half of the annual amortized actuarial valuation. The variable rate was 3.545% for 2003. The

County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The employer normal cost for 2003 was 13.56% of covered payroll; however, due to over-funding the computed employer contribution rate was 2.94% of covered payroll.

#### IV. Concentrations

At December 31, 2002, the Plan had no investments whose fair value exceeded 5.0% of the net assets of the Plan.

#### V. Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2001 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a rate of return on investments of 7.0% per year, and (b) projected salary increases of 5% - 9% per year, including inflation of 5%, attributable to seniority or merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability was amortized as a level percentage of projected payroll on an open basis, with a remaining amortization period of 12 years.

THREE-YEAR TREND INFORMATION		
Year ended December 31,	Annual Pension Cost (APC)	Percentage of APC contributed
2001	\$ -	0%
2002	1,911,629	100%
2003	2,404,628	100%

The plan has had no net pension obligation.

SCHEDULE OF FUNDING PROGRESS (IN MILLIONS)						
Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial liability (AAL) entry age (b)	Unfunded AAL (b) - (a)	Funded ratio (a)/(b)	Active member covered payroll (c)	Funding excess as a percentage of active member covered payroll ((b-a)/c)
December 31, 2001	\$ 454.0	\$ 348.5	\$ (105.5)	130.3%	\$ 74.2	(142.2%)
December 31, 2002 <sup>(1)</sup>	\$ 459.7	\$ 387.3	\$ (72.4)	118.7%	\$ 78.3	(92.4%)
December 31, 2003 <sup>(2)</sup>	\$ 456.9	\$ 416.8	\$ (40.1)	109.6%	\$ 81.9	(49.0%)

(1) Retirement Plan amended.  
 (2) After transfer of Kent County CMH Authority active members.

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	December 31, 2003
Actuarial Cost Method:	Individual entry age
Amortization Method:	Level percent, open over 12 years
Asset Valuation Method:	Four-year smoothed market
Actuarial Assumptions:	
Investment rate of return <sup>(1)</sup>	7.0%
Projected salary increases <sup>(1)</sup>	5.0% - 9.0%
(1) Includes inflation of 5.0%	

## CASH MANAGEMENT

### Cash Activity Summary and Analysis

	December 31,	
	2003	2004
<b>Cash Equity</b>		
Cash balance - January 1	\$ 361,437,941	\$ 334,378,301
Receipts	892,830,140	800,831,527
Less: Disbursements	919,889,780	811,578,653
<b>Cash balance - December 31</b>	<b>\$ 334,378,301</b>	<b>\$ 323,631,175</b>
	December 31,	
	2003	2004
<b>Analysis of Cash Balances</b>		
Pooled investments	\$ 331,098,091	\$ 322,918,087
Accrued interest on pooled investments	1,675,177	3,043,580
Demand deposits <sup>(1)</sup>	5,504,558	526,193
Imprest cash	85,240	87,100
Less: Outstanding disbursement checks	3,984,765	2,943,785
<b>Cash balance - December 31</b>	<b>\$ 334,378,301</b>	<b>\$ 323,631,175</b>

(1) Includes unreconciled system checks.

Cash Balances and Net Change in Balances

Fund	2003	2004
101 County General	\$ 80,777,477	\$ 71,882,402
201 County Roads	20,900,870	11,505,862
208 County Parks	380,613	(498,486)
215 Friend of the Court	(707,704)	(1,154,665)
221 Public Health	(1,602,586)	(1,313,618)
229 Hotel/Motel Tax (229)	4,055,495	2,984,294
245 Public Improvement	18,519,737	18,858,197
250 Correction and Detention Facility	7,271,327	5,707,131
251 Senior Millage	1,736,056	1,219,526
292 Child Care	713,915	937,647
296 Special Projects	1,663,730	(1,156,079)
513 DPW Administration	2,404,882	2,402,132
514 DPW Operation and Maintenance	1,109,844	1,187,632
517 DPW Solid Waste	17,868,066	19,584,979
581 Airport	23,533,418	22,789,928
597 DPW Waste-to-Energy	13,236,307	13,237,193
616 100% Tax Payment Fund	60,893,696	59,494,451
677 Risk Management	5,731,102	6,628,338
701 Trust and Agency	67,845,900	75,188,619
721 Library Penal Fines	664,954	554,786
800 Drains and Lake Level	3,391,792	3,300,356
Various Other Funds	3,989,410	10,290,551
<b>Total</b>	<b>\$ 334,378,301</b>	<b>\$ 323,631,176</b>

Pooled Investment Fund<sup>(1)</sup>

December 31, 2004

Investments By Type	Par Value	Book Value	Percent
Certificates of Deposit	\$ 228,223,151	\$ 228,223,151	70.7%
U.S. Treasury Strips	29,005,000	25,923,680	8.0%
Federal Farm Credit Bank	1,000,000	1,018,400	0.3%
Federal Home Loan Banks	21,000,000	21,793,287	6.7%
Federal National Mortgage Assoc	9,000,000	9,448,470	2.9%
Federal Home Loan Mortgage Cor	9,000,000	9,039,650	2.8%
Passbook & Money Market	27,471,448	27,471,448	8.5%
<b>Total</b>	<b>\$ 324,699,600</b>	<b>\$ 322,918,087</b>	<b>100.0%</b>

December 31, 2004

Investment Yield	Book Value	Percent
1.00% to 1.50%	\$ 13,677,441	4.2%
1.50% to 2.00%	90,208,942	27.9%
2.00% to 2.50%	119,021,187	36.9%
2.50% to 3.00%	54,026,855	16.7%
3.00% to 3.50%	38,115,040	11.8%
3.50% to 4.00%	7,868,623	2.4%
<b>Total</b>	<b>\$ 322,918,087</b>	<b>100.0%</b>

December 31, 2004

Investment Maturity	Date Range	Book Value	Percent
2 to 3 Months	01/04/05 - 03/29/05	\$ 90,650,001	28.1%
3 to 6 Months	04/04/05 - 06/28/05	68,885,587	21.3%
6 to 12 Months	07/01/05 - 12/27/05	107,224,989	33.2%
12 to 24 Months	02/15/06 - 11/15/06	25,888,798	8.0%
24 to 36 Months	02/15/07 - 12/12/07	18,440,788	5.7%
36 to 48 Months	01/15/08 - 11/15/08	8,946,600	2.8%
48 to 60 Months	05/21/09 - 11/15/09	2,881,323	0.9%
<b>Total</b>		<b>\$ 322,918,087</b>	<b>100.0%</b>

(1) Investment Pool has an open-ended maturity date.

## Pooled Investments Earnings Performance

December 31,

Month	2003			2004		
	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield
Jan	\$365,268,579	\$ 699,988	2.225	\$339,200,533	\$ 467,983	1.602
Feb	390,457,539	624,144	2.055	358,960,787	426,860	1.476
Mar	416,897,697	680,689	1.896	377,202,181	524,452	1.615
Apr	409,113,781	637,389	1.870	386,204,521	499,145	1.551
May	409,907,558	613,067	1.737	391,358,263	542,052	1.608
Jun	382,893,319	522,184	1.637	372,418,642	533,276	1.718
Jul	368,388,865	504,743	1.591	363,673,479	564,421	1.802
Aug	372,272,216	472,962	1.475	360,459,751	578,797	1.865
Sep	386,359,560	460,513	1.430	385,441,033	624,096	1.943
Oct	371,300,973	473,969	1.482	373,562,148	657,782	2.045
Nov	342,664,594	438,525	1.536	332,878,052	589,107	2.124
Dec	327,386,109	449,363	1.594	327,079,852	632,380	2.245
<b>Annual</b>	<b>\$378,575,899</b>	<b>\$ 6,577,534</b>	<b>1.737</b>	<b>\$364,036,603</b>	<b>\$ 6,640,351</b>	<b>1.824</b>

## Pooled Investments - Local Government Units

Local Government Units	December 31,			
	2003		2004	
	Invested Balance	Interest Earned	Invested Balance	Interest Earned
<b>Townships:</b>				
Ada	\$ 652,786	\$ 14,482	\$ 690,726	\$ 16,748
Algoma	222,099	7,196	320,431	6,818
Alpine	516,479	8,582	525,915	9,437
Byron	5,720,128	81,102	7,681,999	137,925
Caledonia	887,970	16,909	1,005,406	17,437
Cannon	2,792,531	58,743	2,600,731	56,800
Cascade	5,337,277	108,885	5,239,718	116,777
Courtland	1,797,857	29,622	1,609,263	34,288
Gaines	3,628,973	60,302	3,910,985	69,589
Grand Rapids	1,441,418	31,248	646,358	26,988
Grattan	31,863	444	32,445	582
Lowell	113,194	1,881	115,262	2,068
Nelson	425,287	7,612	514,038	8,751
Oakfield	414,044	6,827	423,222	7,578
Plainfield	9,268,897	154,009	6,399,492	130,595
Sparta	182,551	3,033	185,886	3,335
Tyrone	325,907	5,991	287,308	6,172
Vergennes	290,338	4,824	194,866	4,528
<b>Townships Subtotal</b>	<b>\$ 34,049,596</b>	<b>\$ 601,692</b>	<b>\$ 32,384,050</b>	<b>\$ 656,416</b>
<b>Cities:</b>				
East Grand Rapids	\$ 1,769,663	\$ 33,643	\$ 1,801,997	\$ 32,334
Grandville	1,189,189	34,253	1,210,917	21,728
Lowell	1,445,162	24,012	1,168,131	22,969
Wyoming (Debt Funds Only)	42,551	707	43,329	777
Caledonia (Village)	619,320	10,290	630,636	11,316
<b>Cities Subtotal</b>	<b>\$ 5,065,884</b>	<b>\$ 102,906</b>	<b>\$ 4,855,009</b>	<b>\$ 89,124</b>
<b>Other Local Authorities:</b>				
Community Mental Health	\$ 14,225,149	\$ 200,157	\$ 14,791,804	\$ 282,443
Convention & Arena Authority	-	-	16,023,671	23,671
Interurban Partnership	330,926	16,036	1,372,894	15,894
Kent District Library	2,057,959	80,538	2,405,952	97,992
<b>Other Local Authorities Subtotal</b>	<b>\$ 16,614,034</b>	<b>\$ 296,731</b>	<b>\$ 34,594,321</b>	<b>\$ 420,000</b>
<b>Total Local Government Units</b>	<b>\$ 55,729,515</b>	<b>\$ 1,001,328</b>	<b>\$ 71,833,380</b>	<b>\$ 1,165,540</b>

## Summary of Investments

December 31, 2004

Broker Name (No.)	Par	Book Value				Total
		U.S. Treasury Strips	Passbook Accounts	Govt Agency Discounts	Certificates of Deposit	
<b>U.S. Treasury Strips</b>						
AG Edwards & Sons, Inc (63)	\$ 6,900,000	\$ 5,968,551	\$ -	-	\$ -	\$ 5,968,551
Fifth Third (1)	12,000,000	-	-	12,025,181	-	12,025,181
National City Bank (21)	11,000,000	9,928,260	-	-	-	9,928,260
UBS Paine Webber (42)	12,105,000	5,707,502	-	6,315,876	-	12,023,378
Smith Barney (41)	27,000,000	4,319,367	-	22,958,750	-	27,278,117
<b>U.S. Treasury Strips Subtotal</b>	<b>\$ 69,005,000</b>	<b>\$ 25,923,680</b>	<b>\$ -</b>	<b>\$ 41,299,807</b>	<b>\$ -</b>	<b>\$ 67,223,488</b>
<b>Certificates of Deposit (CD)</b>						
Ambassador Funds	\$ 1,006,008	\$ -	\$ 1,006,008	\$ -	\$ -	\$ 1,006,008
American Freedom Funds	2,028,338	-	2,028,338	-	-	2,028,338
Bank One Money Market	348,325	-	348,325	-	-	348,325
Fifth Third Max Saver	10,491,671	-	10,491,671	-	-	10,491,671
Huntington Bank MM	12,554,183	-	12,554,183	-	-	12,554,183
MBIA Class Investment Pool	1,042,923	-	1,042,923	-	-	1,042,923
Bank of Holland	2,000,000	-	-	-	2,000,000	2,000,000
Byron Center State Bank	4,990,037	-	-	-	4,990,037	4,990,037
Chemical Bank West	9,470,553	-	-	-	9,470,553	9,470,553
Choice One Bank (53)	2,048,766	-	-	-	2,048,766	2,048,766
Citizens Bank	6,361,633	-	-	-	6,361,633	6,361,633
Comerica	11,000,000	-	-	-	11,000,000	11,000,000
Fifth Third Bank	8,859,841	-	-	-	8,859,841	8,859,841
Flagstar Bank	42,448,100	-	-	-	42,448,100	42,448,100
Founders Trust	2,664,163	-	-	-	2,664,163	2,664,163
Huntington Banks (11)	30,522,162	-	-	-	30,522,162	30,522,162
Irwin Union Bank	33,629,928	-	-	-	33,629,928	33,629,928
Kent Commerce Bank (60)	5,740,120	-	-	-	5,740,120	5,740,120
Macatawa Bank	12,694,310	-	-	-	12,694,310	12,694,310
Mercantile Bank of W MI (58)	11,777,250	-	-	-	11,777,250	11,777,250
National City Bank	2,032,984	-	-	-	2,032,984	2,032,984
Republic Bank (56)	31,404,495	-	-	-	31,404,495	31,404,495
Select Bank (54)	739,883	-	-	-	739,883	739,883
Standard Federal Bank (24)	7,271,580	-	-	-	7,271,580	7,271,580
United Bank of Michigan (59)	2,567,346	-	-	-	2,567,346	2,567,346
<b>CD Subtotal</b>	<b>\$ 255,694,600</b>	<b>\$ -</b>	<b>\$ 27,471,448</b>	<b>\$ -</b>	<b>\$ 228,223,151</b>	<b>\$ 255,694,600</b>
<b>Total</b>	<b>\$ 324,699,600</b>	<b>\$ 25,923,680</b>	<b>\$ 27,471,448</b>	<b>\$ 41,299,807</b>	<b>\$ 228,223,151</b>	<b>\$ 322,918,087</b>

## LABOR CONTRACTS

Of the County's 1,860 employees, 82.6% are represented by labor organizations. The following table illustrates the various labor organizations that represent County employees, the number of members and non-members and the expiration dates of the present contracts.

<u>Bargaining Unit</u>	<u>Number of Employees March 1, 2005<sup>(1)</sup></u>	<u>Contract Expiration Date</u>
United Auto Workers - General Members	611	12/31/2004 <sup>(2)</sup>
United Auto Workers - Court Members	343	12/31/2004 <sup>(2)</sup>
Kent County Deputy Sheriff's Association	241	12/31/2004 <sup>(2)</sup>
Kent County Law Enforcement Association - Police Officers Association of Michigan	178	12/31/2005
International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America - Park Employees	17	12/31/2005
International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America - Public Health Nurses	79	12/31/2005
Prosecuting Attorneys	34	12/31/2004 <sup>(2)</sup>
Police Officers Labor Council - Lieutenants/Captains	20	12/31/2004 <sup>(2)</sup>
Police Officers Labor Council - Court Reporters	7	12/31/2005
Attorney Referees	7	12/31/2004 <sup>(2)</sup>
Management Pay Plan (non-union)	<u>323</u>	NA
<b>Total</b>	<b><u>1,860</u></b>	

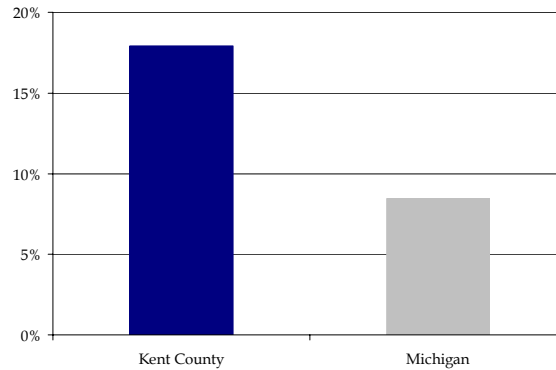
(1) Does not include sheriffs cadets, courthouse part-time security, seasonal employees or 37 elected and appointed officials of the County.  
(2) In negotiations

The County considers its relations with its employees to be excellent. There are no labor problems at the present time and it anticipates no strikes or work stoppages.

## POPULATION

### Population Growth: 1990-2003

Kent County grew 17.9 percent from 1990 to 2003 to a population of 590,417. The growth for the State of Michigan over the same period was 8.4 percent. According to the US Census Bureau, Kent County's population will



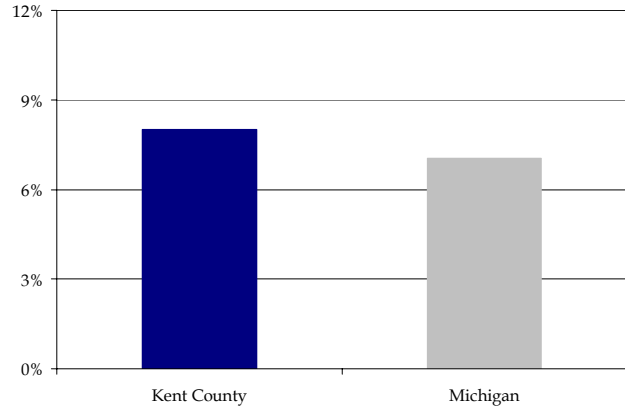
POPULATION GROWTH: 1990-2001							
Region	1980	1990	2000	2001 <sup>(1)</sup>	2002 <sup>(1)</sup>	2003 <sup>(1)</sup>	Change 1990-2003
Kent County	444,506	500,631	574,335	582,487	587,951	590,417	17.9%
Michigan	9,262,044	9,295,277	9,938,444	10,006,266	10,050,446	10,079,985	8.4%

(1) Estimate.

Source: US Census Bureau, Michigan Department of Management and Budget

**Per Capita Income Growth: 1990-2002**

Kent County's Per Capita Income grew 56.0 percent from 1990 to 2002 to \$30,068. The growth for the State of Michigan over the same period was 58.9 percent to \$30,072.



PER CAPITA INCOME GROWTH						
Region	1990	1999	2000	2001	2002	Change 1999-2002 <sup>(1)</sup>
Kent County	\$ 19,278	\$ 27,837	\$ 29,395	\$ 29,678	\$ 30,068	8.0%
Michigan	18,922	28,095	29,553	29,913	30,072	7.0%

(1) Total three year increase.

Source: Bureau of Economic Analysis

## ECONOMIC PROFILE

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### **Commercial/Industrial Base**

The Grand Rapids metropolitan area, of which the County is the hub, is one of the fastest growing regions of the United States. Numerous expansions, renovations, constructions, modernizations and developments have either been completed, are in the process of being completed or are in the planning stages. Among the factors which has 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.

Within the County, the State Equalized Value (SEV) for commercial property increased in value from \$2.63 billion (tax year 1999) to \$3.71 billion (tax year 2004), for an average annual increase of 8.3%. Industrial property SEV increased in value from \$1.28 billion (tax year 1999) to \$1.76 billion (tax year 2004), for an average annual increase of 7.5%.

### **Convention Facilities**

In March 2000, the City of Grand Rapids, State of Michigan, and the County jointly created the Grand Rapids, Kent County Convention/Arena Authority. The function of this independent authority is to own and operate Devos Place Convention Center and the VanAndel Arena. The Devos Place Convention Center renovation and expansion is now completed, with the third phase grand opening of the Steeplecase Ballroom held in February, 2005. This new facility will encompass one million square feet of total gross floor area including the recently opened 40,000 square foot ballroom. The project was completed at a total cost of \$212 million. The completion of this project has enabled several large conventions to take place, with a significant number of bookings made for local, state, regional, and national conferences that extend to 2010. Funding for the project is coming from the State, Grand Rapids Downtown Development Authority, County Hotel/Motel Tax Revenues, the Federal Government, and the private sector. The Convention Center will serve as an additional catalyst for not only an increase in convention center business, but also increased retail growth in the area.

### **Regional Government Coordination**

The Grand Valley Metropolitan Council was formed in 1990 and has a membership of 32 local governments including the County. Created by state enabling legislation, the Metro Council is coordinating the efforts of its members to provide services while eliminating duplication. It is also engaged in issues which have no boundaries such as clean air, water and sewers and transportation.

The Metro Council also is working with its area legislators to develop a regional presence at the State capital. Its legislative committee has broad community participation, which include the Chamber of Commerce, Kent Intermediate School District and environmental interests. The Metro Council's Water and Sewer Committee has members from Ottawa and Kent Counties, the private

and environmental sectors and water and sewer providers. The Metro Council routinely works with a range of partners to accomplish its mission. Key partnerships are with Grand Valley State University’s Office for Economic Expansion and Water Resources Institute, the Michigan Municipal League, and the Michigan Departments of Transportation, Environmental Quality and Commerce.

**Transportation**

The County is well serviced by all forms of transportation. Interstate highways 96 and 196 and US 131 all traverse the County and connect to the national highway system. There are three airfields in the County. The Gerald R. Ford International Airport, a major commercial airport, is located 13 miles southeast of Grand Rapids. Smaller non-commercial airfields are located north of Grand Rapids near the City of Sparta and east of Grand Rapids near the City of Lowell.

The Interurban Transit Partnership (ITP) provides public transportation service to residents of Grand Rapids and its near suburbs. Greyhound Bus Lines and Indian Trails provide coach service to residents of the County.

Amtrak provides rail passenger service between Chicago and the County. The Norfolk and Southern, CSX, Grand Rapids Eastern, and Mid-Michigan Railroad provide freight service to the many industries in the County.

**Medical Services**

The residents of the County are served by a number of hospitals. The public and non-profit hospitals in the County, with the approximate number of beds are shown below.

<b>Hospital</b>	<b>Beds</b>
Spectrum Health	1,396 <sup>(2)</sup>
St. Mary's Medical Center	324 <sup>(2)</sup>
Pine Rest Christian Mental Health Services	106 <sup>(1)</sup>
Metropolitan Hospital	238 <sup>(2)</sup>
Mary Free Bed Hospital and Rehabilitation Center	80 <sup>(1)</sup>
	<u>2,144</u>

Source: (1) Michigan Hospital Association 1999 Membership Directory  
 (2) Metropolitan Health Corp - 2005 Financial Feasibility Study

In 2000, the Van Andel Institute (VAI) opened, with the mission “. . . to become one of the world’s pre-eminent private medical researches institutions within the next decade.” The Van Andel Institute has three component parts: the Van Andel Research Institute (VARI), the Van Andel Education Institute (VAEI), and the Van Andel Institute (VAI). The VARI is an independent medical research organization dedicated to preserving, enhancing, and expanding the frontiers of medical science. The VAEI is an independent education institute whose mission is to conduct the Van Andel Educational Technology School, and to achieve excellence by embracing and strengthening the fundamental issues of education. The VAI supports the other two organizations. In July 1999, Governor John Engler signed legislation in support of investing \$50 million a year over the next 20 years to fund a Life Sciences Corridor—a joint venture between the State, several Michigan Universities, and the Van Andel Research Institute. The research being conducted at the facility is expected to serve as a growth pole, anchoring and propelling growth of a newly developing bio-

science industry cluster. This will draw outside business and related sectors into the region to take advantage of economic opportunities created by the Institute.

**Utilities**

In the County, electricity is furnished by Consumers Energy, telephone service by SBC and gas by DTE Energy. Local municipalities provide water and sewer facilities. Solid waste from six major contracting cities (Grand Rapids, Kentwood, Walker, Wyoming, Grandville and East Grand Rapids) is hauled to an incinerator located in Grand Rapids operated by the County’s Department of Public Works where the trash is burned. Non-contracting communities send their solid waste to landfills.

**Banking Services**

Banking facilities in the County are provided by the following banking institutions and their branches: Chemical Bank West, Byron Center State Bank, Comerica Bank - Grand Rapids, Macatawa Bank, National City Bank, Huntington National Bank, Mercantile Bank, Standard Federal Bank, Kent Commerce Bank, Bank One-West Michigan, Fifth Third Bank-Michigan, State Bank of Caledonia, Flagstar Bank, Northern Trust, Northpointe Bank, Founders Trust Personal Bank, Irwin Union Bank, Select Bank, United Bank, Crestmark Bank, Provident Bank and Republic Bank.

**Education**

Twenty-six school districts and five intermediate school districts are located, in whole or in part, in the County. There are numerous non-public schools serving diversified religious denominations and 17 charter schools in the County. Aquinas College, Calvin College, Cornerstone University, Grand Valley State University, Grand Rapids Baptist College, Ferris State University, Davenport University, Kendall College of Art and Design of Ferris State University, the University of Phoenix and Western Michigan University have campuses located within the County. The main campuses of Grand Valley State University, Western Michigan University and Michigan State University are located within commuting distance of the County.

<b>GENERAL HOUSING CHARACTERISTICS</b>	
<b>Category</b>	<b>Number of Units</b>
Owner Occupied	149,679
Renter Occupied	63,211
Occupied Housing Units	212,890
Vacant Housing Units	11,110 <sup>(1)</sup>
Total Housing Units	<u>224,000</u>

(1) Includes seasonal, recreational or occasional use housing units.

## Largest Employers

The following table reflects the diversity of the twenty largest employers in the greater Grand Rapids area by the products manufactured or services performed and the approximate number of employees.

<b>Company</b>	<b>Product or Service</b>	<b>Approximate Number of Employees</b>
Spectrum Health	Hospital	13,200
Meijer, Inc.	Retailer	9,027
Steelcase, Inc.	Office Equipment & Furniture	5,000
Herman Miller Inc.	Office Systems	5,000
Johnson Controls	Automotive Interiors	4,800
Haworth Inc.	Office Systems	4,200
Alticor, Inc. (formerly Amway Corp.)	Home Care, Nutritional Houseware Products	4,000
Grand Rapids Public Schools	Education	4,000
Magna Donnelly Mirror	Automotive Accessories	3,500
Wolverine Worldwide Inc.	Footwear/Leather Products	3,013
City of Grand Rapids	Government	2,980
Howmet Castings - ALCOA	Automotive Stampings	2,600
Meridian Automotive	Metal Stampings	2,590
St. Mary's Health Care	Hospital	2,500
General Motors Corporation	Automotive	2,500
Grand Valley State University	Education	2,492
Perrigo Company	Pharmaceuticals	2,400
McDonald's Corp.	Food	2,092
Metropolitan Hospital	Hospital	2,066
D & W Food Centers	Food Wholesaler/Retailer	2,000

Source: The Right Place Inc-December 2004

Largest Taxpayers

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2004 Taxable<sup>(1)</sup> Value</u>	<u>% of 2004 Taxable<sup>(1)</sup> Value</u>
Steelcase, Inc.	Office Equipment & Furniture	\$ 242,707,850	1.3%
Alticor, Inc. (formerly Amway Corp.)	Home Care, Nutritional & Houseware Products	165,299,804	0.9%
Consumers Energy	Utility	150,703,017	0.8%
General Motors	Automotive	106,733,186	0.6%
Meijer/Goodwill/Seedling	Retailing	89,254,661	0.5%
DTE Energy	Utility	63,553,345	0.3%
Fifth Third Bank	Banking	40,133,682	0.2%
Woodland Shopping Center	Retail Shopping Center	36,336,193	0.2%
Delphi	Automotive	35,410,500	0.2%
General Growth Properties	Development	32,696,433	0.2%
<b>Total</b>		<u><u>\$ 962,828,671</u></u>	<u><u>5.2%</u></u>

(1) Taxable Value used for calculation purposes totals \$18,595,422,046, which includes valuation on ad valorem and Industrial Facility Tax Rolls.

Source: County of Kent

Retail Sales

The following table reflects the retail sales for residents of the County of Kent, the State of Michigan and the United States as reported in the 2004 survey conducted by Sales and Marketing Management Magazine. Dollar amounts are in thousands.

<u>Category</u>	<u>County of Kent</u>		<u>State of Michigan</u>	
	<u>Retail Sales</u>	<u>% of Total</u>	<u>Retail Sales</u>	<u>% of Total</u>
Food & Beverage	\$ 609,085	7.3%	\$ 15,785,275	11.6%
Restaurants	690,286	8.2%	12,382,440	9.1%
General Merchandise	1,445,496	17.2%	21,820,350	16.1%
Furniture/Appliances	610,339	7.3%	6,284,309	4.6%
Automotive	2,312,294	27.5%	33,549,992	24.7%
Other	2,732,987	32.5%	45,804,101	33.8%
<b>Total</b>	<u><u>\$8,400,487</u></u>	<u><u>100.0%</u></u>	<u><u>\$135,626,467</u></u>	<u><u>100.0%</u></u>

Source: Survey of Buying Power - Sales and Marketing Management Magazine

## Estimated Effective Household Buying Income

The following table reflects the estimated effective household buying ("E.H.B.I.") income of the County of Kent, the State of Michigan and the United States as reported in the 2004 survey conducted by Sales and Marketing Management Magazine.

<b>E.H.B.I. Range</b>	<b>County of Kent<sup>(1)</sup></b>	<b>State of Michigan<sup>(1)</sup></b>
Under \$19,999	18.7%	21.3%
\$20,000 - \$34,999	24.0%	23.4%
\$35,000 - \$49,999	20.6%	18.8%
\$50,000 and Over	36.7%	36.5%
Median E.H.B.I.	\$39,801	\$38,761
Average E.H.B.I.	\$49,670	\$49,222

(1) Percentages of households in each range.

Source: Survey of Buying Power Sales and Marketing Management (2004)

## Employment Rates

Reflected below are the unadjusted yearly average employment data for the calendar years 2000 through 2004 and the monthly unadjusted data for December 2003 and 2004 for the County and the State.

<b>Category</b>	<b>County of Kent</b>						
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Dec 2003</b>	<b>Dec 2004</b>
Employed	325,325	319,700	306,850	303,325	309,725	304,825	309,875
Unemployed	10,275	16,600	20,600	25,875	21,575	24,225	20,475
Labor Force	335,600	336,300	327,450	329,200	331,300	329,050	330,350
Unemployed as % of Labor Force	3.1%	4.9%	6.3%	7.9%	6.5%	7.4%	6.2%
<b>Category</b>	<b>State of Michigan<sup>(1)</sup></b>						
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Dec 2003</b>	<b>Dec 2004</b>
Employed	4,987	4,886	4,691	4,674	4,720	4,669	4,690
Unemployed	183	271	310	368	342	358	349
Labor Force	5,170	5,157	5,001	5,042	5,062	5,027	5,039
Unemployed as % of Labor Force	3.5%	5.3%	6.2%	7.3%	6.8%	7.1%	6.9%

(1) Numbers may not compute due to rounding. State numbers in thousands.

Source: Michigan Department of Career Development/Employment Service Agency, Labor Market Analysis Section

### Labor Force Distribution - By Industry

The following table provides a comparative analysis of the Grand Rapids - Muskegon - Holland MSA workforce distribution based on average employment in calendar years 2002-2004.

Examination of the statistics will disclose a significant decline in manufacturing jobs over the course of the last two years. Kent County has previously recognized the over concentration of employment in manufacturing industry jobs. More recently, the area has begun to experience significant employment increases in the educational and health services industry. Kent County, in particular, will be especially benefited by employment increases in this industry.

Several projects which 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 Hospital - This complex of facilities in Kent County includes a major urban campus in downtown Grand Rapids. This hospital recently completed (11/2004) an \$86 million, nine story Heart Facility Center on the downtown campus. The master plan calls for beginning construction of a new 45,000 square foot cancer treatment center within the next several years.
- Metropolitan Hospital - The hospital plans to construct a totally new \$150 million facility in southwest Kent County, with occupancy scheduled for Fall, 2007.
- Grand Valley State University Downtown Campus - Grand Valley maintains a graduate school campus in downtown Grand Rapids. The school continues to acquire property surrounding the site with plans to grow the campus over the next several years.
- Cooley Law School - This law school, now headquartered in Lansing, Michigan, opened a temporary satellite facility in downtown Grand Rapids in the fall of 2004. The permanent facility, now under construction, will occupy 75,000 square feet of a renovated office building and include construction of an eighty space parking ramp at a total project budget of \$9 million. The school is anticipated to add one hundred positions to the local workforce.
- DeVos Place Convention Center - A joint venture of the County, City and State, the Grand Rapids-Kent County Convention Arena Authority recently completed construction of a major addition to the convention facilities available in Kent County. The main exhibit hall was opened in November, 2003. This exhibition hall provides 160,000 square feet of "Class A" exhibition hall space. In February, 2005 the Authority completed the convention center expansion with the opening of a 40,000 square foot ballroom. The entire facility will encompass 1 million square feet on a 13-acre riverfront site. It is expected that this \$212 million joint venture capital project will create a significant economic spin off in the community bolstering hotel, restaurants and retail business trades.
- Michigan State University Medical School - the University recently announced the possibility of relocating MSU's College of Medicine to a site in Kent County near the VanAndel Institute and Spectrum Hospital.

## LABOR FORCE BY INDUSTRY

**Grand Rapids, Muskegon, Holland MSA**  
**Calendar Year Average Employment**

<b>Industry</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>One-Year Change</b>
Manufacturing				
Durable Goods	100,100	93,500	92,400	(1,100)
Nondurable Goods	37,400	35,500	34,600	(900)
Trade, Transportation & Utilities				
Retail Trade	67,100	65,100	63,700	(1,400)
Wholesale Trade	29,600	29,600	29,700	100
Warehousing & Utilities	14,100	14,100	14,500	400
Educational & Health Services				
Health Care & Social Assistance	53,900	54,800	56,300	1,500
Educational Services	15,600	17,400	19,800	2,400
Government				
Federal, State, Local	27,900	26,900	27,000	100
Education	30,200	31,200	30,700	(500)
Professional & Business Services	66,100	62,800	64,400	1,600
Leisure & Hospitality	46,800	47,200	47,800	600
Construction	27,900	26,900	26,500	(400)
Other Services	23,600	23,400	22,300	(1,100)
Financial Activities	24,300	24,000	23,200	(800)
Information	8,600	8,100	8,000	(100)
Natural Resources & Mining	500	500	500	-
<b>Total Nonfarm Employment</b>	<b>573,700</b>	<b>561,000</b>	<b>561,400</b>	<b>400</b>

Sources: U.S. Department of Labor, Bureau of Labor Statistics

## FINANCIAL POSITION - GENERAL FUND

### Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,			
	2003 Actual	2004 Budget	2004 Actual <sup>(1)</sup>	2005 Budget
<b>Revenues:</b>				
Taxes	\$ 69,369,007	\$ 69,289,770	\$ 68,839,950	\$ 72,118,005
Intergovernmental	20,842,550	15,635,847	14,407,975	11,190,539
Charges for Services	19,002,702	18,022,786	16,955,601	18,533,918
Investment Earnings	1,783,016	3,550,000	2,282,104	2,550,000
Contributions/Reimbursements	7,488,811	9,007,571	8,614,175	8,481,001
Transfers In	14,208,113	25,155,580	28,040,975	26,244,321
Other	2,881,732	3,450,298	3,038,317	3,372,331
<b>Total Revenues</b>	<b>135,575,931</b>	<b>144,111,852</b>	<b>142,179,097</b>	<b>142,490,115</b>
<b>Expenditures:</b>				
Sheriff	47,061,972	50,804,845	48,499,122	52,659,324
Circuit Court	14,778,917	15,706,103	15,484,863	15,928,781
Facilities Management	11,917,884	12,558,766	12,050,682	13,374,911
Information Technology	6,472,918	7,082,353	5,395,130	5,902,393
Prosecuting Attorney	4,751,932	5,258,077	4,920,781	5,254,518
John Ball Zoo	3,469,049	3,827,060	3,442,529	3,724,962
District Court	2,254,811	2,623,291	2,340,825	2,622,461
Other	19,232,776	22,755,959	21,151,796	21,255,511
Transfers Out - Child Care	13,992,655	18,300,546	18,300,546	15,263,438
Transfers Out - Health	7,584,683	9,988,201	9,309,503	9,460,639
Transfers Out - Other	5,673,619	6,547,442	5,907,939	7,093,661
Appropriation Lapse	-	(3,059,329)	-	(4,573,100)
<b>Total Expenditures</b>	<b>137,191,216</b>	<b>152,393,314</b>	<b>146,803,716</b>	<b>147,967,499</b>
<b>Revenue over (under) Expenses</b>	<b>(1,615,285)</b>	<b>(8,281,462)</b>	<b>(4,624,619)</b>	<b>(5,477,384)</b>
Capital Transfers	(11,047,001)	(3,336,433)	(3,336,433)	-
<b>Fund Balance, Beginning of Year</b>	<b>98,178,065</b>	<b>85,515,779</b>	<b>85,515,779</b>	<b>77,554,727</b>
<b>Fund Balance, End of Year</b>	<b>\$ 85,515,779</b>	<b>\$ 73,897,884</b>	<b>\$ 77,554,727</b>	<b>\$ 72,077,343</b>

(1) Pending adjustments to audit

Components of Fund Balance

	December 31,		
	2003 Actual	2004 <sup>(1)</sup> Actual	2005 <sup>(2)</sup> Budget
<b>Reserved Fund Balance</b>			
Encumbrances	\$ 52,764	\$ 22,715	\$ 22,715
Advance to Aeronautics Fund	9,775,000	7,719,875	6,830,263
<b>Total Reserved Fund Balance</b>	<b>9,827,764</b>	<b>7,742,590</b>	<b>6,852,978</b>
<b>Designated Fund Balance</b>			
Emergency Operating	32,215,145 <sup>(3)</sup>	32,392,278 <sup>(3)</sup>	33,364,046 <sup>(4)</sup>
Debt Service	7,305,284 <sup>(5)</sup>	7,035,590 <sup>(5)</sup>	7,170,574 <sup>(5)</sup>
Programs	333,334	166,667	-
Subsequent Year's Appropriation	6,881,247	6,078,127	3,500,000
<b>Total Designated Fund Balance</b>	<b>46,735,010</b>	<b>45,672,662</b>	<b>44,034,620</b>
<b>Unreserved Fund Balance</b>	<b>28,953,002</b>	<b>24,139,475</b>	<b>21,189,745</b>
<b>Total Fund Balance</b>	<b>\$ 85,515,776</b>	<b>\$ 77,554,727</b>	<b>\$ 72,077,343</b>

(1) Preliminary, subject to audit.

(2) Based on FY2005 budget, as amended.

(3) Board of Commissioner resolution no. 5-24-01-69, Sec. II-3, which states "...equal to 10 percent of the subsequent year's operating budget for emergency operating needs".

(4) Equal to: FY2005 Operating Budget of \$323,922,779 X 10% X 1.03 (inflation factor).

(5) Board of Commissioner resolution no. 5-24-01-69, Sec. II-3, which states "...designate an amount equal to 25 percent of the subsequent year's Limited Tax Annual Obligation debt service".

**History of Revenues, Expenditures and Operating Margin (Deficit)**

<b>Fiscal Year</b>	<b>Year Ended December 31,</b>				
	<b>Revenues</b>	<b>Expenditures</b>	<b>Margin (Deficit)</b>	<b>Capital Transfers<sup>(3)</sup></b>	<b>Fund Balance</b>
2005 <sup>(1)</sup>	\$ 142,490,115	\$ (147,967,500)	\$ (5,477,385)	\$ -	\$ 72,077,342
2004 <sup>(2)</sup>	142,179,097	(146,803,716)	(4,624,619)	(3,336,433)	77,554,727
2003	135,575,932	(137,191,219)	(1,615,287)	(11,047,001)	85,515,779
2002	128,637,228	(130,375,896)	(1,738,668)	(20,863,224)	98,178,067
2001	134,073,000	(111,276,779)	22,796,221	(10,505,456)	120,779,959 <sup>(4)</sup>
2000	125,366,249	(100,463,746)	24,902,503	(14,180,532)	103,292,012
1999	112,363,862	(91,409,469)	20,954,393	(20,547,030)	92,570,041
1998	112,384,222	(88,494,449)	23,889,773	(12,150,860)	92,162,678
1997	98,067,985	(79,084,793)	18,983,192	(4,185,520)	80,423,765
1996	88,231,183	(78,779,002)	9,452,181	-	65,626,093
1995	85,737,240	(80,558,375)	5,178,865	(1,200,000)	56,173,912

(1) FY2005 Amended Budget

(2) Preliminary, Subject to Audit

(3) Transfer to the Capital Improvement and Parks Funds to finance capital improvement, acquisition or replacement projects

(4) Prior period adjustment, recognition of additional revenues in 2001, increased 2002 beginning fund balance by \$5,197,182

Debt Service As a Percentage of General Fund Expenditures

	Year Ended December 31,		
	2003 Actual	2004 Actual <sup>(1)</sup>	2005 Budget
<b>Debt Outstanding</b>			
Series 1998 - Courthouse	\$ 62,755,000	\$ 61,215,000	\$ 59,605,000
Series 2001 - Sheriff Administration	9,645,000	9,285,000	8,910,000
<b>Total Debt Outstanding</b>	<b>\$ 72,400,000</b>	<b>\$ 70,500,000</b>	<b>\$ 68,515,000</b>
<b>Debt Service</b>			
Series 1998	\$ 4,572,842	\$ 4,568,652	\$ 4,570,525
Series 2001	792,303	793,202	793,503
Series 2003	-	399,411	395,488
<b>Total Debt Service</b>	<b>\$ 5,365,145</b>	<b>\$ 5,761,265</b>	<b>\$ 5,759,516</b>
<b>General Fund Expenditures/Transfers</b>	<b>\$148,238,220</b>	<b>\$150,144,149</b>	<b>\$147,967,500</b>
<b>Debt Service as a Percentage of General Fund Expenditures</b>	<b>3.6%</b>	<b>3.8%</b>	<b>3.9%</b>

(1) Preliminary, subject to audit.

**Five-Year Forecast of General Fund Spending Capacity**

This section is intended to provide an overview of forecasted General Fund Revenues, Expenses and Fund Balances for the period including the current budget (FY2005) and fiscal years FY2006 through FY2009 inclusive. The revenue forecast projects annual increases ranging from 3.8% to 4.6% per annum. Expenditure during this period, of expenses necessary to maintain services, would require annual increases ranging from 4.0% to 4.4%. In order to maintain adequate financial reserves this projection establishes spending limitations during the period of fiscal years 2006-2009 inclusive at annual increases ranging from 2.7% to 3.9%.

As an example, the forecast projects a spending requirement of \$174.3 million in FY2009 to sustain existing services/programs. In comparison, the County's spending capacity is limited to \$168.8 million, which dictates reductions of a cumulative 3.2% in current services/program applications. Lesser program/service reductions will be required in the intervening fiscal years. By adhering to these annual spending limitation goals, the County will continue to retain fund balance at December 31, 2009 projected at \$65.7 million.

County of Kent, Michigan General Fund Revenue Forecast March 1, 2005							
Category	Actual			Budget		Forecast	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2009
Taxes	\$ 65,659,889	\$ 69,369,006	\$ 68,839,950	\$ 72,118,005	\$ 76,048,445	\$ 80,231,710	\$ 90,142,843
State Revenue Sharing	10,542,625	9,223,485	2,084,428	-	-	-	-
Court Equity	3,529,129	2,601,669	3,324,746	3,333,338	3,550,000	3,638,750	3,822,962
Liquor Tax	-	2,584,383	2,850,000	2,580,000	2,580,000	2,580,000	2,580,000
Other	7,412,257	6,433,014	6,148,801	5,277,201	4,718,910	4,836,883	5,081,750
Intergovernmental	21,484,011	20,842,551	14,407,975	11,190,539	10,848,910	11,055,633	11,484,712
Recording Fee/Transfer Fee	5,950,471	7,436,131	6,102,172	5,783,500	5,957,005	6,135,715	6,509,380
Court Fees	3,406,824	3,219,083	3,765,962	4,243,300	4,461,930	4,596,298	4,877,326
Jail Board/ Arrest Processing Fee	3,583,433	4,359,291	3,177,999	4,405,000	4,537,150	4,673,265	4,957,866
Other	3,540,426	3,988,197	3,909,467	4,102,118	4,401,803	4,535,240	4,814,457
Charges for Services	16,481,154	19,002,702	16,955,601	18,533,918	19,357,888	19,940,518	21,159,030
Interest	3,025,733	1,783,016	2,282,104	2,550,000	2,610,000	2,688,300	2,852,017
Reimbursements	8,055,689	7,488,811	8,614,175	8,481,001	9,017,327	9,287,847	9,853,476
Other	2,925,048	2,881,732	3,038,317	3,372,331	3,369,533	3,504,314	3,790,267
Corrections & Detention	10,036,021	10,900,000	13,185,500	12,200,000	13,400,000	14,000,000	15,100,000
Delinquent Tax	655,705	3,044,414	3,059,980	3,000,000	3,000,000	3,000,000	3,000,000
CIP	-	-	1,369,421	550,000	400,000	-	-
Revenue Sharing Reserve Fund	-	-	6,845,403	10,494,321	10,735,690	10,982,611	11,493,621
Other	313,979	263,699	3,580,671	-	200,000	-	-
Transfers In	11,005,705	14,208,114	28,040,975	26,244,321	27,735,690	27,982,611	29,593,621
<b>Total</b>	<b>\$ 128,637,228</b>	<b>\$ 135,575,932</b>	<b>\$ 142,179,097</b>	<b>\$ 142,490,115</b>	<b>\$ 148,987,793</b>	<b>\$ 154,690,932</b>	<b>\$ 168,875,966</b>

FINANCIAL POSITION - GENERAL FUND

County of Kent, Michigan  
General Fund Expense Forecast  
March 1, 2005

Category	Actual			Budget			Forecast		
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Wages	\$ 48,427,143	\$ 50,591,696	\$ 52,226,797	\$ 54,893,114	\$ 57,363,304	\$ 59,944,653	\$ 62,642,162	\$ 65,461,059	
Temporary	372,798	208,292	133,610	107,638	109,791	111,987	114,226	116,511	
Overtime	2,143,175	2,587,310	2,182,761	3,028,864	3,134,874	3,244,595	3,358,156	3,475,691	
Health Insurance	6,785,887	7,937,577	7,678,380	8,721,396	9,767,964	10,940,119	12,252,933	13,723,285	
FICA	3,774,101	3,991,263	4,073,656	4,406,021	4,582,262	4,765,552	4,956,174	5,154,421	
Pension Contribution	1,040,444	1,092,393	2,595,399	3,401,590	4,891,063	5,247,672	4,971,814	5,192,805	
Workers Compensation	269,303	348,221	441,837	441,329	551,661	496,495	446,846	402,161	
Other	63,815	67,893	59,241	72,440	74,613	76,852	79,157	81,532	
Personnel	62,876,666	66,824,645	69,391,681	75,072,392	80,475,532	84,827,925	88,821,468	93,607,466	
Commodities	3,935,210	3,751,114	3,487,946	3,690,216	3,745,569	3,801,753	3,858,779	3,916,661	
Building Rent	4,594,759	5,891,246	6,078,794	5,770,905	5,886,323	6,004,050	6,124,131	6,246,613	
Utilities	3,226,081	3,612,725	3,726,595	4,070,462	4,192,576	4,318,353	4,447,904	4,581,341	
Health Services	2,969,093	4,570,518	5,299,666	5,128,476	5,538,754	5,981,854	6,460,403	6,977,235	
Legal Services	4,819,720	5,493,420	5,342,445	5,291,300	5,397,126	5,505,069	5,615,170	5,727,473	
CMH	-	3,454,578	3,992,983	3,452,386	3,469,648	3,486,996	3,504,431	3,521,953	
Hardware/Software Maint	1,633,033	1,429,907	1,172,858	1,484,035	1,513,716	1,543,990	1,574,870	1,606,367	
Prevention Programming	-	519,097	1,415,051	1,680,000	1,700,000	1,700,000	1,700,000	1,700,000	
Other	12,350,503	12,548,531	11,932,982	12,326,011	12,572,531	12,823,982	13,080,461	13,342,070	
Contractuals	29,593,189	37,520,021	38,961,375	39,203,575	40,270,674	41,364,293	42,507,369	43,703,053	
Operating Capital	2,401,987	1,805,741	1,339,718	1,567,963	1,615,002	1,663,452	1,713,356	1,764,757	
Other	31,191	38,907	105,008	221,755	222,420	224,319	225,206	226,048	
Child Care	11,382,442	13,992,655	18,300,546	15,263,438	15,873,976	16,508,935	17,169,292	17,856,064	
Health Department	7,470,877	7,584,683	9,309,503	9,460,639	9,744,458	10,036,792	10,337,896	10,648,033	
Parks Department	2,299,391	2,599,455	3,017,000	3,245,223	3,504,841	3,785,228	4,088,046	4,415,090	
CIP	20,863,224	9,253,987	2,398,433	-	-	-	-	-	
Friend of the Court	2,111,702	-	1,406,461	2,142,211	2,206,477	2,272,672	2,340,852	2,411,077	
CMH	2,162,400	-	-	-	-	-	-	-	
Other	6,110,840	4,867,177	2,422,478	2,673,187	2,753,383	2,835,984	2,921,064	3,008,696	
Transfers Out	52,400,876	38,297,957	36,854,421	32,784,698	34,083,134	35,439,610	36,857,149	38,338,959	
Appropriation Lapse	-	-	-	(4,573,100)	(6,416,493)	(6,692,854)	(6,959,333)	(7,262,278)	
Future Eliminations	-	-	-	-	(2,000,000)	(3,250,000)	(4,500,000)	(5,500,000)	
Reconciliation to Audit	-	(165)	-	-	-	-	-	-	
<b>T total</b>	<b>\$ 151,239,119</b>	<b>\$ 148,238,220</b>	<b>\$ 150,140,148</b>	<b>\$ 147,967,499</b>	<b>\$ 151,995,839</b>	<b>\$ 157,378,498</b>	<b>\$ 162,523,995</b>	<b>\$ 168,794,666</b>	

<b>County of Kent, Michigan</b> <b>General Fund Projection of Revenues, Expenditures and Fund Balance</b> <b>March 1, 2005</b>					
	Revenues	Expenses	Margin/ (Deficit)	Capital Transfers	Fund Balance
Projection:					
2009	\$ 168,875,966	\$(168,794,666)	\$ 81,300	\$ -	\$65,705,423
2008	161,766,386	(162,523,995)	(757,609)	-	65,624,123
2007	154,690,932	(157,378,498)	(2,687,566)	-	66,381,732
2006	148,987,793	(151,995,839)	(3,008,046)	-	69,069,298
Budget:					
2005	142,490,115	(147,967,499)	(5,477,384)	-	72,077,344
Actual:					
2004 <sup>(1)</sup>	142,179,097	(146,803,715)	(4,624,618)	(3,336,433)	77,554,728
2003	135,575,932	(137,191,220)	(1,615,288)	(11,047,001)	85,515,779
2002	128,637,228	(130,375,895)	(1,738,667)	(20,863,224)	98,178,068
2001	134,073,000	(111,276,779)	22,796,221	(10,505,456)	120,779,959

(1) Preliminary year-end actuals, subject to audit.

**FINANCIAL POSITION - GENERAL FUND**

County of Kent, Michigan								
General Fund Revenue Forecast Annual Percentge Changes								
March 1, 2005								
Category	Actual			Budget	Forecast			
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Taxes	6.9%	5.6%	-0.8%	4.8%	5.5%	5.5%	6.0%	6.0%
State Revenue Sharing	-8.7%	-12.5%	-77.4%	-100.0%	NA	NA	NA	NA
Court Equity	-0.3%	-26.3%	27.8%	0.3%	6.5%	2.5%	2.5%	2.5%
Liquor Tax	NA	NA	10.3%	-9.5%	0.0%	0.0%	0.0%	0.0%
Other	2.3%	-13.2%	-4.4%	-14.2%	-10.6%	2.5%	2.5%	2.5%
Intergovernmental	-3.8%	-3.0%	-30.9%	-22.3%	-3.1%	1.9%	1.9%	1.9%
Recording Fee/Transfer Fee	29.1%	25.0%	-17.9%	-5.2%	3.0%	3.0%	3.0%	3.0%
Court Fees	-1.5%	-5.5%	17.0%	12.7%	5.2%	3.0%	3.0%	3.0%
Jail Board/ Arrest Processing Fee	13.0%	21.7%	-27.1%	38.6%	3.0%	3.0%	3.0%	3.0%
Other	-14.0%	12.6%	-2.0%	4.9%	7.3%	3.0%	3.0%	3.0%
Charges for Services	7.3%	15.3%	-10.8%	9.3%	4.4%	3.0%	3.0%	3.0%
Interest	-56.6%	-41.1%	28.0%	11.7%	2.4%	3.0%	3.0%	3.0%
Reimbursements	28.9%	-7.0%	15.0%	-1.5%	6.3%	3.0%	3.0%	3.0%
Other	82.2%	-1.5%	5.4%	11.0%	-0.1%	4.0%	4.0%	4.0%
Corrections & Detention	-2.6%	8.6%	21.0%	-7.5%	9.8%	4.5%	5.0%	2.7%
Delinquent Tax	-88.0%	364.3%	0.5%	-2.0%	0.0%	0.0%	0.0%	0.0%
CIP	NA	NA	NA	-59.8%	-27.3%	-100.0%	NA	NA
Revenue Sharing Reserve Fund	NA	NA	NA	53.3%	2.3%	2.3%	2.3%	2.3%
Other	-92.8%	-16.0%	1257.9%	-100.0%	NA	-100.0%	NA	NA
Transfers In	-45.3%	29.1%	97.4%	-6.4%	5.7%	0.9%	3.4%	2.3%
<b>Total</b>	<b>-4.1%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>0.2%</b>	<b>4.6%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>4.4%</b>

County of Kent, Michigan								
General Fund Expense Forecast Annual Percentage Change								
March 1, 2005								
Category	Actual			Budget	Forecast			
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Wages	9.2%	4.5%	3.2%	5.1%	4.5%	4.5%	4.5%	4.5%
Temporary	-10.3%	-44.1%	-35.9%	-19.4%	2.0%	2.0%	2.0%	2.0%
Overtime	20.3%	20.7%	-15.6%	38.8%	3.5%	3.5%	3.5%	3.5%
Health Insurance	15.2%	17.0%	-3.3%	13.6%	12.0%	12.0%	12.0%	12.0%
FICA	9.2%	5.8%	2.1%	8.2%	4.0%	4.0%	4.0%	4.0%
Pension Contribution	947826.4%	5.0%	137.6%	31.1%	43.8%	7.3%	-5.3%	4.4%
Workers Compensation	21.3%	29.3%	26.9%	-0.1%	25.0%	-10.0%	-10.0%	-10.0%
Other	4.2%	6.4%	-12.7%	22.3%	3.0%	3.0%	3.0%	3.0%
Personnel	11.9%	6.3%	3.8%	8.2%	7.2%	5.4%	4.7%	5.4%
Commodities	6.8%	-4.7%	-7.0%	5.8%	0	1.5%	1.5%	1.5%
Building Rent	90.3%	28.2%	3.2%	-5.1%	2.0%	2.0%	2.0%	2.0%
Utilities	-0.1%	12.0%	3.2%	9.2%	3.0%	3.0%	3.0%	3.0%
Health Services	57.2%	53.9%	16.0%	-3.2%	8.0%	8.0%	8.0%	8.0%
Legal Services	12.5%	14.0%	-2.7%	-1.0%	2.0%	2.0%	2.0%	2.0%
CMH	NA	NA	15.6%	-13.5%	0.5%	0.5%	0.5%	0.5%
Hardware/Software Maint	149.4%	-12.4%	-18.0%	26.5%	2.0%	2.0%	2.0%	2.0%
Prevention Programming	NA	NA	172.6%	18.7%	1.2%	0.0%	0.0%	0.0%
Other	15.1%	1.6%	-4.9%	3.3%	2.0%	2.0%	2.0%	2.0%
Contractuals	27.6%	26.8%	3.8%	0.6%	2.7%	2.7%	2.8%	2.8%
Operating Capital	20.0%	-24.8%	-25.8%	17.0%	3.0%	3.0%	3.0%	3.0%
Other	10.3%	24.7%	169.9%	111.2%	0.3%	0.9%	0.4%	0.4%
Child Care	11.8%	22.9%	30.8%	-16.6%	4.0%	4.0%	4.0%	4.0%
Health Department	34.5%	1.5%	22.7%	1.6%	3.0%	3.0%	3.0%	3.0%
Parks Department	9.5%	13.0%	16.1%	7.6%	8.0%	8.0%	8.0%	8.0%
CIP	98.6%	-55.6%	-74.1%	-100.0%	NA	NA	NA	NA
Friend of the Court	-8.6%	-100.0%	NA	52.3%	3.0%	3.0%	3.0%	3.0%
CMH	0.0%	-100.0%	NA	NA	NA	NA	NA	NA
Other	58.5%	-20.4%	-50.2%	10.3%	3.0%	3.0%	3.0%	3.0%
Transfers Out	42.9%	-26.9%	-3.8%	-11.0%	4.0%	4.0%	4.0%	4.0%
Appropriation Lapse	NA	NA	NA	NA	40.3%	4.3%	4.0%	4.4%
Future Eliminations	NA	NA	NA	NA	NA	62.5%	38.5%	22.2%
Reconciliation to Estimate	-100.0%	NA	-100.0%	NA	NA	NA	NA	NA
<b>Total</b>	<b>24.2%</b>	<b>-2.0%</b>	<b>1.3%</b>	<b>-1.4%</b>	<b>2.7%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.9%</b>

## FINANCIAL POSITION - AERONAUTICS FUND

### Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2003	2004 <sup>(1)</sup>
<b>Operating Revenues:</b>		
Charges for Services	\$ 25,075,143	\$ 24,880,389
<b>Total Operating Revenues</b>	<b>25,075,143</b>	<b>24,880,389</b>
<b>Operating Expenses:</b>		
Personnel Service	6,507,669	7,018,478
Materials and Supplies	612,039	523,476
Depreciation	9,647,394	9,716,002
Other	6,082,009	6,046,898
<b>Total Operating Expenses</b>	<b>22,849,111</b>	<b>23,304,854</b>
<b>Operating Income (Loss)</b>	<b>2,226,032</b>	<b>1,575,535</b>
<b>Non-Operating Revenues (Expenses)</b>		
Investment Earnings	328,475	422,841
Passenger Facilities Charges	2,686,676	2,881,425
Gain (Loss) on Sale of Fixed Assets	57,059	23,990
Other	-	-
Interest Expense and Charges	(4,553,407)	(4,888,166)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,481,197)</b>	<b>(1,559,910)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>744,835</b>	<b>15,625</b>
Capital Contributions	4,202,457	4,270,388
<b>Change in Net Assets</b>	<b>4,947,292</b>	<b>4,286,013</b>
Net Assets, Beginning of Year	151,357,767	156,305,059
<b>Net Assets, End of Year</b>	<b>\$156,305,059</b>	<b>\$160,591,072</b>

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2003	2004 <sup>(1)</sup>
<b>Operating Revenues</b>	<b>\$ 25,075,143</b>	<b>\$ 24,880,389</b>
Investment Earnings	328,475	422,841
Passenger Facility Charges	2,686,676	2,881,425
Gain (Loss) on Sale of Fixed Assets	57,059	23,990
<b>Operating Expenses Before Depreciation</b>	<b>(13,201,717)</b>	<b>(13,588,852)</b>
<b>Net Revenues (as defined in the resolution)</b>	<b>\$ 14,945,636</b>	<b>\$ 14,619,793</b>
<b>Debt Service Requirements</b>	<b>\$ 6,663,407</b>	<b>\$ 7,855,435</b>
<b>Debt Service Coverage</b>	<b>2.2x</b>	<b>1.9x</b>

(1) Pending audit adjustments

## FINANCIAL POSITION - PUBLIC WORKS

### Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2003	2004 <sup>(1)</sup>
<b>Operating Revenues:</b>		
Charges for Services	\$ 31,993,730	\$ 35,133,948
Other	113,495	200,283
<b>Total Operating Revenues</b>	<b>32,107,225</b>	<b>35,334,231</b>
<b>Operating Expenses:</b>		
Personnel, Materials, Contractual, Other	22,551,906	23,904,180
Depreciation and Amortization	3,449,864	3,510,587
<b>Total Operating Expenses</b>	<b>26,001,770</b>	<b>27,414,767</b>
<b>Operating Income (Loss)</b>	<b>6,105,455</b>	<b>7,919,464</b>
<b>Non-Operating Revenues (Expenses)</b>		
Investment Earnings	250,068	280,129
Miscellaneous	20,000	-
Interest Expense and Charges	(3,459,097)	(3,154,734)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3,189,029)</b>	<b>(2,874,605)</b>
<b>Change in Net Assets</b>	<b>2,916,426</b>	<b>5,044,859</b>
Net Assets, Beginning of Year	4,721,961	7,638,387
<b>Net Assets, End of Year</b>	<b>\$ 7,638,387</b>	<b>\$ 12,683,246</b>

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2003	2004 <sup>(1)</sup>
Operating Revenues	\$ 32,127,220	\$ 35,334,231
Non-Operating Revenues	270,068	280,129
Operating Expenses Before Depreciation	(22,551,906)	(23,904,180)
<b>Net Revenues</b>	<b>\$ 9,845,382</b>	<b>\$ 11,710,180</b>
<b>Debt Service Requirements</b>	<b>\$ 10,038,952</b>	<b>\$ 10,486,470</b>
<b>Debt Service Coverage</b>	<b>1.0x</b>	<b>1.1x</b>

(1) Pending audit adjustments

## FINANCIAL POSITION - LODGING EXCISE TAX FUND

### Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2003	2004 <sup>(1)</sup>
<b>Revenues:</b>		
Hotel/Motel Taxes	\$ 4,359,180	\$ 4,215,388
Investment Earnings	110,901	131,903
Other	3,029	22,104
<b>Total Revenues</b>	<b>4,473,110</b>	<b>4,369,395</b>
<b>Expenditures:</b>		
Administration	138,366	152,494
Convention and Visitors Bureau - Promotion	920,598	830,947
John Ball Zoo - Capital	410,000	435,000
Debt Service - Current	3,451,506	3,989,367
Debt Service - Deposit with Escrow Agent	-	-
<b>Total Expenditures</b>	<b>4,920,470</b>	<b>5,407,808</b>
<b>Net Change in Fund Balance</b>	<b>(447,360)</b>	<b>(1,038,413)</b>
Fund Balance, Beginning of Year	7,253,838	6,806,478
<b>Net Assets, End of Year</b>	<b>\$ 6,806,478</b>	<b>\$ 5,768,065</b>

(1) Pending adjustments to audit

**Debt Service Coverage**

	Year Ended December 31,	
	2003	2004
Hotel/Motel Tax Revenues	\$4,359,180 <sup>(2)</sup>	\$4,215,388
Debt Service Requirements <sup>(1)</sup>	\$3,451,506	\$3,989,367
<b>Debt Service Coverage</b>	<b><u>1.3x</u></b>	<b><u>1.1x</u></b>

(1) The County issued, through the City/County Building Authority, \$84,578,903.75 in Series 2001 bonds, dated December 4, 2001. Debt Service requirements, of the bond issue, are scheduled to gradually increase to a peak annual level of \$11,140,000 in 2031 (final maturity). In 2003 the County pledged hotel/motel tax receipts on an additional \$5 million City/County Building Authority issue.

(2) Included 13 months of receipts resulting from change in revenue recognition from cash to accrual basis.

## FINANCIAL POSITION - CORRECTION AND DETENTION FACILITIES FUND

### Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2003	2004 <sup>(1)</sup>
<b>Revenues:</b>		
Taxes	\$12,844,210	\$13,221,686
Investment Earnings	175,375	205,245
<b>Total Revenues</b>	<b>13,019,585</b>	<b>13,426,931</b>
<b>Operating Transfers:</b>		
General Fund - Facility Operations	10,900,000	13,185,500
Debt Service - Principal and Interest	2,250,000	2,609,765
<b>Total Operating Transfers</b>	<b>13,150,000</b>	<b>15,795,265</b>
<b>Net Change in Fund Balance</b>	<b>(130,415)</b>	<b>(2,368,334)</b>
Fund Balance, Beginning of Year	7,414,630	7,284,215
<b>Net Assets, End of Year</b>	<b>\$ 7,284,215</b>	<b>\$ 4,915,881</b>

(1) Pending adjustments to audit

**Debt Service Coverage**

	<b>Year Ended December 31,</b>	
	<b>2003</b>	<b>2004 <sup>(1)</sup></b>
Property Tax Revenues	\$ 12,844,210	\$ 13,221,686
Debt Service Requirements	2,624,440	2,608,665
<b>Debt Service Coverage</b>	<b>4.9x</b>	<b>5.1x</b>
Debt Outstanding:		
Series 1998	\$ 6,955,000	\$ 6,955,000
Series 1995	7,970,000	6,075,000
<b>Total Debt Outstanding</b>	<b>\$ 14,925,000</b>	<b>\$ 13,030,000</b>

(1) Pending adjustments to audit

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## APPENDIX

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Wednesday, September 15, 2004

## **Children's hospital, medical towers set Richard DeVos reveals plans for the continued development of health-care facilities on Michigan Street Hill.**

By Jim Harger

GRAND RAPIDS — While his family's real estate development firm will be investing millions in private medical offices across the street, billionaire Richard DeVos disclosed that early plans show the new DeVos Children's Hospital as a 10- to 12-story tower on Spectrum Health's current campus.

The complementary health-care projects mean DeVos' money will be flowing on both sides of the Michigan Street Hill.

While hospital officials have said a new children's hospital was on the drawing board, the scope of the plan had not been disclosed. In a Tuesday interview with the Press, DeVos said the new hospital tower would go up at Bostwick Avenue and Michigan Street NE.

Initial plans are for adding 20 neonatal beds, making it one of the nation's largest children's hospitals when it is completed in 2007, said DeVos, co-founder of Amway Corp. and a philanthropist who pushed for the creation of Spectrum Health 10 years ago. He will donate undisclosed millions to the hospital project that bears his family's name.

Hospital officials confirmed they are nearing the end of a year-long design process, but said many details have yet to be finalized. They said it's not yet clear what Spectrum departments will move into the space now occupied by the current children's hospital.

"They're going to require a whole extra building just for the children's hospital," DeVos said. "Children are so dependent on having their doctor nearby."

Because of its low costs and the high level of treatment it offers, Spectrum is becoming a

"destination hospital" that will require more support facilities, DeVos said.

"It's exciting to see the growth of the Michigan Hill as a premier medical corridor," he said.

DeVos's development firm will play a key role in that just across the street. He said RDV Corp. will join a Christman Capital Development, a Lansing-based developer, in building three or four medical office towers and a 2,000-space parking ramp on the hill, across from Spectrum Health's Butterworth Campus and the Van Andel Research Institute.

Assuming the \$97 million project gets the necessary state and local approval, groundbreaking could begin next spring.

The office buildings and parking ramp will stretch between North Division Avenue and the current site of a Burger King restaurant at the top of the Michigan Street Hill. The Towers Medical Building and its parking ramp will be razed, along with a small office building across from the hospital's entrance.

Joe Hooker, Christman's development services manager, said they anticipate leasing space to Spectrum and doctors who practice at the hospital. The buildings will be at least five stories tall and will be linked by walkways to Spectrum's campus, he said.

Spectrum already leases about 75 percent of the Towers Medical Building, Hooker said. "They need the space. They're just thrilled that someone else will do it," he said.

DeVos said he signed on with Christman after the developer acquired the Towers property and created a plan to redevelop the north side of Michigan Street Hill.

"It's been my passion to get this land under control for years," said DeVos, who paid \$6.25 million to acquire the Burger King property for Spectrum several years ago. "These guys nailed it and put it together."

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Steven Rosnowski, president and CEO of Lansing-based Christman, said they developed the plan after American Physician's Capital, the previous owner of the Medical Towers Building, backed out of its plans to redevelop the site. "We just had the right idea at the right time," he said.

The \$40 million parking ramp that will serve as a base for the medical buildings will be built through a combination of private investment and public incentives, including tax credits and tax abatements that are offered to "brownfield" building sites that have outlived their usefulness.

Grand Rapids Economic Development Director Susan Shannon said the parking ramp will be operated by the city's Parking Services Department and will meet the needs of Spectrum, the Van Andel Institute, state workers who currently park in the western edge of the site and Christman's prospective tenants.

Early renderings show five or six entrances to the massive parking garage, including one at the lower end of North Division Avenue after it passes underneath Michigan Street.

Christman is a 109-year-old company that has become more active in the Grand Rapids area. Recent projects include the Grand Rapids Press printing facility in Walker, The Rapid bus facility in downtown Grand Rapids, the Lake Drive Medical Office Building and Zeeland Hospital.

Besides being the primary namesake and benefactor for DeVos Children's Hospital, DeVos also provided a lead gift for the Cook- DeVos Center for Medical Sciences. He also was a major contributor to the DeVos Place convention center and the DeVos Performance Center.

DeVos has been a longtime investor as well as a benefactor in downtown Grand Rapids. Twenty-five years ago, DeVos and his Amway Corp. co-founder, Jay Van Andel, kicked off a downtown renaissance when they purchased the aging Pantlind Hotel and created the Amway Grand Plaza Hotel.

Earlier this year, they announced plans to build a second 300- to 400-room hotel on the southwest corner of Pearl Street and Campau Avenue NW, where Israels Designs for Living now stands.

Friday, February 11, 2005

## Coalition commits to MSU med school in West Michigan

**Signatures are first step in decades-long process.**

By Chris Knappe

GRAND RAPIDS — A coalition of hospitals, universities, economic development groups and the Van Andel Research Institute has signed the first formal commitment to establishing a Michigan State University medical school in West Michigan.

The mission statement commits to creating a four-year accredited medical school in the area. It was signed by top executives at Spectrum Health, Saint Mary's Health Care, Michigan State University, Grand Valley State University, Grand Action, The Right Place Inc. and the Van Andel Research Institute.

While each of the institutions individually has expressed an interest in what is expected to be a decades-long development process, the signatures are the first declaration of a singular vision of the project.

"When these things start out, they're brainstorming. They're just ideas," said Steve Heacock, the chief administrative officer for the Van Andel Institute, who is leading the local medical school effort. "Having the leadership of each of these organizations basically tells these organizations and the public that this is where we are going to go."

The statement commits leaders of the organizations to:

- "Creating a financially self-sustaining state-of-the-art four-year medical school in West Michigan that is nationally emulated for its innovative research and educational capabilities.

- "Focusing the West Michigan effort initially and primarily on medical programs in research and complementary sub-specialty clinical practice

with broader attention to programs that help improve the health of the West Michigan community.

- "Undertaking a process of deliberate and measured development and growth so that the stakeholders and other affected institutions may appropriately plan for and manage the phases of development and fully realize the benefits of the medical school.

- "Actively, both individually and collectively, engaging in the process and providing the needed expertise, perspective, entity representation and resources to achieve the stated commitment."

The statement notably lacks any timelines or financial commitments to the project, which a report estimated will cost \$150 million to \$200 million.

The commitment is the first written endorsement of the basic concepts laid out in a Deloitte Consulting study of the idea by MSU and its new president, LouAnna Simon.

Wednesday, September 28, 2004

## Condo high-rise touted for downtown; The \$32 million high-end complex is proposed for Fulton and Division

By Chris Knape

GRAND RAPIDS — Downtown Grand Rapids would get a major new anchor with a 10-story condominium tower being planned for the site of the vacant Junior Achievement building.

The \$32 million Park Place building would bring 150 high-end condominiums to the center of downtown, creating a new landmark at the southeast end of the once-moribund Monroe Center corridor.

Property owner Bob Tol, architect Vernon Ohlman and real estate agent Ray Kisor are spearheading the effort to get the project off the ground at the southeastern corner of Division Avenue and Fulton Street.

Ohlman designed the building with a traditional European flair, with plans calling for a brick veneer, a distinctive sloped roof, chimneys and rooftop gardens.

A 172-space parking ramp would be incorporated into the lower two floors of the building, along with 10,000 square feet of retail space.

“That’s a key entry point into downtown and has been a vacant facility for a long time. So something of this kind of quality, of this kind of magnitude, is just what we need there,” said Susan Shannon, economic development director for the city.

Condos would range in price from \$300,000 to more than \$1 million for a penthouse with a rooftop garden — making them among the most expensive residences in the city.

Ohlman, chairman and senior designer at Design Plus in Grand Rapids, said the building will target empty-nesters and professionals who want to live in an urban environment.

Its proximity to downtown hospitals, restaurants, theaters, parks and the arena are key selling points, he said.

“This is for those that want to live in a location that allows them to live, work and play,” Ohlman said.

The building would include an enclosed courtyard, indoor pool, concierge and doorman.

Ground-floor retail tenants may include a drug store, book shop, coffee shop and boutiques.

The project is not a sure thing.

The partners said they have not secured construction financing, but have several interested investors who may help fund it.

They also need to win the approval of the Grand Rapids Historic Preservation Commission to demolish the Junior Achievement building, which is in the Heartside Historic District.

Park Place also would encompass a parking lot between Sheldon Avenue and the Junior Achievement building owned by Tol.

The partners plan to apply to include the site in the city’s Brownfield plan, a move that could make it eligible for tax incentives as an obsolete property.

Groundbreaking could take place in fall of 2006 with construction lasting about 20 months.

The Park Place project is the latest in a series of major new developments planned for downtown.

— Across Division to the west, the city is demolishing the former City Centre parking ramp and preparing to receive proposals for how that site might be redeveloped.

— Earlier this month, a development company owned by Alticor Inc. co-founder Rich DeVos announced plans to partner with a Lansing company to develop three or four medical office towers along Michigan Street.

- In August, Second Story properties announced plans for another 40-plus upscale condominium development at the downtown YMCA building.
- More than 52 condominiums and apartments are being planned on the upper floors of a series of buildings along two blocks of Monroe Center.
- One block south on Division, a stretch of buildings are slated to be renovated as housing and studio space for artists.

Second Story President Sam Cummings said Park Place could put the downtown market at or above its saturation point, but he welcomes the competition.

“As a developer, the competition certainly adds another facet to how we might market things,” Cummings said. “As a Grand Rapidian, I’m thrilled with more options for the downtown.”

The announcement of Park Place comes on the heels of a downtown housing study that showed the market for 350 new housing units per year over the next five years.

Monday, January 31, 2005

## New tower on horizon

**Alticor shows off plans for downtown Marriott, which would be city's third-tallest building.**

By Chris Knappe

GRAND RAPIDS — Alticor Inc. was to take the wraps off a model for a 24-story football-shaped glass hotel tower this morning, forging ahead with what could be a more than \$80 million vote of confidence in the city's convention center.

When complete, a \$60 million to

\$70 million Marriott hotel would feature a 24-story glass atrium, one of the largest hotel ballrooms in the state and 340 guest rooms.

A neighboring, separately designed 700-space parking ramp also is planned, a project likely to cost around \$10 million based on the amounts spent to build other parking ramps downtown in recent years.

The scale model of the design by Chicago-based Lohan Caprile Goettsch Architects depicts a tower encased in blue-gray glass along the Grand River with a main entrance off of Campau Avenue SW.

Each of the guest rooms would have a panoramic view, thanks to the curvature of the tower that gives it a football-like shape from above. Plans call for an indoor pool, fitness facility, restaurant and lounge. A helicopter landing pad is slated to be built on top of the ballroom.

The 13,600-square-foot ballroom would be designed to seat 1,000 and would be on the corner of Louis and Pearl streets, space now occupied by the former Israels Designs for Living building and surface parking lots.

When the project was announced in November 2003, Alticor co-founder Rich DeVos billed it as his and fellow co-founder Jay Van Andel's last hurrah after nearly three decades of downtown development efforts that changed the face of Grand Rapids and added their family names to

some of the city's most prominent buildings, including DeVos Place convention center and Van Andel Arena.

Van Andel died Dec. 7 after a long battle with Parkinson's disease.

"Rich and Jay, I think, wanted to more than just a building," said Bert Crandell, hotel project manager for Alticor. "They wanted something that adds to the city."

DeVos was expected to join his and Van Andel's children this morning to show off the model to a crowd of more than 100 West Michigan business and civic leaders.

"It is such an honor to reveal this beautiful building to the great city of Grand Rapids," DeVos said in a press release. "Jay and I often talked about this day, when we would proudly showcase another example of our love for the city we grew up in."

If the project moves ahead as planned, groundbreaking will take place this summer and the first guests will check in during the fall of 2007.

The hotel is one of the only projects of its size and scope announced in the United States since a devastating industry recession set in following the Sept. 11, 2001 terrorist attacks.

Alticor is confident Grand Rapids will attract enough convention, business and tourist traffic to support the hotel despite current low occupancy levels and an expected nationwide glut of convention space, Joe Tomaselli, president of the Amway Hotel Corp., which will manage the Marriott in addition to the Amway Grand Plaza and downtown Courtyard by Marriott.

"2005 is already considerably better than '04, which was a tough year," Tomaselli said. With better results expected in 2006 and 2007, 2008 should be the ideal time for the new hotel to be coming on line, he said.

The hotel's design reflects the desire for a distinctive building that makes the most of the

riverfront site, said John Arzarian Jr., associate principal at Lohan Caprile Goettsch and senior designer .

The tower's shape gives it a unique appearance while preserving river views for residents of the neighboring Forslund Building condominiums — a requirement from the outset of the project, Arzarian said.

"In the past we always looked at the river as a secondary artery," Arzarian said. "Now it's recognized as one of the best assets any city could have."

Arzarian said the curve of the building, like the curves on DeVos Place, is evocative and relates well to water. The building should have an almost crystalline quality that should help it to stand out between the city's two tallest buildings, the 32-story Amway Grand Plaza Hotel and the 34-story Plaza Towers building, he said.

"At night when you see this thing it's going to be all lit up as a pretty nice landmark on the skyline," he said.

Alticor's Amway Hotel Corp., which will oversee the operation of the hotel, is positioning the Marriott between the larger, more upscale Amway Grand and its downtown Courtyard by Marriott in the Plaza Towers. All of the hotels will be linked to DeVos Place through the city's skywalk system.

The new hotel would tighten Alticor's hold on Grand Rapids' downtown hotel market, with the company controlling all of the guest rooms connected to DeVos Place and 88 percent of the 1,411 hotel rooms within walking distance of the convention center.

The only non-Alticor controlled hotel in walking distance to DeVos Place is Joe Sullivan's 175-room downtown Days Inn, across the Grand River.

The Marriott project includes major renovations to Louis Street, Campau Avenue and the Louis Campau Promenade between Michigan and Campau, which Alticor will help fund. Earlier this year the Grand Rapids Downtown Development Authority approved spending more than \$5 million to improve public spaces in the area.

Alticor has already won approval for more than \$5.9 million in Single Business Tax credits for the project.

Thursday, August 19, 2004

## Newest hospital's name is familiar: Meijer

**Spectrum's \$100 million heart center in Grand Rapids is named for major donors Frederik and Lena Meijer.**

**By Kathleen Longcore**

Add a heart hospital to the legacy Frederik and Lena Meijer will leave to West Michigan.

This morning, workers at the Spectrum Health Butterworth Campus in downtown Grand Rapids were to hoist a giant "M" into place high on the building, to be known as the Meijer Heart Center.

The full name of the \$100 million specialty hospital — Fred and Lena Meijer Heart Center — will be inscribed over the center's street-level entrance. The nine-story facility at Michigan Street and Barclay Avenue will host open houses the first week of November and admit patients after Thanksgiving.

The Meijers were lead donors in the heart center's \$30 million fund-raising campaign several years ago. They asked Spectrum not to reveal the amount of their gift, part of which is for a new cancer center planned across Michigan Street. But it is safe to say it is in the multimillions.

"Our health facilities are so doggoned important," said Frederik Meijer, 84-year-old patriarch of the chain of stores that bear the family name.

"Each generation builds for themselves and the next generation," he said, noting the couple's children were born at the Butterworth Campus. He had heart by-pass surgery there in 1998.

Meijer said his father, Hendrik Meijer, was a longtime supporter of what is now United Memorial Hospital in Greenville. That hospital became part of the Spectrum Health System this year.

Hendrik Meijer died of heart failure at age 80. "Maybe if we'd had stents and some of these surgeries we have now he'd have lasted a few more years," Meijer said.

Spectrum is the only hospital in Grand Rapids that performs open- heart surgery. But it has been plagued with inefficiencies because of the age of its facility.

It's not unusual for patients to be moved from a pre-op room to a holding area, to the operating room, the recovery room, the intensive-care room and then to another hospital room, with families struggling to move belongings and keep up with them.

That won't happen any more, said Anne Beekman, a clinical nurse manager who will work in the Meijer Heart Center. The new hospital has all private rooms equipped for multiple purposes, she said.

"These (hospital) rooms are much larger. We are making room for the family and for technology," Beekman added.

Tired family members can pull out the built-in sofa in a patient room and lie down. Stressed visitors may go to the sixth-floor healing garden. When they're hungry, they can go to the heart center's first-floor restaurant, the Terrace Bistro.

Staff members also weighed in with ideas, and one request was for bigger elevators for patient transport. The "megavators" in the Meijer Heart Center are bigger than any hospital elevators in the state, said Matt Meyer, a Spectrum hospital equipment coordinator.

"You could put a bed in here and an anesthesiology machine and still have room to dance," Meyer said during a demonstration tour Wednesday.

Spectrum announced earlier it will hire 1,000 new employees — 611 for the Meijer Heart Center. That includes 175 registered nurses, 71 from other professions, such as lab and x-ray technicians, and 365 support personnel.

The hospital is still hiring workers and installing equipment. All will be in place for an early-November dedication, hospital officials say.

The names of all heart center donors are being etched on a glass panel near the lobby. More than \$24 million came from community members, corporations and organizations. Spectrum staff members, physicians, volunteers and board members gave more than \$7 million, and Blodgett and Butterworth auxiliaries gave \$1.3 million.

The balance of the cost came from the sale of bonds and the hospital's capital budget over several years.

Friday, September 24, 2004

## **Steelcase sees light at end of recession** **The office-furniture maker is reaping rewards** **of big projects and downsizing its work force.** **By Rob Kirkbride**

Steelcase Inc. celebrated one of its strongest quarters in three years, but executives say there is still work ahead.

In a conference call Thursday, Steelcase officials talked of winning several big projects, including a \$30 million deal to outfit offices for the Transportation Security Administration nationwide.

The recession is over, and Steelcase is starting to reap the rewards of downsizing its work force while increasing productivity, President and Chief Executive Officer James Hackett said.

"We're finally pulling away from the gravity (of the recession)," he told analysts and investors.

Sales to its largest account base are up 20 percent this year. And sales of Steelcase's Turnstone line, which serves smaller, cost-conscious clients, are up more than 25 percent.

"I also feel great about the acceptance of our Think chair," Hackett said of its mid-priced chair released in mid-August. It is selling above the company's forecasts, he said.

Sales at the Grand Rapids office-furniture maker increased 6.4 percent to \$651 million for the second quarter ended Aug. 27, compared to \$612.1 million during the same period last year.

Analysts expected sales of \$647.5 million and profits of a penny a share.

Enduring a recession can make a company stronger or weaker, Hackett said in an interview following Thursday's conference call. A stronger Steelcase emerged, he said.

"I think we're seeing better results across the industry," Hackett said. "A lot of the

improvement came from the operational changes we made."

Profits also improved.

Steelcase reported profits of \$7.3 million or 5 cents a share, better than what it had expected. A year ago, the same quarter brought a loss of \$3.2 million.

"I am pleased with the profitable growth the Steelcase team delivered this quarter," Hackett said. "We are seeing benefits from our multiyear restructuring effort, improved productivity from lean manufacturing initiatives, and top-line growth from our larger customers and in key vertical markets."

Steelcase Chief Financial Officer James Keane praised the work force for helping the company emerge from difficult economic times. The local work force has been reduced by 50 percent since December 2000, when Steelcase employed 10,800.

"Because of the sustained efforts of Steelcase employees, we delivered our highest level of income from continuing operations in six quarters," Keane said.

North American order rates are up, but at a slower rate than what Steelcase saw earlier in the year, which is consistent with indications the economic recovery slowed during the summer.

Major international markets also have not shown clear signs of meaningful recovery.

Raw material prices, mainly because of the increase in steel prices, will continue to cut into profits, the company said.

Steelcase expects third-quarter revenue to be up 4 percent to 8 percent from the prior year.

Although profitable, Steelcase continues to lag rival Herman Miller Inc. The Zeeland office-furniture maker last week reported sales of more than \$357 million during the quarter, up 10 percent from the same time a year ago.

Profits also were up. Herman Miller reported net income of \$14.3 million, or 20 cents a share, an increase of more than 130 percent from last year.

U.S. office furniture production will hit \$9 billion this year, a 5.7 percent increase, according to estimates from the Business and Institutional Furniture Manufacturers Association.

The office-furniture trade group is upbeat for 2005, estimating production will climb 11.5 percent, to about \$10 billion.

Thursday, June 10, 2004

## Study supports downtown housing boom

By Chris Knape

Grand Rapids has the potential to support about 350 new downtown housing units each year over the next five years, according to a housing-market study commissioned by the city's Downtown Development Authority.

The \$12,000 study showed young people from Kent County and those migrating to the area from other parts of the country are most apt to choose downtown as the place to live.

Families and dyed-in-the-wool suburbanites are the least likely candidates for downtown living, according to the study by Zimmerman/ Volk Associates Inc. of New Jersey.

"This substantiates a lot of what we have discovered from our past involvement," said Sam Cummings, whose Second Story properties has redeveloped several older buildings downtown for residential and commercial use.

Laurie Volk, who delivered a summary of her study to the DDA and a group of 16 downtown developers Wednesday, said Grand Rapids has made impressive progress in assisting developers interested in adding downtown housing. Her full report is due within a few weeks.

The study for the DDA was a separately funded add-on to a larger \$40,000 report Volk was to present to the Grand Valley Metropolitan Council today.

That report focuses on market demand for housing in walkable, compact community settings rather than conventional suburban developments.

"I found downtown Grand Rapids to be absolutely charming and possessing most of the attributes that people who want to move downtown need," Volk said.

The study suggested about 55 percent of new units should be rental lofts and apartments, 25 percent should be for-sale lofts and apartments and 20 percent should be for-sale row houses and live-work spaces.

Buildings should continue to be designed with urban, not suburban standards, in mind, she said. In other words, buildings and doors should face the streets, not garages and parking lots.

The DDA's incentive programs for helping redevelop old buildings are a great help, but the city could do more to help market the idea of living downtown by hosting tours of developments and helping people understand the benefits of being in the central city, Volk said.

Those inclined to live downtown are less concerned about the lack of a grocer and retail shops and more interested in night life, cultural attractions, restaurants and being close to work.

The study suggests developers target two-person households with incomes from \$50,000 to \$75,000. High-income single people and empty-nesters also are potential targets.

"We're hoping that Laurie's experience and data will be useful to the local development community in answering questions they have been asking about how much downtown housing there should be," said Jay Fowler, DDA director.

Volk said she was surprised by local developers' commitment to investing in downtown housing. Many leverage their personal property to get financing for projects, an unusual risk compared to other cities, she said.

More than 600 units are under construction or on the drawing board for the next few years.

Mayor George Heartwell, a DDA member, called the report encouraging and noted the progress made in nurturing downtown housing under former Mayor John Logie's leadership.

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