2009
FINANCIAL OVERVIEW
Kent County, Michigan

Daryl J. Delabbio
County Administrator/Controller

Robert J. White
Fiscal Services Director

OFFICE OF THE ADMINISTRATOR

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March 31, 2009

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

RE: 2009 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; and
- 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,

Daryl J. Delabbio
County Administrator/Controller

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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 of Commissioners 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
Roger Morgan

Vice-Chair
Sandi Frost Parrish

Dean Agee
Tom Antor
Dick Bulkowski
Keith Courtade
Brandon Dillon

Carol Hennessy
Pete Hickey
Bill Hirsch
Stan Ponstein
Gary Rolls

Bob Synk
Jim Talen
Arthur Tanis
Richard Vander Molen
James Vaughn

Ted Vonk
Harold Voorhees

Elected Officers

Clerk/Register of Deeds
Mary Hollinrake

Drain Commissioner
William Byl

Prosecuting Attorney
William Forsyth

Treasurer
Kenneth Parrish

Sheriff
Lawrence Stelma

Executive Staff

Administrator/Controller
Daryl Delabbio

Corporate Counsel
Dan Ophoff

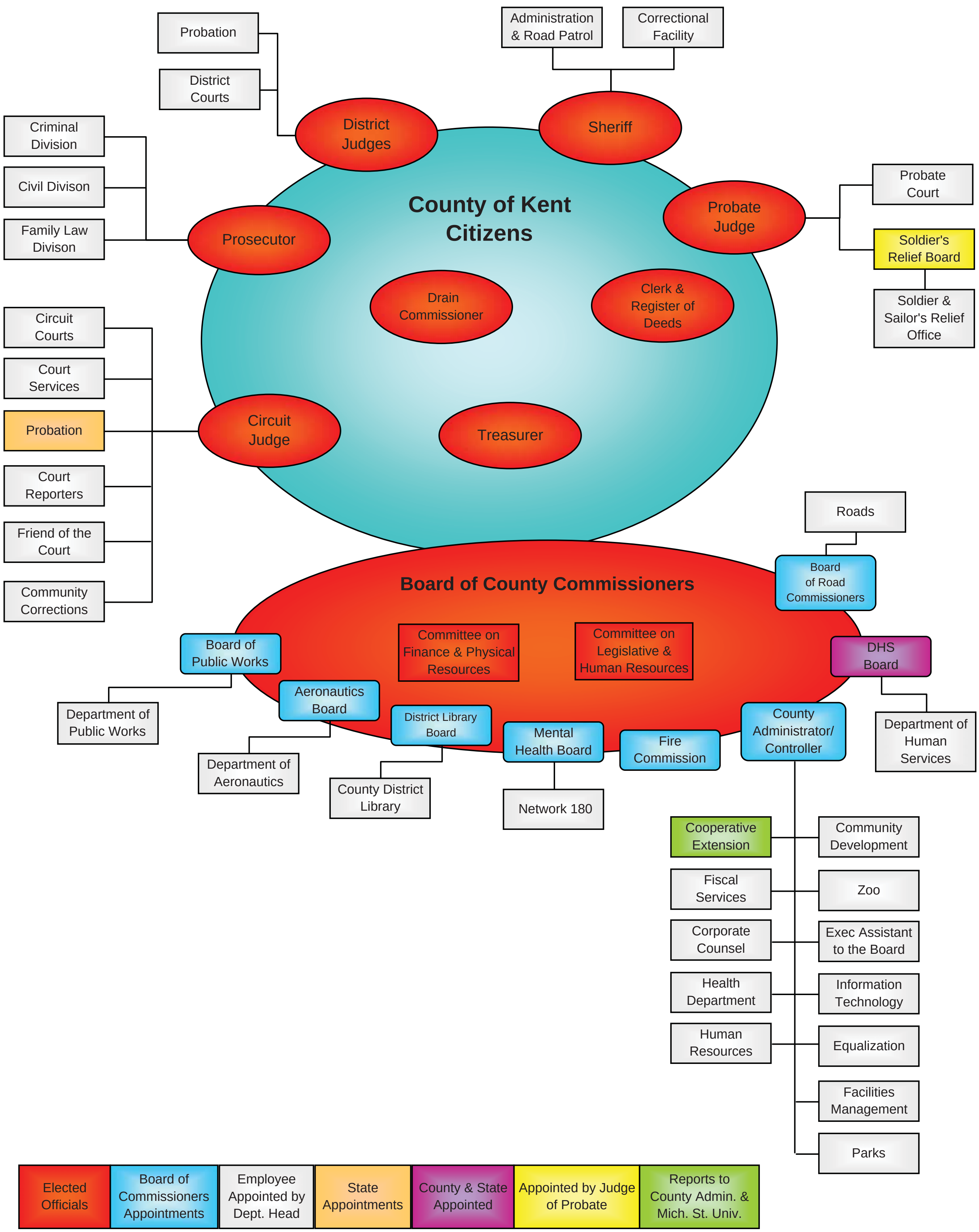
Fiscal Services Director
Robert White

Budget Manager
Marvin Van Nortwick

Professional Services

Auditors: Rehmann Robson
Grand Rapids, Michigan

Organization Chart



Property Tax Rates

Prior to 1982 the County's tax rate was determined by a County-wide Allocation Board. In 1982, the County electorate voted a fixed millage allocation of 15 mills for operating purposes of the County and certain other taxing units within the County, as authorized by the State Constitution. Prior to 1995 the millage allocation was equal to $15.00 per $1,000 of the State Equalized Valuation ("SEV") of taxable property in the County and since 1995 has been equal to $15.00 per $1,000 of Taxable Value (defined below) of the taxable property. (See "COUNTY AND TAXATION LIMITATIONS - Taxable Valuation of Property," herein.) The 15 mills allocation was voted for an indefinite period of time, although State statute permits a maximum levy of 18 mills. 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 and July 1 of each year shown, are levied against each $1,000 of Taxable Value and exclude taxes levied by underlying taxing units. The current tax levies are reduced from 4.8000 mills and 0.8400 mills for County operating and correction facility purposes, respectively, as a result of the 1978 State Constitutional amendment described under "Property Tax Limitations."

MILLAGE RATE

	2004	2005		2006		2007		2008	
Millages	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**
County Operating	4.2803	1.4267	2.8536	2.8535	1.4268	4.2803	-	4.2803	-
Correction Facility (1)	0.7893	-	0.7893	-	0.7893	-	0.7893	-	0.7893
Senior Services (1)	0.2444	-	0.2444	-	0.3244	-	0.3244	-	0.3244
Total Levy	5.3140	1.4267	3.8873	2.8535	2.5405	4.2803	1.1137	4.2803	1.1137

(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 total tax rate per $1,000 of Taxable Value varies widely depending upon which municipality and school district the property is located. The highest tax rate on property within the County for the 2008 tax year was 62.1953 mills (44.3284 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 38.2840 mills (20.2840 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 State constitutional and statutory limitations.

Property Tax Rate Limitations

In 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 of the Public Acts of Michigan of 1979, as amended, 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, as published by the United States Department of Labor, 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. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would not increase over the prior year tax rate, but remain the same. 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 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.

In 1994, the electors of the State approved an amendment to the State Constitution (the "1994 Amendment") permitting the State 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." 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 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 based the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of 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 local assessor. 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.

Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 of the Public Acts of Michigan of 1974, as amended ("Act 198") and Act 146 of the Public Acts of Michigan of 2000, as amended ("Act 146"). Property granted tax abatements under Act 198 and Act 146, is recorded on separate tax rolls while subject to tax abatement.

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. County taxpayers have a number of tax appeals pending before the Tax Tribunal, none of which will have a significant impact on the County's State Equalized Valuation, Taxable Value or the resulting taxes.

State Equalized and Taxable Valuation

Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 or Act 146. The effect of the abatements granted under Act 198 and Act 146 is to understate the 2008 Taxable Value of the County by an estimated $577,166,687 or approximately 2.65%. Excluding the SEV of these properties, the County's total SEV has increased $3,365,548,885 or 16.08% between 2004 and 2008 and the Taxable Value has increased $3,739,434,088 or 20.76% between 2004 and 2008. (See "COUNTY TAXATION AND LIMITATIONS -- Property Tax Abatement" herein). Per capita 2008 SEV is $40,145 and the per capita 2008 Taxable Valuation is $35,946, both of which are based on the 2008 U.S. Census estimated population of 605,213.

SEV AND TAXABLE VALUE HISTORY

Year of Valuation	SEV	Taxable Valuation	SEV Increase Over Prior Year	Taxable Valuation Increase Over Prior Year
2004	$ 20,930,699,290	$ 18,015,373,868	5.1%	4.9%
2005	22,119,875,769	19,043,661,224	5.7%	5.7%
2006	23,346,848,319	20,223,487,574	5.5%	6.2%
2007	24,338,570,446	21,325,454,329	4.2%	5.4%
2008	24,296,248,175	21,754,807,956	-0.2%	2.0%

Source: County of Kent

CURRENT TAXABLE VALUATION COMPONENTS

By Use:		By Class:		By Municipality:	
Residential	64.1%	Real Property	91.3%	Cities	54.7%
Commercial	18.8%	Personal Property	8.7%	Townships	45.3%
Personal	8.7%				
Industrial	7.6%				
Agricultural	0.8%				
Total	100.0%		100.0%		100.0%

Source: County of Kent

Property Tax Abatement

The SEV and Taxable Values do not include valuation of certain facilities which have temporarily been removed from the ad valorem tax roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities (“Rehab Properties”) and to build new facilities (“New Properties”). Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from ad valorem taxes for a period of up to 12 years. In lieu of ad valorem taxes, the eligible facility will pay an industrial facilities tax (the “IFT Tax”). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the “IFT Tax Roll”). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility the IFT Tax is also determined the same as the ad valorem tax but instead of using the total mills levied as ad valorem taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals 1/2 of all tax rates levied by other than the State and local school district for operating purposes plus 1/2 of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1993, this millage rate equals 1/2 of all tax rates levied by other than the State plus 0%, 50% or 100% of the SET (as determined by the State Treasurer).

The County's ad valorem Taxable Value also does not include the value of certain facilities which have been temporarily removed from the ad valorem tax roll pursuant to Act 146. Act 146 was designed to provide a stimulus in the form of significant tax incentives to renovate certain blighted, environmentally contaminated or functionally obsolete commercial property or commercial housing property ("OPRA Properties"). Except as indicated below, under the provisions of Act 146, a local governmental unit (i.e. a city, village or township) may establish obsolete property rehabilitation districts and offer tax incentives or abatements to encourage rehabilitation of OPRA Properties.

An obsolete property rehabilitation certificate granted under Act 146 entitles an eligible facility to an exemption from ad valorem taxes on the building only for a period of up to 12 years. A separate tax roll exists for OPRA Properties abated under Act 146 called the "Obsolete Properties Tax Roll." An "Obsolete Properties Tax" is calculated using current year ad valorem millages times the taxable value of the obsolete building for the tax year immediately prior to the effective date of the obsolete property rehabilitation certificate except for the annual school operating and State Education Tax millages which are charged at the ad valorem tax rate on the current taxable value of the building.

The local units in the County have established goals, objectives and procedures to provide the opportunity for industrial and commercial development and expansion. Since 1974, local units in the County have approved a number of applications for local property tax relief for industrial firms. The SEV of properties that have been granted tax abatement under Act 198 and Act 146, removed from the ad valorem tax roll and placed on the IFT Tax Roll in the County totaled an estimated $577,166,687 for the fiscal year ended December 31, 2008. The IFT Taxes paid on these properties are equivalent to ad valorem taxes paid on $1,140,470,674 of Taxable Value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption and obsolete property rehabilitation certificates the current equalized valuation of the abated properties will return to the ad valorem tax roll as Taxable Value.

As an additional measure to stimulate private investment, several local units in the County also created Renaissance Zones (the "Zones") pursuant to the provisions of Act 376 of the Public Acts of Michigan of 1996, as amended ("Act 376"). Under Act 376 individuals living in and local businesses that conduct business and own qualified property located within the Zones are entitled to, among other things, an exemption from ad valorem taxes on the qualified property. For the fiscal year ended December 31, 2007, the Taxable Value of property qualified for the benefits of the Zone program totaled $268,270,379.

Tax Increment Authorities

Act 450 of the Public Acts of Michigan of 1980, as amended (the "TIFA Act"), Act 197 of the Public Acts of Michigan of 1975, as amended (the "DDA Act"), Act 281 of the Public Acts of Michigan of 1986, as amended (the "LDFA Act"), Act 530 of the Public Acts of Michigan of 2004, as amended (The "Historic Neighborhood Act"), Act 280 of the Public Acts of Michigan of 2005, as amended (The "CIA Act") Act 61 of the Public Acts of Michigan 2007, as amended and Act 381 of the Public Acts of Michigan of 1996, as amended (the "Brownfield Act") (together the "TIF Acts") authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA) Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts, Historic Neighborhood Finance Authority ("HNFA") Districts, Cooridor Improvement Authority ("CIA") Districts, Neighborhood Improvement Authority ("NIA") Districts or Brownfield Redevelopment Authority ("BRDA") Districts, authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the districts.

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

Certain local units in the County have established DDA, LDFA and BRDA Districts with an estimated aggregate 2007 captured taxable value of $504,242,000.

Personal Property Tax Exemptions and Property Tax Proposals

Act 328 of the Public Acts of Michigan of 1998, as amended, allows certain eligible communities to designate specific existing areas as “eligible distressed areas” in which “new personal property” of “eligible businesses” would be exempt from ad valorem property taxation. The eligible communities could, with the approval of the State Tax Commission, designate one or more areas as eligible distressed areas.

Property Tax Collections

The County’s fiscal year is the calendar year. County taxes were historically due and payable on December 1 of each year, at which time a lien on taxable property is created. Property taxes billed on December 1 are payable without penalty until February 14. Property taxes billed on July 1 are payable without penalty on various dates, based on the billing cycles of city and township treasurers, but not later than September 14. Unpaid real property taxes become delinquent on the following March 1 and are thereafter collected by the County Treasurer with penalties and interest. Real property returned to the County Treasurer for delinquent taxes is subject to forfeiture, foreclosure and sale as provided in Act 206, Public Acts of Michigan of 1893, as amended. 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 notes 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.

PROPERTY TAX COLLECTION HISTORY

Year of Levy	Levy as of December 1 (1)	Total Tax Collection to March 1 Year Following Levy (2)		Collection to March 4, 2009	
2004	$ 94,868,201	$ 88,336,598	93.12%	$ 94,867,205	100.00%
2005	100,103,230	93,881,338	93.78%	100,096,516	99.99%
2006	107,819,921	101,351,375	94.00%	107,714,244	99.90%
2007	113,547,947	101,705,638	89.57%	112,641,682	99.20%
2008	115,715,383	103,685,032	89.60%		

(1) The County of Kent's fiscal year begins January 1st. Taxes are billed on July 1st and December 1st and are recorded as delinquent the following March 1st. The tax levy includes DDA, LDFA, TIFA and CIA amounts.

(2) Does not include payments from the County's Delinquent Tax Revolving Fund.

Source: County of Kent

Revenue Sharing

The County receives revenue sharing payments and other moneys from the State under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"). The State revenue sharing program distributes sales tax revenues collected by the State to city, village, township, and county governments as unrestricted revenues.

In 1996, the State Legislature expressly designated the revenues of the sales tax as the sole source for revenue sharing. The sales tax revenues come from a 6% State levy on retail sales (other than sales of certain exempt items such as food and drugs). The State Constitution limits the rate of sales tax to 6%, and dedicates 100% of the revenue of sales tax imposed at a rate of 2% to the State School Aid Fund. The State Constitution further mandates that 15% of the total revenues collected from sales taxes levied at the remaining 4% be distributed to townships, cities and villages. The Revenue Sharing Act distributes an additional 21.3% of those revenues to Michigan municipalities, including counties.

At the end of calendar year 1998, the Legislature again amended the Revenue Sharing Act (the "1998 Amendments") to accomplish the following, among other things:

- Re-adjust the percent share of statutory distributions from 24.5% for counties and 75.5% to cities, villages, and townships, to 25.06% for counties and 74.94% to cities, villages, and townships.
- Create a "sunset" of the statute by including language that revenue sharing after June 30, 2007 will be distributed "as provided by law."

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

Revenue sharing payments and other monies paid to municipalities (other than the portion which is mandated by the State constitution) are subject to annual appropriation by the State Legislature, and may be reduced or delayed by Executive Order during any fiscal year in which the Governor, with the approval of the legislature's appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

Revenue sharing payments were distributed in accordance with the 1998 Amendments until December 2002. Consistent with the downturn in the national economy, however, the State began experiencing an economic slowdown, resulting in reductions in anticipated and actual sales tax revenue. In response, the State Legislature enacted each year one or more acts to further amend the distribution formula and reduce statutory revenue sharing payments to local governments otherwise established by the 1998 Amendments.

County Reserve Fund

In anticipation of a continued budget deficit, in September 2004, Governor Granholm signed into law Act 356 of the Public Acts of Michigan of 2004 ("Act 356"), an amendment to the Revenue Sharing Act and Act 357 of the Public Acts of Michigan of 2004 ("Act 357") an amendment to the General Property

Tax Act. Act 356 and Act 357 accomplished the temporary elimination of approximately $182.1 million in statutory revenue sharing payments to counties by creating a revenue sharing reserve fund ("RSRF") paid for by the permanent advancement of the counties' property tax levy from December to July each year, beginning July 2005. Under this amendment, the State 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 transition of County operating millage levies and creation of reserve accounts was accomplished 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	-	-
2008	3/3	-	-

* Equal to 1/3 of December 2004 tax levy.

- The creation of the RSRF is restricted for the purpose of reducing the State's obligation for revenue sharing payments to county governments for a temporary period.

- The RSRF was 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 was set aside for each of the December 2004 through 2006 inclusive tax collection cycles. By resolution of the County Board of Commissioners, any interest earnings generated from the deposits will be credited to the RSRF.

- 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 through 2009, counties with a fiscal year ending 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, 2010, 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 law currently provides that 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 indicated the intent of the State at the time of enactment of this change to continue revenue sharing payments to counties.

PROJECTED RESERVE ACCUMULATION AND DEPLETION SCHEDULE

County of Kent, Michigan
Revenue Sharing Reserve Special Revenue Fund
Projection of Revenues, Expenses, and Changes in Fund Balance *(in thousands)*

	Year Ended December 31,							
Category	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Revenues:								
Property Tax Set-Aside	$ 24,873	$ 24,873	$ 24,873	$ -	$ -	$ -	$ -	$ -
Interest	(5)	245	1,109	1,858	1,157	321 (1)	85 (1)	-
	24,868	25,118	25,982	1,858	1,157	321	85	-
Appropriations:								
Transfers to General Fund	6,845	10,494	10,841	11,242	11,500	12,006	12,126 (2)	4,335
Excess (Deficient) Revenues	18,023	14,624	15,141	(9,384)	(10,343)	(11,685)	(12,041)	(4,335)
Fund Balance, Beg	-	18,023	32,647	47,788	38,404	28,061	16,376	4,335
Fund Balance, End	$ 18,023	$ 32,647	$ 47,788	$ 38,404	$ 28,061	$ 16,376	$ 4,335	$ -

(1) Prior year ending Fund Balance, less current year transfer, plus one half current year property tax, invested at an average interest rate of 2.0%
(2) Indexed at an assumed inflation rate of 1.0% per annum

Source: County of Kent

GENERAL FUND REVENUES FROM THE STATE OF MICHIGAN

Category	2005	2006	2007	2008 (1)	2009 (2)
Revenue Sharing (3)	$ 10,494,321	$ 10,840,632	$ 11,241,736	$ 11,500,296	$ 12,006,309
Court Equity Funding	3,472,493	3,428,062	3,421,449	3,451,364	3,507,100
Liquor Tax	2,960,118	3,193,611	-	3,518,605	3,565,200
Cigarette Tax	359,017	339,202	277,174	197,456	184,100
Grants and Other	1,527,432	1,527,750	1,557,677	1,573,148	1,762,320
Total	$ 18,813,381	$ 19,329,257	$ 16,498,036	$ 20,240,869	$ 21,025,029

(1) Preliminary, subject to audit
(2) As budgeted by the County
(3) Including Interfund Transfers from the RSRF

Source: County of Kent

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 l0%, of its assessed valuation." The Notes are included within this debt limitation.

STATEMENT OF LEGAL DEBT MARGIN - MARCH 31, 2009		
2008 State Equalized Value (SEV)		$24,296,248,175
Legal Debt Limit (10% of SEV)		2,429,624,818
Debt Outstanding (including the Notes)	476,472,904	
Revenue Bonds - No LTGO Pledge	45,250,000	
Net Amount Subject to Legal Debt Limit		431,222,904
Margin of Additional Debt That Can Be Legally Incurred		$ 1,998,401,914
Debt Outstanding as a percentage of 2008 SEV		1.8%

Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of March 31, 2009 including the pending DTAN issue (see note 2). 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 (1)	Net Debt % of SEV
Direct Debt					
County Building Authority (L.T.G.O.)	$ 89,760,000	$ 385,000	$ 89,375,000		
General Obligation Limited Tax Notes (2)	55,000,000	55,000,000	-		
Refuse and Solid Waste Bonds (L.T.G.O.)	21,755,000	21,755,000	-		
Airport Bonds					
(L.T.G.O.)	148,890,000	148,890,000	-		
(Revenue)	45,250,000	45,250,000	-		
Water and Sewer Bonds (L.T.G.O.)	3,900,000	3,900,000	-		
Drain Bonds (L.T.G.O.)	11,729,000	11,729,000	-		
County/City Building Authority Bonds (L.T.G.O.)	77,788,904	4,065,000	73,723,904		
CIP Bonds (L.T.G.O.)	22,400,000	-	22,400,000		
Total Direct Debt	$ 476,472,904	$ 290,974,000	185,498,904	$ 306.50	0.8%
Overlapping Debt (3)					
School Districts			1,270,768,899		
Cities			214,165,000		
Community Colleges			46,018,303		
Townships			28,762,000		
Villages			2,795,000		
Intermediate School Districts			61,940		
Total Overlapping Debt			1,562,571,142	2,581.85	6.4%
Total Direct and Overlapping			$1,748,070,046	$ 2,888.35	7.2%

(1) Based on 2008 estimated population of 605,213

(2) Includes an estimated $36,000,000 of delinquent tax anticipation notes to be issued in April, 2009.

(3) 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 AMORTIZATION SCHEDULE
REQUIREMENTS AT MARCH 31, 2009

Year	Tax Notes	Refuse Disposal Bonds	Airport Revenue Bonds	Water & Sewer LTGO Bonds	Drain Bonds	City/County Building Authority Bonds	County Building Authority Bonds	Capital Improvement Bonds	Total	Cumulative Total	Percent Amortized
2009	$ -	$ 10,505,000	$ -	$ 490,000	$ 1,217,000	$ 3,895,000	$ 4,640,000	$ 1,205,000	$ 21,952,000	$ 21,952,000	4.6%
2010	-	11,250,000	3,465,000	510,000	1,287,000	4,260,000	5,685,000	1,265,000	27,722,000	49,674,000	10.4%
2011	19,000,000	-	4,050,000	530,000	1,275,000	4,675,000	3,405,000	1,305,000	34,240,000	83,914,000	17.6%
2012	36,000,000	-	4,535,000	550,000	1,330,000	5,115,000	3,540,000	1,340,000	52,410,000	136,324,000	28.6%
2013	-	-	5,080,000	580,000	1,390,000	5,585,000	3,710,000	1,040,000	17,385,000	153,709,000	32.3%
2014	-	-	5,640,000	605,000	1,190,000	6,085,000	3,880,000	1,070,000	18,470,000	172,179,000	36.1%
2015	-	-	6,275,000	635,000	1,250,000	3,513,370	4,075,000	1,105,000	16,853,370	189,032,370	39.7%
2016	-	-	6,575,000	-	930,000	3,455,616	4,270,000	1,145,000	16,375,616	205,407,986	43.1%
2017	-	-	6,890,000	-	970,000	3,399,714	4,435,000	1,185,000	16,879,714	222,287,700	46.7%
2018	-	-	7,230,000	-	285,000	3,339,653	4,660,000	1,230,000	16,744,653	239,032,353	50.2%
2019	-	-	7,585,000	-	295,000	3,303,950	4,890,000	1,060,000	17,133,950	256,166,303	53.8%
2020	-	-	7,965,000	-	310,000	3,270,176	5,135,000	1,110,000	17,790,176	273,956,479	57.5%
2021	-	-	8,360,000	-	-	3,232,569	5,400,000	1,160,000	18,152,569	292,109,048	61.3%
2022	-	-	8,785,000	-	-	3,219,531	4,860,000	1,215,000	18,079,531	310,188,579	65.1%
2023	-	-	9,220,000	-	-	3,201,469	5,005,000	1,270,000	18,696,469	328,885,048	69.0%
2024	-	-	9,675,000	-	-	2,433,499	5,270,000	1,330,000	18,708,499	347,593,547	73.0%
2025	-	-	10,160,000	-	-	2,385,378	5,535,000	785,000	18,865,378	366,458,925	76.9%
2026	-	-	7,785,000	-	-	2,344,096	5,805,000	820,000	16,754,096	383,213,021	80.4%
2027	-	-	8,175,000	-	-	2,298,194	1,775,000	860,000	13,108,194	396,321,215	83.2%
2028	-	-	8,580,000	-	-	2,257,832	1,850,000	900,000	13,587,832	409,909,047	86.0%
2029	-	-	5,270,000	-	-	2,211,380	1,935,000	-	9,416,380	419,325,427	88.0%
2030	-	-	5,535,000	-	-	2,172,718	-	-	7,707,718	427,033,145	89.6%
2031	-	-	5,810,000	-	-	2,134,759	-	-	7,944,759	434,977,904	91.3%
2032	-	-	6,100,000	-	-	-	-	-	6,100,000	441,077,904	92.6%
2033	-	-	6,405,000	-	-	-	-	-	6,405,000	447,482,904	93.9%
2034	-	-	6,725,000	-	-	-	-	-	6,725,000	454,207,904	95.3%
2035	-	-	7,065,000	-	-	-	-	-	7,065,000	461,272,904	96.8%
2036	-	-	7,415,000	-	-	-	-	-	7,415,000	468,687,904	98.4%
2037	-	-	7,785,000	-	-	-	-	-	7,785,000	476,472,904	100.0%
Total	$ 55,000,000	$ 21,755,000	$194,140,000	$ 3,900,000	$ 11,729,000	$ 77,788,904	$ 89,760,000	$ 22,400,000	$ 476,472,904		

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 2008 issued short-term notes in order to establish a 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 2006 through 2008 and their outstanding balance as of March 31, 2009 are as follows:

OUTSTANDING NOTES

Tax Year	Year Issued	Notes Issued	Amount Outstanding
2005	2006	$ 24,000,000	$ -
2006	2007	29,000,000	-
2007	2008	34,000,000	19,000,000

Source: County of Kent

Future Financing

The County anticipates the issuance of $36 million of Delinquent Tax Anticipation Notes in April 2009. Also, the County is presently considering refunding of presently outstanding Airport Revenue Refunding Bonds, Series 1999. In addition, in late 2009 the Kent County Building Authority will issue approximately $30 million of authority bonds to finance construction of replacement correctional facilities.

Vacation and Sick Leave Liabilities

As of December 31, 2007, the County had an unfunded vacation liability of $4,302,774 and no unfunded sick leave liabilities.

Retirement System

<u>Plan Description</u>

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, 2007, the date of the most recent actuarial valuation, membership consisted of 1,183 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 1,793 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 are either fixed at 6.5% of total salary or variable based on union contracts in place. The variable rate is 5.52% for 2008. The County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The employer normal cost for 2009 is 10.43% of covered payroll; however, due to over-funding the computed employer contribution rate is 5.12% of covered payroll.

IV. Concentrations

At December 31, 2007, 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, 2007 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 4% - 9% per year, including inflation of 4%, 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 15 years.

The plan has had no net pension obligation.

THREE-YEAR TREND INFORMATION		
Year ended December 31,	Annual Pension Cost (APC)	Percentage of APC contributed
2005	$ 6,681,671	100%
2006	7,888,534	100%
2007	8,671,388	100%

SCHEDULE OF FUNDING PROGRESS (IN MILLIONS)						
Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued 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, 2005	$ 493.1	$ 469.4	$ (23.7)	105.0%	$ 87.2	(27.2%)
December 31, 2006*	$ 542.4	$ 496.8	$ (45.6)	109.2%	$ 90.8	(50.2%)
December 31, 2007	$ 585.8	$ 525.5	$ (60.3)	111.5%	$ 91.2	(66.1%)

* Revised actuarial assumptions.

Source: Kent County Comprehensive Annual Financial Report

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, 2007
Actuarial Cost Method:	Individual entry age
Amortization Method:	Level percent, open over 15 years
Asset Valuation Method:	Four-year smoothed market
Actuarial Assumptions:	
Investment rate of return(1)	7.0%
Projected salary increases(1)	4.0% - 9.0%

(1) Includes inflation of 4.0%

Other Postemployment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") issued its Statement 45 – "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". Other post employment benefits ("OPEB") include post employment healthcare insurance as well as other forms of post employment benefits (for example, life insurance) when provided separately from a pension plan. GASB Statement 45 ("GASB") establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

The County currently provides a post employment healthcare insurance subsidy for the life of the retiree. The monthly subsidy ranges from a low of $250 to a high of $350 per month based on the respective employee bargaining unit contract. In order to receive the full benefit, the employee must have attained 25 years of service. The subsidy is prorated if the retiree has less than twenty-five years of service at the time of retirement. Similar to other governmental units, the County previously funded its OPEB program on a pay-as-you-go basis, but began funding OPEB on an actuarial basis in its Fiscal Year beginning January 1, 2007.

The County completed its third actuarial valuation of Other Post Employment Benefits as of December 31, 2007. The unfunded actuarial accrued liability attributable to service accrued by plan members as of December 31, 2007 was $29,130,689. As of December 31, 2007, there was $2,522,191 of valuation assets available to offset the liabilities of the plan. Based on the 2005 actuarial study, the County began contributing an amount equal to 3.1% of payroll to a newly established VEBA Trust during calendar year 2007. The study had established a 2007 "Annual Required Contribution" of $2,919,519. During 2007 the County contributed $3,091,114.

The December 31, 2007 actuarial study resulted in the determination of a Fiscal Year 2009 (Year beginning January 1, 2009) employer contribution requirement of $2,029,882 to the VEBA Trust in order to meet the Annual Required Contribution and avoid any net OPEB obligation. The required County contribution equates to 2.04% of active employee payroll costs.

Cash Activity Summary and Analysis

	December 31,	
	2007	**2008**
Cash Equity		
Cash balance - January 1	$ 284,755,644	$ 474,450,383
Receipts	988,594,753	805,652,145
Less: Disbursements	798,900,015	893,923,049
Cash balance - December 31	**$ 474,450,383**	**$ 386,179,479**

	December 31,	
	2007	**2008**
Analysis of Cash Balances		
Pooled investments	$ 467,991,513	$ 381,077,553
Demand deposits (1)	1,352,421	2,835,247
Imprest cash	87,575	87,775
Accrued interest on pooled investments	8,576,569	5,727,317
Less: Outstanding disbursement checks	3,557,695	3,548,413
Cash balance - December 31	**$ 474,450,383**	**$ 386,179,479**

(1) Includes unreconciled system checks.

Cash Balances and Net Change in Balances

Fund		December 31, 2007	2008	Net Change Inc/(Dec)
101	County General	$ 68,383,230	$ 70,218,115	$ 1,834,885
201	County Roads	12,033,657	15,622,553	3,588,897
215	Friend of the Court	(715,682)	(879,088)	(163,406)
221	Public Health	(2,592,846)	(2,113,587)	479,259
229	Hotel/Motel Tax	1,423,240	797,461	(625,779)
245	Public Improvement	7,725,563	2,477,671	(5,247,892)
250	Correction and Detention Facility	9,776,721	4,589,597	(5,187,123)
251	Senior Millage	1,410,401	1,570,965	160,563
256	Register of Deeds	1,219,641	1,302,690	83,049
285	State Revenue Sharing Reserve	38,408,609	27,976,925	(10,431,684)
292	Child Care	7,989,176	11,444,063	3,454,887
450	Building Authority Construction	26,310,606	15,617,608	(10,692,999)
513	DPW Administration	2,536,711	2,504,123	(32,588)
514	DPW Operation and Maintenance	1,162,815	531,252	(631,563)
517	DPW Solid Waste	20,233,632	20,809,095	575,463
581	Airport	129,281,893	64,338,126	(64,943,767)
597	DPW Waste-to-Energy	13,744,931	14,055,148	310,217
616	100% Tax Payment Fund	69,118,497	54,462,852	(14,655,646)
677	Risk Management	6,500,655	8,427,542	1,926,887
701	Trust and Agency	55,763,976	59,594,840	3,830,864
721	Library Penal Fines	690,471	427,869	(262,602)
800	Drains and Lake Level	3,817,952	4,027,639	209,687
	Various Other Funds	226,533	8,376,019	8,149,486
Total		**$ 474,450,383**	**$ 386,179,478**	**$ (88,270,904)**

Pooled Investment Fund[1]

Investments By Type	Par Value	Book Value	Percent
	December 31, 2008		
Certificates of Deposit	$ 238,598,652	$ 238,598,652	62.6%
U.S. Treasury Strips	2,254,000	1,751,223	0.5%
Federal Farm Credit Bank	4,000,000	4,022,626	1.1%
Federal Home Loan Banks	39,000,000	39,522,665	10.4%
Federal National Mortgage Assoc.	7,000,000	7,158,608	1.9%
Federal Home Loan Mortgage Cor.	4,000,000	4,095,220	1.1%
Repo	44,439,418	44,439,418	11.7%
Passbook & Money Market	41,489,141	41,489,141	10.9%
Total	**$ 380,781,212**	**$ 381,077,553**	**100.0%**

Investment Yield	Book Value	Percent
	December 31, 2008	
0.96% to 1.50%	$ 21,259,634	5.6%
1.50% to 2.00%	22,237,228	5.8%
2.00% to 2.50%	12,602,702	3.3%
2.50% to 3.00%	68,299,607	17.9%
3.00% to 3.50%	94,390,062	24.8%
3.50% to 4.00%	63,473,709	16.7%
4.00% to 4.50%	19,129,456	5.0%
4.50% to 5.00%	64,502,124	16.9%
5.00% to 5.50%	15,183,030	4.0%
Total	**$ 381,077,553**	**100.0%**

Investment Maturity	Date Range	Book Value	Percent
		December 31, 2008	
1 to 3 Months	01/02/09 - 03/31/09	$ 173,939,002	45.6%
3 to 6 Months	04/02/09 - 06/30/09	91,315,168	24.0%
6 to 12 Months	07/01/09 - 12/23/09	68,192,434	17.9%
12 to 24 Months	01/11/10 - 09/22/10	20,232,551	5.3%
24 to 48 Months	02/18/11 - 12/14/12	27,398,398	7.2%
Total		**$ 381,077,553**	**100.0%**

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

Pooled Investments Earnings Performance

	December 31,					
	2007			2008		
Month	**Average Daily Balance**	**Interest Earned Accrual Basis**	**Earned Interest Yield**	**Average Daily Balance**	**Interest Earned Accrual Basis**	**Earned Interest Yield**
Jan	$ 297,376,810	$ 1,290,415	5.095	$ 470,966,648	$ 1,918,061	4.677
Feb	302,490,693	1,202,834	5.132	474,927,543	1,747,041	4.438
Mar	323,990,723	1,432,475	5.137	464,404,676	1,733,293	4.249
Apr	331,556,618	1,418,697	5.128	465,044,612	1,593,447	4.031
May	353,751,069	1,565,637	5.144	491,286,619	1,626,079	3.780
Jun	345,231,530	1,475,798	5.126	461,279,746	1,441,140	3.749
Jul	342,940,027	1,510,266	5.105	445,167,971	1,382,478	3.551
Aug	376,109,590	1,654,993	5.105	457,518,374	1,366,924	3.419
Sep	427,201,851	1,816,835	5.009	483,945,758	1,384,148	3.372
Oct	540,393,453	2,286,813	4.862	486,861,333	1,407,933	3.394
Nov	492,990,436	1,990,527	5.841	416,973,416	1,144,650	3.292
Dec	473,146,692	1,956,117	4.794	387,143,627	1,110,181	3.327
Annual	**$ 383,931,624**	**$ 19,601,406**	**4.643**	**$ 458,793,360**	**$ 17,855,376**	**3.892**

Investment Fund Balance - 1/1/08	$	467,991,513
Investment Fund Balance - 12/31/08	$	381,077,553

Pooled Investments - Local Government Units

	December 31,			
	2007		2008	
Local Government Units	**Invested Balance**	**Interest Earned**	**Invested Balance**	**Interest Earned**
Townships:				
Ada	$ 606,593	$ 28,735	$ 686,467	$ 24,874
Algoma	170,519	13,720	185,907	11,388
Byron	8,323,791	408,132	10,031,478	414,407
Caledonia	537,001	26,330	557,961	20,960
Cannon	600,808	63,474	906,092	49,624
Cascade	8,084,622	424,696	-	312,860
Courtland	-	5,571	-	-
Gaines	1,760,465	161,338	2,970,344	94,879
Grand Rapids	68,005	3,334	1,802,457	52,620
Nelson	196,525	15,008	-	9,017
Oakfield	635,811	23,131	404,446	22,612
Plainfield	323,114	89,457	335,725	12,612
Sparta	211,078	10,350	219,317	8,239
Tyrone	88,696	5,584	72,050	3,354
Vergennes	167,734	8,224	174,281	6,547
Townships Subtotal	**21,774,762**	**1,287,084**	**18,346,525**	**1,043,992**
Cities:				
East Grand Rapids	2,046,213	100,330	2,126,079	79,866
Grandville	1,384	68	1,437	54
Lowell	647,904	31,768	673,192	25,289
Wyoming (Debt Funds Only)	-	992	-	-
Caledonia (Village)	662,062	32,462	-	22,046
Cities Subtotal	**3,357,562**	**165,620**	**2,800,708**	**127,255**
Other Local Authorities:				
Network 180	4,200,992	205,983	2,772,661	121,669
Convention & Arena Authority	20,878,043	1,019,307	22,186,392	828,014
Grand Valley Metro Council	-	-	1,299,784	60,149
Interurban Partnership	624,732	32,517	624,732	23,411
Kent District Library	3,701,435	288,919	3,242,557	291,122
Other Local Authorities Subtotal	**29,405,202**	**1,546,726**	**30,126,125**	**1,324,365**
Total Local Government Units	**$ 54,537,525**	**$ 2,999,429**	**$ 51,273,358**	**$ 2,495,611**

Summary of Investments

December 31, 2008

	Book Value					
Broker Name	**U.S. Treasury Strips**	**Money Market / GIC**	**Government Agency**	**Govt Agency Disc Notes**	**Certificates of Deposit**	**Total**
Brokered Securities:						
AG Edwards & Sons, Inc	$ 973,543	$ -	$ -	$ -	$ -	$ 973,543
Bayerische	-	44,439,418	-		-	44,439,418
National City Bank	777,680	-	24,279,906	-	-	25,057,586
UBS Paine Webber	-	-	9,059,790	-	-	9,059,790
CitiGroup	-	-	21,459,423	-	-	21,459,423
U.S. Treasury Strips Subtotal	**1,751,223**	**44,439,418**	**54,799,119**	**-**	**-**	**100,989,760**
Certificates of Deposit (CD)						
Ambassador Funds	-	8,388,294	-	-	-	8,388,294
American Freedom Funds (FIT Funds)	-	658,597	-	-	-	658,597
Fifth Third Max Saver	-	10,130,976	-	-	-	10,130,976
Huntington Bank MM	-	7,725,309	-	-	-	7,725,309
MBIA Class Investment Pool	-	4,487,435	-	-	-	4,487,435
Michigan Liquid Asset Fund (MILAF)	-	10,098,531	-	-	-	10,098,531
Bank of Holland	-	-	-	-	2,334,790	2,334,790
Byron Center State Bank	-	-	-	-	3,288,637	3,288,637
Charter One	-	-	-	-	3,507,721	3,507,721
Chemical Bank West	-	-	-	-	11,031,668	11,031,668
Choice One Bank	-	-	-	-	1,823,575	1,823,575
Citizens Bank	-	-	-	-	13,474,591	13,474,591
Citizens First Bank	-	-	-	-	2,000,000	2,000,000
Comerica	-	-	-	-	17,486,498	17,486,498
Community Shores Bank	-	-	-	-	1,120,614	1,120,614
Fifth Third Bank	-	-	-	-	16,081,923	16,081,923
Flagstar Bank	-	-	-	-	25,415,693	25,415,693
Founders Trust	-	-	-	-	3,118,708	3,118,708
Huntington Banks	-	-	-	-	47,295,047	47,295,047
Independent Bank	-	-	-	-	848,973	848,973
Irwin Union Bank	-	-	-	-	17,908,834	17,908,834
Kent Commerce Bank	-	-	-	-	6,349,740	6,349,740
Lasalle Bank	-	-	-	-	6,159,533	6,159,533
Macatawa Bank	-	-	-	-	9,802,286	9,802,286
Mercantile Bank of W MI	-	-	-	-	13,202,948	13,202,948
National City Bank	-	-	-	-	19,023,923	19,023,923
Northpointe Bank	-	-	-	-	551,430	551,430
Private Bank	-	-	-	-	9,020,669	9,020,669
Select Bank	-	-	-	-	1,424,561	1,424,561
United Bank of Michigan	-	-	-	-	3,028,253	3,028,253
Wells Fargo Bank	-	-	-	-	1,000,000	1,000,000
West Michigan Comm Bank	-	-	-	-	2,298,038	2,298,038
CD Subtotal	**-**	**41,489,141**	**-**	**-**	**238,598,652**	**280,087,793**
Total	**$ 1,751,223**	**$ 85,928,560**	**$ 54,799,119**	**$ -**	**$ 238,598,652**	**$ 381,077,553**

Of the County's 1,899 employees, 80.0% 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.

Bargaining Unit	Number of [1] Employees February 13, 2009	Contract Expiration Date
United Auto Workers - General Members	582	12/31/2007 [2]
United Auto Workers - Court Members	353	12/31/2007 [2]
Kent County Deputy Sheriff's Association	244	12/31/2008 [2]
Kent County Law Enforcement Association - Police Officers Association of Michigan	185	12/31/2009 [3]
International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America - Park Employees	17	12/31/2008 [2]
International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America - Public Health Nurses	66	12/31/2011
Prosecuting Attorneys	37	12/31/2010
Police Officers Labor Council - Lieutenants/Captains	21	12/31/2011
Police Officers Labor Council - Court Reporters	8	12/31/2008 [2]
Circuit Court Referee Association	7	12/31/2007 [2]
Management Pay Plan (non-union)	339	NA
Total	1,859	

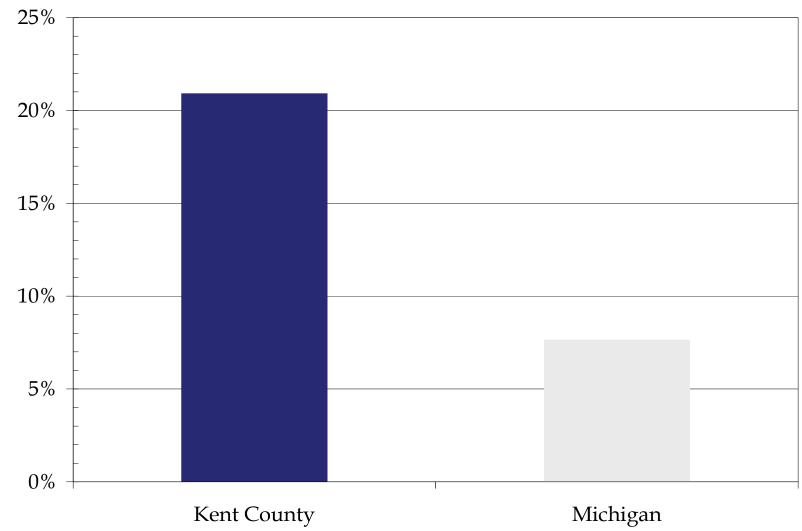
(1) Does not include sheriffs cadets, courthouse part-time security, seasonal employees or 40 elected and appointed officials of the County.
(2) In Negotiations. Affected employees are continuing to work under contract extension.
(3) Currently negotiating re-open clause on health care plan design.

Source: County of Kent

The County continues to maintain an excellent working relationship with its employees.

Population Growth: 1990-2008

Kent County population estimate grew 20.9 percent from 1990 to 2008 to 605,213. The growth for the State of Michigan over the same period was 7.6 percent.

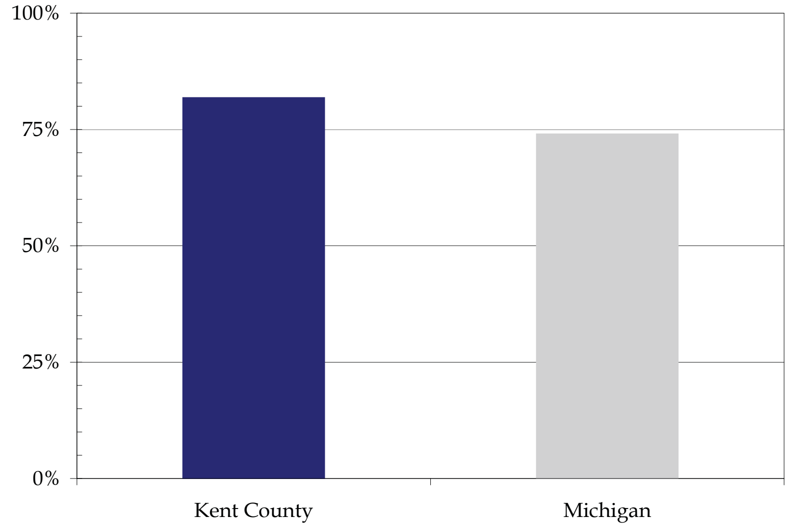


POPULATION GROWTH: 1990-2008				
Region	**1990 Census**	**2000 Census**	**2008 Estimate**	**Change 1990-2008**
Kent County	500,631	574,335	605,213	20.9%
Michigan	9,295,277	9,938,444	10,003,422	7.6%

Source: U.S. Census Bureau - March 19, 2009

Per Capita Income Growth: 1990-2006

Kent County's Per Capita Income grew 81.8 percent from 1990 to 2006 to $35,049. The growth for the State of Michigan over the same period was 78.6 percent to $33,788.



PER CAPITA INCOME GROWTH						
Region	**1990**	**2000**	**2004**	**2005**	**2006**	**Change 1990-2006**
Kent County	$ 19,278	$ 29,381	$ 32,396	$ 33,791	$ 35,049	81.8%
Michigan	18,922	29,554	31,550	32,694	33,788	78.6%

Source: Bureau of Economic Analysis

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

Within the County, the State Equalized Value (SEV) for commercial property increased in value from $3.57 billion (tax year 2003) to $4.63 billion (tax year 2008), for an average annual increase of 6.0%. Industrial property SEV increased in value from $1.71 billion (tax year 2003) to $1.83 billion (tax year 2008), for an average annual increase of 1.4%.

Convention Facilities

In 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 Van Andel Arena. The Van Andel Arena was completed in 1996, has a capability of 12,000 and is used for professional hockey games, professional arena football games, concerts, family shows and other entertainment events. The DeVos Place Convention Center renovation and expansion was completed in 2005. This new facility encompasses one million square feet of total gross floor area including a 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 2012 and beyond.

Regional Government Coordination

The Grand Valley Metropolitan Council ("The Metro Council") was formed in 1990 and has a membership of 35 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 includes 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 served 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 licensed beds are shown below.

Hospital	Beds
Spectrum Health Hospitals	1,860
St. Mary's Medical Center	336
Metropolitan Hospital	238
Pine Rest Christian Mental Health Services	162
Mary Free Bed Hospital and Rehabilitation Center	80
	2,676

Source: Grand Rapids Business Journal - Book of Lists 2009

In 2000, the Van Andel Institute (VAI) opened, with the mission ". . . to become one of the world's preeminent 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, legislation was adopted 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 VARI. The research being conducted at the VARI is expected to serve as a growth pole, anchoring and propelling growth of a newly developing bio-science industry cluster. It is anticipated that this will draw outside business and related sectors into the region to take advantage of economic opportunities created by the Institute. VARI has under construction a $170 million expansion of its facilities scheduled to be completed in 2010.

Utilities

In the County, electricity is furnished by Consumers Energy, telephone service by AT & T 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 Bank, Comerica Bank - Grand Rapids, Macatawa Bank, National City Bank, Huntington National Bank, Mercantile Bank, Bank of America, Kent Commerce Bank, JP Morgan Chase Bank, 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, Cooley Law School, 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.

GENERAL HOUSING CHARACTERISTICS

Category	Number of Units
Owner Occupied	149,679
Renter Occupied	63,211
Occupied Housing Units	212,890
Vacant Housing Units	11,110 (1)
Total Housing Units	224,000

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

Source: 2000 US Census

Largest Employers

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

Company	Product or Service	Approximate Number of Employees
Spectrum Health	Hospital	14,308
Meijer, Inc.	Retailer	8,200
Steelcase, Inc.	Office Equipment & Furniture	5,000
Spartan Stores	Food Distributor & Retailer	4,605
Axios, Inc.	Human Resources/Employment Services	4,100
Herman Miller Inc.	Office Systems	4,000
Alticor, Inc. (formerly Amway Corp.)	Home Care, Nutritional Houseware Products	4,000
Walmart	Retailer	3,515
Grand Rapids Public Schools	Education	2,991
St. Mary's Health Care	Hospital	2,635
Farmers Insurance Group	Property Casualty Insurance	2,500
Perrigo Company	Pharmaceuticals	2,500
United States Postal Servie	Postal Delivery	2,450
Johnson Controls Inc.	Automotive Accessories	2,450
Gentex Corporation	Automotive Accessories	2,200
Lacks Enterprises	Automotive Accessories	2,175
Metropolitan Hospital	Hospital	2,122
County of Kent	Government	1,899
City of Grand Rapids	Government	1,622
General Motors Corporation	Automotive	1,600

Source: The Right Place Inc

Ten Largest Businesses Based On Tax Roll Valuation

Taxpayer	Product or Service	2008 Taxable Value (1)	% of 2008 Taxable Value (1)
Amway Corp/Alticor	Home Care, Nutritional & Houseware Products	$ 206,204,959	0.92%
Consumers Energy	Utility	204,917,576	0.92%
Steelcase, Inc.	Office Equipment & Furniture	136,672,622	0.61%
Meijer	Retail Sales	114,758,910	0.51%
PR Woodland	Retail Shopping Center	66,950,284	0.30%
MI Con Gas	Utility	60,802,439	0.27%
Fifth Third Bank	Banking Services	48,525,325	0.22%
Holland Home	Senior Citizens Residence	44,975,305	0.20%
Keebler Company	Cookie/Cracker Manufacturer	43,873,900	0.20%
GGP Grandville	Retail Shopping Center	42,841,395	0.19%
Total		$ 970,522,715	4.35%

(1) 2008 Taxable Value includes IFT value, which is taxed at 50% of the actual taxable value.

Source: County of Kent

Retail Sales

The following table reflects the retail sales for residents of the County of Kent, and the State of Michigan for the calendar year 2007. Dollar amounts are in thousands.

	County of Kent		State of Michigan	
Category	Retail Sales	% of Total	Retail Sales	% of Total
Food & Beverage	$ 819,841	9.4%	$ 15,959,538	12.0%
Restaurants	843,173	9.7%	12,682,410	9.5%
General Merchandise	1,522,845	17.5%	25,837,310	19.4%
Furniture/Appliances	569,534	6.5%	6,642,123	5.0%
Automotive	2,882,103	33.1%	44,694,127	33.6%
Other	2,063,094	23.7%	27,107,527	20.4%
Total	$ 8,700,590	100.0%	$132,923,035	100.0%

Source: Trade *Dimensions* 2008 Demographics USA - County Edition

Estimated Effective Household Buying Income

The following table reflects the estimated effective household buying income ("E.H.B.I.") of the County of Kent and the State of Michigan for the calendar year 2007.

E.H.B.I. Range	County of Kent (1)	State of Michigan (1)
Under $25,000	25.0%	26.7%
$25,000 - $50,000	37.5%	35.0%
$50,000 - $100,000	31.1%	31.1%
$100,000 and Over	6.4%	7.2%
Median E.H.B.I.	$41,185	$40,964
Average E.H.B.I.	$50,971	$51,468

(1) Percentages of households in each range.

Source: Trade Dimensions 2008 Demographics USA - County Edition

Employment Rates

Reflected below is the unadjusted average monthly employment data, covering the calendar years 2005 through 2008 and the monthly data for January 2008 and 2009, for the County and the State.

County of Kent

Category	2005	2006	2007	2008	Jan 2008	Jan 2009
Employed	304,654	308,402	307,997	298,782	304,394	279,416
Unemployed	18,662	18,362	18,832	22,311	19,689	30,487
Labor Force	323,316	326,764	326,829	321,093	324,083	309,903
Unemployed as % of Labor Force	5.8%	5.6%	5.8%	6.9%	6.1%	9.8%

State of Michigan (1)

Category	2005	2006	2007	2008	Jan 2008	Jan 2009
Employed	4,718	4,719	4,667	4,519	4,553	4,215
Unemployed	347	350	357	416	389	603
Labor Force	5,065	5,069	5,024	4,935	4,942	4,818
Unemployed as % of Labor Force	6.8%	6.9%	7.1%	8.4%	7.9%	12.5%

(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

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Labor Force Distribution - By Industry

The following table provides a comparative analysis of the Grand Rapids-Wyoming MSA workforce distribution based on average employment in calendar years 2005-2008.

Examination of the statistics disclose a continuing though moderate decline in manufacturing jobs over the course of the last three 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, health and professional business services industries. Kent County in particular will be especially benefited by employment increases in these fields.

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 Health - Lemmen Holton Cancer Pavilion – The project is estimated to have cost $78 million and opened in late 2008. The new, 200,000 square foot, facility provides a comprehensive cancer treatment program.

- Spectrum Hospital – DeVos Children's Hospital - The hospital began construction of a new 414,000 square foot facility in fall 2006. This new $190 million facility is scheduled to open in December 2010.

- Metro Hospital – The hospital has moved into a new 208-bed facility located in southwest Kent County. This $190 million facility opened in September, 2007.

- VanAndel Institute – This medical research facility broke ground, in 2007, on construction of a 280,000 square foot addition to its existing research complex. This $175 million project is scheduled for opening in the Fall of 2009. When fully built out, the facility will have space to accommodate 800 researchers and administrative staff.

- Michigan State University Medical School – Construction of a new $90 million, 180,000 square foot, medical school began in the Spring of 2008. The MSU college of Human Medicine also began to transition its programming to temporary local facilities in the fall of 2008. The new medical facility will be opened in 2010 and is expected to reach capacity of 400 students in 2013.

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

- Women's Health Care Center of West Michigan - Part of the Mid-Towne development, this 92,000 square foot ($25 million) office facility opened in the Fall of 2008. It will house twenty doctors specializing in Obstetrics and Gynecology.

LABOR FORCE BY INDUSTRY

Grand Rapids, Wyoming MSA[1]
December Employment

Industry	2005	2006	2007	2008	Three-Year Change
Manufacturing					
Durable Goods	52,000	50,200	49,200	46,700	(5,300)
Nondurable Goods	22,700	22,100	22,200	21,700	(1,000)
Trade, Transportation & Utilities					
Retail Trade	44,300	43,400	42,800	41,800	(2,500)
Wholesale Trade	22,400	22,400	22,700	22,400	-
Warehousing & Utilities	11,100	10,900	10,900	10,600	(500)
Professional & Business Services	55,700	58,500	60,600	60,300	4,600
Educational & Health Services					
Health Care & Social Assistance	45,800	46,600	47,900	49,100	3,300
Educational Services	12,300	12,900	13,500	13,700	1,400
Government					
Federal, State, Local	17,300	17,300	17,600	18,200	900
Education	21,400	20,700	20,200	19,400	(2,000)
Leisure & Hospitality	33,300	32,000	32,000	32,300	(1,000)
Financial Activities	22,200	22,000	21,900	22,000	(200)
Natural Resources & Mining	18,000	17,400	16,400	15,900	(2,100)
Other Services	16,300	16,500	16,100	16,000	(300)
Information	5,900	5,400	5,400	5,300	(600)
Total Nonfarm Employment	400,700	398,300	399,400	395,400	(5,300)

Sources: DLEG/Bureau of Labor Market Information & Strategic Initiatives.

(1) Includes Kent, Barry, Ionia & Newaygo Counties.

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Statement of Revenues, Expenditures and Changes in Fund Balance

	2007	2008		2009
	Actual	Budget	Actual [1]	Budget
Revenues:				
Taxes	$ 87,109,198	$ 87,810,941	$ 85,645,619	$ 89,175,400
Intergovernmental/Reimbursements	17,970,158	21,461,565	21,627,622	22,143,744
Charges for Services	19,859,068	19,311,696	18,783,598	18,449,501
Investment Earnings	4,332,887	3,898,650	3,056,918	2,805,250
Other	2,887,820	3,248,507	3,161,448	3,503,452
Transfers In	28,746,518	30,500,296	30,503,001	31,566,309
Total Revenues	**160,905,648**	**166,231,655**	**162,778,205**	**167,643,656**
Expenditures:				
Sheriff	57,910,771	60,906,185	59,421,360	61,125,098
Circuit Court	16,653,472	16,942,760	17,082,330	17,257,227
Facilities Management	12,467,986	12,908,713	12,323,937	13,873,185
Information Technology	5,690,760	5,961,307	5,456,809	6,035,315
Prosecutor	5,966,893	6,150,578	6,102,702	6,159,782
Parks	4,249,271	4,265,923	4,196,455	4,318,161
Zoo	4,181,046	4,374,177	4,328,941	4,481,815
Policy/Administration	5,037,100	4,884,992	4,664,124	4,904,342
Fiscal Services	3,577,419	3,775,940	3,656,633	3,821,917
District Court	2,790,557	2,906,826	2,844,579	2,854,592
Human Resources	1,934,850	2,193,454	1,912,405	2,145,046
Clerk/Register of Deeds	3,431,128	3,653,179	3,471,674	3,420,321
Equalization	1,805,764	1,738,776	1,659,564	1,631,107
Treasurer	1,092,560	1,168,439	1,153,067	1,202,098
Drains	594,676	609,666	555,649	616,525
Other	6,237,638	8,993,380	8,791,733	9,061,037
Transfers Out - Childcare	11,877,856	11,716,567	11,378,558	12,088,509
Transfers Out - Health	8,382,072	9,355,091	7,333,069	9,568,237
Transfers Out - DHS Childcare	4,978,542	5,782,284	5,782,284	6,076,416
Transfers Out - Debt Service	986,984	711,087	711,087	960,550
Transfers Out - Friend of the Court	1,947,388	2,025,512	1,654,254	2,237,623
Transfers Out - Other	1,117,394	1,044,026	998,677	822,594
Appropriation Lapse		(6,130,000)		(5,000,000)
Total Expenditures	**162,912,128**	**165,938,862**	**165,479,891**	**169,661,497**
Expenditures (over) under Revenues	**(2,006,480)**	**292,793**	**(2,701,686)**	**(2,017,841)**
Fund Balance, beginning of year	**72,215,886**	**70,209,406**	**70,209,406**	**67,507,720**
Fund Balance, end of year	**$ 70,209,406**	**$ 70,502,198**	**$ 67,507,720**	**$ 65,489,879**

Year Ended December 31,

(1) Pending adjustments to audit

Components of Fund Balance

	December 31,		
	2007 Actual	2008 [1] Actual	2009 [2] Budget
Reserved Fund Balance			
Encumbrances	$ 56,997	$ 56,997	$ 56,997
Inventories	310,787	310,787	310,787
Advance to Aeronautics Fund	283,256	283,256	283,256
Total Reserved Fund Balance	**651,040**	**651,040**	**651,040**
Designated Fund Balance			
Emergency Operating	20,874,850	21,359,411 [3]	22,000,193 [4]
Cash Flow	35,725,329	35,670,160 [5]	35,670,160 [6]
Subsequent Year's Appropriation	-	-	-
Total Designated Fund Balance	**56,600,179**	**57,029,571**	**57,670,353**
Unreserved/Undesignated Fund Balance	**12,958,187**	**9,827,109**	**7,168,486**
Total Fund Balance	**$ 70,209,406**	**$ 67,507,720**	**$ 65,489,879**

(1) Preliminary, subject to audit.

(2) Based on FY2009 budget, as amended.

(3) Board of Commissioner resolution no. 1-25-07-12, Sec. II-3.1, which states "…equal to 10 percent of the subsequent year's General Fund and subsidized Governmental Fund budgets for emergency operating purposes".

(4) Equal to: FY2009 Operating Budget of $213,594,110 X 10% X 1.03 (inflation factor).

(5) "An amount equal to 40% of the subsequent years budget estimate for property tax revenue…"

(6) $89,175,400 X 1.00 (Estimated 2010 increase in Taxable Value) X 40%.

History of Revenues, Expenditures and Operating Margin (Deficit)

Year Ended December 31,

Fiscal Year	Revenues	Expenditures	Margin (Deficit)	Capital Transfers [3]	Fund Balance
2009 [1]	$ 167,643,656	(169,661,497)	$ (2,017,841)	$ -	$ 65,489,879
2008 [2]	162,778,205	(165,293,614)	(2,515,408)	(186,278)	67,507,720
2007	160,905,648	(162,666,935)	(1,761,287)	(245,193)	70,209,406
2006	151,810,889	(153,410,691)	(1,599,802)	(152,840)	72,215,886
2005	142,987,572	(146,358,472)	(3,370,900)	(310,800)	73,968,527
2004	142,547,486	(147,330,078)	(4,782,592)	(3,082,958)	77,650,226
2003	135,575,931	(137,191,219)	(1,615,288)	(11,047,001)	85,515,776
2002	128,637,226	(130,375,896)	(1,738,670)	(20,863,224)	98,178,065
2001	134,073,000	(111,276,779)	22,796,221	(10,505,456)	120,779,959 [4]
2000	125,366,249	(100,463,746)	24,902,503	(14,180,532)	103,292,012

(1) FY2009 Amended Budget

(2) Preliminary, Subject to Audit

(3) Transfer to the Capital Improvement and Parks Funds to finance capital improvement, acquistion 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,		
	2007 Actual	2008 Actual (1)	2009 Budget
Debt Outstanding @ 12/31			
Series 1998 - Courthouse	$ 1,840,000	$ -	$ -
Series 2001 - Sheriff Administration	8,120,000	7,700,000	7,260,000
Series 2004 - CIP	8,705,000	8,100,000	7,480,000
Series 2005 - Courthouse	49,990,000	49,990,000	48,185,000
Series 2007 - DHS	27,000,000	27,000,000	27,000,000
Series 2008 - CIP	-	14,300,000	13,715,000
Total Debt Outstanding	**$ 95,655,000**	**$ 107,090,000**	**$ 103,640,000**
Debt Service			
Series 1998	$ 1,883,320	$ 1,881,860	$ -
Series 2001	792,503	791,003	793,582
Series 2004	961,775	961,288	959,650
Series 2005	2,565,494	2,565,494	4,336,650
Series 2007	-	-	594,384
Series 2008	-	342,391	1,160,988
Total Debt Service	**$ 6,203,092**	**$ 6,542,036**	**$ 7,845,254**
General Fund Expenditures/Transfers	**$ 153,563,526**	**$ 162,859,552**	**$ 165,686,388**
Debt Service as a Percentage of General Fund Expenditures	**4.0%**	**4.0%**	**4.7%**

(1) Interest from date of issue (5/9/07) to 6/1/09 paid from Bond Proceeds.

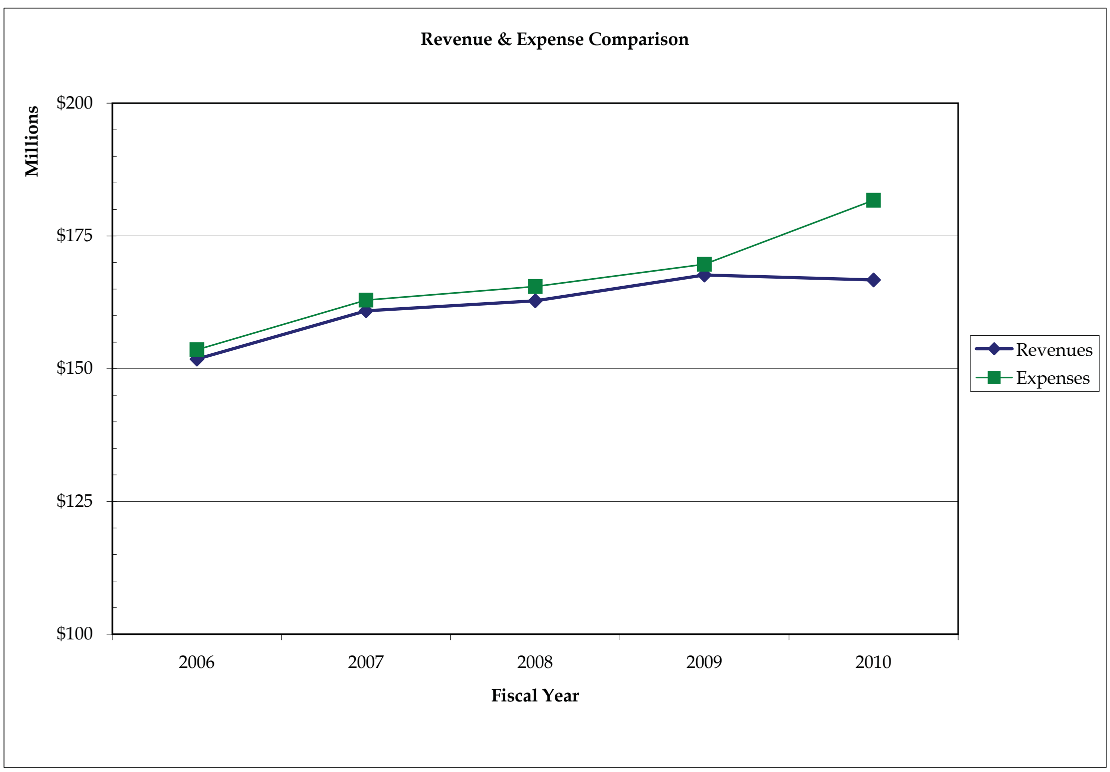
Forecast of General Fund Spending Capacity

This section is intended to provide an overview of forecasted General Fund Revenues, Expenses and Fund Balances for the period including the current budget (FY2009) and FY2010. The revenue forecast projects a 2010 revenue increases of 1.2% driven primarily by the loss of certain one-time revenue available in FY 2009. In order to maintain current levels of services/programs General Fund spending would increase by 7.0% driven primarily by significant increases in Pension, OPEB and Health Costs. Also, if service levels are to be sustained in the Lodging Excise Tax Fund, this would require an FY 2010 subsidy of $1.2 million.

County of Kent, Michigan
General Fund Projection of Revenues, Expenditures and Fund Balance
March 1, 2009

	Revenues	Expenses	Margin/ (Deficit)	Capital Transfers	Fund Balance
Projection:					
2010	$ 166,715,608	$ (181,719,502)	$ (15,003,894)	$ -	$ 47,425,863
Budget:					
2009 Revised	164,768,056	(169,846,019)	(5,077,963)	-	62,429,757
2009	167,643,656	(169,661,497)	(2,017,841)	-	65,489,879
Actual:					
2008 (1)	162,778,205	(165,293,614)	(2,515,408)	(186,278)	67,507,720
2007	160,905,648	(162,666,935)	(1,761,287)	(245,193)	70,209,406
2006	151,810,889	(153,410,691)	(1,599,802)	(152,840)	72,215,886

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



General Fund Revenue Forecast by Category

	Actuals			Amended	Estimate	Amended	Revised	Projection
Category	2005	2006	2007	2008	2008	2009	2009	2010
Taxes	$ 73,134,574	$ 80,230,390	$ 87,109,197	$ 87,810,941	$ 85,645,619	$ 89,175,400	$ 87,989,400 (1)	$ 87,989,400
License & Permits	81,252	73,072	66,306	75,050	89,506	82,950	82,950	84,609
State Grants	1,581,913	1,825,620	1,834,851	1,948,525	1,362,466	1,871,098	1,871,098	1,927,231
State Grants-Court Equity	3,472,493	3,428,062	3,421,449	3,363,198	3,451,364	3,507,100	3,507,100	3,577,242
State Grants-Liquor Tax	2,960,118	3,193,611	-	3,585,636	3,518,605	3,565,200	3,565,200	3,636,504
Sales Tax	-	-	-	-	-	-	-	-
Reimbursements	8,638,413	8,337,843	8,280,998	8,043,901	12,488,201	12,404,741	12,404,741	12,652,836
Cont From Local Units	3,309,182	3,536,024	4,432,913	4,520,305	398,848	795,605	795,605	819,473
Other	399,478	-	-	-	408,138	-	-	-
Reimb / Intergovernmental	20,361,597	20,321,160	17,970,212	21,461,565	21,627,622	22,143,744	22,143,744	22,613,286
Court Fees	2,457,417	2,500,345	2,479,423	2,719,800	2,599,130	2,705,200	2,705,200	2,759,304
Real Estate Transfer Tax	3,200,429	3,208,173	2,798,762	2,777,000	2,080,404	2,275,358	1,169,000 (2)	1,519,700
Recording Fee	2,604,283	2,174,483	2,044,127	2,133,000	1,915,124	1,650,242	1,631,000 (3)	1,957,200
Board & Care	3,336,314	2,772,047	3,534,158	3,188,600	3,518,726	2,894,888	2,894,888	2,952,786
Other	5,231,737	7,904,199	9,002,597	8,493,296	8,670,213	8,923,813	8,923,813	9,102,289
Charges for Services	16,830,179	18,559,247	19,859,068	19,311,696	18,783,598	18,449,501	17,323,901	18,291,279
Fines & Forfeitures	342,112	295,071	210,802	244,500	159,644	201,100	201,100	205,122
Interest	3,017,636	4,368,903	4,332,887	3,898,650	3,056,918	2,805,250	1,801,250 (4)	2,521,750
Other	2,853,636	3,090,107	2,610,659	2,928,957	2,912,298	3,219,402	3,219,402	3,283,790
Trans In-Corrections & Det	12,200,000	11,000,000	15,000,000	16,000,000	16,000,000	16,500,000	16,500,000	15,500,000
Trans In-RSRF	10,494,321	10,840,632	11,241,736	11,500,296	11,500,296	12,006,309	12,006,309	12,126,372
Trans In-Delinquent Tax	3,000,000	2,828,795	2,500,000	3,000,000	3,000,000	3,060,000	3,500,000 (5)	4,100,000
Trans In-Building Auth Const	12,823	-	-	-	-	-	-	-
Trans In-CIP	550,000	95,194	-	-	-	-	-	-
Trans In-Other	109,442	108,319	4,782	-	2,705	-	-	-
Transfers In	26,366,586	24,872,940	28,746,518	30,500,296	30,503,001	31,566,309	32,006,309	31,726,372
Total	$142,987,572	$151,810,889	$160,905,648	$166,231,655	$162,778,205	$ 167,643,656	$ 164,768,056	$166,715,608

(1) The original FY 2009 budget estimate was based on Taxable Value at +1.8% over the prior year. Pre-Board of Review valuations in place report rate of increase at +0.4% -Reduce revenue estimate by $1,186,000.

(2) Based on mid-March receipts, and assuming no change in current sale volume, the revised estimate is $1,169,000 -Reduce revenue estimate by $1,096,358.

(3) Based on mid-March receipts, and assuming no change in current recording volume, the revised estimate is $1,631,000 -Reduce revenue estimate by $19,242.

(4) The original FY 2009 budget estimate was based on $79.7 million (average balance) at 3.25% interest. The revised estimate is based on $70.5 million (average balance) at 2.25% interest - Reduce revenue estimate by $1,004,000.

(5) The original FY 2009 budget estimated available transfers of $3.06 million. Based on early redemption of outstanding DTAN notes, there is now $3.5 million available for transfer -Increase revenue estimate by $1,540,000.

General Fund Revenue Forecast by Category

	Actuals			Amended	Estimate	Amended	Revised	Projection
Category	2005	2006	2007	2008	2008	2009	2009	2010
Taxes	6.2%	9.7%	8.6%	0.8%	-1.7%	4.1%	2.7%	0.0%
License & Permits	-49.8%	-10.1%	-9.3%	13.2%	35.0%	-7.3%	-7.3%	2.0%
State Grants	5.2%	15.4%	0.5%	6.2%	-30.1%	37.3%	0.0%	3.0%
State Grants-Court Equity	-3.4%	-1.3%	-0.2%	-1.7%	2.6%	1.6%	0.0%	2.0%
State Grants-Liquor Tax	6.0%	7.9%	-100.0%	NA	-1.9%	1.3%	0.0%	2.0%
Sales Tax	-100.0%	NA	NA	NA	NA	NA	NA	NA
Reimbursements	1.1%	-3.5%	-0.7%	-2.9%	55.3%	-0.7%	0.0%	2.0%
Cont From Local Units	6.7%	6.9%	25.4%	2.0%	-91.2%	99.5%	0.0%	3.0%
Other	-76.3%	-100.0%	NA	NA	NA	-100.0%	NA	NA
Reimb / Intergovernmental	-12.6%	-0.2%	-11.6%	19.4%	0.8%	2.4%	0.0%	2.1%
Court Fees	-10.3%	1.7%	-0.8%	9.7%	4.8%	4.1%	4.1%	2.0%
Real Estate Transfer Tax	-1.4%	0.2%	-12.8%	-0.8%	-25.7%	9.4%	-43.8%	30.0%
Recording Fee	-8.8%	-16.5%	-6.0%	4.3%	-6.3%	-13.8%	-14.8%	20.0%
Board & Care	-9.0%	-16.9%	27.5%	-9.8%	-0.4%	-17.7%	-17.7%	2.0%
Other	7.9%	51.1%	13.9%	-5.7%	-3.7%	2.9%	2.9%	2.0%
Charges for Services	-3.0%	10.3%	7.0%	-2.8%	-5.4%	-1.8%	-7.8%	5.6%
Fines & Forfeitures	87.7%	-13.8%	-28.6%	16.0%	-24.3%	26.0%	26.0%	2.0%
Interest	47.7%	44.8%	-0.8%	-10.0%	-29.4%	-8.2%	-41.1%	40.0%
Other	-6.1%	8.3%	-15.5%	12.2%	11.6%	10.5%	10.5%	2.0%
Trans In-Corrections & Det	-7.5%	-9.8%	36.4%	6.7%	6.7%	3.1%	3.1%	-6.1%
Trans In-RSRF	53.3%	3.3%	3.7%	2.3%	2.3%	4.4%	4.4%	1.0%
Trans In-Delinquent Tax	-2.0%	-5.7%	-11.6%	20.0%	20.0%	2.0%	16.7%	17.1%
Trans In-Building Auth Const	NA	-100.0%	NA	NA	NA	NA	NA	NA
Trans In-CIP	-59.8%	-82.7%	-100.0%	NA	NA	NA	NA	NA
Trans In-Other	-96.5%	-1.0%	-95.6%	-100.0%	-43.4%	-100.0%	-100.0%	NA
Transfers In	-4.4%	-5.7%	15.6%	6.1%	6.1%	3.5%	4.9%	-0.9%
Total	-5.4%	6.2%	6.0%	3.3%	1.2%	3.0%	1.2%	1.2%

General Fund Expenditure Forecast by Category

	Actuals			Amended	Estimate	Amended	Revised	Projection
Category	2005	2006	2007	2008	2008	2009	2009	2010
Wages	$ 53,341,280	$ 58,304,073	$ 61,033,435	$ 63,064,491	$ 62,344,426	$ 64,196,592	$ 64,196,592	$ 66,122,490
Temporary	35,352	102,131	14,713	32,900	8,229	19,800	19,800	20,394
Overtime	1,938,448	2,087,922	2,174,546	2,395,380	2,327,865	2,433,249	2,433,249	2,481,914
Group Ins	9,231,097	10,111,178	11,734,120	13,320,878	13,111,698	13,520,020	13,520,020	14,872,022
FICA	4,115,152	4,536,100	4,699,977	4,948,246	4,812,496	5,064,600	5,064,600	5,216,538
Pension	4,206,395	4,777,649	5,554,227	3,645,578	3,559,094	3,281,451	3,281,451	6,339,763
OPEB	-	-	1,953,347	1,858,830	1,816,028	1,379,471	1,379,471	1,740,892
Workers Comp	432,696	470,364	523,511	496,178	486,707	367,399	367,399	381,176
Other	57,072	63,368	62,140	112,740	96,859	105,140	105,140	108,294
Personnel	73,357,492	80,452,785	87,750,017	89,875,221	88,563,402	90,367,722	90,367,722	97,283,484
Commodities	3,395,045	4,008,831	4,101,739	4,621,024	4,292,518	4,551,264	4,551,264	4,665,046
Building Rent	5,717,916	5,734,741	5,563,824	5,928,517	5,779,262	6,397,993	6,397,993	6,081,110
Contributions - network180	3,642,445	3,759,192	2,162,386	3,955,204	3,921,689	3,944,986	3,944,986	4,023,886
Contributions - Social Welfare	-	751,177	729,774	-	-	-	-	-
Consultants	461,339	483,651	500,041	540,088	547,691	615,058	615,058	627,359
H/S Maint	1,270,204	1,187,127	1,102,567	1,275,251	1,215,501	1,444,378	1,444,378	1,473,266
Inmate Health	4,279,939	5,520,454	5,578,222	6,006,427	5,855,296	6,521,750	6,521,750	7,173,925
Legal	5,151,335	5,128,338	5,648,557	5,965,845	6,162,342	6,341,426	6,341,426	6,468,255
Other Contractual Services	3,204,931	3,986,733	4,401,904	4,720,039	4,236,516	4,591,657	4,591,657	4,729,407
Other	7,671,936	8,728,372	8,789,614	10,638,127	9,750,030	10,855,376	10,855,376	11,181,037
Travel	338,972	374,366	343,456	514,425	379,200	514,060	514,060	529,482
Utilities	4,046,540	4,574,149	4,681,861	5,017,637	4,684,728	5,131,772	5,131,772	5,388,361
Contractuals	35,785,556	40,228,300	39,502,205	44,561,559	42,532,253	46,358,456	46,358,456	47,676,086
Capital Outlay	1,214,904	2,365,203	2,049,836	2,304,071	2,162,370	1,577,414	1,577,414	1,608,962
Other	215,755	297,646	218,096	72,419	71,419	52,712	52,712	54,293
Childcare	11,264,692	11,276,608	11,877,856	11,716,567	11,378,558	12,088,509	12,088,509	12,572,049
Capital Imp Bond Debt Svc	966,960	962,112	961,776	711,087	711,087	960,550	960,550	961,100
CIP	310,800	152,840	245,193	186,278	186,278	-	-	-
Debt Svc Fund	24,055	19,705	25,208	-	-	-	-	-
DHS Childcare	4,747,462	3,700,440	4,978,542	5,782,284	5,782,284	6,076,416	6,076,416	6,684,058
DHS Social Welfare	770,000	-	-	-	-	-	-	-
Fire Commission	100,000	135,000	186,000	195,000	195,000	196,000	196,000	200,900
FOC	1,873,000	1,607,548	1,947,388	2,025,512	1,654,254	2,237,623	2,237,623	2,304,752
Health	8,105,031	7,694,404	8,382,072	9,355,091	7,333,069	9,568,237	9,568,237	9,855,284
Parks	3,245,223	-	-	-	-	-	-	-
Special Projects	1,293,297	662,109	686,201	662,748	617,399	626,594	626,594	645,392
Lodging Excise Tax	-	-	-	-	-	-	184,522	1,208,096
Transfers Out	32,700,520	26,210,766	29,290,236	30,634,567	27,857,929	31,753,929	31,938,451	34,431,631
Total before Lapse	146,669,272	153,563,531	162,912,128	172,068,862	165,479,891	174,661,497	174,846,019	185,719,502
Appropriation Lapse	-	-	-	(6,130,000)	-	(5,000,000)	(5,000,000)	(4,000,000)
Total	146,669,272	153,563,531	162,912,128	165,938,862	165,479,891	169,661,497	169,846,019	181,719,502
Net Fund Balance Inc (Dec)	(3,681,700)	(1,752,641)	(2,006,480)	292,793	(2,701,686)	(2,017,841)	(5,077,963)	(15,003,894)
Fund Balance, Beg	77,650,226	73,968,527	72,215,886	70,209,406	70,209,406	67,507,720	67,507,720	62,429,757
Fund Balance, End	$ 73,968,527	$ 72,215,886	70,209,406	$ 70,502,198	$ 67,507,720	$ 65,489,879	$ 62,429,757	$ 47,425,863

General Fund Expenditure Forecast by Category

Category	2005	2006	2007	Amended 2008	Estimate 2008	Amended 2009	Revised 2009	Projection 2010
Wages	2.2%	9.3%	4.7%	3.3%	2.1%	3.0%	3.0%	3.0%
Temporary	-73.5%	188.9%	-85.6%	123.6%	-44.1%	140.6%	140.6%	3.0%
Overtime	-11.2%	7.7%	4.1%	10.2%	7.1%	4.5%	4.5%	2.0%
Group Ins	20.2%	9.5%	16.1%	13.5%	11.7%	3.1%	3.1%	10.0%
FICA	1.0%	10.2%	3.6%	5.3%	2.4%	5.2%	5.2%	3.0%
Pension	62.1%	13.6%	16.3%	-34.4%	-35.9%	-7.8%	-7.8%	93.2%
OPEB	NA	NA	NA	-4.8%	-7.0%	-24.0%	-24.0%	26.2%
Workers Comp	-2.1%	8.7%	11.3%	-5.2%	-7.0%	-24.5%	-24.5%	3.8%
Other	-18.4%	11.0%	-1.9%	81.4%	55.9%	8.5%	8.5%	3.0%
Personnel	5.7%	9.7%	9.1%	2.4%	0.9%	2.0%	2.0%	7.7%
Commodities	-2.1%	18.1%	2.3%	12.7%	4.7%	6.0%	6.0%	2.5%
Building Rent	-5.9%	0.3%	-3.0%	6.6%	3.9%	10.7%	10.7%	-5.0%
Contributions - network180	-11.1%	3.2%	-42.5%	82.9%	81.4%	0.6%	0.6%	2.0%
Contributions - Social Welfare	NA	NA	-2.8%	-100.0%	-100.0%	NA	NA	NA
Consultants	-62.1%	4.8%	3.4%	8.0%	9.5%	12.3%	12.3%	2.0%
H/S Maint	8.3%	-6.5%	-7.1%	15.7%	10.2%	18.8%	18.8%	2.0%
Inmate Health	-19.6%	29.0%	1.0%	7.7%	5.0%	11.4%	11.4%	10.0%
Legal	-4.0%	-0.4%	10.1%	5.6%	9.1%	2.9%	2.9%	2.0%
Other Contractual Services	-0.2%	24.4%	10.4%	7.2%	-3.8%	8.4%	8.4%	3.0%
Other	-12.2%	13.8%	0.7%	21.0%	10.9%	11.3%	11.3%	3.0%
Travel	3.2%	10.4%	-8.3%	49.8%	10.4%	35.6%	35.6%	3.0%
Utilities	7.7%	13.0%	2.4%	7.2%	0.1%	9.5%	9.5%	5.0%
Contractuals	-8.9%	12.4%	-1.8%	12.8%	7.7%	9.0%	9.0%	2.8%
Capital Outlay	-9.4%	94.7%	-13.3%	12.4%	5.5%	-27.1%	-27.1%	2.0%
Other	105.5%	38.0%	-26.7%	-66.8%	-67.3%	-26.2%	-26.2%	3.0%
Childcare	-16.6%	0.1%	5.3%	-1.4%	-4.2%	6.2%	6.2%	4.0%
Capital Imp Bond Debt Svc	NA	-0.5%	0.0%	-26.1%	-26.1%	35.1%	35.1%	0.1%
CIP	-87.0%	-50.8%	60.4%	-24.0%	-24.0%	-100.0%	-100.0%	NA
Debt Svc Fund	-13.1%	-18.1%	27.9%	-100.0%	-100.0%	NA	NA	NA
DHS Childcare	-1.0%	-22.1%	34.5%	16.1%	16.1%	5.1%	5.1%	10.0%
DHS Social Welfare	-1.5%	-100.0%	NA	NA	NA	NA	NA	NA
Fire Commission	0.0%	35.0%	37.8%	4.8%	4.8%	0.5%	0.5%	2.5%
FOC	33.2%	-14.2%	21.1%	4.0%	-15.1%	35.3%	35.3%	3.0%
Health	-12.9%	-5.1%	8.9%	11.6%	-12.5%	30.5%	30.5%	3.0%
Parks	-0.8%	-100.0%	NA	NA	NA	NA	NA	NA
Special Projects	141.0%	-48.8%	3.6%	-3.4%	-10.0%	1.5%	1.5%	3.0%
Lodging Excise Tax	-100.0%	NA	NA	NA	NA	NA	NA	554.7%
Transfers Out	-11.2%	-19.8%	11.7%	4.6%	-4.9%	14.0%	14.6%	7.8%
Total before Lapse	-2.5%	4.7%	6.1%	5.6%	1.6%	5.5%	5.7%	6.2%
Appropriation Lapse	NA	NA	NA	NA	NA	NA	NA	-20.0%
Total	-2.5%	4.7%	6.1%	1.9%	1.6%	2.5%	2.6%	7.0%
Net Fund Balance Inc (Dec)	-97.6%	-52.4%	14.5%	-114.6%	34.6%	-25.3%	88.0%	195.5%
Fund Balance, Beg	-9.2%	-4.7%	-2.4%	-2.8%	-2.8%	-3.8%	-3.8%	-7.5%
Fund Balance, End	-214.0%	-2.4%	-2.8%	0.4%	-3.8%	-3.0%	-7.5%	-24.0%

FINANCIAL POSITION - DELINQUENT TAX ANTICIPATION NOTES

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2007	**2008 (1)**
Operating Revenues:		
Charges for services	$ 955,567	$ 299,965
Interest and penalties	2,917,455	3,542,147
Collection fees	1,051,200	1,782,687
Auction proceeds	279,724	218,883
Total Operating Revenues	**5,203,946**	**5,843,682**
Operating Expenses:		
Contractual services	348,396	411,386
Material and supplies	3,591	-
Other	96,901	120,573
Total Operating Expenses	**448,888**	**531,959**
Operating Income (Loss)	**4,755,059**	**5,311,723**
Non-Operating Revenues (Expenses)		
Investment earnings	2,904,175	2,767,258
Interest expense and charges	(3,386,181)	(2,854,514)
Total Non-Operating Revenues (Expenses)	**(482,006)**	**(87,256)**
Income (Loss) Before Contributions and Transfers	4,273,053	5,224,467
Transfers out	(2,500,000)	(3,000,000)
Change in Net Assets	**1,773,053**	**2,224,467**
Net Assets, Beginning of Year	10,423,268	12,196,321
Net Assets, End of Year	**$ 12,196,321**	**$ 14,420,788**

(1) Pending audit adjustments

FINANCIAL POSITION - CAPITAL IMPROVEMENT PROGRAM

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2007	**2008** [1]
Revenues:		
Property Taxes	$ 4,065,086	$ 4,142,214
Intergovernmental	773,096	466,285
Contributions and reimbursements	1,891,563	1,079,593
Total Revenues	**6,729,745**	**5,688,092**
Expenditures:		
Capital outlay	7,328,002	9,084,193
Total Expenses	**7,328,002**	**9,084,193**
Deficiency of revenues over expenditures	**(598,257)**	**(3,396,101)**
Other Financing Sources (Uses)		
Interfund transfers in	319,902	4,222,851
Interfund transfers out	(1,230,473)	(4,395,030)
Total Other Financing Sources (Uses)	**(910,571)**	**(172,179)**
Net change in fund balance	**(1,508,828)**	**(3,568,280)**
Fund Balance, beginning of year	10,204,184	8,695,356
Fund Balance, end of year	**$ 8,695,356**	**$ 5,127,076** [2]

(1) Pending audit adjustments

(2) $3,164,168 of the fund balance at year end is reserved for net budget carry forwards to FY 2009.

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2007	**2008** (1)
Operating Revenues:		
Charges for Services	$ 26,834,255	$ 27,454,976
Total Operating Revenues	**26,834,255**	**27,454,976**
Operating Expenses:		
Personnel Service	8,803,760	8,774,674
Materials and Supplies	1,017,717	1,010,170
Depreciation	10,780,845	11,085,932
Other	7,641,186	7,645,572
Total Operating Expenses	**28,243,508**	**28,516,348**
Operating Income (Loss)	**(1,409,253)**	**(1,061,372)**
Non-Operating Revenues (Expenses)		
Investment Earnings	1,446,676	644,684
Passenger Facilities Charges	3,949,108	3,558,733
Gain (Loss) on Sale of Fixed Assets	95,254	14,755
Customer Facility Charges	1,291,203	1,387,920
Interest Expense and Charges	(4,159,251)	(4,018,717)
Total Non-Operating Revenues (Expenses)	**2,622,990**	**1,587,375**
Income (Loss) Before Contributions and Transfers	**1,213,737**	**526,003**
Capital Contributions	8,710,661	3,220,529
Change in Net Assets	**9,924,398**	**3,746,532**
Net Assets, Beginning of Year	169,086,732	179,011,130
Net Assets, End of Year	**$ 179,011,130**	**$ 182,757,662**

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2007	2008 [1]
Operating Revenues	**$ 26,834,255**	**$ 27,454,976**
Investment Earnings	1,446,676	644,684
Customer Facility Charges	1,291,203	1,387,920
Passenger Facility Charges	3,949,108	3,558,733
Gain (Loss) on Sale of Fixed Assets	95,254	14,756
Operating Expenses Before Depreciation	**(17,462,663)**	**(17,430,416)**
Net Revenues (as defined in the resolution)	**$ 16,153,833**	**$ 15,630,653**
Debt Service Requirements	**$ 6,607,726**	**$ 6,643,717**
Debt Service Coverage	**2.44x**	**2.35x**

(1) Pending audit adjustments

HISTORICAL ENPLANED PASSENGERS/AIRLINE SERVICE 2004 - 2008					
Year	Major/National Airlines	Regional/Communter Airlines	Charter Airlines	Total	Average Annual Inc (Dec)
2004	558,272	518,971	337	1,077,580	8.2%
2005	519,275	527,658	290	1,047,223	-2.8%
2006	523,178	488,234	865	1,012,277	-3.3%
2007	440,721	557,352	846	998,919	-1.3%
2008	386,458	519,615	1,087	907,160	-9.2%

Airline Market Shares

Comparative market share information for airlines based on enplaned passengers for 2000, 2005 and 2008 is shown in the following table:

	2000		2005		2008	
Airline	Enplaned Passengers	Percent of Total	Enplaned Passengers	Percent of Total	Enplaned Passengers	Percent of Total
Northwest Airlines	384,889	39.7%	431,470	41.2%	302,849	33.4%
United Airlines	124,002	12.8%	80,265	7.7%	83,609	9.2%
Delta Airlines	30,001	3.1%	7,540	0.7%	-	0.0%
US Airways	53,934	5.6%	-	-	-	-
Midwest Express Airlines	-	-	-	-	-	-
American Airlines	-	-	-	-	-	-
Trans World Airlines	-	-	-	-	-	-
Major/National	592,826	61.2%	519,275	49.6%	386,458	42.6%
American Eagle	113,451	11.7%	130,640	11.7%	100,075	11.0%
US Airways Express (1)	35,568	3.7%	29,803	3.7%	-	0.0%
Continental Express	32,962	3.4%	76,225	3.4%	94,235	10.4%
Delta Connection (2)	104,627	10.8%	146,883	10.8%	109,883	12.1%
Trans World Express	15,574	1.6%	-	1.6%	-	-
Midwest Express Connect	37,711	3.9%	36,073	3.9%	46,126	5.1%
American Trans/Air Connect	25,672	2.7%	8,055	2.7%	-	0.0%
America West Express	-	-	32,434	-	-	-
Northwest Airlink (3)	-	-	67,545	-	95,368	10.5%
United Express (4)	-	-	-	-	71,298	7.9%
Air Georgian	4,484	0.4%	-	0.4%	2,630	-
Regional Commuter	370,049	38.2%	527,658	50.4%	519,615	57.3%
Charter	5,390	0.6%	290	0.0%	1,087	0.1%
Total	968,265	100.0%	1,047,223	100.0%	907,160	100.0%

(1) Includes Mesa Airlines, Trans State Airlines, and Air Wisconsin

(2) Includes Comair and Atlantic Southeast Airlines

(3) Includes Mesaba Airlines and Pinnacle Airlines

(4) Includes Mesa, Chautauqua, Shuttle America, GoJet, and SkyWest Airline

Airline Service

As of February, 2009, 54 daily scheduled non-stop departures were provided from Grand Rapids to 16 cities in the United States. Major and national airlines provided 9 daily scheduled non-stop departures to five cities and regional and commuter airlines provide 45 non-stop departures to 15 cities as shown below.

DAILY DEPARTURES

Destination City	Scheduled Non-stop Departures Major/National Airlines	Regional Commuter Airlines
Atlanta	-	4
Chicago	1	10
Cincinnati	-	4
Cleveland	-	5
Dallas	-	2
Denver	-	1
Detroit	6	2
Houston	-	2
Memphis	-	1
Milwaukee	-	4
Minneapolis	-	3
New York (La Guardia)	-	1
New York (Newark)	-	2
Orlando	1	1
Tampa	1	
Toronto		2
Washington, DC		1
	9	45

HISTORICAL AIR CARGO (pounds in thousands)[(1)]

Year	Freight	Mail	Total	Inc (Dec)
2004*	78,182	1,355	79,537	7.80%
2005*	85,585	921	86,506	8.76%
2006*	86,814	468	87,282	0.90%
2007**	91,891	-	91,891	5.85%
2008**	95,191		95,191	3.59%

(1) Enplaned and deplaned.

* On August 28, 2001, the Post Office switched carriers, from Emery to FedEx, to handle their mail. FedEx does not break out their mail numbers from their freight numbers. The numbers above are from the belly hold of the passenger airlines.

** Mail no longer carried on passenger carriers.

AIRLINES AND TYPES OF AIRCRAFTS PROVIDING SERVICES TO HUB DESTINATIONS

Hub	Airline	Aircraft	Seats
Atlanta	Atlantic Southeast dba Delta Connection	CRJ-2	50
	Comair dba Delta Connection	CRJ-2	50
Chicago	American Eagle	ERJ-140	44
		ERJ-145	50
		CRJ-700	70
	United Airlines	B 737-300	128
		B 737-500	108
	GoJet Airlines dba United Express	CRJ-700	66
	Mesa Airlines dba United Express	CRJ-200	50
		CRJ-700	66
	Shuttle America dba United Express	ERJ-170	70
Cincinnati	Atlantic Southeast dba Delta Connection	CRJ-2	50
	Comair dba Delta Connection	CRJ-2	50
Cleveland	CommutAir dba United Express	Dash DHC-8-200	37
Dallas	American Eagle	ERJ-140	44
		ERJ-145	50
Denver	Shuttle America dba United Express	CRJ-700	66
Detroit	Northwest Airlines	A320	179
		DC-9-50	139
		DC-9	125
	Compass dba Northwest Air Link	ERJ-175	76
		CRJ-140	44
	Pinnacle dba Northwest Air Link	CRJ-200	50
Houston	Express Jet dba Continental Airlines	ERJ-145	50
Memphis	Pinnacle dba Northwest Air Link	CRJ-200	50
Milwaukee	Sky West Airlines dba Midwest Airlines	CRJ-200	50
Minneapolis-St. Paul	Northwest Air Link	A320	179
	Northwest Airlines	DC-9-50	139
		DC-9	125
	Compass dba Northwest Air Link	ERJ-175	76
	Pinnacle dba Northwest Air Link	CRJ-200	50
New York (LaGuardia)	Pinnacle dba Northwest Air Link	CRJ-200	50
New York (Newark)	Express Jet dba Continental Airlines	ERJ-145	50
Orlando International	Compass dba Northwest Air Link	ERJ-175	76
Orlando - Sanford	Allegiant Air	MD83/0	150
Tampa/St. Pete	Allegiant Air	MD83/0	150
Toronto	Air Georgian dba Air Canada	Beech1900	18
Washington, DC	Pinnacle dba Northwest Air Link	CRJ-200	50

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2007	**2008 (1)**
Operating Revenues:		
Charges for Services	$ 38,956,938	$ 36,541,091
Other	201,553	362,531
Total Operating Revenues	**39,158,491**	**36,903,622**
Operating Expenses:		
Personnel, Materials, Contractual, Other	28,495,079	26,558,890
Depreciation and Amortization	3,343,846	3,231,068
Total Operating Expenses	**31,838,925**	**29,789,958**
Operating Income (Loss)	**7,319,566**	**7,113,664**
Non-Operating Revenues (Expenses)		
Investment Earnings	884,800	743,600
Miscellaneous	3,041	5,686
Gain on Sale of DHCO	-	710,630
Interest Expense and Charges	(1,944,772)	(1,499,842)
Total Non-Operating Revenues (Expenses)	**(1,056,931)**	**(39,926)**
Change in Net Assets	**6,262,635**	**7,073,738**
Net Assets, Beginning of Year	23,580,093	29,842,728
Net Assets, End of Year	**$ 29,842,728**	**$ 36,916,466**

Debt Service Coverage

	Year Ended December 31, 2007	Year Ended December 31, 2008 [1]
Operating Revenues	$ 39,158,491	$ 36,903,622
Non-Operating Revenues	887,841	1,459,916
Operating Expenses Before Depreciation	(28,495,079)	(26,558,890)
Net Revenues	**$ 11,551,253**	**$ 11,804,648**
Debt Service Requirements	**$ 11,453,105**	**$ 11,690,410**
Debt Service Coverage	**1.01x**	**1.01x**

(1) Pending audit adjustments

Kent County Waste-to-Energy Facility Operating Statistics

The Facility is an integral component of the Kent County Solid Waste Management Plan in compliance with Act 451, Part 115, Public Acts of Michigan, 1978. Such Plan advocates a balanced approach to solid waste management in the County including the recovery of energy from the burnable portion of the solid waste generated within the County.

Current Waste Disposal System

At present, all major solid waste disposal facilities within the County are owned by the County and operated by the County Department of Public Works.

The System is comprised of the Facility, the DHCO providing steam to various steam users in the City of Grand Rapids, the South Kent Landfill which also acts as the ash disposal site for the County, the North Kent Transfer Station, the recycling center, and three closed landfills (in the Townships of Sparta and Plainfield, and the City of Kentwood).

The Facility

The Facility uses mass burn technology to incinerate waste and cogenerate steam and electricity. The Facility is intended to process a minimum of 625 tons per day of waste at 85 percent on-line availability, for an average daily processing capacity of 530 tons per day, or approximately 190,000 tons per year. Facility construction began in October 1987, and commercial operation commenced in February 1990.

The County markets the steam generated by the Facility through the DHCO, which presently serves approximately 125 customers in downtown Grand Rapids. Electricity produced by the Facility is sold to Consumers Energy Company.

The Facility site is located at the southeast corner of Market and Freeman Avenues in the City of Grand Rapids. The Site consists of an area of approximately 9.10 acres. The Facility site is centrally located within the service area of the six Participating Municipalities and is accessible by all-weather roads. Expressways traverse the Participating Municipalities in both north-south (U.S. 131) and east-west (I-96 and I-196) direction and interchanges on the expressways allow for convenient access to the Facility site.

Historic Plant Performance

Solid Waste Processed

The Facility has been in continuous operation, except for maintenance periods, since commercial operation began in February 1990. The Facility is rated to process 625 tons per day of waste with the initial Capacity Guarantee being 194,000 tons per year ("TPY") at 4,800 Btu/lb. In 1996, the County and the Company agreed to restate the initial Capacity Guarantee in terms of steam produced. The restated Capacity/Steam Production Guarantee of 1.0864 billion pounds is equal to the amount of steam generated by burning 194,000 TPY of waste.

The County, the Facility has processed, over the last five calendar years, the amount of solid waste indicated in the table below. The following table also shows the conversion from actual tons to reference tons and throttle steam produced for each of the last five years.

HISTORICAL WASTE PROCESSED/THROTTLE STEAM PRODUCED (1)			
Calendar Year Ended December 31	Waste Processed Actual Tons	Reference Tons Processed (2)	Throttle Steam Produced (Billion Pounds)
2004	176,368	210,050	1.1806
2005	175,975	211,517	1.2078
2006	180,726	214,460	1.2060
2007	178,429	211,587	1.1852
2008	187,135	213,451	1.2127

(1) Source: County of Kent
(2) Corrected to 4,800 Btu per pound

Electricity Produced

The Facility has generated, for sale to Consumers, the quantities of electricity noted in the table below. Quantities of electricity sold are also affected by the quantities of steam exported to the District Heating and Cooling Operation, also shown below.

NET ELECTRICAL AND STEAM GENERATION (1)			
Calendar Year	Net Electricity Generation (2)	Net Generation Rate KWh (3)/Actual Ton	Million Pounds of Steam Exported
2004	92,125	522	43,423
2005	86,665	492	113,119
2006	95,509	528	40,522
2007	98,739	551	-
2008	102,168	546	-

(1) Source: County of Kent
(2) Megawatt hours
(3) Kilowatt hours

Steam Energy Market

The DHCO serves mainly a space-heating load that is weather sensitive. The County purchased the DHCO from Consumers in May, 1986.

While the DHCO was owned by Consumers the business was regulated by the MPSC. Under the ownership of the County, the business is no longer regulated. This deregulation gives the County more flexibility with regard to rate structure. The County realizes that increasing sales for the DHCO will benefit all customers, and the DHCO has sufficient capacity to handle a greatly increased sales volume. The incremental cost to the County for serving additional loads is relatively low.

DHCO steam sales for the years 2004 through 2008 were as follows:

Year	Sales (Mlbs)	Sales ($000)
2004	566,657	9,236
2005	573,800	11,215
2006	476,184	11,255
2007	505,231	11,922
2008	408,312	9,763

FINANCIAL POSITION - LODGING EXCISE TAX FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2007	**2008** (1)
Revenues:		
Hotel/Motel Taxes	$ 5,048,711	$ 4,987,560
Investment Earnings	179,468	90,909
Other	6,985	4,057
Total Revenues	**5,235,164**	**5,082,525**
Expenditures:		
Administration	178,296	170,503
Convention and Visitors Bureau - Promotion	1,139,650	700,000
John Ball Zoo	400,000	-
Arts Festival	10,000	10,000
Sports Commission	-	200,000
Debt Service	4,898,344	4,684,456
Total Expenditures	**6,626,290**	**5,764,960**
Net Change in Fund Balance	**(1,391,125)**	**(682,434)**
Fund Balance, Beginning of Year	3,181,944	1,790,819
Fund Balance, End of Year	**$ 1,790,819**	**$ 1,108,384**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2007	**2008**
Hotel/Motel Tax Revenues	$ 5,048,711	$ 4,987,560
Debt Service Requirements	4,898,344	4,684,456
Debt Service Coverage	**1.03x**	**1.06x**

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2007	**2008 (1)**
Revenues:		
Taxes	$ 15,545,812	$ 16,063,141
Investment Earnings	504,258	504,866
Total Revenues	**16,050,070**	**16,568,007**
Operating Transfers:		
Consultants	900	31,787
Building Rent	-	2,429,420
General Fund - Facility Operations	15,000,000	16,000,000
Debt Service - Principal and Interest	319,340	-
Total Operating Transfers	**15,320,240**	**18,461,207**
Net Change in Fund Balance	**729,830**	**(1,893,199)**
Fund Balance, Beginning of Year	4,129,548	4,859,378
Net Assets, End of Year	**$ 4,859,378**	**$ 2,966,179**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2007	2008 (1)
Property Tax Revenues	$ 15,545,812	$ 16,063,141
Debt Service/Building Rent Requirements	319,340	2,429,420
Debt Service Coverage	**48.7x**	**6.6x**
Debt Outstanding:		
Series 1998	$ 6,955,000	$ 4,685,000

(1) Pending adjustments to audit

FISCAL POLICIES

County of Kent
FISCAL POLICY - FUND BALANCE/FUND EQUITY

I. POLICY

1. **Policy:** The Board of Commissioners, by adoption of an annual budget, shall maintain adequate General Fund equity (reserves and designations) to provide for contingencies, for contingent liabilities not covered by the County's insurance programs, and to provide reasonable coverage for long-term Limited Tax General Obligation debt service.

II. PRINCIPLES

1. **Statutory References:** The Kent County Board of Commissioners may establish rules and regulations in reference to managing the interests and business of the County under Public Act 156 of 1851 [MCLA 46.11(m)].

2. **County Legislative or Historical References:** Resolution 6-26-97-89, adopted by the Board of Commissioners on June 26, 1997, established rules and guidelines for managing the financial interests of the County. Such a resolution has been adopted annually since 1987.

   2.a. **Lodging Excise (Hotel/Motel) Tax:** Resolution 9-11-97-118 approved the use of the Lodging Excise (Hotel/Motel) tax proceeds and established levels of project funding.

   2.b. **Conflicts:** This document restates, clarifies, expands or alters the rules set forth in resolutions 6-26-97-89 and 9-11-97-118. This Policy and the procedures promulgated under it supersede all previous regulations regarding the County's fund balance and reserve policies.

3. **Operational Guidelines – General:** The County will annually establish "reserves" for the purpose of maintaining restrictions in utilization of Fund Balance and "designations" noting the Boards intent regarding the utilization of unreserved Fund Balance.

   3.a. **Reserves**

   3.a.1. **Long Term Advances** – The County will maintain a reservation of Fund Balance equal to the balance of any long-term outstanding balances due from other county funds.

   3.a.2. **Encumbrances/Other** -The County will establish a reserve for encumbrances, at the balance sheet date, equal to balances outstanding on all open purchase orders and contracts. The County will also maintain a reservation of Fund Balance equal to the value of inventory balances and pre-paid expenses.

   3.b. **Designations**

   3.b.1. **Emergency Operations** - The County will annually designate a portion of Fund Balance, equal to 10% of the subsequent years General Fund and subsidized governmental fund budgets, for emergency operating purposes.

   3.b.2. **Budget Deficit** - The County will designate a portion of unreserved balance equal to the operating deficit, if any, included in the subsequent years adopted budget.

   3.b.3. **Cashflow Requirements** - The County will designate, from unreserved fund balance, an amount equal to 40% of the subsequent years budget estimate for property tax revenue, to protect against cash flow shortfalls in anticipation of a July 1 (Mid Year) property tax billing.

4. **Operational Guidelines** – Other Governmental Funds

   4.a. **Lodging Excise Tax Fund:** Annual Revenues (Calendar Year) include receipts recorded in February through January each year. Appropriations, primarily debt service are, ninety-eight percent disbursed by November 30th each year. The County will designate, in the Lodging Excise Tax Fund, an amount equal to [one-twelfth] of the following years estimated Lodging Excise Tax revenue (equivalent to January collections).

4.b. Other Special Revenue Funds:

4.b.1. **General Tax** - Several special revenues funds maintained by the County receive support in the form of transfers from the General Fund. Following the completion of the annual financial audit and filing of same with the Finance & Physical Resources Committee, any remaining fund balance in these funds, in excess of the lesser of 5% of prior year spending or $100,000, shall be immediately thereafter returned to the General Fund of the County.

4.b.2. **Capital Improvement Program Fund** – Annual appropriations (Calendar Year) are established in December each year. Significant cash receipts (July 1st tax levy) are not recorded until September each year. The County will designate an amount equal to fifteen (15%) percent of the following year's estimated property tax revenues to assure maintenance of a positive cash balance.

5. Fund Balance Review Subcommittee: Upon completion and filing of the Comprehensive Annual Financial Report, the Chair of the Board of Commissioners may appoint a committee to make recommendations regarding the use of the Unreserved/Undesignated General Fund Balance to address any non-recurring financial obligations of the County.

6. Exceptions: The Board of Commissioners, upon recommendation of the Finance and Physical Resources Committee, may consider requests to waive any requirement or guideline contained in this policy.

7. Implementation Authority: Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.

8. Periodic Review: The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

County of Kent
FISCAL POLICY - CAPITAL IMPROVEMENT PROGRAM

I. POLICY

1. Policy: The Kent County Board of Commissioners requires all County capital improvement/replacement projects to be evaluated for funding within a framework of priorities and the financial capabilities of the County, and as part of a comprehensive budget process.

2. Capital Improvement Program: The Capital Improvement Program (CIP) is a primary tool for evaluating the physical improvement, tangible personal property or real property improvements to successfully implement the County budget process. The CIP outlines the schedule of County needs over a five-year period, and contains funding recommendations on an annual basis.

II. PRINCIPLES

1. Statutory References: Public Act 2 of 1968 as amended (The Uniform Budget and Accounting Act) [MCLA 141.435] sets forth the minimum requirements for items to be contained in the proposed budget submitted to the Board by the County Administrator/Controller, including the amount of proposed capital outlay expenditures, the estimated total cost and proposed method of financing each capital project.

2. County Legislative or Historical References: Resolution 3-28-96-38, adopted by the Board of Commissioners on March 28, 1996, established policies and set forth procedures for project submittal and evaluation for the Capital Improvement Program.

 2.a. Conflicts: This document codifies and amends the policies and procedures set forth in the Resolution 3-28-96-38. Any previous policies or procedures, insofar as they conflict with this policy, are hereby repealed.

3. Operational Guidelines - General: The County will establish and maintain a Capital Improvement Fund to account for the acquisition or construction of major capital items not otherwise provided for in enterprise or trust funds. The County will annually deposit, to this fund, a not-less-than sum of monies equivalent to the revenues to be generated from .2 mills of the general property tax levy.

 3.a. Project Initiation: Each department, office and agency of the County will annually submit a proposed list of its capital improvement needs for the next five fiscal years to the County Administrator/Controller's Office, according to a format and schedule developed by the County Administrator/Controller.

 3.b. CIP Inclusion Required: Any physical improvement or tangible personal and/or real property meeting the definition of a CIP project must be included in the CIP in order to be considered for funding.

4. Operational Guidelines - Additional: Items submitted for consideration will be evaluated by a Capital Improvement Review Team which shall include, at a minimum, representatives of the Administrator's Office, Fiscal Services, Purchasing, Information Technology and Facilities Management.

 4.a. Evaluation: Items submitted for consideration will be rated according to established criteria. Items rated by the Review Team will be included in the proposed capital budget submitted to the Finance and Physical Resources Committee.

 4.b. Annual Programming: It is recognized that the County has limited resources and only a certain number of projects can be funded in any given year. Those projects that are not funded for a fiscal year, as determined by the Board of Commissioners, may be resubmitted for consideration in future years' CIP process.

 4.c. Purchasing Procedures: Projects included in the CIP must be acquired through the Purchasing Division and follow established County purchasing procedures.

 4.d. Project Extension and Carry Forward of Funding: The County Administrator/ Controller may approve the carry forward of unspent funds from one budget year to a subsequent year.

4.e. Approval of Transfers Between and Substitutions of Projects: The Controller/Administrator can transfer up to and including $25,000 from any one project to another with the approval of the affected department(s). Transfers of more than $25,000 must be approved by the Finance and Physical Resources Committee.

5. Exceptions: Recognizing that some projects may be tied to grant funding or needs may arise due to emergency situations, a department director or a member of the judiciary may submit a written request to substitute a project for an approved project of equal or greater cost. The County Administrator/Controller shall be responsible for approving the substitute project.

6. Implementation Authority: Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.

7. Periodic Review: The County Administrator/Controller will review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

County of Kent
FISCAL POLICY - INVESTMENTS

I. POLICY

1. **Policy:** Kent County will invest funds in a manner which will ensure the preservation of capital while providing the highest investment return with maximum security, meeting the daily cash flow demands of the County and conforming to all state statutes governing the investment of public funds.

II. PRINCIPLES

1. **Statutory References:** Public Act 20 of 1943 [MCLA 129.91], as amended, requires the County to have a written investment policy which, at a minimum, includes the purpose, scope and objectives of the policy, including safety, diversification and return on investment; a delegation of authority to make investments; a list of authorized investment instruments; and statements addressing safekeeping, custody and prudence.

2. **County Legislative or Historical References:** Resolution 6-26-97-89, adopted by the Board of Commissioners on June 26, 1997, established rules and guidelines for managing the financial interests of the County. Such a resolution has been adopted annually since 1987.

   2.a. Conflicts: This document restates, clarifies, expands or alters the rules set forth in the Resolution 6-26-97-89. This Policy and the procedures promulgated under it supersede all previous regulations regarding County investments.

3. **Scope:** This policy applies to the investment of all funds, excluding the investment of employees' retirement funds.

   3.a. Pooling of Funds: Except for cash in certain restricted and special funds, the County will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

4. **General Objectives:** The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

   4.a. Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

   4.a.1 **Credit Risk:** The County will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

   4.a.1.a. Limiting investments to the types of securities authorized by PA 20 of 1943 (MC: 129.91), as amended, except commercial paper investments must have a rating of not less than P1 from Moody's or A1 from Standard & Poor's and mutual fund investments must have a par share value intended to maintain a net asset value of at least $1.00 per share. For purposes of this policy, such investments are referred to as securities.

   4.a.1.b. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. With the exception of U.S. Treasury Securities and authorized pools, no more than 25 percent of the total investment portfolio will be invested in a single security type or with a single financial institution.

   4.a.2. **Interest Rate Risk:** The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

   4.a.2.a. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

4.a.2.b. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

4.a.2.c. The County stratifies its pooled investments by maturity (less than one year, 1-2 years, 2-3 years and 3-5 years). Investments maturing in less than one year shall represent at least 40% of the total value of the portfolio. No other maturity band may represent more than 30% of the portfolio and the total of all investments greater than one year shall represent no more than 60 percent of the total portfolio.

4.b. Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. To that end, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

4.c. Yield: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

4.c.1. A security with declining credit may be sold early to minimize loss of principal
4.c.2. A security swap would improve the quality, yield, or target duration in the portfolio.
4.c.3. Liquidity needs of the portfolio require that the security be sold.

5. Standards of Care:

5.a. Prudence: The standard of prudence to be used by the Treasurer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

5.b. Ethics and Conflicts of Interest: The Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

6. Safekeeping and Custody

6.a. Delivery vs. Payment: All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

6.b. Safekeeping: Marketable securities will be held by an independent third-party custodian selected by the Treasurer as evidenced by safekeeping receipts in the County's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

6.c. Internal Controls: The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

7. **Reporting Methods:** The Treasurer shall prepare quarterly investment reports, including a certification regarding compliance with all applicable laws and policies. These reports shall be filed with the Board of Commissioners not later than sixty days following the end of each calendar quarter.

8. **Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners delegates to the County Treasurer the management responsibility for the investment program as required by state statute.

9. **Periodic Review:** The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

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County of Kent
FISCAL POLICY – ECONOMIC DEVELOPMENT PARTICIPATION

I. POLICY - To correct and prevent deterioration in neighborhood and business districts within the local units of the County, the County may participate with the local units of government in the establishment of tax abatement or capture programs as authorized by State enabling legislation.

II. PRINCIPLES

1. Statutory References:

Tax Capture
Public Act 197 of 1975 – Downtown Development Authority Act
Public Act 281 of 1986 – Local Development Financing Act
Public Act 530 if 2004 – Historic Neighborhood Tax Increment Finance Authority Act
Public Act 280 of 2005 – Corridor Improvement Authority Act
Public Act 450 of 1980 – Tax Increment Finance Authority Act
Public Act 381 of 1996 – Brownfield Redevelopment Financing Act

Tax Abatement
Public Act 198 of 1974 – Industrial Facilities Property Tax Abatement Act
Public Act 147 of 1992 – Neighborhood Enterprise Zone Act
Public Act 376 of 1996 – Renaissance Zone Act
Public Act 328 of 1998 – Personal Property Tax Abatement Act
Public Act 146 of 2000 – Obsolete Property Rehabilitation Act
Public Act 210 of 2005 – Commercial Rehabilitation Act

2. County Legislative or Historical References: None

3. Operational Guidelines - General:

3.a. The County pledges up to 7 percent of its general operating property tax levy in support of economic development activities undertaken by local governmental units through local tax abatement/capture programs as authorized by State enabling legislation.

3.b. Participation is contingent upon exclusion of capture or abatement of "dedicated" millage levies (e.g. Correctional and Senior Services). To the extent that these dedicated millages are already captured or abated by a local governmental unit under an existing program, the County will not voluntarily participate in any new or expanded districts.

4. Operational Guidelines - Additional:

4.a. As allowed by law, the County may "opt out" of participation in any new or expanded district, and enter into a contractual agreement with the sponsoring local units according to the following general terms and conditions:

4.a.1. Participation in any capture or abatement district will be limited to 10-year renewable terms. Twenty-year terms may be considered if specific project requests would require debt financing.

4.a.2. Local government unit will pledge 100% of its own operating tax levy for capture or abatement.

4.a.3. County participation in tax capture districts will be on a "match" basis. The County will pledge $1 of its operating tax levy to match $1 of city/township tax levy generated for deposit to the Tax Increment Authority.

4.b. County participation will be suspended for any calendar year, if the total County General Revenues and Transfers-In do not increase by at least 3 percent over the prior year's General Revenues/Transfers In.

4.c. County participation will be suspended if the local governmental unit's total of all tax abatements' or captures' taxable values exceed 10 percent of the combined equivalent taxable value of the local unit.

5. **Exceptions:**

    5.a. County participation with individual local government units will be limited to the capture/exemption of tax levy on up to 10 percent of the combined equivalent taxable value in any individual local governmental unit. (See Attachment A).

    5.b. In the event that the total of all tax abatement/captures taxable values exceed 10 percent of the combined equivalent taxable value in a specified local government unit, the County will decline participation in the program. In the case of existing programs, County participation will be suspended in the calendar year following determination of the capture/abatement reaching the limit.

    5.c. In the event the local governmental unit tax abatement/tax capture exceeds 10% of the combined equivalent taxable value, but the local governmental unit enters into an agreement with the County to reimburse lost annual property tax revenues until such time as the percentage of capture is determined to fall below the 10% cap, then the County may consent (renaissance zone extension application) to the approval of additional tax abatements.

6. **Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.

7. **Periodic Review:** The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

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