

2009 POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2009



Fallsburg Covered Bridge



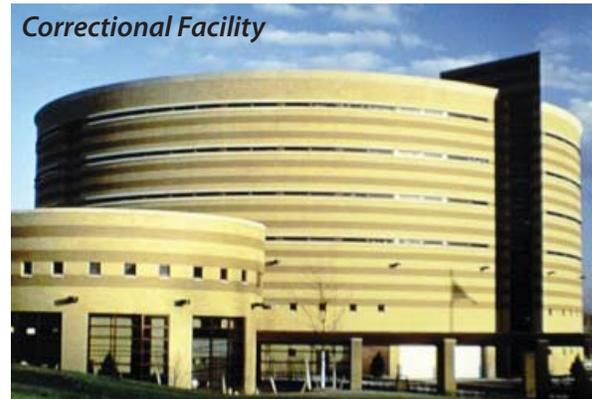
Animal Shelter



Circuit Court



Millennium Park



Correctional Facility



63rd District Court



County of Kent, Michigan

Introduction

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

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

Government Profile

The County of Kent, the fourth most populous County in the State of Michigan (the "State"), encompasses an area of approximately 864 square miles and, with a 2000 census population of 574,335, is located in the central west portion of Michigan's Lower Peninsula. It is approximately 64 miles west of Lansing, the State capital. The County is empowered by the State to levy a property tax on real and personal properties located within the County.

The County is composed of twenty-one townships, five villages and nine cities. The 2000 population of the County resides as follows: townships (194,163); cities (373,043); and villages (7,129). The County seat is located in the City of Grand Rapids, which is the second largest city in the State. The County was organized as a County by the territorial legislature on March 24, 1836.

The County is governed by a Board of Commissioners (the "Board") whose numbers ranged from three in 1836 up to 77 as recently as 1968. As a result of a United States Supreme Court decision in 1969, the number of commissioners was reduced to 21. The Board took action in 1992 to reduce further the number of members to 19 effective January 1993. The Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller. The Administrator/Controller is responsible for carrying out the policies set forth by the Board and overseeing the day-to-day operations of the County. The Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County, which include the Sheriff, Clerk/Register of Deeds, Prosecuting Attorney, Drain Commissioner and Treasurer, are

elected on a partisan basis serving four year terms.

The County provides a range of services including sheriff, correctional facility, three court systems, airport, fire, social services, both State and County funded public health, mental health, park system and zoo. The Kent County CMH Authority (operating as "Network180") is a component unit that provides mental health services. The Department of Public Works, a component unit, manages a waste-to-energy incinerator and landfill, maintains some local unit water and sanitary sewer systems, and provides for the construction of these local systems. The Kent County Drain Commission, another component unit, is responsible for the construction and maintenance of County drains and the control of lake levels. In addition, the Road Commission is a component unit providing maintenance to county roads.

Annually, the Board is required to adopt a final budget by December 31 for the subsequent fiscal year. This budget serves as the foundation for the County's financial planning and control. The budget is prepared by fund, function (e.g. public safety) and department (e.g. Sheriff). Department heads may transfer resources within the activities they manage. Transfers between departmental budgets and above administrative amounts set by the Board need special approval from the governing body.

Local Economy

Commercial/Industrial Base - The Grand Rapids-Wyoming Metropolitan Statistical Area (MSA), of which the County is the hub, has been one of the fastest growing regions of the United States. Numerous expansions, renovations, constructions, modernizations and developments have 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.

Major Taxpayers:

Consumers Energy
Amway Corporation
Steelcase, Inc.
Meijer/Goodwill
MI Con Gas
Keebler Company
PR Woodland
Holland Home
Fifth Third Bank
GGP Grandville
General Motors
Wolverine World Wide

Within the County, the State Equalized Value (SEV) for commercial property increased in value from \$3.71 billion (tax year 2004) to \$4.62 billion (tax year 2009), for an average annual increase of 4.9%. Industrial property SEV increased in value from \$1.76 billion (tax year 2004) to \$1.97 billion (tax year 2009), for an average annual increase of 2.4%.

Convention Facilities - In 2000, the City of Grand Rapids, the 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 seating capacity of 12,000 and is used for professional hockey 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 that have no boundaries such as clean air, water and sewers, and transportation. The Metro Council is also 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.

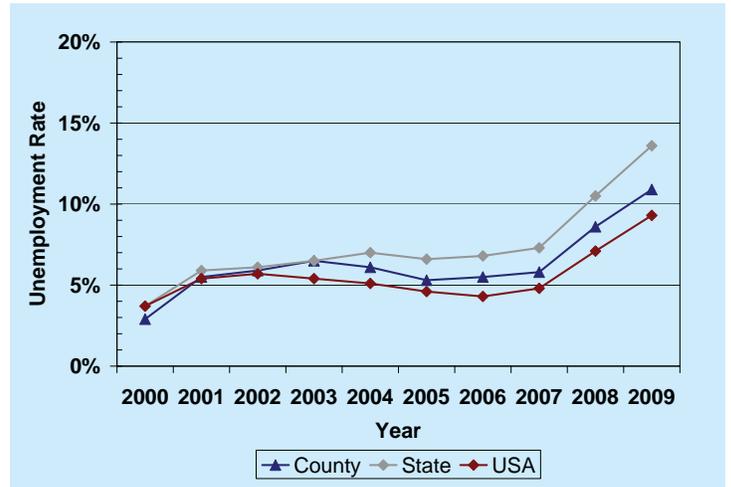
Medical Services - The residents of the County are served by a number of hospitals. The public and nonprofit hospitals in the County have approximately 2,676 licensed beds. In 2000, the Van Andel Institute (VAI) opened, with the mission "... to become one of the world's preeminent private medical research 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

Major Employers:

- Spectrum Health
- Meijer, Inc.
- Steelcase, Inc.
- Spartan Stores
- Axios, Inc.
- Herman Miller, Inc.
- Amway Corporation
- Walmart
- G.R. Public Schools
- St. Mary's Health

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 bioscience 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 constructed a 240,000 square foot, eight story building expansion that opened in December

2009. This expansion nearly triples the Institute's laboratory space, allowing for growth of current laboratories and expanded research into neurological diseases. Michigan State University Medical School began construction of a new \$90 million, 180,000 square foot, medical school 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 2009. The new medical facility will be opened in 2010 and is expected to reach a capacity of 400 students in 2013.



Source: Michigan Department of Labor & Economic Growth - December basis



Employment - Major industries that are located within the boundaries of Kent County or in close proximity include manufacturers of office equipment and furniture, heating controls, automotive parts, financial institutions, health care, retail food/merchandise and insurance companies. This diversified employment base adds to the strength of the local economy. During the past ten years, the unemployment rate has fluctuated from a decade low of 3.1 percent (2000) to a decade high of 12.3 percent in March 2009. Unemployment is expected to level out over the remainder of 2010, and begin a gradual decline in 2011.

Net Assets

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the County, assets exceeded liabilities by \$434.3 million at the close of the most recent fiscal year.

A substantial portion of the County’s net assets, \$280.1 million (64.5 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related

outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

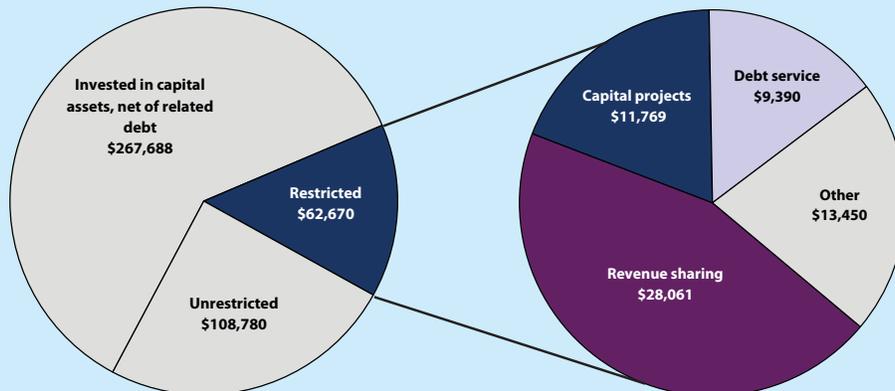
An additional portion of the County’s net assets of \$45.9 million (10.6 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net assets of \$108.3 million (24.9 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

There was a decrease of \$9.7 million in restricted net assets

Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 185,215	\$ 186,177	\$ 155,071	\$ 111,393	\$ 340,286	\$ 297,570
Capital assets	215,911	231,531	314,756	353,138	530,667	584,669
Total assets	401,126	417,708	469,827	464,531	870,953	882,239
Long-term liabilities outstandi	122,183	147,538	258,410	252,609	380,593	400,147
Other liabilities	41,018	40,037	10,204	7,709	51,222	47,746
Total liabilities	163,201	187,575	268,614	260,318	431,815	447,893
Net assets:						
Invested in capital assets, net of related debt	120,023	124,406	147,665	155,704	267,688	280,110
Restricted	39,499	29,791	23,171	16,132	62,670	45,923
Unrestricted	78,403	75,936	30,377	32,377	108,780	108,313
Total	\$237,925	\$230,133	\$201,213	\$204,213	\$439,138	\$434,346



Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program revenues:						
Charges for services	\$ 35,397	\$ 34,734	\$ 38,415	\$ 32,881	\$ 73,812	\$ 67,615
Operating grants and contributions	66,513	61,715	898	429	67,411	62,144
Capital grants and contributions	-	-	7,076	6,818	7,076	6,818
General revenues	119,732	122,313	2,782	1,165	122,514	123,478
Total revenues	221,642	218,762	49,171	41,293	270,813	260,055
Expenses:						
General government	31,603	30,554	-	-	31,603	30,554
Public safety	61,541	65,311	-	-	61,541	65,311
Health and welfare	79,054	75,920	-	-	79,054	75,920
Cultural and recreation	10,565	10,439	-	-	10,565	10,439
Judicial	33,910	33,715	-	-	33,910	33,715
Community & Econ Development	8,309	8,611	-	-	8,309	8,611
Interest and fiscal charges	4,828	5,087	-	-	4,828	5,087
Delinquent tax	-	-	3,387	2,093	3,387	2,093
Airport operations	-	-	32,924	32,700	32,924	32,700
Total expenses	229,810	229,637	36,311	34,793	266,121	264,430
Net revenues (expenses)	(8,168)	(10,875)	12,860	6,500	4,692	(4,375)
Transfers	3,636	3,083	(3,000)	(3,500)	636	(417)
Inc (dec) in net assets	(4,532)	(7,792)	9,860	3,000	5,328	(4,792)
Net Assets, beginning	242,457	237,925	191,353	201,213	433,810	439,138
Net Assets, ending	\$237,925	\$230,133	\$201,213	\$204,213	\$439,138	\$434,346

reported in connection with the County's governmental activities. All of this \$9.7 million decrease was the result of a reduction in the amount of funds restricted for the Revenue Sharing Fund mandated by the State of Michigan. State law restricts the use of accelerated property tax collections.

There was a decrease of \$7.0 million in restricted net assets reported in connection with the County's business type activities. All of this \$7.0 million decrease was the result of a reduction in the amount of funds restricted within the Aeronautics Fund for capital improvements.

The County's net assets decreased by \$4.8 million during the current fiscal year. Decreases in ongoing revenues along with increases in ongoing expenses resulted in a decrease in net assets. The primary reason for the decrease in net assets is related to a decrease in charges for services and operating grants and contributions revenues.

Governmental Activities. Governmental activities decreased the County's net assets by \$7.8 million. Key elements of this decrease are as follows:

- An increase in transfers out of \$2.7 million.
- A decrease in other revenue relating to a decrease in investment income due to lower interest rates of \$3.3 million.
- Overall, the decrease in revenues was more than the increase in expenses for the year.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type Activities. Business-type activities increased the County's net assets by \$3.0 million. The key element of this increase was an acquisition of capital assets during the current fiscal year, through \$6.8 million in capital contributions, which resulted in an increase in net assets for business-type activities.

County Revenues

The majority of the County's revenues come from Taxes which represents 51.2 percent of total revenues. In FY 2009, the County collected \$118.9 million in taxes. The two other main sources of revenues come from the Intergovernmental and Charges for services categories.

Revenue by Category*

	2008	2009
Revenue:		
Taxes	\$ 113,010,186	\$ 118,864,413
Intergovernmental	67,238,129	66,957,120
Licenses and permits	1,561,688	1,568,867
Charges for services	27,196,727	25,430,022
Fines and forfeitures	459,631	558,194
Investment earnings	6,221,421	3,050,293
Contributions and reimbursements	9,480,779	10,330,040
Other	4,308,702	5,423,040
Total revenue	\$229,477,263	\$232,181,989

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

Taxes: \$118,864,413 - In FY 2009, the County collected \$118.9 million in taxes, a \$5.9 million, or 5.2 percent increase from FY 2008 collections of \$113.0 million. This increase can be attributed to \$4.7 million in Lodging Excise Tax being re-categorized from Charges for Services. The majority of the County's tax collections come from property taxes and include the designated millages for the Correctional Facility and Senior Services. County General Fund property taxes are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

Property Taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

The taxable value of real and personal property for 2009, for which revenue was recognized in the General Fund, was \$21.83 billion. The general operating tax rate for this levy was 4.2803 mills. The taxable value of real and personal property for 2008, for which revenue was recognized in all other funds, was \$21.75 billion. The tax rates for these levies were 0.7893 mills for Correction and Detention operations and debt service related to the expansion of facilities, and 0.3244 mills assessed for services provided to senior services.

Intergovernmental: \$66,957,120 - Intergovernmental revenue consists of grants from Federal, State, and local units of government. In FY 2009, this source accounted for \$67.0 million or 28.8 percent of total revenues. This represents a decrease of \$0.3 million, or 0.4 percent, from FY 2008.

Charges for Services: \$25,430,022 - Charges for services revenue consists of State court funding, Real estate transfer tax, Certified copy fees, Recording fees, Board & care, Parking fees, Public works services, and other fees. In FY 2009, this source accounted for \$25.4 million, or 11.0 percent, of total revenues. This represents a decrease of \$1.8 million, or 6.5 percent, from FY 2008.

Expenditures by Functional Area*

	2008	2009
Expenditures:		
General government	\$ 40,310,300	\$ 40,391,037
Public safety	64,003,540	67,159,220
Health and welfare	79,288,722	76,040,396
Cultural and recreation	8,564,020	8,733,326
Judicial	32,603,337	32,482,483
Community & Econ Development	8,309,138	8,612,234
Other	-	-
Debt service	10,407,074	11,088,777
Capital outlay	28,758,058	22,327,056
Total expenditures	\$272,244,189	\$266,834,529

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

County Expenditures

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

General government: \$40,391,037 - The primary activities of the General government functional area include Facilities Management, Fiscal Services, Information Technology, MSU Cooperative Extension, and Policy/Administration. In FY 2009, the General government functional area accounted for \$40.4 million or 15.1 percent of total expenditures. This represents an increase of \$0.8 million, or 0.2 percent, from FY 2008.

Public safety: \$67,159,220 - The primary activities of the Public Safety functional area include the Sheriff's administration & road patrol, the Correctional facility, and the Fire commission. In FY 2009, the Public safety functional area accounted for \$67.2 million or 25.2 percent of total expenditures. This represents an increase of \$3.2 million, or 4.9 percent, from FY 2008.

Health and welfare: \$76,040,396 - The primary activities of the Health and welfare functional area include the Health department and Childcare. In FY 2009, the Health and welfare functional area accounts for \$76.0 million, or 28.5 percent, of total expenditures. This represents a decrease of \$3.2 million, or 4.1 percent, from FY 2008.

Cultural and recreation: \$8,733,326 - The primary activities of the Cultural and recreation functional area include the Parks and the Zoo. In FY 2009, the Cultural and recreation functional area accounted for \$8.7 million, or 3.3 percent, of total expenditures. This represents an increase of \$0.2 million, or 2.0 percent, over FY 2008.

Judicial: \$32,482,483 - The primary activities of the Judicial functional area include the Circuit Court, District Court, and Probate Court. In FY 2009, the Judicial functional area accounted

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	December 31,				
	2008	2009			Pos/(Neg) Variance
	Actual	Original Budget	Final Budget	Actual	
Revenues					
Taxes	\$ 85,793,375	\$ 89,175,400	\$ 87,989,400	\$ 86,601,152	\$ (1,388,248)
Intergovernmental	13,238,163	13,906,622	13,969,644	12,920,014	(1,049,630)
License and permits	89,506	82,950	82,950	129,450	46,500
Charges for services	18,770,343	17,710,525	16,584,925	16,507,760	(77,165)
Investment earnings	3,056,918	2,805,250	1,801,250	1,966,576	165,326
Contributions and reimbursements	7,007,893	6,744,023	6,761,023	6,948,469	187,446
Other	4,293,776	4,675,577	4,675,577	5,437,230	761,653
Total revenues	132,249,974	135,100,347	131,864,769	130,510,651	(1,354,118)
Expenditures					
General government	39,119,290	42,012,869	41,993,689	39,646,930	2,346,759
Public safety	59,400,664	61,125,098	60,519,818	57,776,032	2,743,786
Health and welfare	8,694,663	8,099,461	8,109,461	7,752,464	356,997
Cultural and recreation	8,525,094	8,783,191	8,800,676	8,424,723	375,953
Judicial	21,316,266	21,531,557	21,528,197	20,745,137	783,060
Community and economic development	553,013	537,513	537,513	537,013	500
Total expenditures	137,608,990	142,089,689	141,489,354	134,882,299	6,607,055
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	210,818	200,000	200,000	288,220	88,220
Interfund transfers in	30,503,001	31,566,309	35,238,661	35,241,105	2,444
Interfund transfers out	(27,857,929)	(31,753,929)	(32,994,059)	(30,363,243)	2,630,816
Estimated budget appropriation lapse	-	5,000,000	5,000,000	-	(5,000,000)
Total other financing sources (uses)	2,855,890	5,012,380	7,444,602	5,166,082	(2,278,520)
Net change in fund balance	(2,503,126)	(1,976,962)	(2,179,983)	794,434	2,974,417
Fund Balance, beginning	70,209,406	67,706,280	67,706,280	67,706,280	-
Fund Balance, ending	\$ 67,706,280	\$ 65,729,318	\$ 65,526,297	\$ 68,500,714	\$ 2,974,417

for \$32.5 million, or 12.2 percent, of total expenditures. This represents a decrease of \$0.1 million, or 0.4 percent, from FY 2008.

Community & Economic Development: \$8,612,234 - The primary activities of the Community Development functional area include the Housing Commission, Community Development, and Economic Development. In FY 2009, the Community Development functional area accounted for \$8.6 million, or 3.2 percent, of total expenditures. This represents an increase of \$0.3 million, or 3.6 percent, over FY 2008.

General Fund Summary

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$9.0 million while total fund balance amounted to \$68.5 million. As a measure of the General

Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 6.7 percent of total General Fund expenditures, while total fund balance represents 50.5 percent of that same amount.

The fund balance of the County's General Fund increased by \$0.8 million during the current fiscal year. Key factors in this change are as follows:

- Decrease in total expenses relating to the General Fund of \$2.0 million (1.4 percent).
- Interfund transfers out increased by \$4.7 million (15.5 percent).
- The General Fund budgeted for a decrease in fund balance of \$7.2 million and the actual increase in fund balance was \$0.8 million.

County's Outstanding Debt
General Obligation and Revenue Bonds (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Primary Government						
Limited tax pledge bonds	\$ 112,160	\$ 138,315	\$ 58,000	\$ 55,000	\$ 170,160	\$ 193,315
Limited revenue bonds	-	-	150,200	147,470	150,200	147,470
Full faith revenue bonds	-	-	46,680	45,250	46,680	45,250
Total	\$112,160	\$138,315	\$254,880	\$247,720	\$367,040	\$386,035

Statement of Legal Debt Margin

	December 31,			
	2006	2007	2008	2009
State Equalized Value (SEV)	\$ 23,346,848,319	\$ 24,338,570,446	\$ 24,296,248,175	\$ 23,810,524,071
Legal Debt Limit (10% of SEV)	2,334,684,832	2,433,857,045	2,429,624,818	2,381,052,407
Debt Outstanding (including the Notes)	348,610,657	506,524,904	482,212,904	496,995,904
Margin of additional debt that could be legally incurred	\$ 1,986,074,175	\$ 1,927,332,141	\$ 1,947,411,914	\$ 1,884,056,503
Percentage of Debt Outstanding to SEV	1.49%	2.08%	1.98%	2.09%

Significant changes in budgetary variances are as follows:

- Tax revenues had a negative budgetary variance of \$1.4 million.
- Intergovernmental had a negative budgetary variance of \$1.0 million as a result of decreases in state and local funding.
- Charges for services had a negative budgetary variance between budget and actual revenues of \$0.08 million. The majority of this was due to a reduction in the amounts charged to local units for board and care.

Expenditures had an overall positive budgetary variance of \$6.6 million, of which \$2.3 million related to general government, \$2.7 million related to public safety and \$0.8 million related to judicial.

General Fund Budgetary Highlights. During the year, there was a \$0.6 million decrease in appropriations between the original and final amended budget. Following are the main components of the decrease:

- \$19,000 decrease in general government activities mainly due to a decrease for prosecuting attorney and management studies.
- \$605,000 decrease in public safety primarily for decrease related to the correctional facility.

- \$10,000 increase in health and welfare primarily for prevention programming.
- \$4,000 decreases in judicial activities allocated to circuit court.
- \$1.2 million increase for other financing uses which reflects an increase in transfers out.

Debt Summary

At the end of the current fiscal year, the County had total bonded debt outstanding of \$386.0 million. Of this amount, \$45.3 million (11.7 percent) represents debt not backed by the full faith and credit of the government. This County debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total installment debt decreased by \$19.0 million (5.2 percent) during the current fiscal year. The net increase was mainly attributable to an advanced refunding of bonds and a \$32 million bond sale.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$2,381,052, which is significantly higher than the County's outstanding general obligation debt.

Bond Rating

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

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

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

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

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

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

Since FY 2000, the County has attained the top bond rating for its long-term debt of Aaa from Moody’s; and AAA from S & P. Top bond ratings allow the County to either refinance outstanding debt, or to issue new debt, at more favorable rates. Lower interest rates translate into lower debt service payments.

Economic Factors and Next Year’s Budget and Rates

- The average annual unemployment rate for the County for 2009 was 10.9 percent, which is an increase from a rate of 6.9 percent a year ago. This is significantly below the State’s average annual unemployment rate of 14.5 percent for 2009.
- Inflationary trends in the region compare favorably to national indices.

The County considered these factors in preparing the County’s budget for the 2010 fiscal year. During the current fiscal year, unreserved fund balance in the General Fund is \$9.0 million. The County appropriated \$2.7 million for spending in the 2010 adopted budget. This appropriation of available fund balance allows the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2010 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the County of Kent’s financial position. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Fiscal Services Director, County Administration Building, 300 Monroe Avenue N.W., Grand Rapids, Michigan 49503-2221.

Bond Rating History

Rating Service	2005	2006	2007	2008	2009
Standard & Poor's	AAA	AAA	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa

Bond Rating Scale

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

2010 Kent County Board of Commissioners



Pictured back row left to right: Harold Voorhees, Ted Vonk, Brandon Dillon, Carol Hennessy (Minority Vice-Chair), Roger Morgan (Chair), Sandi Frost Parrish, Dean Agee (Vice-Chair), Dick Bulkowski, Dick Vander Molen, Arthur Tanis. **Front row left to right:** Bob Synk, Gary Rolls, James Vaughn, Stan Ponstein, Jim Talen, Tom Antor, Keith Courtade, Bill Hirsh, Pete Hickey.

Phone Numbers	Board of Commissioners	Elected Officials
Administrator's Office 616.632.7570	Ted Vonk District 1	Mary Hollinrake - Clerk/Register of Deeds
Aeronautics 616.233.6000	Tom Antor District 2	William Forsyth - Prosecuting Attorney
Animal Shelter 616.336-3210	Roger Morgan (Chair) District 3	William Byl - Drain Commissioner
Board of Commissioners Office 616.632.7580	Gary Rolls District 4	Larry Stelma - Sheriff
Circuit Court 616.632.5220	Sandi Frost Parrish District 5	Kenneth Parrish - Treasurer
Clerk's Office 616.632.7640	Arthur Tanis District 6	
Community Development 616.632.7400	Stan Ponstein District 7	Executive Staff
Drain Commissioner 616.336.3688	Keith Courtade District 8	Daryl Delabbio - Administrator/Controller
Equalization 616.632.7520	Harold Voorhees District 9	Robert White - Fiscal Services Director
Fiscal Services 616.632.7670	Bill Hirsch District 10	
Friend of the Court 616.632.6888	Dean Agee (Vice-Chair) District 11	Administration Building
Health Department 616.632.7100	Pete Hickey District 12	
Housing Commission 616.632.7400	Dick Vander Molen District 13	County of Kent
Human Resources 616.632.7440	Carol Hennessy (Minority Vice-Chair) District 14	300 Monroe Avenue, NW
Information Technology 616.632.6500	Dick Bulkowski District 15	Grand Rapids, MI 49503
John Ball Zoological Garden 616.336.4301	Jim Talen District 16	www.accesskent.com
Parks Department 616.336.7275	James Vaughn District 17	
Probate Court 616.632.5440	Brandon Dillon District 18	616.632.7570 phone
Prosecutor's Office 616.632.6710	Bob Synk District 19	616.632.7565 fax
Public Works 616.336.3694		
Sheriff 616.632.6100		



County of Kent
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Grand Rapids, MI 49503-2221
www.accesskent.com