

2010 POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2010



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 encompasses an area of approximately 864 square miles and is located in the central west portion of Michigan's Lower Peninsula. The County of Kent is the fourth most populous County in the State of Michigan (State) with a 2010 census population of 602,622. 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 2010 population of the County resides as follows: townships (223,746); cities (371,492); and villages (7,384). The County seat is located in the City of Grand Rapids, which is the second largest city in the State. The County was organized as a County by the territorial legislature on March 24, 1836.

The County is governed by a Board of Commissioners (Board) whose numbers ranged from three in 1836 up to 77 as recently as 1968. As a result of a United States Supreme Court decision in 1969, the number of commissioners was reduced to 21. The Board took action in 1992 to reduce further the number of members to 19 effective January 1993. The Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller. The Administrator/Controller is responsible for carrying out the policies set forth by the Board and overseeing the day-to-day operations of the County. The Board is elected on a partisan basis every two years from districts of approximately equal 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 wide and varied range of services in the following areas: law enforcement, correctional facility, three court systems, airport, fire, social services, both State and County funded public 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.

Within the County, the State Equalized Value (SEV) for commercial property increased in value from \$3.90 billion (tax year 2005) to \$4.75 billion (tax year 2010), for an average annual increase of 4.0%. Industrial property SEV decreased in value from \$1.81 billion (tax year 2005) to \$1.55 billion (tax year 2010), for an average annual decrease of 2.87%.

Convention Facilities - In 2000, the City of Grand Rapids and the County jointly created the Grand Rapids -- Kent County Convention/Arena Authority. The function of this independent authority is to own and operate the DeVos Place Convention Center and the Van Andel Arena. The Van Andel Arena was completed in 1996, has a seating

Major Taxpayers:

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

capacity of 12,000 and it 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 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 ("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 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.

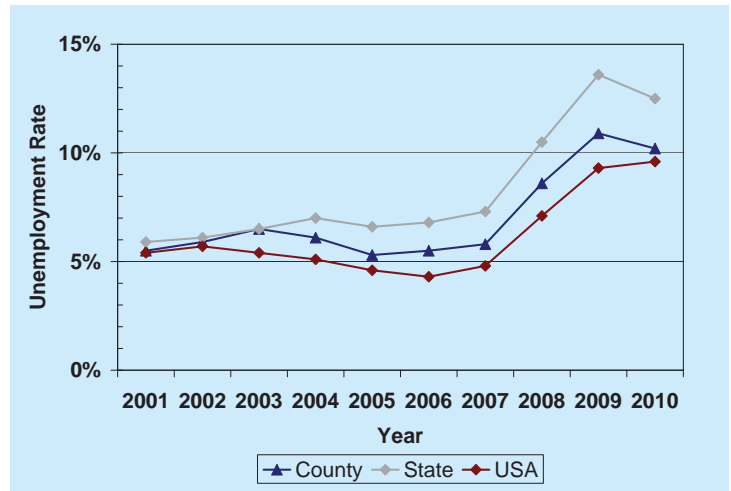
Medical Services - The residents of the County are served by a number of hospitals. The public and nonprofit hospitals in the County have approximately 2,676 licensed beds. In 2000, the Van Andel Institute (VAI) opened, with the mission "... to become one of the world's reeminent private medical research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

Major Employers:

- Spectrum Health
- Meijer, Inc.
- Steelcase, Inc.
- Spartan Stores
- Amway Corporation
- Herman Miller, Inc.
- Axios, Inc.
- G.R. Public Schools
- Perrigo Company
- Walmart

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 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 squarefoot, 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 was 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 3.6 percent (April 2001) to a decade high of 11.7 percent (July 2009). Unemployment is expected to continue to decline over the remainder of 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 \$429.9 million at the close of the most recent fiscal year.

A substantial portion of the County’s net assets, \$281,301 (65.4 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.

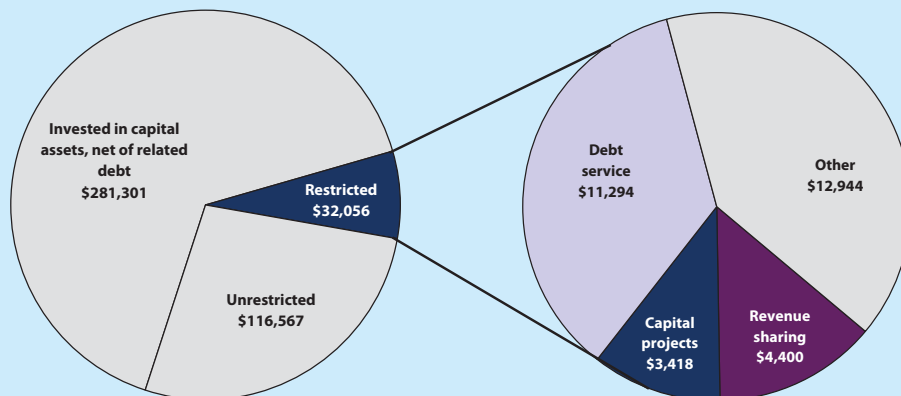
An additional portion of the County’s net assets of \$32,056 (7.5 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net assets of \$116,567 (27.1 percent) to meet its ongoing obligations to citizens 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 \$15,831 in restricted net assets reported in connection with the County’s governmental activities. All of this

Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$ 186,177	\$ 171,067	\$ 111,393	\$ 107,063	\$ 297,570	\$ 278,130
Capital assets	231,531	241,668	353,138	344,507	584,669	586,175
Total assets	417,708	412,735	464,531	451,570	882,239	864,305
Long-term liabilities outstanding	147,538	141,854	252,609	238,473	400,147	380,327
Other liabilities	40,037	46,353	7,709	7,701	47,746	54,054
Total liabilities	187,575	188,207	260,318	246,174	447,893	434,381
Net assets:						
Invested in capital assets, net of related debt	124,406	130,574	155,704	150,727	280,110	281,301
Restricted	29,791	13,960	16,132	18,096	45,923	32,056
Unrestricted	75,936	79,994	32,377	36,573	108,313	116,567
Total	\$230,133	\$224,528	\$204,213	\$205,396	\$434,346	\$429,924



Changes in Net Assets (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 34,734	\$ 31,734	\$ 32,881	\$ 38,864	\$ 67,615	\$ 70,598
Operating grants and contributions	61,715	68,206	429	148	62,144	68,354
Capital grants and contributions	-	-	6,818	11,606	6,818	11,606
General revenues	122,313	115,236	1,165	46	123,478	115,282
Total revenues	218,762	215,176	41,293	50,664	260,055	265,840
Expenses:						
General government	30,554	26,436	-	-	30,554	26,436
Public safety	65,311	65,967	-	-	65,311	65,967
Health and welfare	75,920	73,266	-	-	75,920	73,266
Cultural and recreation	10,439	9,046	-	-	10,439	9,046
Judicial	33,715	33,184	-	-	33,715	33,184
Community & Econ Development	8,611	11,699	-	-	8,611	11,699
Interest and fiscal charges	5,087	6,364	-	-	5,087	6,364
Delinquent tax	-	-	2,093	1,167	2,093	1,167
Airport operations	-	-	32,700	43,167	32,700	43,167
Total expenses	229,637	225,962	34,793	44,334	264,430	270,296
Net revenues (expenses)	(10,875)	(10,786)	6,500	6,330	(4,375)	(4,456)
Transfers	3,083	5,181	(3,500)	(5,147)	(417)	34
Inc (dec) in net assets	(7,792)	(5,605)	3,000	1,183	(4,792)	(4,422)
Net Assets, beginning	237,925	230,133	201,213	204,213	439,138	434,346
Net Assets, ending	\$ 230,133	\$ 224,528	\$ 204,213	\$ 205,396	\$ 434,346	\$ 429,924

\$15,831 decrease was the result of a reduction in the amount of funds restricted for the Revenue Sharing Reserve Fund mandated by the State of Michigan. State law restricts the use of accelerated property tax collections.

There was an increase of \$1,964 in restricted net assets reported in connection with the County's businesstype activities. Of this \$1,964 increase, \$494 was the result of an increase in the amount of funds restricted within the Aeronautics Fund for capital improvements, and \$818 was the result of an increase in the funds restricted for property tax foreclosures in the Delinquent Tax Revolving fund.

The County's net assets decreased by \$4,422 during the current fiscal year. Increases in ongoing expenses in excess of increases in ongoing revenues resulted in a decrease in net assets. The primary reason for the decrease in net assets is related to a decrease in general property tax revenues.

Governmental Activities. Governmental activities decreased the County's net assets by \$5,605. Key elements of this decrease are as follows:

- An increase in transfers out of \$2,098.
- A decrease in other revenue relating to a decrease in investment income due to lower interest rates of \$2,753.

Business-type Activities. Business-type activities increased the County's net assets by \$1,183. The key element of this increase was an increase in operating revenues and contributions received in the form of grants from federal and state governments during the current fiscal year.

County Revenues

The majority of the County's revenues come from Taxes which represents 50.3 percent of total revenues. In FY 2010, the County collected \$115.9 million in taxes. The two other main sources of revenues come from the Intergovernmental and Charges for services categories.

Taxes: \$115,939,475 - In FY 2010, the County collected \$115.9 million in taxes, a \$2.9 million, or 2.5 percent decrease from FY 2009 collections of \$118.9 million. This decrease can be attributed to the County's declining taxable value. The majority of the

Revenue by Category*

	2009	2010
Revenue:		
Taxes	\$ 118,864,413	\$ 115,939,475
Intergovernmental	66,957,120	70,916,802
Licenses and permits	1,568,867	1,781,554
Charges for services	25,430,022	24,089,582
Fines and forfeitures	558,194	592,965
Investment earnings	3,050,293	563,359
Contributions and reimbursements	10,330,040	11,791,424
Other	5,423,040	4,787,969
Total revenue	\$232,181,989	\$230,463,130

* 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'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 2010, for which revenue was recognized in the General Fund, was \$21.01 billion. The general operating tax rate for this levy was 4.2803 mills. The taxable value of real and personal property for 2009, for which revenue was recognized in all other funds, was \$21.83 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: \$70,916,802 - Intergovernmental revenue consists of grants from Federal, State, and local units of government. In FY 2010, this source accounted for \$70.9 million or 30.8 percent of total revenues. This represents an increase of \$4.03 million, or 5.9 percent, from FY 2009.

Charges for Services: \$24,089,582 - 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 2010, this source accounted for \$24.1 million, or 10.5 percent, of total revenues. This represents a decrease of \$1.3 million, or 5.3 percent, from FY 2009.

County Expenditures

The County's expenditures are segregated into eight functional areas: General government, Public safety, Health and welfare,

Expenditures by Functional Area*

	2009	2010
Expenditures:		
General government	\$ 40,391,037	\$ 39,085,789
Public safety	67,159,220	67,835,509
Health and welfare	76,040,396	73,195,409
Cultural and recreation	8,733,326	7,581,131
Judicial	32,482,483	31,731,220
Community & Econ Development	8,612,234	11,699,242
Debt service	11,088,777	14,095,175
Capital outlay	22,327,056	12,281,275
Total expenditures	\$266,834,529	\$257,504,750

* 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.

Cultural and recreation, Judicial, Community & Economic Development, Debt service, and Capital outlay.

General government: \$39,085,789 - The primary activities of the General government functional area include Facilities Management, Fiscal Services, Information Technology, MSU Cooperative Extension, and Policy/Administration. In FY 2010, the General government functional area accounted for \$39.1 million or 15.2 percent of total expenditures. This represents a decrease of \$1.3 million, or 3.2 percent, from FY 2009.

Public safety: \$67,835,509 - 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 2010, the Public safety functional area accounted for \$67.8 million or 26.3 percent of total expenditures. This represents an increase of \$0.7 million, or 1.0 percent, from FY 2009.

Health and welfare: \$73,195,409 - The primary activities of the Health and welfare functional area include the Health department and Childcare. In FY 2010, the Health and welfare functional area accounts for \$73.2 million, or 28.4 percent, of total expenditures. This represents a decrease of \$2.8 million, or 3.7 percent, from FY 2009.

Cultural and recreation: \$7,581,131 - The primary activities of the Cultural and recreation functional area include the Parks and the Zoo. In FY 2010, the Cultural and recreation functional area accounted for \$7.6 million, or 2.9 percent, of total expenditures. This represents a decrease of \$1.2 million, or 13.2 percent, from FY 2009.

Judicial: \$31,731,220 - The primary activities of the Judicial functional area include the Circuit Court, District Court, and Probate Court. In FY 2010, the Judicial functional area accounted for \$31.7 million, or 12.3 percent, of total expenditures. This represents a decrease of \$0.8 million, or 2.3 percent, from FY 2009.

Community & Economic Development: \$11,669,242 - The primary activities of the Community Development functional

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

	December 31,				
	2009		2010		Pos/(Neg) Variance
	Actual	Original Budget	Final Budget	Actual	
Revenues					
Taxes	\$ 86,601,152	\$ 85,694,728	\$ 85,694,728	\$ 84,499,583	\$ (1,195,145)
Intergovernmental	12,920,014	13,666,459	13,739,208	13,096,849	(642,359)
License and permits	129,450	93,800	93,800	102,132	8,332
Charges for services	17,284,760	18,567,935	18,567,935	17,311,054	(1,256,881)
Investment earnings	1,966,722	1,891,850	1,891,850	62,985	(1,828,865)
Contributions and reimbursements	6,948,469	6,713,136	7,292,914	7,412,557	119,643
Other	5,483,360	6,102,826	6,112,095	4,295,182	(1,816,913)
Total revenues	131,333,927	132,730,734	133,392,530	126,780,342	(6,612,188)
Expenditures					
General government	39,699,093	40,402,888	39,279,907	35,658,911	3,620,996
Public safety	57,776,032	60,491,790	62,670,116	59,632,271	3,037,845
Health and welfare	8,529,464	8,458,192	8,458,942	8,117,084	341,858
Cultural and recreation	8,424,723	7,587,944	7,608,413	7,504,675	103,738
Judicial	20,745,137	21,581,758	21,299,513	19,979,883	1,319,630
Community and economic development	537,013	150,000	150,000	150,000	-
Total expenditures	135,711,462	138,672,572	139,466,891	131,042,824	8,424,067
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	288,220	210,000	210,000	154,491	(55,509)
Interfund transfers in	35,241,105	32,158,377	32,158,377	30,605,290	(1,553,087)
Interfund transfers out	(30,363,243)	(31,299,762)	(31,677,760)	(26,389,961)	5,287,799
Estimated budget appropriation lapse	-	2,140,330	5,140,330	-	(5,140,330)
Total other financing sources (uses)	5,166,082	3,208,945	5,830,947	4,369,820	(1,461,127)
Net change in fund balance	788,547	(2,732,893)	(243,414)	107,338	350,752
Fund Balance, beginning, as restated	67,781,118	68,569,665	68,569,665	68,569,665	-
Fund Balance, ending	\$ 68,569,665	\$ 65,836,772	\$ 68,326,251	\$ 68,677,003	\$ 350,752

area include the Housing Commission, Community Development, and Economic Development. In FY 2010, the Community Development functional area accounted for \$11.7 million, or 4.5 percent, of total expenditures. This represents an increase of \$3.1 million, or 35.8 percent, over FY 2009.

General Fund Summary

The General Fund is the chief operating fund of the County. At the end of fiscal year 2010, unassigned fund balance of the General Fund was \$44.6 million while total fund balance amounted to \$68.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.3 percent of total General Fund expenditures, while total fund balance represents 43.6 percent of that same amount.

The fund balance of the County's General Fund increased by \$0.9

million during the current fiscal year. Key factors in this change are as follows:

- Decrease in total expenses relating to the General Fund of \$8.6 million (5.2 percent).
- Interfund transfers out decreased by \$4.0 million (13.1 percent).
- The General Fund budgeted for a decrease in fund balance of \$0.2 million and the actual increase in fund balance was \$0.1 million.

Significant changes in budgetary variances are as follows:

- Tax revenues had a negative budgetary variance of \$1.2 million.
- Intergovernmental had a negative budgetary variance of \$0.6 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 \$1.3 million. The majority of this was due to a reduction in the amounts charged to local units for

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Primary Government						
Limited tax pledge bonds	\$ 138,315	\$ 131,275	\$ 55,000	\$ 44,500	\$ 193,315	\$ 175,775
Limited revenue bonds	-	-	148,840	146,740	148,840	146,740
Full faith revenue bonds	-	-	45,250	43,755	45,250	43,755
Capital lease obligations	-	811	-	-	-	811
Total	\$138,315	\$132,086	\$249,090	\$234,995	\$387,405	\$367,081

Statement of Legal Debt Margin

	2007	2008	2009	December 31, 2010
	State Equalized Value (SEV)	\$ 24,338,570,446	\$ 24,296,248,175	\$ 23,810,524,071
Legal Debt Limit (10% of SEV)	2,433,857,045	2,429,624,818	2,381,052,407	2,257,774,432
Debt Outstanding (including the Notes)	506,524,904	482,212,904	496,995,904	459,568,904
Margin of additional debt that could be legally incurred	\$ 1,927,332,141	\$ 1,947,411,914	\$ 1,884,056,503	\$ 1,798,205,528
Percentage of Debt Outstanding to SEV	2.08%	1.98%	2.09%	2.04%

board and care.

Expenditures had an overall positive budgetary variance of \$8.6 million, of which \$3.6 million related to general government, \$3.0 million related to public safety and \$1.3 million related to judicial.

General Fund Budgetary Highlights. During the year, there was a \$1.8 million net decrease in appropriations between the original and final amended budget. Following are the main components of the decrease:

- \$3.0 million decrease in the total appropriation resulting from a mid-year increase in the estimated appropriation lapse.
- \$1.1 million decrease in general government activities as a result of shifting security budgets from various facilities to the Sheriff's budget in public safety.
- \$2.2 million increase in public safety due to an agreement with the Kent County Dispatch Authority for emergency 911 call taking; and the shifting of security budgets from various facilities in general government to the Sheriff's budget.

Debt Summary

At the end of the current fiscal year, the County had total bonded debt outstanding of \$367.0 million. Of this amount, \$43.8 million

(11.9 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 \$20.3 million (5.3 percent) during the current fiscal year.

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 \$2,257,774,432, 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 2010 was 10.2 percent, which is a decrease from a rate of 10.9 percent a year ago. This is significantly below the State’s average annual unemployment rate of 12.5 percent for 2010.
- Inflationary trends in the region compare favorably to national indices.

The County considered these factors in preparing the County’s budget for the 2011 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund was \$44,601. The County has appropriated \$13 for spending in the 2011 fiscal year budget. This appropriation of available fund balance allows the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2011 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 finances. 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.

Rating Service	2006	2007	2008	2009	2010
Standard & Poor's	AAA	AAA	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa

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

2011 Kent County Board of Commissioners



Pictured back row left to right: Dick Bulkowski, Roger Morgan, Carol Hennessy (Minority Vice-Chair), Harold Voorhees, Sandi Frost Parrish (Chair), Ted Vonk (Vice-Chair), Dan Koorndyk, Dick Vander Molen, Tom Antor, Michael Wawee, Jr. **Front row left to right:** Shana Shroll, Harold Mast, Gary Rolls, Jim Talen, Jim Saalfeld, Jack Boelema, Bill Hirsch, Stan Ponstein, Candace Chivis.

Phone Numbers	Board of Commissioners	Elected Officials
Administrator's Office 616.632.7570	Ted Vonk (Vice-Chair) 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 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 (Chair) District 5	Kenneth Parrish - Treasurer
Clerk's Office 616.632.7640	Michael Wawee, Jr. District 6	Executive Staff
Community Development 616.632.7400	Stan Ponstein District 7	Daryl Delabbio - Administrator/Controller
Drain Commissioner 616.336.3688	Jack Boelema District 8	Steve Duarte - Fiscal Services Director
Equalization 616.632.7520	Harold Voorhees District 9	Administration Building
Fiscal Services 616.632.7670	Bill Hirsch District 10	County of Kent
Friend of the Court 616.632.6888	Jim Saalfeld District 11	300 Monroe Avenue, NW
Health Department 616.632.7100	Harold Mast District 12	Grand Rapids, MI 49503
Housing Commission 616.632.7400	Dick Vander Molen District 13	www.accesskent.com
Human Resources 616.632.7440	Carol Hennessy (Minority Vice-Chair) District 14	616.632.7570 phone
Information Technology 616.632.6500	Dick Bulkowski District 15	616.632.7565 fax
John Ball Zoological Garden 616.336.4301	Jim Talen District 16	
Parks Department 616.336.7275	Candace Chivis District 17	
Probate Court 616.632.5440	Dan Koorndyk District 18	
Prosecutor's Office 616.632.6710	Shana Shroll District 19	
Public Works 616.336.3694		
Sheriff 616.632.6100		



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