2011
FINANCIAL OVERVIEW
Kent County, Michigan

Daryl J. Delabbio
County Administrator/Controller

Stephen W. Duarte
Fiscal Services Director

Kenneth D. Parrish
County Treasurer

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COUNTY OF KENT MICHIGAN

GOVERNMENT

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/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 County Drainage Boards. The duties of the County Clerk/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 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; and 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 County departments.

Kent County Elected/Appointed Officials

Board of Commissioners

Chair	Vice-Chair	Minority Party Vice-Chair
Sandi Frost Parrish	Ted Vonk	Carol Hennessy

Tom Antor	Dan Koorndyk	Stan Ponstein	Jim Talen
Dick Bulkowski	Bill Hirsch	Gary Rolls	Dick Vander Molen
Jack Boelema	Harold Mast	Jim Saalfeld	Harold Voorhees
Candace Chivis	Roger Morgan	Shana Shroll	Michael Wawee, Jr.

Elected Officers

Clerk/Register of Deeds	Drain Commissioner	Prosecuting Attorney
Mary Hollinrake	William Byl	William Forsyth

Treasurer	Sheriff
Kenneth Parrish	Lawrence Stelma

Executive Staff

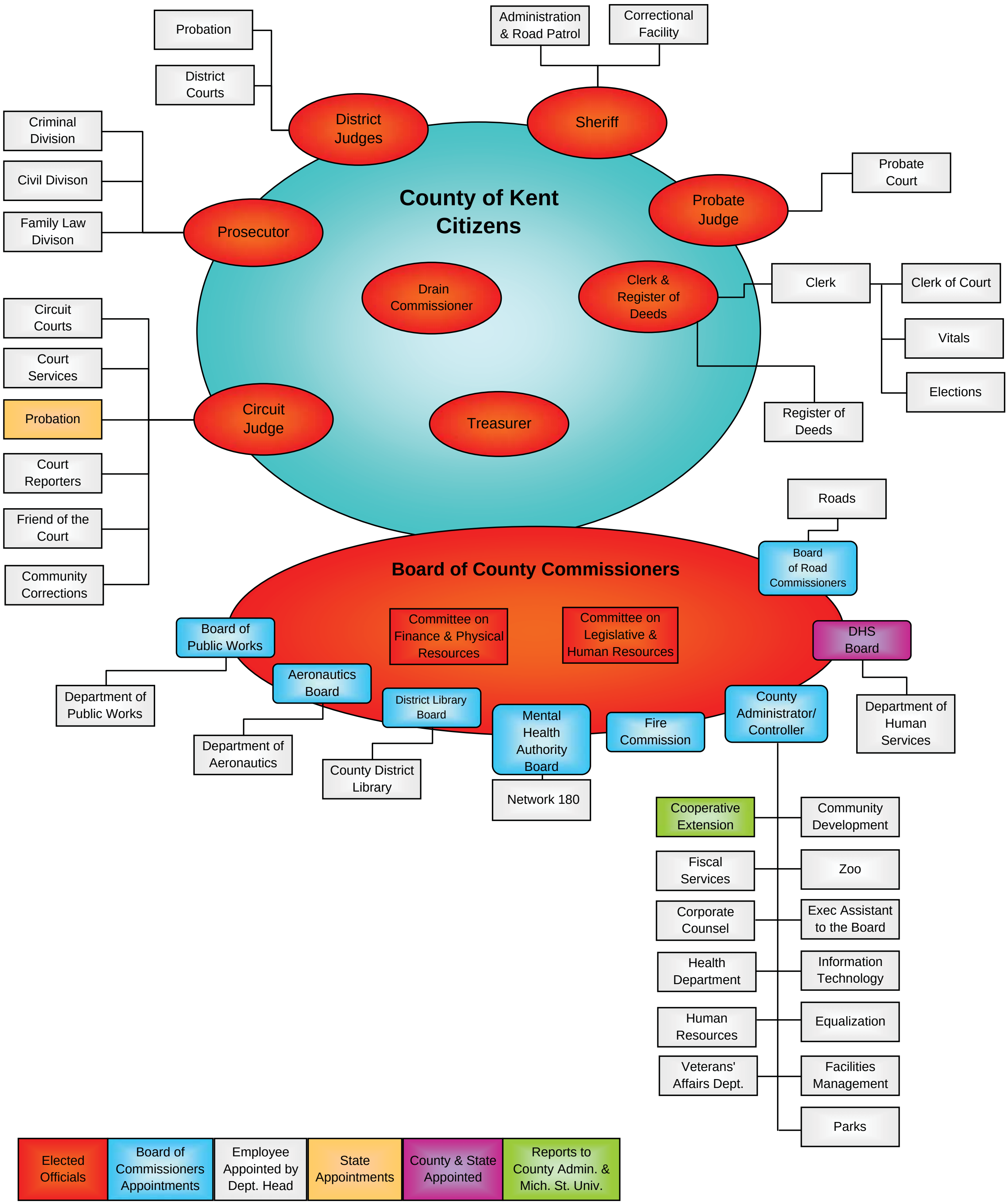
Administrator/Controller
Daryl Delabbio

Corporate Counsel	Fiscal Services Director	Budget Manager
Dan Ophoff	Stephen Duarte	Marvin Van Nortwick

Professional Services

Auditors: Rehmann Robson & Company
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). 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 1st and July 1st 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

	2006		2007		2008		2009		2010	
Millages	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**
County Operating	2.8535	1.4268	4.2803	-	4.2803	-	4.2803	-	4.2803	-
Correction Facility (1)	-	0.7893	-	0.7893	-	0.7893	-	0.7893	-	0.7893
Senior Services (1)	-	0.3244	-	0.3244	-	0.3244	-	0.3244	-	0.3244
Total Levy	2.8535	2.5405	4.2803	1.1137	4.2803	1.1137	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 2010 tax year was 62.3702 mills (44.3702 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 38.1912 mills (20.1912 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, Public Acts of Michigan, 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 local taxing unit.

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 – State Equalized Value ("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 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, Public Acts of Michigan 1974, as amended ("Act 198") and Act 146, Public Acts of Michigan 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 State 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 SEV, 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 2010 Taxable Value of the County by an estimated $406,305,859 or approximately 1.93%. Excluding the SEV of these properties, the County's total SEV has decreased $769,104,002 or 3.29% between 2006 and 2010 and the Taxable Value has increased $784,435,477 or 3.88% between 2006 and 2010. (See "COUNTY TAXATION AND LIMITATIONS -- Property Tax Abatement" herein). Per capita 2010 SEV is $37,466 and the per capita 2010 Taxable Valuation is $34,861, both of which are based on the 2010 estimated population of 602,622.

SEV AND TAXABLE VALUE HISTORY

Year of Valuation	SEV	Taxable Valuation	SEV Increase Over Prior Year	Taxable Valuation Increase Over Prior Year
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%
2009	23,810,524,071	21,829,585,424	-2.0%	0.3%
2010	22,577,744,317	21,007,923,051	-7.1%	-3.4%
2011 *	21,527,319,072	20,512,957,530	-9.6%	-6.0%

Source: County of Kent

** Equalization roll subject to final State Equalization.*

CURRENT TAXABLE VALUATION COMPONENTS

By Use:		By Class:		By Municipality:	
Residential	63.2%	Real Property	91.2%	Cities	54.6%
Commercial	20.3%	Personal Property	8.8%	Townships	45.4%
Personal	8.8%				
Industrial	6.8%				
Agricultural	0.9%				
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 to the area.

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 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. 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, 2010, the Taxable Value of property qualified for the benefits of the Zone program totaled $299,388,516.

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, Corridor 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.

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 prior year, at which time a lien on taxable property is created. Beginning in 2005 the County, as required by the State, began a shift of its operating millage from December 1 to July 1. Currently all of the operating millage is now billed on July 1. 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 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		Collections to March 14, 2011	
2005	$ 100,103,230	$ 93,881,338	93.78%	$ 100,101,888	100.00%
2006	107,819,921	101,351,375	94.00%	107,806,001	99.99%
2007	113,547,947	101,705,638	89.57%	113,524,245	99.98%
2008	115,715,383	107,453,077	92.86%	115,542,469	99.85%
2009	116,324,881	107,608,226	92.51%	115,400,152	99.21%
2010	112,116,149	104,044,458	92.80%	104,142,902	92.89%

(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.

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 September 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	-	-

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

- The creation of the RSRF was 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, were 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 remains in full force and effect, but the payments to an individual county was 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. Kent County's Revenue Sharing Reserve Fund will be depleted in early 2011 and has started to receive partial State Revenue Sharing payments from the State.

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	375	(59)	(6)
	24,868	25,118	25,982	1,858	1,157	375	(59)	(6)
Appropriations:								
Transfers to General Fund	6,845	10,494	10,841	11,242	11,500	12,006	11,970	4,394
Excess (Deficient) Revenues	18,023	14,624	15,141	(9,384)	(10,343)	(11,631)	(12,030)	(4,400)
Fund Balance, Beg	-	18,023	32,647	47,788	38,404	28,061	16,430	4,400
Fund Balance, End	$ 18,023	$ 32,647	$ 47,788	$ 38,404	$ 28,061	$ 16,430	$ 4,400	$ -

Source: County of Kent

GENERAL FUND REVENUES FROM THE STATE OF MICHIGAN

Category	**2007**	**2008**	**2009**	**2010** (1)	**2011** (2)
Revenue Sharing Reserve Fund	$ 11,241,736	$ 11,500,296	$ 12,006,309	$ 11,970,290	$ 4,500,000
State Revenue Sharing	-	-	-	-	6,939,894 (3)
Court Equity Funding	3,421,449	3,451,364	3,319,123	3,211,013	3,425,000
Liquor Tax	-	3,518,605	3,366,875	3,412,087	3,276,596
Cigarette Tax	277,174	197,456	143,009	94,823	20,050
Grants and Other	1,557,677	1,614,249	1,676,210	1,645,743	1,668,146
Total	$ 16,498,036	$ 20,281,970	$ 20,511,525	$ 20,333,956	$ 19,829,686

(1) Preliminary, subject to audit
(2) As budgeted by the County
(3) Partial year of State Revenue Sharing restoration

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, 2011		
2010 State Equalized Value (SEV)		$ 22,577,744,317
Legal Debt Limit (10% of SEV)		2,257,774,432
Debt Outstanding *	455,388,904	
Revenue Bonds - No LTGO Pledge	42,185,000	
Net Amount Subject to Legal Debt Limit		413,203,904
Margin of Additional Debt That Can Be Legally Incurred		$ 1,844,570,528
Debt Outstanding as a percentage of 2010 SEV		1.8%

** Pending issuance of Series 2011 notes - $31,500,000*

Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of March 31, 2011 not 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)	% of SEV
Direct Debt					
General Obligation Limited					
Tax Notes (2)	$ 44,500,000	$ 44,500,000	$ -		
CIP Bonds (L.T.G.O.)	19,930,000	-	19,930,000		
County Building Authority					
(L.T.G.O.)	111,345,000	-	111,345,000		
Refuse and Solid Waste Bonds					
(L.T.G.O.)	11,540,000	11,540,000	-		
Airport Bonds					
(L.T.G.O.)	144,130,000	144,130,000	-		
(Revenue)	42,185,000	42,185,000	-		
Water and Sewer Bonds					
(L.T.G.O.)	2,900,000	2,900,000	-		
Drain Bonds (L.T.G.O.)	9,225,000	9,225,000	-		
County/City Building					
Authority Bonds (L.T.G.O.)	69,633,904	3,860,000	65,773,904		
Total Direct Debt	$ 455,388,904	$ 258,340,000	$ 197,048,904	$ 326.99	0.9%
Overlapping Debt (3)					
Cities, Villages and Townships			$ 225,997,000		
School Districts			1,214,703,374		
Community Colleges and Intermediate School Districts			50,877,685		
Total Overlapping Debt			$ 1,491,578,059	2,475.15	6.6%
Total Direct and Overlapping			$ 1,688,626,963	$ 2,802.14	7.5%

(1) Based on 2010 US Census population of 602,622.
(2) Pending issuance of Series 2011 notes - $31,500,000.
(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, 2011

Year	Tax Notes*	MRF Bonds	Airport Bonds	Water & Sewer LTGO Bonds	Drain Bonds	City/County Building Authority Bonds	County Building Authority Bonds	Capital Improvement Bonds	Total	Cumulative Total	Percent Amortized
2011	$ 36,000,000**	$ 440,000	$ -	$ 530,000	$ 1,275,000	$ 4,675,000	$ 3,425,000	$ 1,305,000	$ 47,650,000	$ 47,650,000	10.5%
2012	8,500,000	450,000	4,645,000	550,000	1,330,000	5,115,000	3,555,000	1,340,000	25,485,000	73,135,000	16.1%
2013	-	460,000	5,155,000	580,000	1,390,000	5,585,000	5,135,000	1,040,000	19,345,000	92,480,000	20.3%
2014	-	475,000	5,695,000	605,000	1,190,000	6,085,000	5,325,000	1,070,000	20,445,000	112,925,000	24.8%
2015	-	490,000	6,305,000	635,000	1,250,000	3,513,370	5,530,000	1,105,000	18,828,370	131,753,370	28.9%
2016	-	505,000	6,575,000	-	930,000	3,455,616	5,740,000	1,145,000	18,350,616	150,103,986	33.0%
2017	-	520,000	6,860,000	-	970,000	3,399,714	5,975,000	1,185,000	18,909,714	169,013,700	37.1%
2018	-	540,000	7,185,000	-	285,000	3,339,653	6,225,000	1,230,000	18,804,653	187,818,353	41.2%
2019	-	565,000	7,545,000	-	295,000	3,303,950	6,485,000	1,060,000	19,253,950	207,072,303	45.5%
2020	-	585,000	7,925,000	-	310,000	3,270,176	6,765,000	1,110,000	19,965,176	227,037,479	49.9%
2021	-	610,000	8,310,000	-	-	3,232,569	7,075,000	1,160,000	20,387,569	247,425,048	54.3%
2022	-	635,000	8,710,000	-	-	3,219,531	6,620,000	1,215,000	20,399,531	267,824,579	58.8%
2023	-	660,000	9,125,000	-	-	3,201,469	6,820,000	1,270,000	21,076,469	288,901,048	63.4%
2024	-	685,000	9,575,000	-	-	2,433,499	7,145,000	1,330,000	21,168,499	310,069,547	68.1%
2025	-	715,000	10,055,000	-	-	2,385,378	7,465,000	785,000	21,405,378	331,474,925	72.8%
2026	-	750,000	7,785,000	-	-	2,344,096	7,805,000	820,000	19,504,096	350,979,021	77.1%
2027	-	785,000	8,175,000	-	-	2,298,194	3,840,000	860,000	15,958,194	366,937,215	80.6%
2028	-	815,000	8,580,000	-	-	2,257,832	3,985,000	900,000	16,537,832	383,475,047	84.2%
2029	-	855,000	5,270,000	-	-	2,211,380	4,145,000	-	12,481,380	395,956,427	86.9%
2030	-	-	5,535,000	-	-	2,172,718	2,285,000	-	9,992,718	405,949,145	89.1%
2031	-	-	5,810,000	-	-	2,134,759	-	-	7,944,759	413,893,904	90.9%
2032	-	-	6,100,000	-	-	-	-	-	6,100,000	419,993,904	92.2%
2033	-	-	6,405,000	-	-	-	-	-	6,405,000	426,398,904	93.6%
2034	-	-	6,725,000	-	-	-	-	-	6,725,000	433,123,904	95.1%
2035	-	-	7,065,000	-	-	-	-	-	7,065,000	440,188,904	96.7%
2036	-	-	7,415,000	-	-	-	-	-	7,415,000	447,603,904	98.3%
2037	-	-	7,785,000	-	-	-	-	-	7,785,000	455,388,904	100.0%
Total	$ 44,500,000	$ 11,540,000	$ 186,315,000	$ 2,900,000	$ 9,225,000	$ 69,633,904	$ 111,345,000	$ 19,930,000	$ 455,388,904		

** Pending issuance of Series 2011 notes - $31,500,000.*

*** There will be a principal payment of $36,000,000 made on April 1, 2011*

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 2010 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 Delinquent Tax Revolving Fund in future years. The amount of notes issued in 2006 through 2011 and their outstanding balance as of March 15, 2011 are as follows:

OUTSTANDING NOTES

Tax Year	Year Issued	Notes Issued	Amount Outstanding
2006	2007	$ 29,000,000	$ -
2007	2008	34,000,000	-
2008	2009	36,000,000	9,000,000 (1)
2009	2010	35,500,000	35,500,000 (2)
2010	2011	31,500,000	31,500,000 (3)

(1) *Principal payment of $9,000,000 made on April 1, 2011.*

(2) *Principal payment of $27,000,000 made on April 1, 2011.*

(3) *Notes pending issue.*

Future Financing

The County anticipates the issuance of $31.5 million of Delinquent Tax Anticipation Notes in April 2011.

Vacation and Sick Leave Liabilities

As of December 31, 2009, the County had an unfunded vacation liability of $4,610,333 and no unfunded sick leave liabilities.

Retirement System

Plan Description

The County sponsors and administers the Kent County Employees’ Retirement Plan (the “Plan”), a single-employer, defined benefit pension plan, which covers all employees of Kent County, except employees of the Road Commission and CMH Authority. 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, 2009, the date of the most recent actuarial valuation, membership consisted of 1,242 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 1,737 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 financial statements of the Kent County Employees' Retirement Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administration of the Plan is funded through the Plan's investment earnings.

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 for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Kent County Employees' Retirement Plan Board of Trustees, with the assistance of a valuation service.

Approximately 30% of the active membership may retire at age 60 with 5 years of service or 25 years of service regardless of age. All other members may retire at age 55 with 15 or more years of credited service. Members are vested after completing 5 years of credited service. For all members, annual regular retirement allowances are determined by multiplying total credited service times 2.5% times final average compensation, with a maximum County financed benefit of 75% of final average compensation. Final average compensation is determined based on the member's highest wages for three consecutive years during the last five years. Retirement options that provide for survivor benefits are available to members. The Plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions are refunded to the member or designated beneficiary. Members who are vested and terminate their employment have the option of deferring retirement benefits until age 60 or withdrawing their contribution, thereby forfeiting any future benefits.

III. Funding Policy

The contribution requirements of Plan members are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and Plan provisions. 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 was 5.52% for 2009. The County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The County's contribution rate for the year ended December 31, 2009 was 5.12% of annual covered payroll.

The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 7% per year compounded annually (b) projected salary increases of 4% attributable to inflation and 0.2% to 5.1% per year depending on age attributable to seniority/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 is being amortized as a level percentage of projected payroll on an open basis, with a remaining amortization period of 25 years.

During the year ended December 31, 2009, total contributions of $11,042,801 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2007. The County contributed $5,006,344 (5.12% of projected valuation payroll); employees contributed $6,036,457. The County's contribution consisted of $9,857,195 for normal cost (10.43% of projected valuation payroll) less $4,850,851 amortization of the unfunded actuarial accrued liability (-5.50% of projected valuation payroll).

THREE-YEAR TREND INFORMATION

Year ended December 31,	Annual Pension Cost (APC)	Percentage of APC contributed
2007	$ 8,671,388	100%
2008	5,555,541	100%
2009	5,006,344	100%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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, 2007	$ 585.8	$ 525.5	$ (60.3)	111.5%	$ 91.2	-66.1%
December 31, 2008	$ 581.5	$ 554.9	$ (26.6)	104.8%	$ 93.3	-28.5%
December 31, 2009	$ 589.3	$ 586.8	$ (2.5)	100.4%	$ 94.5	-2.7%

Source: Kent County Comprehensive Annual Financial Report

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

OTHER POST EMPLOYMENT BENEFITS

Plan Description. The County administers a single-employer defined benefit healthcare plan (the "Plan") accounted for in the VEBA Trust Fund. In addition to the retirement benefits, the Plan provides health insurance benefits to certain retirees or their beneficiaries, which are advance funded on an actuarial basis.

The County pays a monthly flat dollar subsidy for retirees ranging between $250 and $350 per month, depending upon the applicable employee group. In addition, the County provides an implicit subsidy due to having one premium based on a blended rate that treats current employees, retirees, eligible beneficiaries and dependents as one homogeneous group. The implicit subsidy is factored into the actuarial computation of the OPEB liability.

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.

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 for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Kent County VEBA Trust, with the assistance of a valuation service. As of December 31, 2009, membership of the Plan consisted of 428 retirees and beneficiaries receiving benefits and 1,759 active plan members.

Funding Policy. The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The Plan covers the Management Pay Plan, both exempt and non-exempt, elected officials, including judges and nine collective bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended December 31, 2009, the County contributed $2,895,141, including cash contributions of $2,113,358 and an implicit rate subsidy (which did not require cash) of $781,783. Cash payments included $619,156 for current premiums (approximately 34 percent of total premiums) and an additional $1,494,202 to prefund benefits. Plan members receiving benefits contributed $1,214,003, or approximately 66 percent of the total premiums.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

THREE-YEAR TREND INFORMATION

Year ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2007	$ 4,641,464	100%
2008	3,957,970	100%
2009	2,895,141	100%

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Plan was 16.5 percent funded. The actuarial accrued liability for benefits was $39,171,891, and the actuarial value of assets was $6,467,528, resulting in an unfunded actuarial accrued liability (UAAL) of $32,704,636. The covered payroll (annual payroll of active employees covered by the Plan) was $95,198,853, and the ratio of the UAAL to the covered payroll was 34.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 4 percent after ten years. Both rates included a 4.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was thirty years.

Cash Activity Summary and Analysis

	December 31, 2009	December 31, 2010
Cash Equity		
Cash balance - January 1	$ 386,179,479	$ 351,829,172
Receipts	1,084,668,824	733,006,923
Less: Disbursements	1,119,019,130	759,055,793
Cash balance - December 31	**$ 351,829,172**	**$ 325,780,302**

	December 31, 2009	December 31, 2010
Analysis of Cash Balances		
Pooled investments	$ 351,048,441	$ 299,913,207
Demand deposits (1)	1,869,372	26,752,021
Imprest cash	86,490	66,960
Accrued interest on pooled investments	1,664,134	428,421
Less: Outstanding disbursement checks	2,839,265	1,380,307
Cash balance - December 31	**$ 351,829,172**	**$ 325,780,302**

(1) Includes unreconciled system checks.

Cash Balances and Net Change in Balances

Fund		2009	2010	Net Change Inc/(Dec)
				December 31,
101	County General	$ 70,544,092	$ 71,066,141	$ 522,049
201	County Roads	12,891,739	15,053,907	2,162,168
215	Friend of the Court	(1,618,830)	(1,214,279)	404,551
221	Public Health	(1,555,049)	(783,539)	771,510
229	Hotel/Motel Tax	147,703	474,926	327,224
245	Public Improvement	5,115,412	5,621,129	505,717
250	Correction and Detention Facility	2,681,678	3,991,757	1,310,078
251	Senior Millage	1,430,613	1,612,437	181,824
256	Register of Deeds	1,399,360	1,519,766	120,405
285	State Revenue Sharing Reserve	16,298,797	4,390,991	(11,907,806)
292	Child Care	15,553,116	18,765,867	3,212,750
450	Building Authority Construction	35,625,225	26,828,334	(8,796,891)
513	DPW Administration	2,505,167	2,494,798	(10,369)
514	DPW Operation and Maintenance	845,151	587,723	(257,428)
517	DPW Solid Waste	-	8,810	8,810
581	Airport	22,640,155	25,904,591	3,264,435
597	DPW Waste-to-Energy	13,629,657	11,280,326	(2,349,330)
616	100% Tax Payment Fund	51,329,859	36,437,271	(14,892,588)
677	Risk Management	9,299,499	10,921,715	1,622,216
701	Trust and Agency	62,519,271	65,310,549	2,791,278
721	Library Penal Fines	454,307	596,751	142,444
800	Drains and Lake Level	3,360,235	3,292,840	(67,395)
	Various Other Funds	26,732,014	21,617,491	(5,114,523)
Total		**$ 351,829,172**	**$ 325,780,302**	**$ (26,048,870)**

Pooled Investment Fund[1]

Investments By Type	Par Value (December 31, 2010)	Book Value (December 31, 2010)	Percent (December 31, 2010)
Certificates of Deposit	$ 135,416,045	$ 135,416,045	45.2%
Passbook & Money Market	93,048,684	93,048,684	31.0%
Federal Home Loan Banks	31,000,000	31,462,629	10.5%
Federal National Mortgage Assoc.	20,000,000	20,605,733	6.9%
Federal Home Loan Mortgage Cor.	14,000,000	14,272,873	4.8%
Federal Farm Credit Bank	5,000,000	5,107,244	1.7%
Total	**$ 298,464,729**	**$ 299,913,207**	**100.0%**

Investment Yield	Book Value (December 31, 2010)	Percent (December 31, 2010)
0.00% to 0.50%	$ 110,976,946	37.0%
0.50% to 1.00%	85,985,108	28.7%
1.00% to 1.50%	57,226,299	19.1%
1.50% to 2.00%	14,338,331	4.8%
2.00% to 2.50%	4,000,000	1.3%
2.50% to 3.00%	5,109,900	1.7%
3.00% to 3.50%	6,994,088	2.3%
3.50% to 4.00%	10,205,766	3.4%
4.00% to 4.50%	2,038,600	0.7%
4.50% to 5.00%	3,038,169	1.0%
Total	**$ 299,913,207**	**100.0%**

Investment Maturity	Date Range	Book Value (December 31, 2010)	Percent (December 31, 2010)
1 to 3 Months	01/04/10 - 03/31/10	$ 128,202,189	42.7%
3 to 6 Months	04/01/10 - 06/30/10	53,962,155	18.0%
6 to 12 Months	07/01/10 - 12/10/10	81,051,965	27.0%
12 to 24 Months	01/07/11 - 12/15/11	27,494,975	9.2%
24 to 36 Months	01/09/12 - 12/14/12	9,201,923	3.1%
Total		**$ 299,913,207**	**100.0%**

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

Pooled Investments Earnings Performance

December 31,

	2009			2010		
Month	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield
Jan	$ 377,161,679	$ 1,027,323	3.061	$ 351,524,801	$ 410,175	1.328
Feb	372,125,521	852,759	2.976	346,474,349	353,090	1.338
Mar	305,392,397	724,063	2.665	336,539,565	366,968	1.260
Apr	305,335,987	654,161	2.488	315,041,381	321,501	1.197
May	330,111,586	635,113	2.247	318,913,965	325,551	1.138
Jun	298,454,401	553,004	2.148	329,678,040	307,590	1.154
Jul	309,510,160	576,093	2.162	308,898,733	303,233	1.137
Aug	323,307,269	475,721	1.620	323,365,291	307,251	1.070
Sep	358,801,992	458,463	1.398	356,748,142	298,566	0.940
Oct	392,435,151	497,037	1.579	386,415,481	304,378	0.988
Nov	348,012,849	453,310	1.468	339,246,288	282,602	1.025
Dec	354,634,808	434,792	1.424	306,665,099	259,896	1.002
Annual	**$ 339,606,983**	**$ 7,341,838**		**$ 334,959,261**	**$ 3,840,801**	

Investment Fund Balance - 1/1/10	$	349,019,678
Investment Fund Balance - 12/31/10	$	299,913,207

Pooled Investments - Local Government Units

	December 31,			
	2009		2010	
Local Government Units	**Invested Balance**	**Interest Earned**	**Invested Balance**	**Interest Earned**
Townships:				
Ada	$ 700,392	$ 13,511	$ 732,100	$ 8,108
Algoma	112,415	4,054	197,711	2,352
Byron	9,452,857	192,261	9,174,014	106,295
Caledonia	-	-	-	-
Cannon	981,895	31,218	633,051	16,179
Cascade	-	-	3,023,995	23,995
Gaines	3,436,721	66,377	2,823,397	36,676
Grand Rapids	3,243,464	69,427	2,887,510	44,046
Nelson	-	-	-	-
Oakfield	515,673	10,212	490,737	6,281
Plainfield	2,881,238	45,512	2,913,787	32,550
Sparta	223,766	4,449	226,294	2,528
Tyrone	123,314	3,119	130,327	2,135
Vergennes	177,817	3,535	161,789	1,972
Townships Subtotal	**21,849,552**	**443,677**	**23,394,711**	**283,116**
Cities:				
East Grand Rapids	2,169,209	43,130	2,193,715	24,506
Grandville	1,006,752	5,314	2,021,147	14,395
Lowell	686,849	13,656	694,608	7,759
Walker	-	-	592,280	2,279
Cities Subtotal	**3,862,810**	**62,101**	**5,501,750**	**48,939**
Other Local Authorities:				
Network 180	7,278,756	86,172	8,467,887	91,826
Convention & Arena Authority	22,148,126	451,734	20,571,889	248,972
Grand Valley Metro Council	1,303,185	28,391	817,477	14,882
Interurban Partnership	862,684	22,961	2,549,159	8,228
Kent District Library	2,998,131	155,575	3,833,123	84,992
Other Local Authorities Subtotal	**34,590,883**	**744,832**	**36,239,535**	**448,900**
Total Local Government Units	**$ 60,303,244**	**$ 1,250,609**	**$ 65,135,996**	**$ 780,955**

Pooled Investments - Summary of Investments

December 31, 2010

	Book Value			
Broker Name	**Money Market / GIC**	**Government Agency**	**Certificates of Deposit**	**Total**
Brokered Securities:				
PNC	$ -	$ 21,314,543	$ -	$ 21,314,543
UBS Paine Webber	-	15,260,740	-	15,260,740
CitiGroup	-	34,873,195	-	34,873,195
U.S. Treasury Strips Subtotal	**-**	**71,448,478**	**-**	**71,448,478**
Certificates of Deposit (CD)				
Ambassador Funds	1,488,181	-	-	1,488,181
Fifth Third Max Saver	5,717,928	-	-	5,717,928
First Financial NOW	2,938,192	-	-	2,938,192
Huntington Bank MM	23,996,740	-	-	23,996,740
MBIA Class Investment Pool	506,961	-	-	506,961
Michigan Liquid Asset Fund (MILAF)	10,197,239	-	-	10,197,239
PNC NOW	24,143,285	-	-	24,143,285
Bank of America	24,060,158	-	-	24,060,158
Bank of Holland	-	-	6,011,017	6,011,017
Charter One	-	-	7,066,514	7,066,514
Chemical Bank West	-	-	14,480,993	14,480,993
Choice One Bank	-	-	2,429,672	2,429,672
Comerica	-	-	6,238,963	6,238,963
Fifth Third Bank	-	-	10,900,151	10,900,151
First Place Bank	-	-	2,000,000	2,000,000
Flagstar Bank	-	-	20,029,013	20,029,013
Founders Trust	-	-	6,644,242	6,644,242
Huntington Banks	-	-	23,574,284	23,574,284
Independent Bank	-	-	1,000,000	1,000,000
First Financial	-	-	9,000,000	9,000,000
Mercantile Bank of W MI	-	-	6,415,976	6,415,976
PNC Bank	-	-	9,047,922	9,047,922
Private Bank	-	-	5,421,112	5,421,112
Select Bank	-	-	174,451	174,451
United Bank of Michigan	-	-	3,163,894	3,163,894
West Michigan Comm Bank	-	-	1,817,841	1,817,841
CD Subtotal	**93,048,684**	**-**	**135,416,045**	**228,464,729**
Total	**$ 93,048,684**	**$ 71,448,478**	**$ 135,416,045**	**$ 299,913,207**

The following table illustrates the various labor organizations that represent the County of Kent's employees, the number of members and the expiration dates of the present contracts. The County considers its relations with its employees to be excellent and there are no labor problems at the present time and anticipates no strikes or work stoppages.

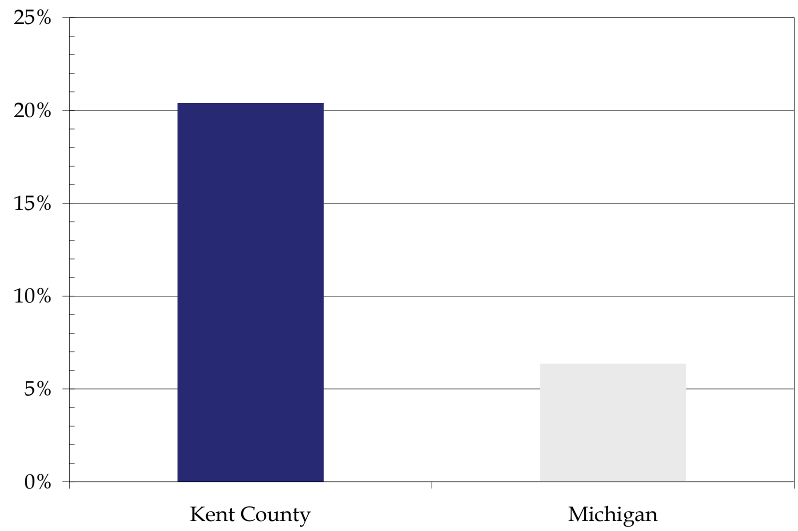
Bargaining Unit	Number of Positions March 1, 2011 [1]	Contract Expiration Date
United Auto Workers (General)	507	12/31/2012
United Auto Workers (Court)	338	12/31/2012
Kent County Deputy Sheriff's Association	232	12/31/2011
Kent County Law Enforcement Association - POAM	196	12/31/2011
Lieutenants-Captains – POLC	18	12/31/2012
Prosecuting Attorneys Assoc.	33	12/31/2012
Court Reporters – POLC	7	12/31/2012
Circuit Court Referee Assoc.	7	12/31/2011
Teamsters (Public Health)	63	12/31/2012
Teamsters (Parks Employees)	16	12/31/2011
Gerald R. Ford International Airport Command Officers Association	5	12/31/2011
Elected Officials	5	NA
Judges	16	NA
Board of Commissioners	19	NA
Management Pay Plan Group	313	NA
Total	1,775	

(1) Includes vacant positions - does not include temporary and seasonal employees.

Source: County of Kent

Population Growth: 1990-2010

Kent County population estimate grew 20.4 percent from 1990 to 2010 to 602,622. The growth for the State of Michigan over the same period was 6.3 percent.

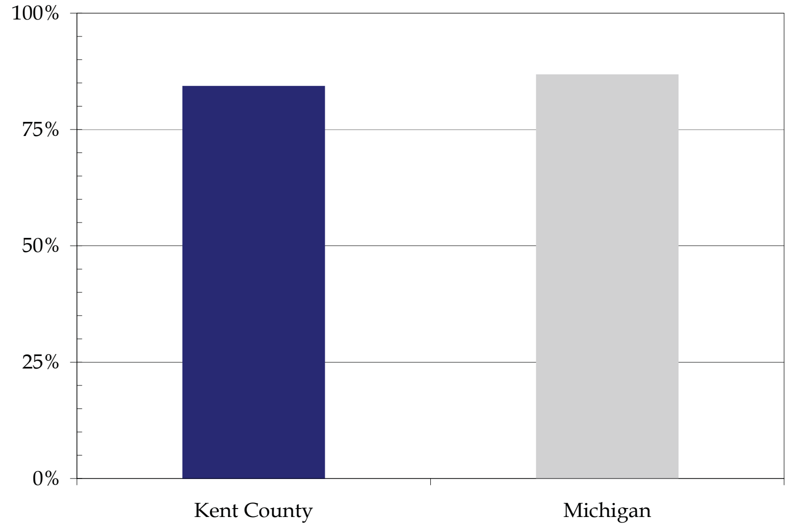


POPULATION GROWTH: 1990-2010				
Region	**1990 Census**	**2000 Census**	**2010 Census**	**Change 1990-2010**
Kent County	500,631	574,335	602,622	20.4%
Michigan	9,295,277	9,938,444	9,883,640	6.3%

Source: U.S. Census

Per Capita Income Growth: 1990-2008

Kent County's Per Capita Income grew 84.2 percent from 1990 to 2008 to $35,099 The growth for the State of Michigan over the same period was 86.7 percent to $34,953.



PER CAPITA INCOME GROWTH						
Region	**1990**	**2000**	**2006**	**2007**	**2008**	**Change 1990-2008**
Kent County	$ 19,050	$ 29,531	$ 34,455	$ 34,687	$ 35,099	84.2%
Michigan	18,719	29,392	33,203	34,185	34,953	86.7%

Source: Bureau of Economic Analysis

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 Taxable Value (STV) for commercial property increased from $3.40 billion in 2005 to $4.26 billion in 2010, for an average annual increase of 5.06%. It is estimated that the commercial STV will decline $217.2 million, or 5.1%, to $4.04 billion in 2011. Industrial property STV decreased in value from $1.62 billion in 2005 to $1.43 billion in 2010, for an average annual decrease of 2.35%. It is estimated that the industrial STV will decline $91.8 million, or 6.4%, to $1.34 billion in 2011.

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 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.

Transportation

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

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

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

Medical Services

The residents of the County are served by a number of hospitals. The public and 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 worlds 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 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.

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 2010

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 was opened in 2010 and is expected to reach a capacity of 400 students in 2013

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 services. 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, PNC Bank (formerly known as National City Bank), Huntington National Bank, Mercantile Bank, Bank of America, N.A., Kent Commerce Bank, J.P. 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

There are 26 school districts and five intermediate school districts 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 Community College, Ferris State University, Davenport University, Kuyper College, Michigan State University College of Human Medicine, 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.

Housing Demographics

The 2010 general housing characteristics will be available in May, 2011. In 2000, the U.S. Census reported the general housing characteristics of Kent County as follows:

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

** Includes seasonal, recreation or occasional use housing units*

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	Healthcare	16,092
Meijer, Inc	Retailer	7,421
Steelcase, Inc.	Office Equipment & Furniture	4,800
Spartan Stores	Food Distributor & Retailer	4,200
Alticor, Inc (formerly Amway)	Home Care / Nutritional	4,000
Herman Miller Inc.	Office Systems	3,800
Axios Inc.	Human Resources/Employment Svcs	3,522
Grand Rapids Public Schools	Education	3,463
Perrigo Company	Pharmaceuticals	3,200
Walmart	Retailer	3,131
St. Mary's Health Care	Healthcare	2,672
Magna International Inc.	Automotive Accessories	2,500
U.S Postal Service	Postal Delivery	2,450
Haworth Inc	Automotive Accessories	2,450
Gentex Corporation	Automotive Accessories	2,317
Alcoa Howmet Corp	Manufacturing	2,200
Lacks Enterprises	Automotive Accessories	2,175
Metro Health Hospital	Healthcare	2,163
Farmers Insurance Group	Insurance	2,157
Grand Valley State University	Education	1,964

Source: The Right Place Inc - February 2011

Ten Largest Businesses Based On Tax Roll Valuation

Taxpayer	Product or Service	2010 Taxable Value (1)	% of 2010 Taxable Value (1)
Consumers Energy	Utility	$ 221,722,758	1.06%
Amway Corp/Alticor	Home Care /Nutritional	173,745,930	0.83%
Meijer/Goodwill	Retail Sales	109,061,221	0.52%
Michcon Gas	Utility	95,544,354	0.45%
Keebler Company	Cookie and Cracker Manufacturer	77,424,500	0.37%
Steelcase, Inc.	Office Equipment & Furniture	64,930,530	0.31%
PR Woodland	Retail Shopping Center	56,864,631	0.27%
Holland Home	Senior Citizens Residence	49,672,019	0.24%
Fifth Third Bank	Bank	46,262,763	0.22%
GGP Grandville	Retail Shopping Center	44,326,746	0.21%
General Motors	Automotive	40,650,078	0.19%
Centerpoint Dev Co LLC	Retail Shopping Center	27,182,940	0.13%
Total		$ 1,007,388,470	4.80%

(1) 2010 Taxable Value includes IFT value, which is taxed at 50% of the actual taxable value.

Source: County of Kent Bureau of Equalization

Employment Data

Reflected below are the unadjusted employment data for the calendar years 2007 through 2010 and the monthly data for January 2010 and 2011 for the County and the State.

County of Kent

Category	2007	2008	2009	2010	Jan 2010	Jan 2011
Employed	306,088	302,433	279,564	277,433	269,736	278,863
Unemployed	18,907	21,902	34,186	31,412	34,783	27,382
Labor Force	324,995	324,335	313,750	308,845	304,519	306,245
Unemployed as % of Labor Force	5.8%	6.8%	10.9%	10.2%	11.4%	8.9%

State of Michigan (1)

Category	2007	2008	2009	2010	Jan 2010	Jan 2011
Employed	4,683	4,563	4,224	4,193	4,081	4,233
Unemployed	356	413	665	597	597	508
Labor Force	5,039	4,976	4,889	4,790	4,678	4,741
Unemployed as % of Labor Force	7.1%	8.3%	13.6%	12.5%	12.8%	10.7%

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

Source: State of Michigan

Labor Force Distribution - By Industry

The table on the following page provides a comparative analysis of the Grand Rapids-Wyoming MSA workforce distribution based on average employment in calendar years 2007-2010.

Kent County has previously recognized the over concentration of employment in manufacturing industry jobs. Examination of the statistics disclose manufacturing jobs have declined significantly since 2007 however, there was a moderate increase in manufacturing jobs from 2009 to 2010. 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 opened in 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 240,000 square foot addition to its existing research complex. This project was completed and 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. The additional space will 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 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	2007	2008	2009	2010	Three-Year Change
Manufacturing					
Durable Goods	49,300	43,700	37,600	39,200	(10,100)
Nondurable Goods	22,400	21,100	19,800	20,200	(2,200)
Trade, Transportation & Utilities					
Retail Trade	42,000	39,800	38,600	38,000	(4,000)
Wholesale Trade	22,600	21,600	20,300	20,600	(2,000)
Warehousing & Utilities	10,800	10,200	9,700	9,600	(1,200)
Professional & Business Services	59,600	57,600	54,900	59,600	-
Educational & Health Services					
Health Care & Social Assistance	48,400	49,400	50,200	51,500	3,100
Educational Services	11,600	12,300	12,600	12,300	700
Government					
Federal, State, Local	16,900	16,900	16,900	16,000	(900)
Education	19,800	19,600	19,000	18,700	(1,100)
Leisure & Hospitality	32,600	30,700	31,100	31,200	(1,400)
Financial Activities	20,300	19,700	18,700	19,000	(1,300)
Natural Resources & Mining	16,700	14,900	12,800	12,300	(4,400)
Other Services	16,500	17,100	17,600	17,300	800
Information	5,100	4,800	4,400	4,700	(400)
Total Nonfarm Employment	394,600	379,400	364,200	370,200	(24,400)

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

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

Statement of Revenues, Expenditures and Changes in Fund Balance

	2009 Actual	2010 Budget	2010 Actual [1]	2011 Budget
	Year ended December 31,			
Revenues:				
Taxes	$ 86,601,152	$ 85,694,728	$ 85,225,818	$ 85,924,850
Licenses and permits	129,450	93,800	102,157	110,800
Intergovernmental	8,956,496	9,431,808	9,033,733	16,675,748
Charges for services	17,228,038	18,403,902	17,261,943	18,388,919
Fines & Forfeitures	176,319	167,000	108,154	166,500
Investment earnings	1,966,576	1,891,450	64,898	887,500
Reimbursements	12,346,696	13,244,504	12,764,831	14,111,281
Other	4,171,137	4,626,137	3,178,726	4,663,858
Transfers In	35,241,105	32,158,377	29,970,290	24,250,000
Total Revenues	**166,816,968**	**165,711,706**	**157,710,549**	**165,179,456**
Expenditures:				
Sheriff	57,776,022	62,670,116	59,644,556	61,049,503
Circuit Court	16,601,946	17,307,855	16,167,541	16,723,412
Facilities Management	12,860,282	13,239,567	10,859,859	12,929,717
Prosecutor	6,044,572	6,114,963	6,004,576	5,941,065
Information Technology	5,794,471	5,183,126	4,728,234	5,029,099
Policy/Administration	4,608,901	4,151,127	4,071,169	3,992,307
Parks	4,302,353	3,735,982	3,695,206	3,864,019
Zoo	4,122,373	3,872,431	3,809,461	4,053,600
Fiscal Services	3,632,525	3,453,822	3,240,348	3,429,526
Clerk / Register of Deeds	3,213,416	3,405,225	3,308,347	3,261,901
District Court	2,854,216	2,595,528	2,539,251	2,696,906
Human Resources	1,918,909	1,803,090	1,676,431	1,768,194
Bureau of Equalization	1,594,384	1,498,566	1,486,887	1,504,260
Treasurer's Office	1,139,926	1,227,595	1,226,552	1,022,662
Drain Commission	566,021	559,322	557,215	585,401
Other	8,628,974	8,608,136	8,098,437	8,387,679
Transfers Out - Childcare Fund	10,823,775	11,026,116	9,933,105	10,724,798
Transfers Out - Health Fund	8,360,955	7,223,767	5,604,980	7,029,696
Transfers Out - Debt Service Fund	960,550	961,050	961,050	963,263
Transfers Out - DHS Childcare Fund	6,664,464	6,972,689	4,937,650	6,954,734
Transfers Out - Friend of the Court Fund	2,229,352	2,273,879	2,192,849	2,066,668
Transfers Out - Lodging Excise Tax Fund	505,662	1,787,821	1,489,356	2,094,500
Transfers Out - Other	818,485	1,432,438	1,345,472	4,133,745
Appropriation lapse	-	(2,140,330)	-	(5,000,000)
Total Expenditures	**166,022,534**	**168,963,881**	**157,578,531**	**165,206,655**
Expenditures (over) under Revenues	**794,434**	**(3,252,175)**	**132,018**	**(27,199)**
Fund Balance, beginning of year	**67,706,279**	**68,500,714**	**68,500,714**	**68,632,732**
Fund Balance, end of year	**$ 68,500,714**	**$ 65,248,538**	**$ 68,632,732**	**$ 68,605,533**

(1) Pending adjustments to audit

Components of Fund Balance

	December 31,		
	2009 Actual	**2010 (1) Actual**	**2011 (2) Budget**
Reserved Fund Balance			
Encumbrances	$ 15,783	$ 62,567	$ 62,567
Inventories & Prepaids	257,599	275,450	275,450
Long-term Advances	491,645	815,756	728,107
Total Reserved Fund Balance	**765,027**	**1,153,773**	**1,066,124**
Designated Fund Balance			
Emergency Operating	21,679,357	22,831,805 (3)	23,288,441 (4)
Cash Flow	34,277,891	34,369,940 (5)	33,252,313 (6)
Subsequent Year's Appropriation	2,733,293	13,486	-
Total Designated Fund Balance	**58,690,541**	**57,215,231**	**56,540,754**
Unreserved/Undesignated Fund Balance	**9,045,146**	**10,263,728**	**10,998,655**
Total Fund Balance	**$ 68,500,714**	**$ 68,632,732**	**$ 68,605,533**

(1) Preliminary, subject to audit.

(2) Based on FY2011 budget, as amended.

(3) Board of Commissioner resolution no. 12-11-08-128, Sec. II-3b.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: FY2011 Operating Budget of $228,318,045 X 10% X 1.02 (inflation factor).

(5) Board of Commissioner resolution no. 12-11-08-128, Sec. II-3b.3, "An amount equal to 40% of the subsequent years budget estimate for property tax revenue…"

(6) $83,130,783 (2012 Estimated Property Tax) 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
2011 [1]	165,179,456	(162,219,679)	$ 2,959,777	$ (2,986,976)	$ 68,605,533
2010 [2]	157,710,549	(157,578,531)	132,018	-	68,632,732
2009	166,816,968	(166,022,534)	794,434	-	68,500,714
2008	162,963,790	(165,280,639)	(2,316,849)	(186,277.5)	67,706,279
2007	160,905,648	(162,666,935)	(1,761,287)	(245,192.5)	70,209,406
2006	151,810,889	(153,410,691)	(1,599,801)	(152,839.6)	72,215,886
2005	142,987,572	(146,358,472)	(3,370,900)	(310,799.6)	73,968,527
2004	142,547,486	(147,330,078)	(4,782,592)	(3,082,958.1)	77,650,226
2003	135,575,931	(137,191,219)	(1,615,288)	(11,047,000.5)	85,515,776
2002	128,637,226	(130,375,896)	(1,738,670)	(20,863,224.0)	98,178,065

(1) FY2011 Amended Budget

(2) Preliminary, Subject to Audit

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

Debt Service As a Percentage of General Fund Expenditures

	2009 Actual	2010 Actual	2011 Budget
Debt Outstanding @ 12/31			
Series 2001 - Sheriff Administration	$ 7,260,000	$ 480,000	$ -
Series 2004 - CIP	7,480,000	6,840,000	6,175,000
Series 2005 - Courthouse	48,185,000	46,305,000	44,360,000
Series 2007 - DHS	27,000,000	26,090,000	25,145,000
Series 2008 - CIP	13,715,000	13,090,000	12,450,000
Series 2010 - Sheriff Administration	-	6,470,000	6,415,000
Total Debt Outstanding	**$ 103,640,000**	**$ 99,275,000**	**$ 94,545,000**
Debt Service			
Series 2001	$ 793,582	$ 794,903	$ 490,200
Series 2004	959,650	961,050	962,563
Series 2005	4,336,650	4,343,731	4,339,403
Series 2007	572,987	2,005,669	2,078,469
Series 2008	1,160,988	1,178,300	1,169,581
Series 2010	-	-	267,425
Total Debt Service	**$ 7,823,857**	**$ 9,283,653**	**$ 9,307,641**
General Fund Expenditures/Transfers	**$ 166,022,534**	**$ 157,578,531**	**$ 165,206,655**
Debt Service as a Percentage of General Fund Expenditures	**4.7%**	**5.9%**	**5.6%**

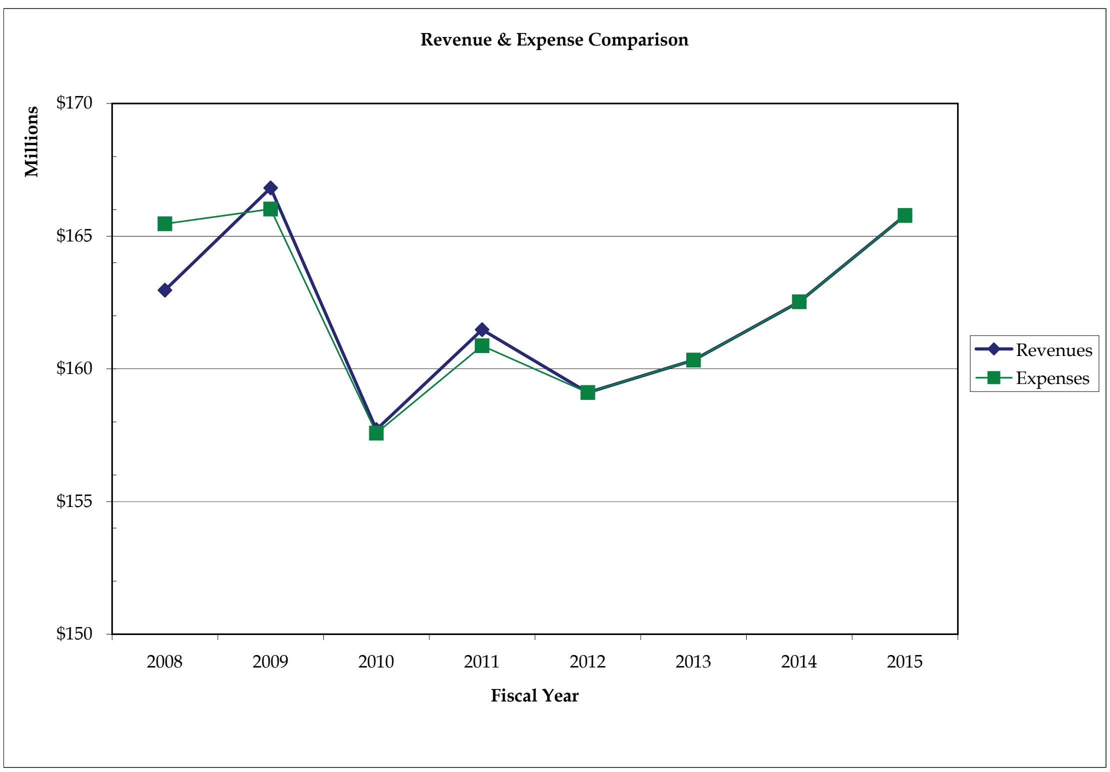
Forecast of General Fund Spending Capacity

This section provides an overview of forecasted General Fund Revenues, Expenses and Fund Balances from 2011 to 2015.

County of Kent, Michigan
General Fund Projection of Revenues, Expenditures and Fund Balance
March 31, 2011

	Revenues	Expenses	Margin/ (Deficit)	Fund Balance
Actual:				
2008	162,963,787	(165,466,912)	(2,503,126)	67,706,280
2009	166,816,968	(166,022,534)	794,434	68,500,714
2010 (1)	157,710,549	(157,578,531)	132,018	68,632,732
Projection:				
2011	161,476,658	(160,870,976)	605,682	69,238,414
2012	159,107,542	(159,107,542)	-	69,238,414
2013	160,330,453	(160,330,453)	-	69,238,414
2014	162,528,475	(162,528,475)	-	69,238,414
2015	165,779,044	(165,779,044)	-	69,238,414

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



General Fund Revenue Forecast by Category

	Actuals			Estimate				
Category	2008	2009	2010	2011	2012	2013	2014	2015
Taxes	85,793,376	86,601,152	85,225,818	84,521,761	83,873,068	84,673,412	85,927,871	87,413,139
License & Permits	89,506	129,450	102,157	105,000	108,150	110,313	112,519	114,770
State Grants	1,553,430	1,617,866	1,588,228	1,550,000	1,581,000	1,620,525	1,661,038	1,694,259
State Grants-Court Equity	3,451,364	3,319,123	3,211,013	2,953,000	3,012,060	3,012,060	3,012,060	3,072,301
State Grants-Liquor Tax	3,518,605	3,366,875	3,412,087	3,276,500	3,342,030	3,475,711	3,614,740	3,687,034
Sales Tax	-	-	-	6,939,900	7,995,000	7,995,000	7,995,000	7,995,000
Reimbursements	12,554,956	12,346,696	12,764,831	14,000,000	14,280,000	14,565,600	14,856,912	15,154,050
Cont From Local Units	398,848	451,279	670,067	1,300,000	1,326,000	1,359,150	1,393,129	1,420,991
Other	258,275	201,353	152,337	155,384	158,492	162,454	166,515	169,846
Reimb / Intergovernmental	21,735,479	21,303,192	21,798,564	30,174,784	31,694,582	32,190,500	32,699,394	33,353,382
Court Fees	2,583,523	2,739,807	3,183,718	3,200,000	3,371,500	3,438,930	3,507,709	3,577,863
Real Estate Transfer Tax	2,080,404	1,567,786	1,517,566	1,843,250	1,880,115	1,917,717	1,956,072	1,995,193
Recording Fee	1,524,219	1,657,941	1,599,207	1,585,400	1,617,108	1,649,450	1,682,439	1,716,088
Board & Care	3,489,130	2,575,135	1,932,016	1,955,201	1,994,305	2,034,191	2,074,875	2,116,372
Other	9,035,519	8,687,369	9,029,435	9,164,877	9,348,175	9,535,138	9,725,841	9,920,358
Charges for Services	18,712,796	17,228,038	17,261,943	17,748,728	18,211,202	18,575,426	18,946,935	19,325,873
Fines & Forfeitures	159,644	176,319	108,154	109,776	111,971	114,211	116,495	118,825
Interest	3,056,918	1,966,576	64,898	887,500	887,500	900,813	914,325	928,040
Other	2,913,068	4,171,137	3,178,726	2,784,810	4,471,068	4,515,779	4,560,936	4,606,546
Trans In-Corrections & Det	16,000,000	16,500,000	12,600,000	14,750,000	14,750,000	14,750,000	14,750,000	14,750,000
Trans In-RSRF	11,500,296	12,006,309	11,970,290	4,394,300	-	-	-	-
Trans In-Delinquent Tax	3,000,000	3,500,000	4,900,000	5,000,000	5,000,000	4,500,000	4,500,000	4,500,000
Trans In-Building Auth Const	-	1,516,999	-	-	-	-	-	-
Trans In-CIP	2,705	1,715,353	500,000	1,000,000	-	-	-	-
Trans In-Other	-	2,444	-	-	-	-	-	-
Transfers In	30,503,001	35,241,105	29,970,290	25,144,300	19,750,000	19,250,000	19,250,000	19,635,000
Total	$162,963,787	$166,816,968	$157,710,549	$161,476,658	$159,107,542	$160,330,453	$162,528,475	$165,779,044

General Fund Revenue Forecast by Category

	Actuals			Estimate				
Category	2008	2009	2010	2011	2012	2013	2014	2015
Taxes	-1.5%	0.9%	-1.6%	-0.8%	-0.8%	1.0%	1.5%	1.7%
License & Permits	35.0%	44.6%	-21.1%	2.8%	3.0%	2.0%	2.0%	2.0%
State Grants	-15.3%	4.1%	-1.8%	-2.4%	2.0%	2.5%	2.5%	2.0%
State Grants-Court Equity	0.9%	-3.8%	-3.3%	-8.0%	2.0%	0.0%	0.0%	2.0%
State Grants-Liquor Tax	NA	-4.3%	1.3%	-4.0%	2.0%	4.0%	4.0%	2.0%
Sales Tax	NA	NA	NA	NA	15.2%	0.0%	0.0%	0.0%
Reimbursements	51.6%	-1.7%	3.4%	9.7%	2.0%	2.0%	2.0%	2.0%
Cont From Local Units	-91.0%	13.1%	48.5%	94.0%	2.0%	2.5%	2.5%	2.0%
Other	NA	-22.0%	-24.3%	2.0%	2.0%	2.5%	2.5%	2.0%
Reimb / Intergovernmental	21.0%	-2.0%	2.3%	38.4%	5.0%	1.6%	1.6%	2.0%
Court Fees	4.2%	6.0%	16.2%	0.5%	5.4%	2.0%	2.0%	2.0%
Real Estate Transfer Tax	-25.7%	-24.6%	-3.2%	21.5%	2.0%	2.0%	2.0%	2.0%
Recording Fee	-25.4%	8.8%	-3.5%	-0.9%	2.0%	2.0%	2.0%	2.0%
Board & Care	-1.3%	-26.2%	-25.0%	1.2%	2.0%	2.0%	2.0%	2.0%
Other	0.4%	-3.9%	3.9%	1.5%	2.0%	2.0%	2.0%	2.0%
Charges for Services	-5.8%	-7.9%	0.2%	2.8%	2.6%	2.0%	2.0%	2.0%
Fines & Forfeitures	-24.3%	10.4%	-38.7%	1.5%	2.0%	2.0%	2.0%	2.0%
Interest	-29.4%	-35.7%	-96.7%	1267.5%	0.0%	1.5%	1.5%	1.5%
Other	11.6%	43.2%	-23.8%	-12.4%	60.6%	1.0%	1.0%	1.0%
Trans In-Corrections & Det	6.7%	3.1%	-23.6%	17.1%	0.0%	0.0%	0.0%	0.0%
Trans In-RSRF	2.3%	4.4%	-0.3%	-63.3%	-100.0%	NA	NA	NA
Trans In-Delinquent Tax	20.0%	16.7%	40.0%	2.0%	0.0%	-10.0%	0.0%	0.0%
Trans In-Building Auth Const	NA	NA	-100.0%	NA	NA	NA	NA	NA
Trans In-CIP	NA	63314.2%	-70.9%	100.0%	-100.0%	NA	NA	NA
Trans In-Other	-100.0%	NA	-100.0%	NA	NA	NA	NA	NA
Transfers In	6.1%	15.5%	-15.0%	-16.1%	-21.5%	-2.5%	0.0%	2.0%
Total	1.3%	2.4%	-5.5%	2.4%	-1.5%	0.8%	1.4%	2.0%

General Fund Expenditure Forecast by Category

	Actuals			Estimated				
Category	2008	2009	2010	2011	2012	2013	2014	2015
Wages	$ 62,344,426	$ 63,489,270	$ 61,962,390	$ 59,500,000	$ 59,871,875	$ 59,871,875	$ 59,871,875	$ 60,470,594
Temporary	8,229	3,144	4,123	5,000	12,000	12,000	12,000	12,000
Overtime	2,327,865	1,846,957	1,496,130	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Group Ins	13,111,698	12,547,551	11,796,967	10,900,000	10,900,000	11,772,000	12,713,760	13,730,861
FICA	4,812,496	4,825,471	4,659,831	4,685,625	4,714,991	4,714,991	4,714,991	4,760,793
Pension	3,559,094	3,207,839	4,263,003	5,690,125	5,545,969	5,407,320	5,407,320	5,459,857
OPEB	1,816,028	1,334,249	1,374,775	1,299,786	1,333,831	1,360,508	1,387,718	1,429,225
Workers Comp	486,707	240,034	90,886	150,000	153,000	156,060	159,181	159,181
Other	96,859	96,984	98,834	95,000	95,000	96,900	98,838	100,815
Personnel	88,563,402	87,591,501	85,746,939	84,075,536	84,376,667	85,141,654	86,115,683	87,873,326
Commodities	4,292,518	3,882,453	2,688,634	2,500,000	2,537,500	2,575,563	2,614,196	2,653,409
Building Rent	5,779,262	6,633,293	5,518,338	5,637,578	7,313,411	7,318,090	7,314,346	7,321,551
Contributions - network180	3,921,689	3,845,824	3,731,986	3,664,240	3,697,006	3,730,427	3,764,517	3,799,288
Consultants	547,691	478,845	393,843	358,900	364,284	369,748	375,294	380,923
Food Service	-	-	1,051,255	1,200,000	1,218,000	1,236,270	1,254,814	1,273,636
H/S Maint	1,215,501	1,339,417	1,046,284	1,162,000	1,179,430	1,197,121	1,215,078	1,233,304
Inmate Health	5,855,296	5,771,753	6,356,828	6,400,000	6,656,000	6,922,240	7,199,130	7,487,095
Legal	6,162,342	6,040,382	5,949,438	5,900,000	5,988,500	6,078,328	6,169,502	6,262,045
Other Contractual Services	4,236,516	4,030,175	3,820,646	3,742,500	3,798,638	3,855,617	3,913,451	3,972,153
Other	9,724,793	9,328,628	8,789,676	9,294,500	9,387,445	9,481,319	9,576,133	9,671,894
Travel	379,200	326,597	239,488	246,100	249,792	253,538	257,341	261,202
Utilities	4,707,488	4,458,597	4,506,967	4,600,000	4,669,000	4,739,035	4,810,121	4,882,272
Contractuals	42,529,777	42,253,511	41,404,749	42,205,818	44,521,505	45,181,733	45,849,728	46,545,364
Capital Outlay	2,151,914	1,842,383	1,164,742	1,114,800	1,131,522	1,148,495	1,165,722	1,183,208
Other	71,373	89,444	109,005	32,000	32,480	32,967	33,462	33,964
Childcare	11,378,558	10,823,775	9,933,105	10,188,558	10,494,215	10,809,041	11,133,313	11,467,312
Capital Imp Bond Debt Svc	711,087	960,550	961,050	963,263	958,500	967,588	965,360	967,235
CIP	186,278	-	200,000	2,986,976	3,916,646	3,936,229	3,995,273	4,065,190
Lodging Excise Tax	-	505,662	1,489,356	1,694,500	1,360,329	1,692,714	2,051,667	2,441,084
DHS Childcare	5,782,284	6,664,464	4,937,650	6,398,355	6,590,306	6,788,015	6,991,656	7,201,405
Fire Commission	195,000	196,000	172,247	163,971	166,430	168,927	171,461	174,033
FOC	1,654,254	2,229,352	2,192,849	1,839,335	1,866,925	1,894,928	1,923,352	1,952,203
Health	7,333,069	8,360,955	5,604,980	5,834,648	5,922,167	6,011,000	6,101,165	6,192,682
Special Projects	617,399	622,485	973,225	873,216	960,181	622,384	634,832	647,529
Transfers Out	27,857,929	30,363,243	26,464,463	30,942,822	32,235,699	32,890,826	33,968,078	35,108,672
Total before Lapse	165,466,912	166,022,534	157,578,531	160,870,976	164,835,373	166,971,238	169,746,868	173,397,944
Appropriation Lapse	-	-	-	-	-	-	-	-
Total before Eliminations	165,466,912	166,022,534	157,578,531	160,870,976	164,835,373	166,971,238	169,746,868	173,397,944
Cumulative Eliminations	-	-	-	-	(5,727,831)	(6,640,785)	(7,218,394)	(7,618,899)
Total	165,466,912	166,022,534	157,578,531	160,870,976	159,107,542	160,330,453	162,528,475	165,779,044
Net Fund Balance Inc (Dec)	(2,503,126)	794,434	132,018	605,682	-	-	-	-
Fund Balance, Beg	70,209,406	67,706,280	68,500,714	68,632,732	69,238,414	69,238,414	69,238,414	69,238,414
Fund Balance, End	$ 67,706,280	$ 68,500,714	$ 68,632,732	$ 69,238,414	$ 69,238,414	$ 69,238,414	$ 69,238,414	$ 69,238,414

General Fund Expenditure Forecast by Category

	Actuals			Estimated				
Category	2008	2009	2010	2011	2012	2013	2014	2015
Wages	2.1%	1.8%	-2.4%	-4.0%	0.6%	0.0%	0.0%	1.0%
Temporary	-44.1%	-61.8%	31.1%	21.3%	140.0%	0.0%	0.0%	0.0%
Overtime	7.1%	-20.7%	-19.0%	17.0%	0.0%	0.0%	0.0%	0.0%
Group Ins	11.7%	-4.3%	-6.0%	-7.6%	0.0%	8.0%	8.0%	8.0%
FICA	2.4%	0.3%	-3.4%	0.6%	0.6%	0.0%	0.0%	1.0%
Pension	-35.9%	-9.9%	32.9%	33.5%	-2.5%	-2.5%	0.0%	1.0%
OPEB	-7.0%	-26.5%	3.0%	-5.5%	2.6%	2.0%	2.0%	3.0%
Workers Comp	-7.0%	-50.7%	-62.1%	65.0%	2.0%	2.0%	2.0%	0.0%
Other	55.9%	0.1%	1.9%	-3.9%	0.0%	2.0%	2.0%	2.0%
Personnel	0.9%	-1.1%	-2.1%	-1.9%	0.4%	0.9%	1.1%	2.0%
Commodities	4.7%	-9.6%	-30.7%	-7.0%	1.5%	1.5%	1.5%	1.5%
Building Rent	3.9%	14.8%	-16.8%	2.2%	29.7%	0.1%	-0.1%	0.1%
Contributions - network180	81.4%	-1.9%	-3.0%	-1.8%	0.9%	0.9%	0.9%	0.9%
Consultants	9.5%	-12.6%	-17.8%	-8.9%	1.5%	1.5%	1.5%	1.5%
Food Service	NA	NA	NA	14.1%	1.5%	1.5%	1.5%	1.5%
H/S Maint	10.2%	10.2%	-21.9%	11.1%	1.5%	1.5%	1.5%	1.5%
Inmate Health	5.0%	-1.4%	10.1%	0.7%	4.0%	4.0%	4.0%	4.0%
Legal	9.1%	-2.0%	-1.5%	-0.8%	1.5%	1.5%	1.5%	1.5%
Other Contractual Services	-3.8%	-4.9%	-5.2%	-2.0%	1.5%	1.5%	1.5%	1.5%
Other	10.6%	-4.1%	-5.8%	5.7%	1.0%	1.0%	1.0%	1.0%
Travel	10.4%	-13.9%	-26.7%	2.8%	1.5%	1.5%	1.5%	1.5%
Utilities	0.5%	-5.3%	1.1%	2.1%	1.5%	1.5%	1.5%	1.5%
Contractuals	7.7%	-0.6%	-2.0%	1.9%	5.5%	1.5%	1.5%	1.5%
Capital Outlay	5.0%	-14.4%	-36.8%	-4.3%	1.5%	1.5%	1.5%	1.5%
Other	-67.3%	25.3%	21.9%	-70.6%	1.5%	1.5%	1.5%	1.5%
Childcare	-4.2%	-4.9%	-8.2%	2.6%	3.0%	3.0%	3.0%	3.0%
Capital Imp Bond Debt Svc	-26.1%	35.1%	0.1%	0.2%	-0.5%	0.9%	-0.2%	0.2%
CIP	-24.0%	-100.0%	NA	1393.5%	31.1%	0.5%	1.5%	1.7%
Lodging Excise Tax	NA	NA	194.5%	13.8%	-19.7%	24.4%	21.2%	19.0%
DHS Childcare	16.1%	15.3%	-25.9%	29.6%	3.0%	3.0%	3.0%	3.0%
Fire Commission	4.8%	0.5%	-12.1%	-4.8%	1.5%	1.5%	1.5%	1.5%
FOC	-15.1%	34.8%	-1.6%	-16.1%	1.5%	1.5%	1.5%	1.5%
Health	-12.5%	14.0%	-33.0%	4.1%	1.5%	1.5%	1.5%	1.5%
Special Projects	-10.0%	0.8%	56.3%	-10.3%	10.0%	-35.2%	2.0%	2.0%
Transfers Out	-4.9%	9.0%	-12.8%	16.9%	4.2%	2.0%	3.3%	3.4%
Total before Lapse	1.6%	0.3%	-5.1%	2.1%	2.5%	1.3%	1.7%	2.2%
Appropriation Lapse	NA	NA	NA	NA	NA	NA	NA	NA
Total before Eliminations	1.6%	0.3%	-5.1%	2.1%	2.5%	1.3%	1.7%	2.2%
Cumulative Eliminations	NA	NA	NA	NA	NA	15.9%	8.7%	5.5%
Total	1.6%	0.3%	-5.1%	2.1%	-1.1%	0.8%	1.4%	2.0%
Net Fund Balance Inc (Dec)	24.8%	-131.7%	-83.4%	358.8%	-100.0%	NA	NA	NA
Fund Balance, Beg	-2.8%	-3.6%	1.2%	0.2%	0.9%	0.0%	0.0%	0.0%
Fund Balance, End	-3.6%	1.2%	0.2%	0.9%	0.0%	0.0%	0.0%	0.0%

FINANCIAL POSITION - DELINQUENT TAX ANTICIPATION NOTES

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2009	**2010** (1)
Operating Revenues:		
Charges for services	$ 238,327	$ 215,237
Interest and penalties	3,858,113	3,828,661
Collection fees	2,031,266	1,949,214
Auction proceeds	730,656	889,082
Total Operating Revenues	**6,858,362**	**6,882,194**
Operating Expenses:		
Contractual services	410,883	446,158
Other	180,183	173,428
Total Operating Expenses	**591,066**	**619,586**
Operating Income (Loss)	**6,267,296**	**6,262,608**
Non-Operating Revenues (Expenses)		
Investment earnings	1,099,216	24,185
Interest expense and charges	(1,502,350)	(617,952)
Total Non-Operating Revenues (Expenses)	**(403,134)**	**(593,767)**
Income (Loss) Before Contributions and Transfers	5,864,162	5,668,841
Transfers out	(3,500,000)	(5,076,500)
Change in Net Assets	**2,364,162**	**592,341**
Net Assets, Beginning of Year	14,420,787	16,784,949
Net Assets, End of Year	**$ 16,784,949**	**$ 17,377,290**

(1) Pending audit adjustments

FINANCIAL POSITION - CAPITAL IMPROVEMENT PROGRAM

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2009	**2010** (1)
Revenues:		
Property Taxes	$ 4,108,167	$ 3,080,000
Intergovernmental	2,208,983	126,189
Contributions and reimbursements	2,131,448	1,457,715
Total Revenues	**8,448,598**	**4,663,903**
Expenditures:		
Capital outlay	4,794,453	3,166,966
Total Expenses	**4,794,453**	**3,166,966**
Deficiency of revenues over expenditures	**3,654,145**	**1,496,937**
Other Financing Sources (Uses)		
Interfund transfers in	1,854,651	773,002
Interfund transfers out	(6,116,063)	(2,220,306)
Total Other Financing Sources (Uses)	**(4,261,413)**	**(1,447,303)**
Net change in fund balance	**(607,268)**	**49,633**
Fund Balance, beginning of year	5,205,749	4,598,481
Fund Balance, end of year	**$ 4,598,481**	**$ 4,648,115** (2)

(1) Pending audit adjustments

(2) $4.1 million of the fund balance at year end is reserved for active projects and will be carried forward to FY 2011.

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2009	**2010** (1)
Operating Revenues:		
Charges for Services	$ 26,023,443	$ 31,982,184
Total Operating Revenues	**26,023,443**	**31,982,184**
Operating Expenses:		
Personnel Service	8,587,435	8,904,831
Materials and Supplies	800,283	645,700
Other	8,249,918	8,502,277
Total Operating Expenses	**17,637,636**	**18,052,808**
Operating Income (Loss)	**8,385,807**	**13,929,376**
Non-Operating Revenues (Expenses)		
Investment Earnings	428,769	147,823
Passenger Facilities Charges	3,466,075	4,504,920
Gain (Loss) on Sale of Fixed Assets	66,089	22,013
Customer Facility Charges	1,187,772	1,373,865
Depreciation	(11,555,407)	(16,008,560)
Interest Expense and Charges	(3,684,404)	(9,147,189)
Total Non-Operating Revenues (Expenses)	**(10,091,106)**	**(19,107,128)**
Income (Loss) Before Contributions	**(1,705,299)**	**(5,177,752)**
Capital Contributions	2,164,002	5,726,827
Change in Net Assets	**458,703**	**549,075**
Net Assets, Beginning of Year	186,605,220	187,063,923
Net Assets, End of Year	**$ 187,063,923**	**$ 187,612,998**

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2009	2010 [1]
Operating Revenues	**$ 26,023,443**	**$ 31,982,184**
Investment Earnings	428,769	147,823
Customer Facility Charges	1,187,772	1,373,865
Passenger Facility Charges	3,466,075	4,504,920
Gain (Loss) on Sale of Fixed Assets	66,089	22,013
Operating Expenses	**(17,637,636)**	**(18,052,808)**
Net Revenues (as defined in the resolution)	**$ 13,534,512**	**$ 19,977,997**
Debt Service Requirements	**$ 6,424,404**	**$ 12,742,189**
Debt Service Coverage	**2.11x**	**1.57x**

(1) Pending audit adjustments

Airline Market Shares

Comparative market share information for airlines based on enplaned passengers for 2000, 2005 and 2010 is shown in the following table:

	2000		2005		2010	
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%	-	-
United Airlines	124,002	12.8%	80,265	7.7%	39,270	3.6%
Delta Airlines	30,001	3.1%	7,540	0.7%	236,343	21.5%
US Airways	53,934	5.6%	-	-	-	-
Midwest Express Airlines	-	-	-	-	-	-
American Airlines	-	-	-	-	-	-
Trans World Airlines	-	-	-	-	-	-
Major/National	592,826	61.2%	519,275	49.6%	275,613	25.1%
American Eagle (6)	113,451	11.7%	130,640	12.5%	103,166	9.4%
AirTran	-	-	-	-	76,644	7.0%
Allegiant Air	-	-	-	-	117,609	10.7%
US Airways Express (1)	35,568	3.7%	29,803	2.8%	-	-
Continental Express	32,962	3.4%	76,225	7.3%	92,912	8.5%
Delta Connection (2)	104,627	10.8%	146,883	14.0%	256,524	23.4%
Trans World Express	15,574	1.6%	-	-	-	-
Midwest Express Connect (5)	37,711	3.9%	36,073	3.4%	-	-
Frontier Airlines (7)	-	-	-	-	56,274	5.1%
American Trans/Air Connect	25,672	2.7%	8,055	0.8%	-	-
America West Express	-	-	32,434	3.1%	-	-
Northwest Airlink (3)	-	-	67,545	6.4%	-	-
United Express (4)	-	-	-	-	113,195	10.3%
Air Canada	4,484	0.4%	-	-	3,940	0.4%
Regional Commuter	370,049	38.2%	527,658	50.4%	820,264	74.7%
Charter	5,390	0.6%	290	0.0%	1,783	0.2%
Total	968,265	100.0%	1,047,223	100.0%	1,097,660	100.0%

(1) Includes Mesa Airlines, Trans State Airlines, and Air Wisconsin
(2) Includes Comair, Atlantic Southeast Airlines, Freedom, Sky West, Compass, Mesaba, Pinnacle, Shuttle America, and Chautauqua
(3) Includes Mesaba Airlines, Pinnacle Airlines, Compass, and Comair
(4) Includes Mesa, Chautauqua, Shuttle America, GoJet, and SkyWest Airline
(5) Includes SkyWest, and Chautauqua
(6) Includes American Connection operated by Chautauqua
(7) Includes Chautauqua and Republic

HISTORICAL ENPLANED PASSENGERS/AIRLINE SERVICE 2005 - 2010					
Year	Major/National Airlines	Regional/Communter Airlines	Charter Airlines	Total	Average Annual Inc (Dec)
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%
2009	225,859	660,422	1,524	887,805	-2.1%
2010	275,613	820,264	1,783	1,097,660	23.6%

Airline Service

As of March, 2011, 62 daily scheduled non-stop departures were provided from Grand Rapids to 25 cities in the United States. Major and national airlines provided 13 daily scheduled non-stop departures to 15 cities and regional and commuter airlines provide 49 non-stop departures to 16 cities as shown below.

DAILY DEPARTURES

	Scheduled Non-stop Departures	
Destination City	**Major/National Airlines**	**Regional Commuter Airlines**
Atlanta	1	2
Baltimore	1	-
Chicago	2	11
Cincinnati	-	3
Cleveland	-	4
Dallas	-	3
Denver	1	1
Detroit	2	7
Fort Lauderdale (1)	1	-
Fort Myers	1	-
Houston	-	2
Las Vegas (1)	1	-
Memphis	-	2
Milwaukee	-	4
Minneapolis-St. Paul	2	3
Myrtle Beach (1)	1	-
New York (La Guardia)	-	1
New York (Newark)	-	2
Orlando	2	1
Phoenix (1)	1	-
Punta Gorda (1)	1	-
St. Pete/Clearwater (1)	1	-
Tampa	1	-
Toronto	-	2
Washington, DC	-	1
	19	49

(1) Departs two times per week

AIRLINES AND TYPES OF AIRCRAFTS PROVIDING SERVICES TO HUB DESTINATIONS

Hub	Airline	Aircraft	Seats
Atlanta	Atlantic SE Airlines	CRJ-700	70
	Delta Airlines	DC-9-50	127
Baltimare	AirTran Airways	B717	117
Chicago	American Eagle	CRJ-700	70
	Chautauqua Airlines Inc.	ERJ-135	44
	Express Jet Airlines	ERJ-145	50
	Mesa Airlines	CRJ-100/200	50
		CRJ-700	66
	Shuttle America	ERJ-170	70
	Sky West Airlines	CRJ-100/200	50
	United Airlines	A319	120
		A320	138
Cincinnati	Comair	CRJ-100/200	50
Cleveland	Express Jet Airlines	ERJ-145	50
Dallas	American Eagle	ERJ-145	50
Denver	Frontier Airlines	E-190	99
	GoJet Airlines	CRJ-700	66
Detroit	Comair	CRJ-100/200	50
	Compass Airlines Inc.	E-175	76
	Delta Airlines	A320	148
		DC-9-50	127
	Mesaba Aviation	CRJ-900	76
	Pinnacle Airlines	CRJ-100/200	50
Fort Lauderdale	Allegiant Air	MD-80	150
Fort Myers	AirTran Airways	B717	117
Houston	Express Jet	ERJ-145	50
Las Vegas	Allegiant Air	MD-80	150
Memphis	Pinnacle Airlines	CRJ-100/200	50
Milwaukee	Chautauqua Airlines Inc.	ERJ-135	37
Minneapolis-St. Paul	Comair	CRJ-100/200	50
	Delta Airlines	A319	124
		A320	148
	Pinnacle Airlines	CRJ-100/200	50
	Sky West Airlines	CRJ-100/200	50
Myrtle Beach	Allegiant Air	MD-80	150
New York (LaGuardia)	Comair	CRJ-700	70
New York (Newark)	Express Jet	ERJ-145	50
Orlando	AirTran Airways	B717	117
	Allegiant Air	MD-80	150
	Compass Airlines Inc.	E-175	76
Phoenix	Allegiant Air	MD-80	150
Punta Gorda	Allegiant Air	MD-80	150
Tampa	AirTran Airways	B717	117
Toronto	Air Georgian Ltd	Beech1900D	18
Washington, DC	Comair	CRJ-100/200	50

FINANCIAL POSITION - PUBLIC WORKS WASTE-TO-ENERGY

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2009	**2010** (1)
Operating Revenues:		
Charges for Services	$ 24,571,160	$ 25,489,269
Other	299,592	569,715
Total Operating Revenues	**24,870,752**	**26,058,984**
Operating Expenses:		
Personnel, Materials, Contractual, Other	15,401,045	16,646,892
Depreciation and Amortization	2,971,547	2,789,761
Total Operating Expenses	**18,372,592**	**19,436,653**
Operating Income (Loss)	**6,498,160**	**6,622,331**
Non-Operating Revenues (Expenses)		
Investment Earnings	423,310	117,814
Miscellaneous	8,000	5,000
Gain on Sale of DHCO	-	8,487
Interest Expense and Charges	(992,884)	(465,692)
Total Non-Operating Revenues (Expenses)	**(561,574)**	**(334,391)**
Change in Net Assets	**5,936,586**	**6,287,940**
Net Assets, Beginning of Year	37,056,467	42,993,053
Net Assets, End of Year	**$ 42,993,053**	**$ 49,280,993**

Debt Service Coverage

	Year Ended December 31, 2009	2010 (1)
Operating Revenues	$ 24,870,752	$ 26,058,984
Non-Operating Revenues	431,310	131,301
Operating Expenses Before Depreciation	(15,401,045)	(16,646,892)
Net Revenues	**$ 9,901,017**	**$ 9,543,393**
Debt Service Requirements	**$ 11,584,696**	**$ 11,808,830**
Debt Service Coverage	**0.85x**	**0.81x**

(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 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.

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)
2006	180,726	214,460	1.2060
2007	178,429	211,587	1.1852
2008	187,135	213,451	1.2127
2009	186,290	213,097	1.1816
2010	188,686	222,296	1.2186

(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, sold in 2008, 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
2006	95,509	528	40,522
2007	98,739	551	-
2008	102,168	546	-
2009	100,195	538	-
2010	104,982	556	-

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

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2009	**2010** (1)
Revenues:		
Hotel/Motel Taxes	$ 4,684,675	$ 4,923,974
Investment Earnings	33,595	15,695
Other	2,529	2,332
Transfer In - General Fund	505,662	1,489,356
Total Revenues	**5,226,461**	**6,431,358**
Expenditures:		
Administration	145,926	150,039
Convention and Visitors Bureau - Promotion	700,000	625,000
John Ball Zoo	-	-
Arts Festival	10,000	10,000
Sports Commission	200,000	200,000
Debt Service	4,866,956	5,446,319
Total Expenditures	**5,922,882**	**6,431,358**
Net Change in Fund Balance	**(696,422)**	**(1)**
Fund Balance, Beginning of Year	1,108,384	411,962
Fund Balance, End of Year	**$ 411,962**	**$ 411,962**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2009	**2010**
Hotel/Motel Tax Revenues	$ 4,684,675	$ 4,923,974
Debt Service Requirements	4,866,956	5,446,319
Debt Service Coverage	**0.96x**	**0.90x**

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2009	**2010** (1)
Revenues:		
Taxes	$ 16,624,828	$ 16,609,672
Investment Earnings	219,708	90,343
Other	5,000	-
Total Revenues	**16,849,536**	**16,700,015**
Operating Transfers:		
Consultants	-	-
Building Rent	2,488,215	2,414,820
General Fund - Facility Operations	16,500,000	12,600,000
Total Operating Transfers	**18,988,215**	**15,014,820**
Net Change in Fund Balance	**(2,138,679)**	**1,685,195**
Fund Balance, Beginning of Year	3,200,377	1,061,699
Fund Balance, End of Year	**$ 1,061,699**	**$ 2,746,894**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2009	**2010** (1)
Property Tax Revenues	$ 16,624,828	$ 16,609,672
Debt Service/Building Rent Requirements	2,488,215	2,414,820
Debt Service Coverage	**6.68x**	**6.88x**
Debt Outstanding:		
Series 1998	$ 2,675,000	$ 240,000
Series 2009A	32,000,000	32,000,000
Total Debt Outstanding	$ 34,675,000	$ 32,240,000

(1) Pending adjustments to audit

FISCAL POLICIES

County of Kent
FISCAL POLICY - DEBT

I. POLICY

1. **Policy:** Kent County shall endeavor to maintain the highest possible credit ratings so borrowing costs are minimized and access to credit is preserved.

2. **Financial Planning and Overview:** Kent County shall demonstrate to rating agencies, investment bankers, creditors, and taxpayers that a prescribed financial plan is being followed. As part of this commitment, the Fiscal Services Department will annually prepare an overview of the County's General Fund financial condition for distribution to rating agencies and other interested parties.

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 of Public Act 156 of 1851 [MCLA 46.11(m)].

   1.a. Financing: Various statutes, including but not limited to Public Act 34 of 2001, (The Revised Municipal Finance Act) [MCLA 141.2101 to 141.2821], as amended, Public Act 327 of 1945 (The Aeronautics Code) [MCLA 259 et seq.], as amended, and Public Act 94 of 1933 (The Revenue Bond Act) [MCLA 141.101-138], as amended, and PA 185 of 1957 [MCLA 123.731-786], as amended, enable the County to issue bonds, notes, and other certificates of indebtedness for specific purposes.

   1.b. Debt Limit: Section 6 of Article 7 of the Michigan Constitution of 1963 states "No County shall incur any indebtedness which shall increase its total debt beyond 10 percent of its assessed value."

   1.c. Disclosures: Effective July 3, 1995, the Securities and Exchange Commission (SEC) enacted amendments to Rule 15c2-12 requiring underwriters of municipal bonds to obtain certain representations from municipal bond issuers regarding disclosure of information after the issuance of bonds. The Rule also contains requirements for immediate disclosure of certain events by borrowers.

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 managin 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 debt practices.

3. **Operational Guidelines - General:** Short-term borrowing to finance operating needs will not be used. Interim financing in anticipation of a definite, fixed source of revenue, such as property taxes, an authorized but unsold bond issue, or an awarded grant, is acceptable. Such tax, bond, or grant anticipation notes should not have maturities greater than three years.

4. **Operational Guidelines - Additional:** The County Administrator/Controller shall evaluate each proposed financing package and its impact on the County's credit worthiness, and report the evaluation to the Finance and Physical Resources Committee.

4.a. **Evaluation Requirements:** As part of the review process, the Finance and Physical Resources Committee shall review all aspects of the project and recommend to the Board of Commissioners the most appropriate structure of the debt. Options available include notes, installment contracts, industrial development bonds, general obligation bonds, limited tax general obligation bonds, and revenue bonds.

5. **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.

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.

Board of Commissioners Resolution No. 05-14-09-50
Name and Revision Number: Debt Policy, Revision 4
Date of Last Review: 4/14/2009
Related Policies: Fiscal Policy on Accounting and Auditing
Approved as to form: Not applicable

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. Governmental Accounting Standards Board (GASB): This document clarifies and expands on pronouncements of the GASB as applicable to local governmental entities and the fund balance for Kent County.

   2.c. 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:** Classification and use of fund balance amounts

   3.a. Classifying Fund Balance Amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The General Fund may also include an unassigned amount.

      3.a.1. Encumbrance Reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in Statement No. 54 of the GASB.

      3.a.2. Prioritization of Fund Balance Use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of Kent County to consider restricted amounts to have been reduced first.

         3.a.2.a. When an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, it shall be the policy of Kent County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

4. **Operational Guidelines – Additional:** The County will establish "commitments" for the purpose of maintaining constraints regarding the utilization of fund balance noting the Board of Commissioner's intent regarding the utilization of spendable fund balance.

   4.a. Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These amounts will be determined before all other classifications.

4.a.1. **Long Term Advances** – The County will maintain a fund balance equal to the balance of any long-term outstanding balances due from other County funds which exist at year end.

4.a.2. **Inventory/Prepaids/Other –** The County will maintain a provision of fund balance equal to the value of inventory balances and prepaid expenses.

4.a.3. **Corpus of a Permanent Fund –** The County will maintain a provision equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact.

4.b. **Restricted –** Fund balance will be reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

4.c. **Committed –** This classification can only be used for specific purposes pursuant to formal action of the Board of Commissioners. A majority vote of the members elect is required to approve a commitment and a two-thirds majority vote of the members elect is required to remove a commitment.

4.c.1. **Budget Stabilization –** Kent County commits General Fund fund balance in an amount equal to 10% of the subsequent year's adopted General Fund and subsidized governmental fund budgets to insulate County programs and current service levels from large ($1 million or more) and unanticipated one-time General Fund expenditure requirements, reductions in budgeted General Fund revenues due to a change in state or federal requirements, adverse litigation, catastrophic loss, or any similar swift unforeseen event. This commitment may be used if one of the qualifying events listed below occurs, and the County Administrator/Controller estimates the qualifying event will cost $1 million or more and the Board of Commissioners by majority vote of the members present affirms the qualifying event.

4.c.1.a. **Qualifying Events**

- A flood, tornado or other catastrophic event that results in a declared state of emergency by an appropriate authority, which would require cash up front for response and/or match for disaster relief funds for such an event.
- Loss of an individual revenue source, such as state revenue sharing, for which official notification was not received until after the budget for the affected year was adopted.
- Unanticipated public health or public safety events such as a pandemic or civil unrest requiring cash flow until and if sustaining, replacement, or reimbursement funding is available.
- A Self-Insured Retention (SIR) for an insured claim for which the loss fund has an inadequate reserve.

4.d. **Assigned –** Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This would include all remaining amounts (except negative balances) reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The Board of Commissioners delegates to the County Administrator/Controller or his/her designee the authority to assign amounts to be used for other specific purposes.

4.e. **Unassigned –** Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance can never be negative.

4.f. **Minimum Fund Balance –** The County will maintain a minimum fund balance equal to at least 40% of the subsequent year's adopted General Fund budgeted expenditures and transfers out, to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. Cash flow shortfalls are related to property tax revenues, in anticipation of a July 1 (Mid Year) property tax billing.

4.f.1. **Replenishing deficiencies –** When fund balance falls below the minimum 40% range, the County will replenish shortages or deficiencies using the budget strategies and timeframes delineated below.

4.f.1.a. The following budgetary strategies shall be utilized by the County to replenish funding deficiencies:

- The County will reduce recurring expenditures to eliminate any structural deficit: or,
- The County will increase taxes, fees for services or pursue other funding sources, or
- Some combination of the two options above.

4.f.1.b. **M**inimum fund balance deficiencies shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between 39% and 40% shall be replenished over a period not to exceed one year.
- Deficiency resulting in a minimum fund balance between 37% and 39% shall be replenished over a period not to exceed three years.
- Deficiency resulting in a minimum fund balance of less than 37% shall be replenished over a period not to exceed five years.

5. **Exceptions: None.**

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.

Board of Commissioners Resolution No. 03-24-11-18
Name and Revision Number: Fund Balance/Fund Equity Policy, Revision 6
Date of Last Review: 3/24/2011
Related Policies: None
Approved as to form: Not applicable

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 financialcapabilities 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.

Board of Commissioners Resolution No. 07-24-03-92
Name and Revision Number: Capital Improvement Program Policy, Revision 2
Date of Last Review: 5/5/2009
Related Policies: None.
Approved as to form: Not applicable

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.

Board of Commissioners Resolution No. 10-23-08-102
Name and Revision Number: Economic Development Participation Policy, Original
Date of Last Review: 10/23/10
Related Policies: Fiscal Policy – Economic Development Participation
Approved as to form: Not applicable

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.

Board of Commissioners Resolution No. 05-14-09-50
Name and Revision Number: Investments Policy, Revision 6
Date of Last Review: 01/11/2011
Related Policies: None
Approved as to form: Not applicable

THE RIGHT PLACE
Advancing the West Michigan Economy

July 20, 2010

Cascade Engineering to Expand Renewable Energy Division

By The Right Place | Posted in Advanced Manufacturing, Business Development, Sustainability

Company to invest $2.8 million; add 183 jobs in West Michigan

What began with a commitment to sustainable manufacturing has blossomed into new investment and jobs for West Michigan, thanks to **Cascade Engineering**. The company announced today that it is expanding its three-year-old renewable energy division, **Cascade Renewable Energy (CRE)** and plans to invest $2.8 million and create up to 24 jobs over the next year.

CRE designs, develops, manufactures, and sells distributed renewable energy systems throughout the United States and Canada. Its first product to market was the **SWIFT Wind Turbine** that provides renewable energy for residential, community and commercial use. CRE is the manufacturer of the plastic blade assembly for all SWIFT Wind Turbine installed worldwide and the exclusive distributor and marketer of SWIFT in the United States and Canada. More recently, CRE has added a line of solar photovoltaic products to it portfolio. By the end of the year, CRE expects to have installed over 500 kW of solar PV in Michigan. Finally, CRE has developed a strategic relationship with Lowe's, the home improvement retailer, to bring an assortment of CRE's renewable energy and energy efficiency products to customers in select Lowe's stores in the United States and Canada.

Cascade Engineering had considered its facilities in North Carolina and Ohio, or a location in Texas for the expansion. To retain the investment in West Michigan, The Right Place collaborated with the Michigan Economic Development Corp. and Cascade Township to develop an incentive and assistance package that included Michigan Economic Growth Authority (MEGA) tax credits as well as local support. Located at 3400 Innovation Ct. SE in Grand Rapids, Cascade Engineering employs 414 in West Michigan and will add up to 183 jobs over the next five years as a result of the expansion. A longstanding customer of The Right Place, the company recently joined The West Michigan Wind Manufacturers Network, a collaborative convened by The Right Place to provide a forum for area manufacturers currently serving, or joining the wind energy supply chain to share market knowledge and best practices.

"The majority of our work is in assisting the growth of West Michigan companies, and we have been pleased to support Cascade Engineering's development," said Right Place Vice President Sue Jackson, noting The Right Place has been working with Cascade on alternative energy and supply chain development issues. "They are a tremendous example of how West Michigan manufacturers are successfully translating technical expertise into new market opportunities."

""Cascade Engineering is committed to developing a portfolio of sustainable products and services through our entire family of companies," noted Cascade Chairman and Founder Fred Keller. "We appreciate the support and partnership of The Right Place, the state of Michigan and Cascade Township in furthering our business growth and expansion in West Michigan."

With this latest economic development projects, The Right Place, working with its local and state partners, has generated $100,000,000 million in capital investment and assisted in the retention and creation of over 561 jobs in West Michigan in 2010.

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October 12, 2010

Dematic plans to add 505 jobs if Grand Rapids approves tax break

By Jim Harger | The Grand Rapids Press

GRAND RAPIDS -- Dematic Corp. is planning an $11.6 million expansion of its Northeast Side facilities that will bring 505 new jobs during the next five years, company officials said Tuesday.

"We're here and we're planning to stay here," said Aysha Maqbool, vice president of finance, in a presentation to city officials.

Formerly known as Rapistan, the company has built and assembled warehousing and conveyor systems in Grand Rapids since 1939.

Dematic, which employs 790 workers at its Grand Rapids headquarters and 3,000 in 22 countries worldwide, plans to expand its research and development operations here, Maqbool said.

Dematic also will expand its facilities to demonstrate new material handling and logistic systems to customers, she said.

Grand Rapids Press File Photo

The Dematic expansion would allow the company to demonstrate new material handling and logistic systems to customers.

The growth will create openings for engineers, sales and research and administrative support, company officials said. The estimated weekly wage will be $872, or $21.80 per hour.

The project is contingent on the city's approval of a five-year tax abatement of personal property taxes that would be levied against new equipment. A public hearing on the request will be held on Oct. 26.

If granted, the abatement would cost the city about $44,300 in lost property tax revenue. City officials estimate the 505 new jobs would generate an estimated $229,000 in income tax revenue.

Earlier this summer, Dematic officials set the stage for the expansion when they acquired HK Systems, a Wisconsin firm that employs 800.

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November 29, 2010

Office furniture industry will finish 2010 on the upswing

By Mark Sanchez | Business Review West Michigan

The office furniture industry, after a hard period that saw nearly one-third of its volume disappear during the recession, should finish 2010 on the upswing, according to an updated and upgraded outlook issued today.

The Business and Institutional Furniture Manufacturer's Association now projects North American shipments will grow 4.4 percent for the year to $8.2 billion. The industry will then grow shipments another 8.8 percent in 2011 to $8.9 billion, BIFMA projects.

The latest outlook represents a complete turnaround from earlier this year. The prior forecast, issued in August, predicted flat sales in 2010, followed by 6.7 percent growth in 2011. As recently as May, the industry was looking at a decline of about 5 percent for 2010.

If the new quarterly outlook holds, the industry would grow this year for the first time since 2007, when shipments increased 5.5 percent.

The deep economic recession that hit in late 2008 sent the industry into a tailspin, cutting shipments in 2009 by 29.7 percent, or $3.32 billion.

Given all that's occurring in the economy, BIFMA Executive Director Tom Reardon views the projection are both reasonable and sustainable.

"It's not a big bounce, but a healthy bounce," Reardon said.

The outlook reflects the slow, steady improvement in the U.S. economy, though the industry has a long ways to go to recover what it lost in the recession, he said.

"That was a deep hole we fell into," Reardon said. "It's going to take some pretty big numbers to get back to where we were, and that's going to take a while."

The updated outlook, prepared for BIFMA by Global Insight, comes as business for office furniture makers has steadily rebounded throughout 2010.

The industry started 2010 with an 11 percent year-to-year decline in North American shipments for the first quarter. Business improved in the second quarter with a 3.6 percent increase in shipments and accelerated in the third quarter to an 11.7 percent increase over the same period in 2009.

Fourth quarter shipment trends "mirror the third" and should produce "more of the same," Reardon said.

Further indications of the industry's direction come later this month when Herman Miller Inc. and Steelcase Inc. release their latest quarterly sales and earnings reports next month.

Zeeland-based Herman Miller [Nasdaq: MLHR], after reporting a 17.5 percent sales increase in its most recent quarter to $380.7 million, is projected to grow 13.8 percent, to $391.1 million, for the present period that ends this month, according to a consensus estimate of brokerage analysts.

Analysts expect Grand Rapids-based Steelcase [NYSE: SCS] to report a 3.8 percent sales increase to $639.0 million for the present quarter.

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December 14, 2010

Autocam Corp. in Kentwood gets 5-year tax abatement, expects to hire 200

By Chris Knape | The Grand Rapids Press

KENTWOOD — Auto parts and medical device maker Autocam Corp. is expected to invest $32.6 million and create 200 new jobs here over the next five years.

The expansion was to be announced today after the Michigan Economic Growth Authority signs off on a five-year tax abatement deal. The city of Kentwood also is considering a property tax abatement to support the expansion.

New jobs at Autocam are expected to pay an average of $988 a week, the company told the state.

The investments in the plants will enable the company to produce next generation gasoline and diesel direct injection components and fuel pumps, along with new medical and surgical devices, according to the materials provided by the state.

“These are new jobs and big investments,” said Birgit Klohs, CEO of Grand Rapids area economic development group The Right Place Inc. “It really says that Autocam on the automotive side and medical devices side is doing very well and they are continuing their commitment to our region and the state with a sizable investment and new jobs.”

The deal essentially amends a 20-year tax abatement given to Autocam in 1997 when the company announced a plan to build a plant in Marshall and hire 200 people.

That plan never took off as expected, and the company only ended up creating 77 jobs in Marshall under the abatement deal. The revised abatement expands the incentives to be tied to jobs created at three Autocam facilities on East Paris Avenue, a building at 4436 Broadmoor Ave. SE, along with the Marshall plant while reducing the duration of the original credit by two years, so it ends in 2016.

The amount of the state abatement scales up based on actual number of jobs created by the company, not projections.

“It’s not like writing a check for cash (like they do) in Texas where if it doesn’t work out, it doesn’t work out,” Klohs said.

The announcement makes good on projections of expansion company founder John Kennedy discussed with The Press in April.

At the time, Kennedy said he was bullish on direct injection engine technology and expected to hire after winning a contract to supply parts for Hitachi.

Autocam had about $200 million in sales last year.

The company employs about 1,400 people at plants around the globe, down from a high of 2,300 a few years ago. It now has 357 employees in Michigan, according to the Michigan Economic Development Corp.

Manufacturing rebound: Industry seeing improved business prospects seen for 2011

By Mark Sanchez | Business Review West Michigan

As the U.S. economy steadily, albeit slowly, improves, Mark Lindquist is feeling a different kind of stress these days — keeping up with demand.

That's a stark difference from a year ago, when many manufacturers were coping with the effects of the deep U.S. economic recession that had some in survival mode.

Today, things are quite different, and manufacturing is even credited with leading the nation's economy out of recession, though no one predicts a return any time soon to robust economic or job growth.

Still, Lindquist said, "We're super busy" — which brings its own pressures.

"The challenges and the stress level in 2010 and in 2011 is equal" to the difficult period, said Lindquist of Rapid-Line Inc., a Grand Rapids metal fabricator. "It's just different in the other extreme."

"We're finding ourselves with a ton of orders right now," he said.

The improved business prospects of manufacturers, and the resulting challenges, stems from the overall improvement in the U.S. economy.

While economic growth is moderate — 2.5 percent in the third quarter, according to the U.S. Commerce Department — manufacturers are benefiting from improvements in business and consumer confidence, increased business spending and higher capital equipment purchases.

"The landscape is a lot better than it felt in the last few years," said Richard Antonini, a partner in the Grand Rapids office of Plante & Moran who works with manufacturers.

"There's a lot of optimism and a lot of feeling that we've weathered the worst storm in a generation and we're coming out stronger and more efficient and more effective."

The decline for manufacturers happened "almost overnight" following the September 2008 meltdown of the U.S. financial markets that pushed the nation into recession and dramatically cut demand for durable goods.

The proceeding months were "all about survival, (and) not knowing what was going to happen to the major OEMs," Antonini said.

As business continues to pick up, manufacturers are now having to examine — if they haven't already — where they fit into the marketplace and how the recession altered their markets and the competition, he said.

And they can do it amid expectations for a steadily improving economy.

Economists expect 2011 to bring increased exports, growth in consumer spending and business spending on equipment, and record corporate profits.

Huntington Bank senior economist George Mokrzan expects predicts "strong" growth in the manufacturing sector next year. He projects real GDP growth of 2.1 percent in the first quarter, 2.6 percent in the second, 3.4 percent in the third, and 3.1 percent in the last three months of 2011.

“The trend is clearly upwards,” Mokrzan said.

University of Michigan economists project quarterly real GDP growth of 2.2 percent to start the year to accelerate to an average of 2.5 percent in the second half of 2011, followed by 3.1 percent in the first half of 2012.

A large part of the rebound in manufacturing is the strong recovery of the U.S. auto industry.

U-M expects the auto production to rebound to 11.5 million units in 2010, from 10.4 million in 2009, and grow to 12.7 million units in 2011 and 14.8 million in 2012.

Citing increased demand, auto supplier Gentex Corp. recently announced plans to move production into a vacant production plant it’s acquiring in Zeeland, a move that will create more than 200 jobs.

Comerica Inc. chief economist Dana Johnson, in his latest monthly U.S. economic briefing, predicted real GDP to grow 3.0 percent in the first quarter and end the year at 3.8 percent in the fourth quarter. He also projected light vehicle sales to rise from an annualized rate of 11.9 million units in the fourth quarter to 14.2 million units in the last three months of 2011.

In West Michigan, manufacturers may also gain from the expected continued rebound of the office furniture industry, providing a further boost to Lindquist’s business at Rapid-Line.

“I suspect what we’re seeing now will continue through most of 2011,” Lindquist said of the company’s increased demands.

But improved market demands, in manufacturing and in other sectors, won’t translate into quick job growth. Economists predict that unemployment nationally will remain high, though it will edge downward in 2011, particularly in the second half of the year.

Antonini, of Plante & Moran, said many manufacturers still have excess capacity and, after getting even leaner during the recession, are able to do far more with less workers.

“They’re lean right now, they’re efficient, and they are going to do what they can to continue that operating model,” Antonini said.

But even in that mode, and amid a slowly improving national economy, there remains a shortage in the market for skilled laborers such as welders, CNC operators and tool and die workers, Lindquist said. The chairman of the Right Place Inc.’s Manufacturing Council, Lindquist attributes the shortage more to a lack of workers trained to work in today’s high-tech manufacturing setting.

“There is definitely a lack of skills for modern manufacturing,” Lindquist said.

Though unemployment may remain high, PNC Bank economist Robert Dye said job growth should return in the latter half of 2011.

“I think we’ll be in a lot better shape than we are right now,” Dye said.

Dye projects real GDP of 2.7 percent in the first half of 2011, 3.3 percent in the third quarter and 3.2 percent in the fourth.

Yet that’s far from the notion that prosperity is just around corner. Given the depths of what’s been dubbed the “Great Recession,” repairing the damage done to the U.S. economy will take some time, Dye said.

“It was such a deep and broad and brutal event, it will leave its imprint on the U.S. economy for years to come,” Dye said.

mlive.com

March 2, 2011

Grand Rapids and surrounding communities are a shining oasis of progress and innovation

West Michigan's economy is fueled by a strong manufacturing base, a cutting-edge health and life sciences sector, a skilled and creative workforce, solid leadership supported by a deep core of philanthropy and a reputation for value and quality.

As others may struggle to achieve equilibrium after the recent economic rollercoaster, Grand Rapids and surrounding communities continue to gain momentum — a shining oasis of progress and innovation on both the state and national scene.

That was clear to Fortune magazine and CNNMoney, which named Grand Rapids "a success story" for Michigan in May 2010.

"Its fortunes have steadily improved, thanks to a remarkable combination of business leadership, public-private cooperation and the deep pockets of local philanthropists," the article states, describing a nearly two-decades-long strategic effort to revitalize the city as resulting in "a more stable economy, one that can better withstand the ups and downs of economic trends."

Education and health take the lead

While manufacturing remains a close second, Grand Rapids' top employers today are in the sectors of education and health services. With the opening of the new **Michigan State University College of Human Medicine** headquarters on Grand Rapids' thriving Medical Mile along Michigan Avenue, 2010 was a big year. 2011 brings the opening of the new **Helen DeVos Children's Hospital**. Under construction since 2006, the new state-of-the-art healthcare and teaching facility will offer 13 stories dedicated to pediatric care.

Farmers Insurance Group showed its confidence in West Michigan's economy with an $84.4 million expansion of its Foremost Insurance complex in Caledonia Township. Slated for 2011 completion, the project is expected to bring 1,600 new jobs to the region. That's in addition to the approximately 2,000 workers it currently employs here.

Innovation and creativity at GRid70

Making the most of the region's talent pool and attracting even more qualified creative professionals is what the newly formed **GRid70** is all about. The collaboration between Amway Corp., Meijer Inc., Steelcase Inc. and Wolverine World Wide can only help solidify West Michigan's position as a design hub.

By pooling resources to create a space in downtown Grand Rapids where creative minds can share inspiration and ideas, the four organizations intend to deepen the roots of design and creativity on which Grand Rapids was built.

Manufacturers press on

In the manufacturing sector, an idle plant in Holland has been transformed into a manufacturing facility for lithium-ion cells and complete hybrid battery systems. **Grand Rapids Community College** is working hard to train workers to build them.

ConAgra Foods has invested $73 million in the former Elan Nutrition facility, an addition of more than 200 jobs over the next five years.

Steelcase and **Herman Miller** both carved a niche in the health care furnishings market. "Nurture" by Steelcase includes the Pocket rolling workstation, adaptable for a variety of medical needs. Its Tava lounge chair is designed for maximum comfort and cleanliness in the hospital setting.

Herman Miller created Compass to furnish flexible health care interiors. Its design provides a modular system of interchangeable components for patient rooms, exam spaces and clinical areas.

Farmers Insurance Co. is expanding its Foremost Insurance complex in Caledonia Township.

Target: Global markets

While West Michigan businesses are rife with products to sell, finding customers in an economic downturn can be the trick. Many are turning to markets in Europe and Asia as a way to expand their base. In fact, the Grand Rapids area ranks fourth of the 100 largest U.S. metro areas in percentage of jobs tied to exports, according to a 2010 study by the Brookings Institution.

At Grand Rapids-based **ESCO**, President Rick Hungerford Sr. has preached the mantra of global markets for years. The firm makes polyurethane dispensers and fabrication machinery, with clients in Canada, Mexico, Europe and Africa. Hungerford estimates that exports account for 30 percent of the firm's business.

"We haven't had the impact we would like in China, but we are working on that," he says.

X-Rite in Kentwood, which manufactures color-measuring devices, introduced several new products in 2010 and announced an agreement to install 600 systems with a leading North American hardware cooperative. Still, sales to markets in Europe and Asia are integral to the company's future.

Look out, Hollywood

With Michigan's aggressive film industry tax incentive program, Grand Rapids continues to be a choice for filmmakers looking for locations to shoot their movies. "30 Minutes or Less" from Ben Stiller's Red Hour Films was filming in and around the city in 2010, as was "Caught in the Crossfire" from actor/producer Curtis "50 Cent" Jackson. "Touchback" starring Kurt Russell was being produced in nearby Coopersville.

A recent study from Michigan State University concludes that the benefits of such film productions include local jobs, spending on related services like food and lodging and exposure that fuels both tourism and interest in the community as a destination to relocate.

The study predicts that production expenditures statewide will grow 187 percent from 2008 to 2012, and Grand Rapids will no doubt be one of the major beneficiaries of that.

On every front, from busy restaurants to bustling shopping districts and malls, Grand Rapids is gaining economically. That's apparent everywhere you look — from the construction cranes that dot the landscape, to the happy conventioneers who stroll downtown, the visitors crowding plazas and museums during **ArtPrize** and other events, and the new homes and condo developments popping up around the community.

Grand Rapids may be positioned for the future, but it's happening now.

mlive.com

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Analysis shows more than 10,000 people in Michigan now employed in renewable energy sector

By Mark Sanchez | Business Review West Michigan

Cascade Engineering installed solar panels last year at Padnos Iron & Metal's Wyoming facility.

Renewable energy companies in Michigan now employ more than 10,000 people, with a majority of the jobs created within in the last five years, according to a new analysis.

The report from the Environmental Law & Policy Center counts 120 companies involved in the supply chain for solar energy and 120 involved in wind power.

Those companies include a collection of new businesses and manufacturers that have re-tooled to get into the renewable energy sector, according to the report the center issued today.

"Michigan is becoming a true center for the solar and wind energy supply chain, " Law & Policy Center Executive Director Howard Learner said.

The growth in the number of companies involved in wind and solar energy will only grow as a cluster further emerges in Michigan, enabling the state to becomes more of a draw for new players in the industry or creating an environment for joint ventures and collaborations, Learner said.

"As the supply chain and the OEMs are more aware of each other, they further each other's growth in Michigan," said Ashley Craig, an environmental business specialists for the Chicago-based Law & Policy Center. "It's the cluster effect."

The cluster has built in Michigan as electric suppliers seek to meet the state's Renewable Portfolio Standard that requires 10 percent of the power they produce to come from renewable energy sources by 2015, and via manufacturers responding to growing demand for solar and wind energy components.

"State policies have been pushing in the right direction," Learner said. "It's been a very positive climate."

Leaner, though, believes Michigan's Renewable Portfolio Standard, enacted in 2008, needs strengthening to bring it in line with other states.

Other key drivers of the cluster include state tax incentives, a skilled work force and training to prepare people to work in the industry, and a large engineering pool, according to the Law & Policy Center's report.

Nationwide, Michigan ranks fourth in the number of jobs tied to solar energy, 6,300, and first in clean-energy patents.

“It’s stark how significant the industry has become in Michigan,” Craig said. “These are companies that are part of the 21st century way of creating energy.”

Most of the jobs created in renewable energy in Michigan have come in the last half-decade, she said.

Companies range from Hemlock Semiconductor, a producer of solar cells and modules, to Energetx Composites in Holland, which makes wind turbine blades, Cascade Renewable Energy in Grand Rapids, which is involved in both wind and solar, and dozens of small companies that produce components for wind turbines or solar panels.

“This is clearly a growing business sector in Michigan, and it’s impressive because it’s growing in a very diversified way,” Learner said. “All the eggs aren’t in the same basket.”

COUNTY OF KENT MICHIGAN