2012
FINANCIAL OVERVIEW
Kent County, Michigan

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

RE: 2012 Kent County Financial Overview

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

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

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

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

Respectfully submitted,

Daryl J. Delabbio
County Administrator/Controller

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Profile of the Government

The County of Kent encompasses an area of approximately 864 square miles and is located in the central west portion of Michigan's Lower Peninsula. The County of Kent is the fourth most populous County in the State of Michigan (State) with a 2010 census population of 602,622. It is approximately 64 miles west of Lansing, the state capital. The County is empowered by the State to levy a property tax on real and personal properties located within the County.

The County is composed of twenty-one townships, five villages and nine cities. The 2010 population of the County resides as follows: townships (223,746); cities (371,492); and villages (7,384). The County seat is located in the City of Grand Rapids, which is the second largest city in the State. The County was organized as a County by the territorial legislature on March 24, 1836.

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

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. 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 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 appoints the County Administrator/Controller as the chief administrative and fiscal officer of the County. The Administrator/Controller is responsible for carrying out the policies set forth by the Board and overseeing the day-today operations of the County.

The County also provides a wide and varied range of services in the following areas: court systems, airport, fire, social services, both State and County funded public health, park system and zoo. The Kent County CMH Authority, operating as network180, is a component unit that provides mental health services. The Department of Public Works, a component unit, manages a waste-to-energy incinerator and landfill, maintains some local unit water and sanitary sewer systems, and provides for the construction of these local systems. The Kent County Drain Commission, another component unit, is responsible for the construction and maintenance of County drains and the control of lake levels. In addition, the Road Commission is a component unit providing maintenance to County roads.

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

Kent County Elected/Appointed Officials

Board of Commissioners

Sandi Frost Parrish	Dan Koorndyk	Carol Hennessy
Chair	*Vice-Chair*	*Minority Party Vice-Chair*

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

Elected Officers

Mary Hollinrake
Clerk/Register of Deeds

William Byl
Drain Commissioner

William Forsyth
Prosecuting Attorney

Kenneth Parrish
Treasurer

Lawrence Stelma
Sheriff

Executive Staff

Daryl Delabbio
Administrator/Controller

Dan Ophoff
Corporate Counsel

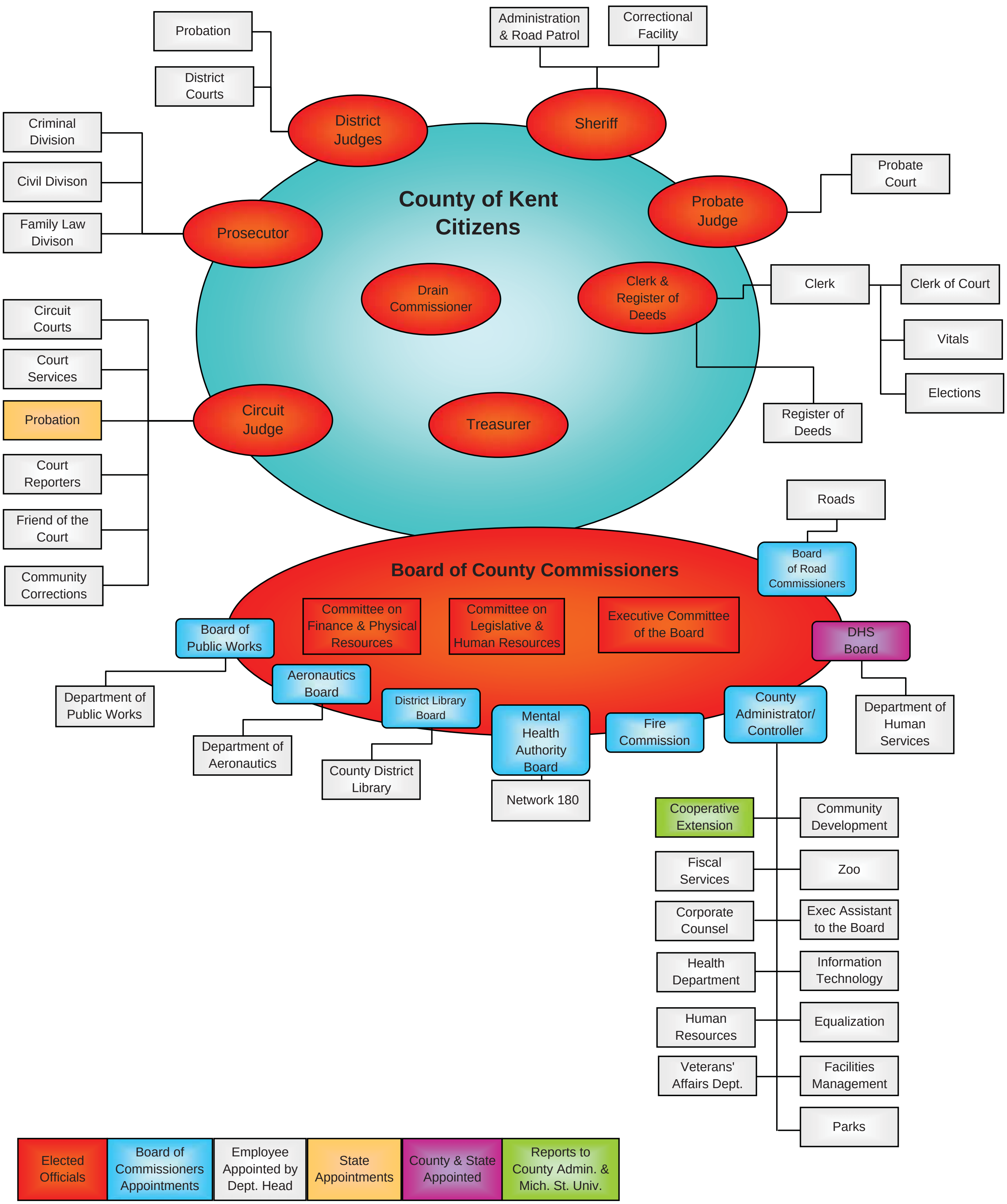
Stephen Duarte
Fiscal Services Director

Marvin Van Nortwick
Budget Manager

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 Rates

	2007		2008		2009		2010		2011	
Millages	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**	**Jul 1**	**Dec 1**
County Operating	4.2803	-	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	**4.2803**	**1.1137**	**4.2803**	**1.1137**	**4.2803**	**1.1137**	**4.2803**	**1.1137**	**4.2803**	**1.1137**

(1) Voter approved millages

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 2011 was 62.35384 mills (44.5384 mills on homestead property) per $1,000 of Taxable Value for the residents of the City of East Grand Rapids in the East Grand Rapids School District; the lowest tax rate was 39.5296 mills (21.5296 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 2011 Taxable Value of the County by an estimated $369,066,196 or approximately 1.80%. Excluding the SEV of these properties, the County's total SEV has decreased $1,611,681,794 or 6.9% between 2006 and 2011 and the Taxable Value has increased $282,696,075 or 1.4% between 2006 and 2011. (See "COUNTY TAXATION AND LIMITATIONS -- Property Tax Abatement" herein). Per capita 2011 SEV is $36,068 and the per capita 2011 TV is $34,028, both of which are based on the 2010 Census population of 602,622.

SEV and Taxable Value History

Year of Valuation	State Equalized Valuation	Taxable Valuation	SEV Change from Prior Year	TV Change from 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	-5.2%	-3.8%
2011	21,735,166,525	20,506,183,649	-3.7%	-2.4%
2012*	20,898,981,093	20,096,059,976	-3.8%	-2.0%

** Equalization roll subject to final State Equalization.*

Current Taxable Valuation Components

By Use:		By Class:		By Municipality:	
Residential	63.6%	Real Property	91.0%	Cities	54.0%
Commercial	20.8%	Personal Property	9.0%	Townships	46.0%
Personal	9.0%				
Industrial	5.7%				
Agricultural	0.9%				
Total	100.0%		100.0%		100.0%

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, 2011, the Taxable Value of property qualified for the benefits of the Zone program totaled $284,948,953.

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 12, 2012	
2005	$ 100,103,230	$ 93,881,338	93.78%	$ 100,102,338	100.00%
2006	107,819,921	101,351,375	94.00%	107,817,665	100.00%
2007	113,547,947	101,705,638	89.57%	113,540,901	99.99%
2008	115,715,383	107,453,077	92.86%	115,688,923	99.98%
2009	116,324,881	107,608,226	92.51%	116,125,136	99.83%
2010	112,116,149	104,044,458	92.80%	111,249,049	99.23%
2011	109,643,936	101,685,742	92.74%	101,685,742	92.74%

(1) The County's fiscal year begins January 1st. Taxes are billed on July 1st and December 1st and recorded as delinquent the following March 1st.

COUNTY OF KENT MICHIGAN

State 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:

- 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 was depleted in early 2011 and the County has started to receive State Revenue Sharing payments from the State at a reduced rate.

Revenue Sharing Reserve Fund Accumulation and Depletion Schedule

							December 31,
(In Thousands)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Revenues:							
Property Tax Set-Aside	$ 24,873	$ 24,873	$ -	$ -	$ -	$ -	$ -
Interest	245	1,109	1,858	1,157	375	(59)	(6)
	25,118	25,982	1,858	1,157	375	(59)	(6)
Appropriations:							
Transfers to General Fund	10,494	10,841	11,242	11,500	12,006	11,970	4,394
Excess (Deficient) Revenues	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	**$ 32,647**	**$ 47,788**	**$ 38,404**	**$ 28,061**	**$ 16,430**	**$ 4,400**	**$ -**

General Fund Revenue from the State of Michigan

				December 31,	
Category	**2008**	**2009**	**2010**	**2011(1)**	**2012(2)**
Revenue Sharing Reserve Fund	$11,500,296	$12,006,309	$11,970,290	$ 4,394,319	$ -
State Revenue Sharing	-	-	-	10,225,945	9,132,460
Court Equity Funding	3,451,364	3,319,123	3,211,013	3,063,314	3,254,700
Liquor Tax	3,518,605	3,366,875	3,412,087	3,534,219	3,918,973
Cigarette Tax	197,456	143,009	94,823	38,869	100,000
Grants and Other	1,614,249	1,676,210	1,645,743	1,611,013	1,844,362
Total	**$20,281,970**	**$20,511,525**	**$20,333,956**	**$22,867,679**	**$18,250,495**

(1) Preliminary, subject to audit

(2) As budgeted by the County

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

	At March 31,	
	2011	**2012**
State Equalized Value (SEV)	$ 21,735,166,525	$ 20,898,981,093 (1)
Legal Debt Limit (10% of SEV)	2,173,516,653	2,089,898,109
Debt Outstanding	455,888,904	461,723,904 (2)
Revenue Bonds - No LTGO Pledge	42,185,000	-
Net Amount Subject to Legal Debt Limit	413,703,904	461,723,904
Margin of Additional Debt That Can Be Legally Incurred	$ 1,759,812,749	$ 1,628,174,205
Debt Outstanding as a percentage of SEV	1.9%	2.2%

(1) 2012 Equalization roll subject to final State Equalization

(2) Includes the notes pending - $28,500,000

Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of March 31, 2012 including the pending DTAN issue (see note 3). Bonds or notes designated L.T.G.O. are limited tax pledge bonds or notes.

Debt Type	Gross	Self-supporting or Portion Paid Directly By Benefited Municipalities	Net	Net Debt Per Capita (1)	Net Debt % of SEV (2)
Direct Debt					
General Obligation Limited Tax Notes (3)	$ 69,000,000	$ 69,000,000	$ -		
Airport Bonds (L.T.G.O.)	179,800,000	179,800,000	-		
County Building Authority (L.T.G.O.)	107,920,000	22,077,310	85,842,690		
County/City Building Authority Bonds (L.T.G.O.)	64,958,904	3,430,000	61,528,904		
CIP Bonds (L.T.G.O.)	18,625,000	-	18,625,000		
Refuse and Solid Waste Bonds (L.T.G.O.)	11,100,000	11,100,000	-		
Drain Bonds (L.T.G.O.)	7,950,000	7,950,000	-		
Water and Sewer Bonds (L.T.G.O.)	2,370,000	2,370,000	-		
Total Direct Debt	**$ 461,723,904**	**$ 295,727,310**	**$ 165,996,594**	**$ 275.46**	**0.8%**
Overlapping Debt (4)					
Cities, Villages and Townships			$ 237,539,000		
School Districts			1,244,459,923		
Community Colleges and Intermediate School Districts			47,192,466		
Total Overlapping Debt			**$1,529,191,389**	**2,537.56**	**7.3%**
Total Direct and Overlapping			**$1,695,187,983**	**$ 2,813.02**	**8.1%**

(1) Based on 2010 US Census population of 602,622.

(2) Based on 2012 State Equalized Value (SEV) of $20,898,981,093 - subject to final State Equalization.

(3) Includes the notes pending - $28,500,000.

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

Source: Municipal Advisory Council of Michigan and County of Kent

Debt Amortization Schedule as of March 31, 2012

Year	Tax Notes [1]	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
2012	$ 32,500,000 [2]	$ 450,000	$ -	$ 550,000	$ 1,330,000	$ 5,115,000	$ 3,555,000	$ 1,340,000	$ 44,840,000	$ 44,840,000	10.4%
2013	8,000,000	460,000	5,220,000	580,000	1,390,000	5,585,000	5,135,000	1,040,000	27,410,000	72,250,000	16.7%
2014	-	475,000	5,715,000	605,000	1,190,000	6,085,000	5,325,000	1,070,000	20,465,000	92,715,000	21.4%
2015	-	490,000	6,290,000	635,000	1,250,000	3,513,370	5,530,000	1,105,000	18,813,370	111,528,370	25.7%
2016	-	505,000	6,525,000	-	930,000	3,455,616	5,740,000	1,145,000	18,300,616	129,828,986	30.0%
2017	-	520,000	6,770,000	-	970,000	3,399,714	5,975,000	1,185,000	18,819,714	148,648,700	34.3%
2018	-	540,000	7,070,000	-	285,000	3,339,653	6,225,000	1,230,000	18,689,653	167,338,353	38.6%
2019	-	565,000	7,425,000	-	295,000	3,303,950	6,485,000	1,060,000	19,133,950	186,472,303	43.0%
2020	-	585,000	7,800,000	-	310,000	3,270,176	6,765,000	1,110,000	19,840,176	206,312,479	47.6%
2021	-	610,000	8,175,000	-	-	3,232,569	7,075,000	1,160,000	20,252,569	226,565,048	52.3%
2022	-	635,000	8,570,000	-	-	3,219,531	6,620,000	1,215,000	20,259,531	246,824,579	57.0%
2023	-	660,000	8,975,000	-	-	3,201,469	6,820,000	1,270,000	20,926,469	267,751,048	61.8%
2024	-	685,000	9,420,000	-	-	2,433,499	7,145,000	1,330,000	21,013,499	288,764,547	66.7%
2025	-	715,000	9,890,000	-	-	2,385,378	7,465,000	785,000	21,240,378	310,004,925	71.6%
2026	-	750,000	7,590,000	-	-	2,344,096	7,805,000	820,000	19,309,096	329,314,021	76.0%
2027	-	785,000	7,945,000	-	-	2,298,194	3,840,000	860,000	15,728,194	345,042,215	79.6%
2028	-	815,000	8,370,000	-	-	2,257,832	3,985,000	900,000	16,327,832	361,370,047	83.4%
2029	-	855,000	5,270,000	-	-	2,211,380	4,145,000	-	12,481,380	373,851,427	86.3%
2030	-	-	5,535,000	-	-	2,172,718	2,285,000	-	9,992,718	383,844,145	88.6%
2031	-	-	5,810,000	-	-	2,134,759	-	-	7,944,759	391,788,904	90.4%
2032	-	-	6,100,000	-	-	-	-	-	6,100,000	397,888,904	91.8%
2033	-	-	6,405,000	-	-	-	-	-	6,405,000	404,293,904	93.3%
2034	-	-	6,725,000	-	-	-	-	-	6,725,000	411,018,904	94.9%
2035	-	-	7,005,000	-	-	-	-	-	7,005,000	418,023,904	96.5%
2036	-	-	7,415,000	-	-	-	-	-	7,415,000	425,438,904	98.2%
2037	-	-	7,785,000	-	-	-	-	-	7,785,000	433,223,904	100.0%
Total	**$ 40,500,000**	**$ 11,100,000**	**$ 179,800,000**	**$ 2,370,000**	**$ 7,950,000**	**$ 64,958,904**	**$ 107,920,000**	**$ 18,625,000**	**$ 433,223,904**		

(1) $28,500,000 notes pending not included.

(2) $32,500,000 principal payment made on April 1, 2012.

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 2011 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 31, 2012 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	-
2009	2010	35,500,000	8,500,000[(1)]
2010	2011	32,000,000	32,000,000[(2)]
2011	2012	28,500,000	28,500,000[(3)]

[(1)] *$8,500,000 principal payment made on April 1, 2012.*
[(2)] *$24,000,000 principal payment made on April 1, 2012.*
[(3)] *Notes pending issue.*

Future Financing
The County anticipates the issuance of $28.5 million of Delinquent Tax Anticipation Notes in April 2012.

Vacation and Sick Leave Liabilities
As of December 31, 2010, the County had an unfunded vacation liability of $4,523,274 and no unfunded sick leave liabilities.

Pension Benefits
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. It is accounted for as a separate pension trust fund. Stand-alone financial reports are issued that includes financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Human Resources Department, 300 Monroe Ave. N.W., Grand Rapids, MI 49503.

Summary of Significant Accounting Policies. 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.

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.

As of December 31, 2010, employee membership data was as follows:

Beneficiaries receiving benefits or entitled to benefits but not yet receiving:	1,280
Active members:	
Vested	1,411
Non-vested	275
	1,686

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.

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 6.5% for 2010. 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, 2010 was 7.15% of projected valuation 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, 2010, total contributions of $13,670,543 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2008. The County contributed $6,747,873 (7.15% of projected valuation payroll); employees contributed $6,922,670. The County's contribution consisted of $8,730,831 for normal cost (9.44% of projected valuation payroll) less $1,982,958 amortization of the unfunded actuarial accrued liability (-2.47% of projected valuation payroll).

The County had initially contributed the annual required contributions ("ARC"), and thus, has never actually had, or had need to report, a net pension obligation ("NPO"), as required under GASB Statement No. 27 as amended by GASB Statement No. 50.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Plan was 97.2 percent funded. The actuarial accrued liability for benefits was $612,634,457, and the actuarial value of assets was $595,338,901, resulting in an unfunded actuarial accrued liability (UAAL) of $17,295,556. The covered payroll (annual payroll of active employees covered by the Plan) was $92,487,613, and the ratio of the UAAL to the covered payroll was 18.7 percent.

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.

(In Millions)						**December 31,**
Year	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded ratio (a)/(b)	Covered payroll (c)	UAAL to Covered payroll ((b-a)/c)
2008	$ 581.5	$ 554.9	$ (26.6)	104.8%	$ 93.3	-28.5%
2009	$ 589.3	$ 586.8	$ (2.5)	100.4%	$ 94.5	-2.7%
2010	$ 595.3	$ 612.6	$ 17.3	97.2%	$ 92.5	18.7%

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 No. 50. 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-retirement Employee Benefits (OPEB)

Plan Description. The County administers a single-employer defined benefit health care plan (the "Plan") accounted for in the VEBA Trust Fund. In addition to the retirement benefits described in Note 15, the Plan provides health insurance benefits to certain retirees or their beneficiaries, which are advance funded on an actuarial basis. The Plan does not prepare separately-issued financial statements.

The County pays a monthly flat dollar subsidy for retirees of up to $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 Board of Trustees, with the assistance of a valuation service.

Membership of the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

Beneficiaries receiving benefits or entitled to benefits but not yet receiving:	453
Active members:	1,689
	2,142

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 pre-fund benefits as determined through the annual actuarial valuation. For the year ended December 31, 2010, the County contributed $3,360,259, including cash contributions of $2,194,181 and an implicit rate subsidy (which did not require cash) of $1,166,078. Cash payments included $692,992 for current premiums (approximately 39 percent of total premiums) and an additional $1,501,189 to pre-fund benefits. Plan members receiving benefits contributed $1,092,907, or approximately 61 percent of the total premiums.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

		December 31,
Year	Annual OPEB Cost	% of Annual OPEB Cost Contributed
2008	$ 3,957,970	100%
2009	2,895,141	100%
2010	3,360,259	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 45. 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, 2010, the most recent actuarial valuation date, the Plan was 19.6 percent funded. The actuarial accrued liability for benefits was $45,864,042, and the actuarial value of assets was $9,003,067, resulting in an unfunded actuarial accrued liability (UAAL) of $36,860,975. The covered payroll (annual payroll of active employees covered by the Plan) was $92,734,218, and the ratio of the UAAL to the covered payroll was 39.7 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, 2008, 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 health care cost trend rate of 10 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, 2010, was thirty years.

Cash Activity Summary and Analysis

Cash Equity

	December 31,	
	2010	**2011**
Cash balance - January 1	$ 351,829,172	$ 325,780,302
Receipts	733,006,923	708,955,087
Less: Disbursements	759,055,793	710,276,056
Cash balance - December 31	**$ 325,780,302**	**$ 324,459,333**

Analysis of Cash Balances

	December 31,	
	2009	**2011**
Pooled investments	$ 299,913,207	$ 324,021,028
Demand deposits (1)	26,752,021	2,126,132
Imprest cash	66,960	65,610
Accrued interest on pooled investments	428,421	105,362
Less: Outstanding disbursement checks	1,380,307	1,858,798
Cash balance - December 31	**$ 325,780,302**	**$ 324,459,333**

(1) Includes unreconciled system checks.

Cash Balances and Net Change in Balances

Fund		2010	2011	December 31, Net Change Inc/(Dec)
101	County General	$ 71,066,141	$ 70,732,488	$ (333,653)
201	County Roads	15,053,907	15,262,015	208,108
215	Friend of the Court	(1,214,279)	(642,281)	571,998
221	Public Health	(783,539)	(1,267)	782,272
229	Hotel/Motel Tax	474,926	533,612	58,686
245	Public Improvement	5,621,129	4,256,678	(1,364,451)
250	Correction and Detention Facility	3,991,757	8,091,235	4,099,478
251	Senior Millage	1,612,437	1,132,914	(479,524)
256	Register of Deeds	1,519,766	1,642,846	123,080
285	State Revenue Sharing Reserve	4,390,991	-	(4,390,991)
292	Child Care	18,765,867	22,513,829	3,747,962
450	Building Authority Construction	26,828,334	14,318,788	(12,509,546)
513	DPW Administration	2,494,798	2,552,269	57,472
514	DPW Operation and Maintenance	587,723	705,846	118,123
517	DPW Solid Waste	8,810	-	(8,810)
581	Airport	25,904,591	16,986,232	(8,918,358)
597	DPW Waste-to-Energy	11,280,326	14,839,224	3,558,898
616	100% Tax Payment Fund	36,437,271	35,273,525	(1,163,745)
677	Risk Management	10,921,715	13,143,261	2,221,546
701	Trust and Agency	65,310,549	70,065,694	4,755,145
721	Library Penal Fines	596,751	517,751	(79,001)
800	Drains and Lake Level	3,292,840	3,240,788	(52,052)
	Various Other Funds	21,617,491	29,293,885	7,676,394
Total		**$ 325,780,302**	**$ 324,459,334**	**$ (1,320,969)**

Pooled Investment Fund[1]

Investments By Type	Par Value	Book Value	Percent
		December 31, 2011	
Certificates of Deposit	$148,275,030	$148,275,030	45.8%
Passbook & Money Market	117,266,435	117,266,435	36.2%
Federal Home Loan Banks	15,000,000	15,643,517	4.8%
Federal National Mortgage Assoc.	27,000,000	27,508,109	8.5%
Federal Home Loan Mortgage Cor.	12,000,000	12,399,100	3.8%
Federal Farm Credit Bank	2,000,000	2,036,098	0.6%
Municipal Bonds	850,000	892,740	0.3%
Total	**$322,391,465**	**$324,021,028**	**100.0%**

Investment Yield	Book Value	Percent
	December 31, 2011	
0.00% to 0.50%	$ 183,345,131	56.6%
0.50% to 1.00%	108,648,157	33.5%
1.00% to 1.50%	22,233,868	6.9%
1.50% to 2.00%	5,664,133	1.7%
2.00% to 2.50%	1,000,000	0.3%
2.50% to 3.00%	-	0.0%
3.00% to 3.50%	2,120,196	0.7%
3.50% to 4.00%	-	0.0%
4.00% to 4.50%	-	0.0%
4.50% to 5.00%	1,009,543	0.3%
Total	**$ 324,021,028**	**100.0%**

Investment Maturity	Date Range	Book Value	Percent
		December 31, 2011	
1 to 3 Months	01/01/12 - 03/31/12	$ 163,501,698	50.5%
3 to 6 Months	04/01/12 - 06/30/12	38,171,141	11.8%
6 to 12 Months	07/01/12 - 12/31/12	75,111,915	23.2%
12 to 18 Months	01/01/13 - 06/30/13	12,159,684	3.8%
18 to 24 Months	07/01/13 - 12/31/13	23,955,296	7.4%
24 to 36 Months	01/01/14 - 12/31/14	10,228,553	3.2%
48 to 60 Months	01/01/15 - 12/31/16	892,740	0.3%
Total		**$ 324,021,028**	**100.0%**

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

Pooled Investments Earnings Performance

						December 31,
	2010			2011		
Month	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield
Jan	$ 351,524,801	$ 410,175	1.328	$ 298,890,775	$ 256,684	0.998
Feb	346,474,349	353,090	1.338	297,535,635	229,998	0.987
Mar	336,539,565	366,968	1.260	296,025,263	244,404	0.952
Apr	315,041,381	321,501	1.197	277,489,653	216,288	0.925
May	318,913,965	325,551	1.138	291,761,628	218,076	0.834
Jun	329,678,040	307,590	1.154	289,553,385	195,827	0.781
Jul	308,898,733	303,233	1.137	288,588,160	190,526	0.750
Aug	323,365,291	307,251	1.070	302,875,933	190,261	0.682
Sep	356,748,142	298,566	0.940	352,486,439	172,525	0.529
Oct	386,415,481	304,378	0.988	377,427,758	164,690	0.520
Nov	339,246,288	282,602	1.025	339,726,321	151,049	0.538
Dec	306,665,099	259,896	1.002	324,231,618	148,967	0.534
Annual	**$ 334,959,261**	**$ 3,840,801**		**$ 311,382,714**	**$ 2,379,295**	

Investment Fund Balance - 1/1/11	*$*	*299,913,207*
Investment Fund Balance - 12/31/11	*$*	*324,021,028*

Pooled Investments Local Government Units

	December 31,			
	2010		2011	
Local Government Units	Invested Balance	Interest Earned	Invested Balance	Interest Earned
Townships:				
Ada	$ 732,100	$ 9,458	$ 792,814	$ 5,714
Algoma	197,711	2,655	399,982	3,261
Byron	9,174,014	130,117	8,851,957	66,158
Cannon	633,051	18,863	1,026,394	9,516
Cascade	3,023,995	-	4,554,550	30,556
Gaines	2,823,397	45,337	3,546,828	21,415
Grand Rapids	2,887,510	52,834	3,263,398	25,888
Oakfield	490,737	7,579	449,867	4,546
Plainfield	2,913,787	39,811	2,935,395	21,608
Sparta	226,294	3,092	227,972	1,678
Tyrone	130,327	2,481	197,049	1,706
Vergennes	161,789	2,420	162,989	1,200
Townships Subtotal	**23,394,711**	**314,648**	**26,409,195**	**193,244**
Cities:				
East Grand Rapids	2,193,715	29,972	3,351,079	20,470
Grandville	2,021,147	16,933	1,533,738	12,591
Lowell	694,608	9,490	699,759	5,151
Walker	592,280	-	914,482	5,778
Cities Subtotal	**5,501,750**	**56,395**	**6,499,058**	**43,989**
Other Local Authorities:				
Network 180	8,467,887	110,169	8,530,682	62,795
Convention & Arena Authority	20,571,889	305,072	20,724,529	152,640
Grand Valley Metro Council	817,477	17,959	1,300,388	7,911
Interurban Partnership	2,549,159	11,647	2,064,263	15,104
Kent District Library	3,833,123	94,838	3,843,991	60,868
Other Local Authorities Subtotal	**36,239,535**	**539,686**	**36,463,853**	**299,318**
Total Local Government Units	**$ 65,135,996**	**$ 910,729**	**$ 69,372,106**	**$ 536,551**

Pooled Investments Summary of Investments

December 31, 2011

Broker Name	Municipal Tax Note	Money Market / GIC	Government Agency	Certificates of Deposit	Total
	Book Value				
Brokered Securities:					
PNC	$ -	$ -	$ 10,186,505	$ -	$ 10,186,505
UBS Paine Webber	-	-	12,513,618	-	12,513,618
Wells Fargo	-	-	2,013,145	-	2,013,145
CitiGroup	892,740	-	32,873,556	-	33,766,296
U.S. Treasury Strips Subtotal	**892,740**	**-**	**57,586,823**	**-**	**58,479,563**
Certificates of Deposit (CD):					
Ambassador Funds	-	1,488,975	-	-	1,488,975
Fifth Third Max Saver	-	726,297	-	-	726,297
Huntington Bank MM	-	30,096,816	-	-	30,096,816
JPM Chase	-	30,021,775	-	-	30,021,775
MBIA Class Investment Pool	-	507,388	-	-	507,388
Michigan Liquid Asset Fund (MILAF)	-	10,202,736	-	-	10,202,736
PNC NOW	-	44,221,898	-	-	44,221,898
Bank of America	-	549	-	-	549
Bank of Holland	-	-	-	8,075,532	8,075,532
Chemical Bank West	-	-	-	14,649,773	14,649,773
Choice One Bank	-	-	-	2,448,952	2,448,952
Comerica	-	-	-	22,214,383	22,214,383
Fifth Third Bank	-	-	-	36,545,562	36,545,562
First National Bank of America	-	-	-	1,000,000	1,000,000
First Place Bank	-	-	-	1,007,521	1,007,521
Flagstar Bank	-	-	-	17,034,405	17,034,405
Founders Trust	-	-	-	4,666,547	4,666,547
Huntington Banks	-	-	-	19,498,693	19,498,693
Independent Bank	-	-	-	1,000,000	1,000,000
Mercantile Bank of W MI	-	-	-	7,497,356	7,497,356
Private Bank	-	-	-	7,452,473	7,452,473
Select Bank	-	-	-	177,185	177,185
United Bank of Michigan	-	-	-	3,181,790	3,181,790
West Michigan Comm Bank	-	-	-	1,824,858	1,824,858
CD Subtotal	**-**	**117,266,435**	**-**	**148,275,030**	**265,541,464**
Total	**$ 892,740**	**$ 117,266,435**	**$ 57,586,823**	**$ 148,275,030**	**$ 324,021,028**

LABOR CONTRACTS

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 [1] Positions March 8, 2012	Contract Expiration Date
United Auto Workers (General)	475	12/31/2012
United Auto Workers (Court)	334	12/31/2012
Kent County Deputy Sheriff's Association	231	12/31/2011 [2]
Kent County Law Enforcement Association - POAM	196	12/31/2011 [2]
Lieutenants-Captains – POLC	20	12/31/2012
Prosecuting Attorneys Assoc.	32	12/31/2012
Court Reporters – POLC	7	12/31/2012
Circuit Court Referee Assoc.	7	12/31/2011 [2]
Teamsters (Public Health)	63	12/31/2012
Teamsters (Parks Employees)	16	12/31/2014
Gerald R. Ford International Airport Command Officers Association	5	12/31/2014
Elected Officials	5	NA
Judges	16	NA
Board of Commissioners	19	NA
Management Pay Plan Group	309	NA
Total	1,735	

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

(2) Currently under negotiation.

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 2,732 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.

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.

Hospital	Beds
Spectrum Health Hospitals	1,938
St. Mary's Medical Center	344
Metropolitan Hospital	208
Pine Rest Mental Health Services	162
Mary Free Bed Hospital and Rehabilitation Center	80
	2,732

Source: Grand Rapids Business Journal - 2012 Book of Lists

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, Bank of Holland, Huntington National Bank, Mercantile Bank, Bank of America, N.A., J.P. Morgan Chase Bank, Fifth Third Bank-Michigan, Choice One Bank, Flagstar Bank, Northpointe Bank, Founders Bank and Trust, Independent Bank, First National Bank of America, Select Bank, United Bank, Wells Fargo Bank, and West Michigan Community Bank.

Education

There are 26 school districts and five intermediate school districts are located, in whole or in part, in the County. There are numerous non-public schools serving diversified religious denominations and 17 charter schools in the County. Aquinas College, Calvin College, Cooley Law School, Cornerstone University, Grand Valley State University, Ferris State University, Davenport University, Kendall College of Art and Design of Ferris State University, Kuyper College, 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 U.S. Census reported the general housing characteristics of Kent County as follows:

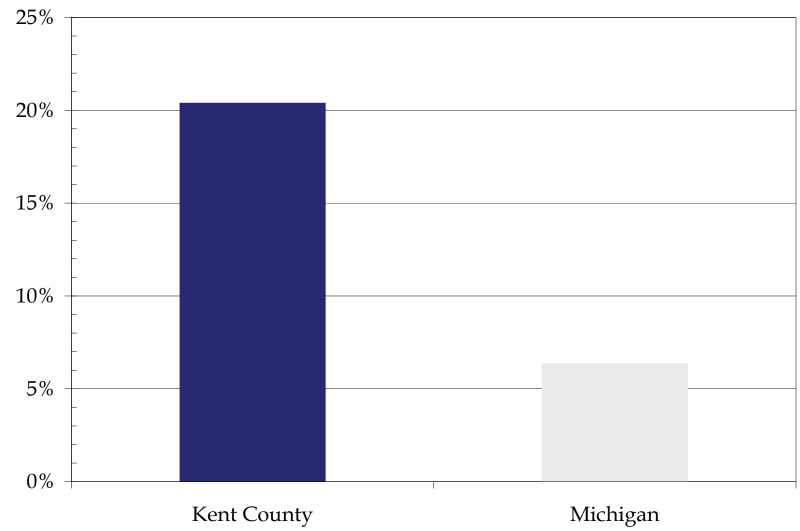
Category	Number of Units
Owner Occupied	158,301
Renter Occupied	68,938
Occupied Housing Units	227,239
Vacant Housing Units*	19,662
Total Housing Units	246,901

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

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.

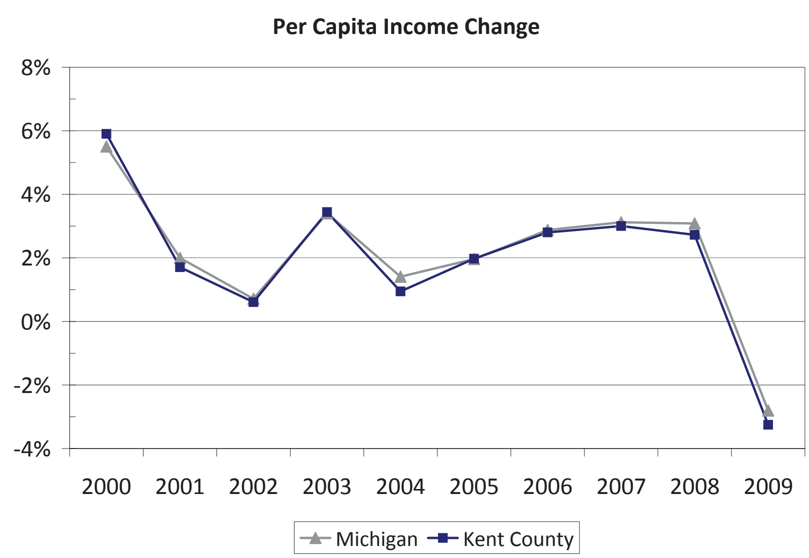


Per Capita Income Growth: 2000-2009

Region	1990	2000	2006	2007	2008	2009	Change 2000-2009
Kent County	$ 19,050	$ 29,531	$ 34,455	$ 34,624	$ 34,961	$ 33,635	76.6%
Michigan	18,719	29,392	33,212	34,249	35,305	34,315	83.3%

Source: Bureau of Economic Analysis

Kent County's Per Capita Income grew 83.3 percent from 1990 to 2009 to $34,315. The growth for the State of Michigan over the same period was 83.5 percent to $33,635.



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	16,600
Meijer, Inc	Retail sales	7,725
Axios Inc.	Human resources/employment services	7,372
Spartan Stores	Groceries	4,258
Amway Corporation	Personal care, cleaning, nutrition	4,000
Grand Rapids Public Schools	Education	3,297
Steelcase, Inc.	Office equipment & furniture	3,227
Wal-Mart	Retailer	3,131
St. Mary's Health Care	Healthcare	2,672
Magna International Inc.	Automotive accessories	2,500
Metro Health Hospital	Healthcare	2,284
Grand Rapids Community College	Education	2,254
Farmers Insurance Group	Insurance	2,157
Fifth Third Bank	Banking and financial services	1,937
Lacks Enterprises	Automotive accessories	1,750
Kent County	Government	1,725
Calvin College	Education	1,700
City of Grand Rapids	Government	1,675
Wolverine World Wide, Inc.	Footwear and leather products	1,640
US Postal Service	Postal delivery	1,633
Gordon Food Service Inc.	Food services wholesaler	1,600
Hope Network	Rehabilitation, transportation and housing	1,436
GE Aviation Systems LLC	Military and commercial avionics systems	1,400
Pine Rest Christian Hospital	Hospital - psychiatry and psychology	1,390
Consumers Energy	Public utility	1,350

Source: The Right Place Inc - March 2012

Ten Largest Businesses Based On Tax Roll Valuation

Taxpayer	Product or Service	2011 Taxable[(1)] Value (TV)	% of 2011[(1)] TV
Consumers Energy	Public utility	$ 222,981,547	1.09%
Amway Corporation	Personal care, cleaning, nutrition	147,613,452	0.72%
Meijer/Goodwill	Retail sales	119,931,618	0.58%
Michcon Gas	Utility	103,449,754	0.50%
Steelcase, Inc.	Office equipment & furniture	99,358,463	0.48%
PR Woodland	Retail shopping center	56,864,631	0.28%
Holland Home	Retirement community	49,604,819	0.24%
Fifth Third Bank	Banking and financial services	46,702,987	0.23%
Keebler Company	Cookie and cracker manufacturer	40,877,800	0.20%
GGP Grandville	Retail shopping center	39,768,162	0.19%
General Motors	Automotive	36,929,731	0.18%
Wolverine World Wide	Footwear and leather products	23,802,450	0.12%
Total		$ 987,885,414	4.82%

(1) 2011 Taxable Value includes IFT value, which is taxed at 50% of the actual taxable value.

Employment Data

Reflected below are the unadjusted annual employment data for the calendar years 2008 through 2011 and the monthly data for January 2011 and 2012 for the County and the State.

County of Kent

Category	2008	2009	2010	2011	Jan 2011	Jan 2012
Employed	301,064	276,957	277,433	283,679	278,637	275,249
Unemployed	21,848	32,847	31,412	24,739	27,416	20,867
Labor Force	322,912	309,804	308,845	308,418	306,053	296,116
Unemployed as % of Labor Force	6.8%	10.6%	10.2%	8.0%	9.0%	7.0%

State of Michigan [(1)]

Category	2008	2009	2010	2011	Jan 2011	Jan 2012
Employed	4,554	4,211	4,193	4,216	4,168	4,146
Unemployed	412	648	597	487	529	447
Labor Force	4,966	4,859	4,790	4,703	4,697	4,593
Unemployed as % of Labor Force	8.3%	13.3%	12.5%	10.4%	11.3%	9.7%

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

Source: State of Michigan - March 23, 2012

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 2008-2011. The Grand Rapids-Wyoming MSA is made up of Kent, Barry, Ionia, and Newaygo counties.

					December 31,
Industry	**2008**	**2009**	**2010**	**2011**	**Three-Year Change**
Manufacturing					
Durable Goods	43,700	37,600	39,200	42,000	(1,700)
Nondurable Goods	21,100	19,800	20,200	20,800	(300)
Trade, Transportation & Utilities					
Retail Trade	39,800	38,600	38,000	38,000	(1,800)
Wholesale Trade	21,600	20,300	20,600	20,300	(1,300)
Warehousing & Utilities	10,200	9,700	9,600	9,500	(700)
Professional & Business Services	57,600	54,900	59,600	62,200	4,600
Educational & Health Services					
Health Care & Social Assistance	49,400	50,200	51,500	53,200	3,800
Educational Services	12,300	12,600	12,300	12,900	600
Government					
Federal, State, Local	16,900	16,900	16,000	16,700	(200)
Education	19,600	19,000	18,700	17,000	(2,600)
Leisure & Hospitality	30,700	31,100	31,200	30,800	100
Financial Activities	19,700	18,700	19,000	19,000	(700)
Natural Resources & Mining	14,900	12,800	12,300	11,900	(3,000)
Other Services	17,100	17,600	17,300	17,500	400
Information	4,800	4,400	4,700	4,700	(100)
Total Nonfarm Employment	379,400	364,200	370,200	376,500	(2,900)

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

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 2011. More recently, the area has begun to experience significant employment increases in the educational & health services 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.

Statement of Revenues, Expenditures and Changes in Fund Balance

	2010	2011		2012
	Actual	Budget	Actual (1)	Budget
Revenues:				
Taxes	$ 84,499,582	$ 85,924,850	$ 84,842,765	$ 83,551,225
Licenses and permits	102,132	110,800	302,085	97,860
Intergovernmental	9,033,733	16,690,748	20,059,917	19,556,495
Charges for services	17,142,184	18,388,919	17,477,650	18,301,322
Fines & Forfeitures	108,154	166,500	87,071	115,160
Investment earnings	62,905	887,500	339,885	842,100
Reimbursements	12,758,539	14,115,281	12,830,452	13,209,392
Other	3,178,726	4,683,415	2,280,883	4,786,575
Transfers In	30,605,290	24,250,000	20,456,819	20,302,000
Total Revenues	**157,491,244**	**165,218,013**	**158,677,527**	**160,762,129**
Expenditures:				
Sheriff	59,632,264	60,927,575	57,093,884	59,725,681
Circuit Court	16,114,462	16,673,780	15,497,045	16,045,701
Facilities Management	10,859,859	12,929,717	11,710,221	14,365,332
Prosecutor	6,004,576	5,941,065	5,820,642	5,921,240
Information Technology	4,716,989	5,029,099	4,747,294	4,932,786
Policy/Administration	4,071,169	4,043,122	3,883,622	3,999,422
Parks	3,695,206	3,861,508	3,800,123	3,871,074
Zoo	3,809,461	4,068,600	3,791,533	4,133,560
Fiscal Services	3,201,906	3,409,876	3,308,728	3,248,402
Clerk / Register of Deeds	3,308,347	3,261,901	3,133,993	3,289,340
District Court	2,539,251	2,696,906	2,681,858	2,780,533
Human Resources	1,652,372	1,768,194	1,710,807	1,753,011
Bureau of Equalization	1,486,887	1,504,260	1,417,961	1,406,219
Treasurer's Office	1,213,738	1,022,662	1,022,563	1,071,940
Drain Commission	557,215	585,401	587,740	585,401
Other	8,138,702	8,642,961	8,675,836	8,622,519
Transfers Out - Childcare Fund	9,933,105	10,724,798	9,891,396	10,292,915
Transfers Out - Health Fund	5,545,480	7,029,696	5,552,858	6,656,868
Transfers Out - Debt Service Fund	961,050	982,913	982,913	1,043,248
Transfers Out - DHS Childcare Fund	4,937,650	6,954,734	5,811,504	6,000,000
Transers Out - CIP Fund	200,000	2,986,976	2,962,176	3,861,128
Transfers Out - Friend of the Court Fund	2,192,849	2,066,668	2,041,056	1,989,837
Transfers Out - Lodging Excise Tax Fund	1,474,356	2,094,500	1,400,000	841,348
Transfers Out - Other	1,145,472	1,146,769	1,097,841	977,039
Appropriation lapse	-	(5,000,000)	-	(6,500,000)
Total Expenditures	**157,392,365**	**165,353,681**	**158,623,593**	**160,914,544**
Expenditures (over) under Revenues	**98,879**	**(135,668)**	**53,934**	**(152,414)**
Fund Balance, beginning of year	68,500,714	68,599,593	68,599,593	68,653,527
Fund Balance, end of year	**$ 68,599,593**	**$ 68,463,925**	**$ 68,653,527**	**$ 68,501,113**

Year ended December 31,

(1) Pending adjustments to audit

Components of Fund Balance

	Year ended December 31, 2010 Actual	2011 (1) Actual	2012 (2) Budget
Inventory	$ 92,991	$ 94,026	$ 94,026
Prepaids	182,458	294,657	294,657
Long-term advances	815,756	725,700	618,371
Total Nonspendable	**1,091,205**	**1,114,383**	**1,007,054**
Economic stabilization (3)	22,831,805	23,054,680	23,279,731
Total Committed	**22,831,805**	**23,054,680**	**23,279,731**
Cash flow (4)	34,369,940	33,420,490	33,741,763
Encumbrances	62,567	56,318	56,318
Subsequent year's appropriation	13,486	-	-
Total Assigned	**34,445,993**	**33,476,808**	**33,798,080**
Unassigned (5)	**10,230,590**	**11,007,657**	**10,416,248**
Total Fund Balance (6)	**$ 68,599,593**	**$ 68,653,527**	**$ 68,501,113**

(1) Preliminary, subject to audit.

(2) Based on FY2012 budget, as amended.

(3) 10% of the subsequent year's adopted General Fund and subsidized governmental fund budgets

(4) 40% of the subsequent year's budget estimate for property tax revenue

(5) 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

(6) 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

Debt Service As a Percentage of General Fund Expenditures

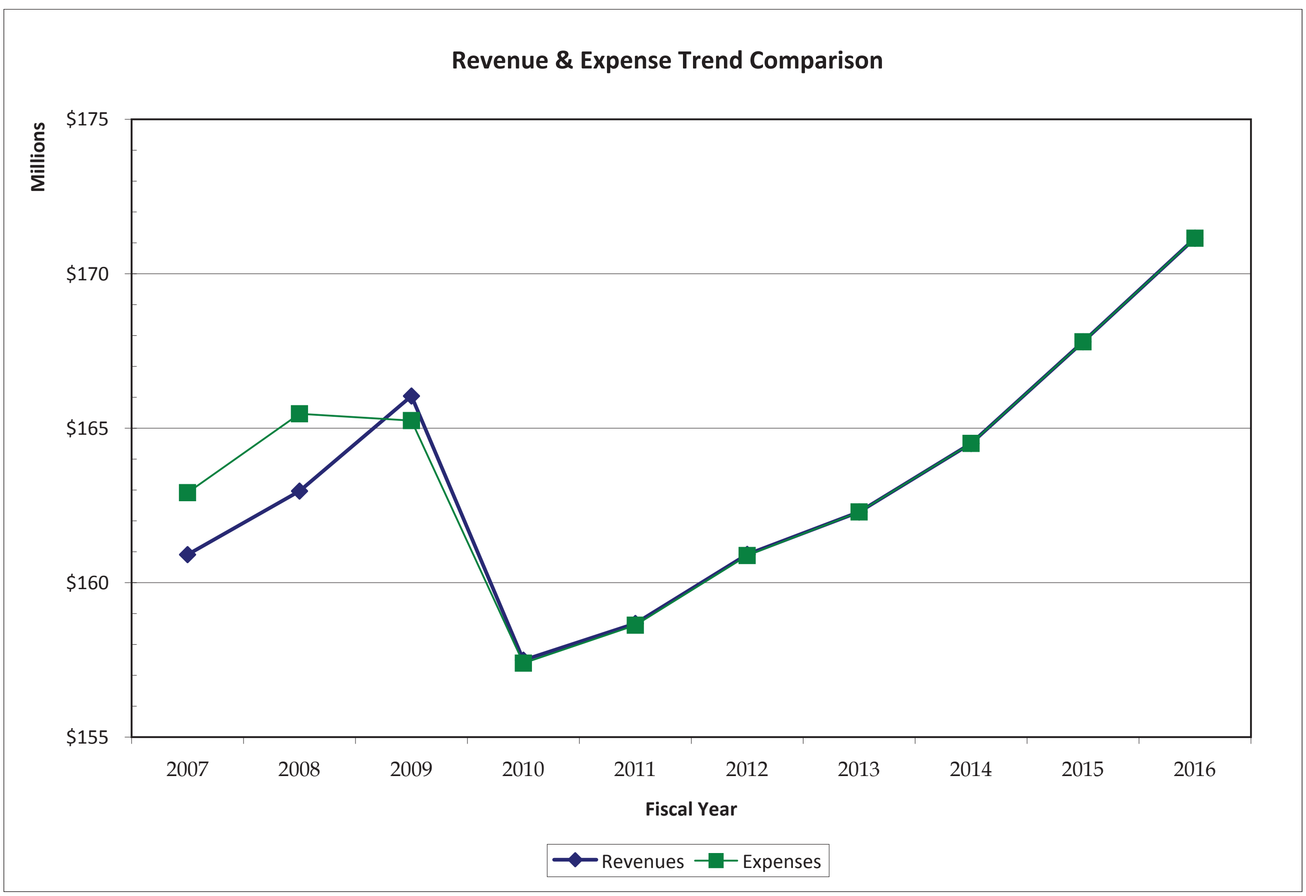
			December 31,
	2010 Actual	2011 Actual	2012 Budget
Debt Outstanding			
Series 2001 - Sheriff Administration	$ 480,000	$ -	$ -
Series 2004 - CIP	6,840,000	6,175,000	5,490,000
Series 2005 - Courthouse	46,305,000	44,360,000	42,335,000
Series 2007 - DHS	26,090,000	25,145,000	24,165,000
Series 2008 - CIP	13,090,000	12,450,000	11,795,000
Series 2010 - Sheriff Administration	6,470,000	6,415,000	5,865,000
Total Debt Outstanding	**$ 99,275,000**	**$ 94,545,000**	**$ 89,650,000**
Debt Service			
Series 2001	$ 744,965	$ 490,200	$ -
Series 2004	961,050	962,563	957,700
Series 2005	4,343,731	4,339,403	4,338,588
Series 2007	2,005,669	2,078,469	2,074,969
Series 2008	1,178,300	1,169,581	1,160,300
Series 2010	102,346	267,425	756,375
Total Debt Service	**$ 9,336,062**	**$ 9,307,641**	**$ 9,287,931**
General Fund Expenditures/Transfers	**$ 157,392,365**	**$ 158,623,593**	**$ 160,914,544**
Debt Services as a % General Fund Expenditures	**5.9%**	**5.9%**	**5.8%**

History/Forecast of Revenues, Expenditures and Operating Margin (Deficit)

This table provides an overview of historical and forecasted General Fund Revenues, Expenses and Fund Balances from 2007 to 2016. The following pages include a detailed five-year forecast for the General Fund.

				Year ended December 31,
	Revenues	Expenses	Margin/ (Deficit)	Fund Balance
Actual:				
2007	$ 160,905,648	$(162,912,128)	$(2,006,480)	$ 70,209,406
2008	162,963,790	(165,466,917)	(2,503,127)	67,706,280
2009	166,039,976	(165,245,542)	794,434	68,500,714
2010	157,491,244	(157,392,365)	98,879	68,599,593
2011 (1)	158,677,527	(158,623,593)	53,934	68,653,527
Forecast:				
2012	160,916,128	(160,876,335)	39,793	68,693,320
2013	162,290,362	(162,290,362)	-	68,693,320
2014	164,505,278	(164,505,278)	-	68,693,320
2015	167,795,384	(167,795,384)	-	68,693,320
2016	171,151,291	(171,151,291)	-	68,693,320

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



General Fund Revenue Forecast by Category

	Actuals		Estimated				
Category	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Taxes	**84,499,582**	**84,842,765**	**83,990,299**	**84,354,407**	**85,611,838**	**87,312,007**	**89,047,611**
License & Permits	**102,132**	**302,085**	**275,000**	**302,500**	**308,550**	**314,721**	**321,015**
State Grants	1,588,228	1,546,702	1,785,362	1,829,996	1,875,746	1,913,261	1,951,526
State Grants-Court Equity	3,211,013	3,063,314	3,254,700	3,319,794	3,386,190	3,453,914	3,522,992
State Grants-Liquor Tax	3,412,087	3,534,219	3,918,973	4,075,732	4,238,761	4,323,536	4,410,007
Sales Tax Revenue Sharing	-	10,225,945	9,132,460	9,000,000	9,000,000	9,000,000	9,000,000
Reimbursements	12,758,539	12,830,452	13,209,392	13,473,580	13,743,051	14,017,912	14,298,271
Cont From Local Units	670,067	1,586,557	1,346,000	1,372,920	1,400,378	1,428,386	1,456,954
Other	152,337	103,180	159,000	162,180	165,424	168,732	172,107
Reimb / Intergovernmental	**21,792,272**	**32,890,369**	**32,805,887**	**33,234,202**	**33,809,550**	**34,305,741**	**34,811,856**
Court Fees	3,095,521	2,829,494	3,270,000	3,335,400	3,368,754	3,436,129	3,504,852
Real Estate Transfer Tax	1,517,566	1,640,338	1,567,000	1,598,340	1,630,307	1,662,913	1,696,171
Recording Fee	1,599,207	1,482,097	1,590,000	1,621,800	1,654,236	1,687,321	1,721,067
Board & Care	1,932,016	2,591,194	2,000,000	2,020,000	2,040,200	2,060,602	2,081,208
Other	8,997,874	8,934,527	9,874,322	10,071,808	10,273,245	10,478,710	10,688,284
Charges for Services	**17,142,184**	**17,477,650**	**18,301,322**	**18,647,348**	**18,966,741**	**19,325,674**	**19,691,582**
Fines & Forfeitures	**108,154**	**87,071**	**115,160**	**117,463**	**119,812**	**122,209**	**124,653**
Interest	**62,905**	**339,885**	**339,885**	**400,000**	**406,000**	**414,120**	**422,402**
Other	**3,178,726**	**2,280,883**	**4,786,575**	**4,834,441**	**4,882,785**	**4,931,613**	**4,980,929**
Trans In-Corrections & Det	13,025,000	11,062,500	15,210,000	15,900,000	15,900,000	15,900,000	15,900,000
Trans In-RSRF	11,970,290	4,394,319	-	-	-	-	-
Trans In-Delinquent Tax	4,900,000	5,000,000	5,092,000	4,500,000	4,500,000	4,500,000	4,500,000
Trans In-CIP	710,000	-	-	-	-	-	-
Transfers In	**30,605,290**	**20,456,819**	**20,302,000**	**20,400,000**	**20,400,000**	**20,808,000**	**21,224,160**
Total	**$157,491,244**	**$158,677,527**	**$160,916,128**	**$162,290,362**	**$164,505,278**	**$167,795,384**	**$171,151,291**

General Fund Revenue Forecast by Category

	Actuals		Estimated				
Category	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Taxes	**-2.4%**	**0.4%**	**-1.0%**	**0.4%**	**1.5%**	**2.0%**	**2.0%**
License & Permits	**-21.1%**	**195.8%**	**-9.0%**	**10.0%**	**2.0%**	**2.0%**	**2.0%**
State Grants	-1.8%	-2.6%	15.4%	2.5%	2.5%	2.0%	2.0%
State Grants-Court Equity	-3.3%	-4.6%	6.2%	2.0%	2.0%	2.0%	2.0%
State Grants-Liquor Tax	1.3%	3.6%	10.9%	4.0%	4.0%	2.0%	2.0%
Sales Tax Revenue Sharing	NA	NA	-10.7%	-1.5%	0.0%	0.0%	0.0%
Reimbursements	3.3%	0.6%	3.0%	2.0%	2.0%	2.0%	2.0%
Cont From Local Units	48.5%	136.8%	-15.2%	2.0%	2.0%	2.0%	2.0%
Other	-24.3%	-32.3%	54.1%	2.0%	2.0%	2.0%	2.0%
Reimb / Intergovernmental	**2.3%**	**50.9%**	**-0.3%**	**1.3%**	**1.7%**	**1.5%**	**1.5%**
Court Fees	13.0%	-8.6%	15.6%	2.0%	1.0%	2.0%	2.0%
Real Estate Transfer Tax	-3.2%	8.1%	-4.5%	2.0%	2.0%	2.0%	2.0%
Recording Fee	-3.5%	-7.3%	7.3%	2.0%	2.0%	2.0%	2.0%
Board & Care	-25.0%	34.1%	-22.8%	1.0%	1.0%	1.0%	1.0%
Other	3.6%	-0.7%	10.5%	2.0%	2.0%	2.0%	2.0%
Charges for Services	**-0.5%**	**2.0%**	**4.7%**	**1.9%**	**1.7%**	**1.9%**	**1.9%**
Fines & Forfeitures	**-38.7%**	**-19.5%**	**32.3%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Interest	**-96.8%**	**440.3%**	**0.0%**	**17.7%**	**1.5%**	**2.0%**	**2.0%**
Other	**-23.8%**	**-28.2%**	**109.9%**	**1.0%**	**1.0%**	**1.0%**	**1.0%**
Trans In-Corrections & Det	-21.1%	-15.1%	37.5%	4.5%	0.0%	0.0%	0.0%
Trans In-RSRF	-0.3%	-63.3%	-100.0%	NA	NA	NA	NA
Trans In-Delinquent Tax	40.0%	2.0%	1.8%	-11.6%	0.0%	0.0%	0.0%
Trans In-CIP	-58.6%	-100.0%	NA	NA	NA	NA	NA
Transfers In	**-13.2%**	**-33.2%**	**-0.8%**	**0.5%**	**0.0%**	**2.0%**	**2.0%**
Total	**-5.6%**	**0.8%**	**1.4%**	**0.9%**	**1.4%**	**2.0%**	**2.0%**

General Fund Expenditure Forecast by Category

	Actuals		Estimated				
Category	2010	2011	2012	2013	2014	2015	2016
Wages	$ 61,962,390	$ 59,283,444	$ 58,990,000	$ 59,579,900	$ 60,473,599	$ 61,380,702	$ 62,454,865
Temporary	4,123	4,690	4,500	12,000	12,000	12,000	12,000
Overtime	1,496,130	1,666,629	1,672,962	1,681,327	1,693,937	1,710,876	1,727,985
Group Ins	11,685,301	11,284,579	11,300,000	11,300,000	11,300,000	11,328,250	11,384,891
FICA	4,659,831	4,469,234	4,641,061	4,687,402	4,756,734	4,827,424	4,910,906
Pension	4,263,003	5,287,995	5,636,007	6,058,735	6,477,857	6,908,528	7,368,191
OPEB	1,374,775	1,280,738	1,104,148	1,131,679	1,165,647	1,194,803	1,239,778
Workers Comp	90,886	190,950	196,500	199,448	203,436	206,488	210,618
Other	98,834	91,134	91,200	92,112	93,033	93,963	94,903
Personnel	**85,635,273**	**83,559,393**	**83,636,378**	**84,742,602**	**86,176,244**	**87,663,035**	**89,404,137**
Commodities	**2,688,634**	**2,513,129**	**2,563,391**	**2,601,842**	**2,640,870**	**2,680,483**	**2,734,092**
Building Rent	5,518,338	5,213,666	7,251,236	7,318,090	7,314,346	7,321,551	7,320,951
Contributions - network180	3,731,986	3,793,052	3,697,006	3,730,427	3,764,517	3,799,288	3,834,755
Consultants	393,843	479,040	486,225	493,519	500,922	508,435	518,604
Food Service	1,051,255	994,013	1,003,953	1,024,032	1,044,513	1,065,403	1,086,711
H/S Maint	1,046,284	1,266,507	1,279,172	1,298,360	1,317,835	1,337,603	1,364,355
Inmate Health	6,356,828	5,462,816	5,475,000	5,584,500	5,696,190	5,810,114	5,926,316
Legal	5,949,438	5,514,761	5,597,483	5,681,445	5,766,667	5,853,167	5,970,230
Other Contractual Services	3,820,646	3,861,545	3,697,430	3,752,891	3,809,184	3,866,322	3,943,649
Other	8,758,773	10,379,503	10,327,606	10,430,882	10,534,412	10,639,756	10,852,551
Travel	239,488	269,449	255,000	258,825	262,707	266,648	271,981
Utilities	4,506,967	4,183,559	4,185,000	4,247,775	4,311,492	4,376,164	4,463,687
Contractuals	**41,373,846**	**41,417,911**	**43,255,111**	**43,820,745**	**44,322,785**	**44,844,452**	**45,553,791**
Capital Outlay	**1,195,645**	**1,389,861**	**1,093,788**	**1,110,195**	**1,126,848**	**1,143,750**	**1,166,625**
Other	**109,005**	**3,556**	**5,000**	**5,075**	**5,151**	**5,228**	**5,333**
Childcare	9,933,105	9,891,396	10,300,000	10,506,000	10,716,120	10,984,023	11,313,544
Capital Imp Bond Debt Svc	961,050	982,913	958,500	967,588	965,360	967,235	968,195
CIP	200,000	2,962,176	3,861,128	3,918,129	3,976,901	4,579,011	4,641,355
Lodging Excise Tax	1,474,356	1,400,000	826,000	1,064,500	1,132,000	1,204,500	1,279,000
DHS Childcare	4,937,650	5,811,504	5,700,000	5,814,000	5,930,280	6,078,537	6,260,893
Fire Commission	172,247	165,627	126,652	170,500	173,058	175,653	179,166
FOC	2,192,849	2,041,056	1,950,000	1,979,250	2,008,939	2,039,073	2,079,854
Health	5,545,480	5,552,858	5,750,000	5,836,250	5,923,794	6,012,651	6,132,904
Special Projects	973,225	932,214	850,387	710,893	721,556	732,380	747,027
Transfers Out	**26,389,963**	**29,739,744**	**30,322,667**	**30,967,109**	**31,548,007**	**32,773,062**	**33,601,939**
Total before Eliminations	**157,392,365**	**158,623,593**	**160,876,335**	**163,247,569**	**165,819,905**	**169,110,010**	**172,465,918**
Cumulative Eliminations	-	-	-	(957,207)	(1,314,626)	(1,314,626)	(1,314,626)
Total	**157,392,365**	**158,623,593**	**160,876,335**	**162,290,362**	**164,505,278**	**167,795,384**	**171,151,291**
Net Fund Balance Inc (Dec)	98,879	53,934	39,793	-	-	-	-
Fund Balance, Beg	68,500,714	68,599,593	68,653,527	68,693,320	68,693,320	68,693,320	68,693,320
Fund Balance, End	**$ 68,599,593**	**$ 68,653,527**	**$ 68,693,320**	**$ 68,693,320**	**$ 68,693,320**	**$ 68,693,320**	**$ 68,693,320**

General Fund Expenditure Forecast by Category

	Actuals		Estimated				
Category	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Wages	-2.4%	-4.3%	-0.5%	1.0%	1.5%	1.5%	1.8%
Temporary	31.1%	13.8%	-4.1%	166.7%	0.0%	0.0%	0.0%
Overtime	-19.0%	11.4%	0.4%	0.5%	0.8%	1.0%	1.0%
Group Ins	-6.9%	-3.4%	0.1%	0.0%	0.0%	0.3%	0.5%
FICA	-3.4%	-4.1%	3.8%	1.0%	1.5%	1.5%	1.7%
Pension	32.9%	24.0%	0.0%	7.5%	6.9%	6.6%	6.7%
OPEB	3.0%	-6.8%	-13.8%	2.5%	3.0%	2.5%	3.8%
Workers Comp	-62.1%	110.1%	2.9%	1.5%	2.0%	1.5%	2.0%
Other	1.9%	-7.8%	0.1%	1.0%	1.0%	1.0%	1.0%
Personnel	**-2.2%**	**-2.4%**	**0.1%**	**1.3%**	**1.7%**	**1.7%**	**2.0%**
Commodities	**-30.7%**	**-6.5%**	**2.0%**	**1.5%**	**1.5%**	**1.5%**	**2.0%**
Building Rent	-16.8%	-5.5%	39.1%	0.9%	-0.1%	0.1%	0.0%
Contributions - network180	-3.0%	1.6%	-2.5%	0.9%	0.9%	0.9%	0.9%
Consultants	-17.8%	21.6%	1.5%	1.5%	1.5%	1.5%	2.0%
Food Service	NA	-5.4%	1.0%	2.0%	2.0%	2.0%	2.0%
H/S Maint	-21.9%	21.0%	1.0%	1.5%	1.5%	1.5%	2.0%
Inmate Health	10.1%	-14.1%	0.2%	2.0%	2.0%	2.0%	2.0%
Legal	-1.5%	-7.3%	1.5%	1.5%	1.5%	1.5%	2.0%
Other Contractual Services	-5.2%	1.1%	-4.3%	1.5%	1.5%	1.5%	2.0%
Other	-6.1%	18.5%	-0.5%	1.0%	1.0%	1.0%	2.0%
Travel	-26.7%	12.5%	-5.4%	1.5%	1.5%	1.5%	2.0%
Utilities	1.1%	-7.2%	0.0%	1.5%	1.5%	1.5%	2.0%
Contractuals	**-2.1%**	**0.1%**	**4.4%**	**1.3%**	**1.1%**	**1.2%**	**1.6%**
Capital Outlay	**-35.1%**	**16.2%**	**-21.3%**	**1.5%**	**1.5%**	**1.5%**	**2.0%**
Other	**21.9%**	**-96.7%**	**40.6%**	**1.5%**	**1.5%**	**1.5%**	**2.0%**
Childcare	-8.2%	-0.4%	4.1%	2.0%	2.0%	2.5%	3.0%
Capital Imp Bond Debt Svc	0.1%	2.3%	-2.5%	0.9%	-0.2%	0.2%	0.1%
CIP	NA	1381.1%	30.3%	1.5%	1.5%	15.1%	1.4%
Lodging Excise Tax	191.6%	-5.0%	-41.0%	28.9%	6.3%	6.4%	6.2%
DHS Childcare	-25.9%	17.7%	-1.9%	2.0%	2.0%	2.5%	3.0%
Fire Commission	-12.1%	-3.8%	-23.5%	34.6%	1.5%	1.5%	2.0%
FOC	-1.6%	-6.9%	-4.5%	1.5%	1.5%	1.5%	2.0%
Health	-33.7%	0.1%	3.6%	1.5%	1.5%	1.5%	2.0%
Special Projects	56.3%	-4.2%	-8.8%	-16.4%	1.5%	1.5%	2.0%
Transfers Out	**-13.1%**	**12.7%**	**2.0%**	**2.1%**	**1.9%**	**3.9%**	**2.5%**
Total before Eliminations	**-5.2%**	**0.8%**	**1.4%**	**1.5%**	**1.6%**	**2.0%**	**2.0%**
Cumulative Eliminations	NA	NA	NA	NA	37.3%	0.0%	0.0%
Total	**-5.2%**	**0.8%**	**1.4%**	**0.9%**	**1.4%**	**2.0%**	**2.0%**
Net Fund Balance Inc (Dec)	-87.6%	-45.5%	-26.2%	-100.0%	NA	NA	NA
Fund Balance, Beg	1.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Fund Balance, End	**0.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2010	2011 [1]
Operating Revenues:		
Charges for services	$ 871,369	$ 215,237
Interest and penalties	3,828,661	3,828,661
Collection fees	1,293,082	1,949,214
Auction proceeds	889,082	889,082
Total Operating Revenues	**6,882,194**	**6,882,194**
Operating Expenses:		
Contractual services	484,388	446,158
Other	64,903	173,428
Total Operating Expenses	**549,291**	**619,586**
Operating Income (Loss)	**6,332,903**	**6,262,608**
Non-Operating Revenues (Expenses)		
Investment earnings	24,185	24,185
Interest expense and charges	(617,952)	(617,952)
Total Non-Operating Revenues (Expenses)	**(593,767)**	**(593,767)**
Income (Loss) Before Contributions and Transfers	5,739,136	5,668,841
Transfers out	(5,146,795)	(5,076,500)
Change in Net Assets	**592,341**	**592,341**
Net Assets, Beginning of Year	16,784,949	17,377,290
Net Assets, End of Year	**$ 17,377,290**	**$ 17,969,631**

(1) Pending audit adjustments

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2010	2011 [1]
Revenues:		
Property Taxes	$ 3,080,000	$ -
Intergovernmental	126,189	150,000
Contributions and reimbursements	3,042,325	1,360,077
Total Revenues	**6,248,513**	**1,510,077**
Expenditures:		
Capital outlay	4,244,509	2,998,594
Total Expenses	**4,244,509**	**2,998,594**
Deficiency of revenues over expenditures	**2,004,004**	**(1,488,517)**
Other Financing Sources (Uses)		
Interfund transfers in	843,297	2,834,021
Interfund transfers out	(2,430,306)	(1,371,310)
Total Other Financing Sources (Uses)	**(1,587,008)**	**1,462,711**
Net change in fund balance	**416,996**	**(25,806)**
Fund Balance, beginning of year	4,598,484	5,015,480
Fund Balance, end of year	**$ 5,015,480**	**$ 4,989,674**

(1) Pending audit adjustments

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2010	2011 (1)
Operating Revenues:		
Charges for Services	$ 31,982,082	$ 31,639,711
Total Operating Revenues	**31,982,082**	**31,639,711**
Operating Expenses:		
Personnel Service	8,925,316	8,262,514
Materials and Supplies	645,700	748,358
Other	8,502,179	7,940,696
Total Operating Expenses	**18,073,195**	**16,951,568**
Operating Income (Loss)	**13,908,887**	**14,688,143**
Non-Operating Revenues (Expenses):		
Investment Earnings	147,823	127,876
Passenger Facilities Charges	4,504,920	4,689,404
Gain (Loss) on Sale of Fixed Assets	22,013	49,731
Customer Facility Charges	1,373,865	1,544,100
Depreciation	(16,008,560)	(15,802,140)
Interest Expense and Charges	(9,147,189)	(8,983,814)
Total Non-Operating Revenues (Expenses)	**(19,107,128)**	**(18,374,843)**
Income (Loss) Before Contributions	(5,198,241)	(3,686,700)
Capital Contributions	5,726,827	1,153,839
Change in Net Assets	**528,586**	**(2,532,861)**
Net Assets, Beginning of Year	187,063,923	187,592,509
Net Assets, End of Year	**$ 187,592,509**	**$ 185,059,648**

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2010	2011 [1]
Operating Revenues	$ 31,982,082	$ 31,639,711
Investment Earnings	147,823	127,876
Customer Facility Charges	1,373,865	1,544,100
Passenger Facility Charges	4,504,920	4,689,404
Gain (Loss) on Sale of Fixed Assets	22,013	49,731
Operating Expenses	(18,073,195)	(16,951,528)
Net Revenues (as defined in the resolution)	**$ 19,957,508**	**$ 21,099,294**
Debt Service Requirements	**$ 12,742,189**	**$ 13,163,814**
Debt Service Coverage	**1.57x**	**1.6x**

(1) Pending audit adjustments

Airline Market Shares

Comparative market share information for airlines based on enplaned passengers for 2000, 2005 and 2011 is shown in the following table:

	2000		2005		2011	
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%	44,916	3.9%
Delta Airlines	30,001	3.1%	7,540	0.7%	207,147	18.2%
US Airways	53,934	5.6%	-	-	-	-
Major/National	**592,826**	**61.2%**	**519,275**	**49.6%**	**252,063**	**22.1%**
American Eagle (6)	113,451	11.7%	130,640	12.5%	114,822	10.1%
AirTran	-	-	-	-	134,606	11.8%
Allegiant Air	-	-	-	-	87,193	7.7%
US Airways Express (1)	35,568	3.7%	29,803	2.8%	-	-
Continental Express (8)	32,962	3.4%	76,225	7.3%	91,946	8.1%
Delta Connection (2)	104,627	10.8%	146,883	14.0%	266,309	23.4%
Trans World Express	15,574	1.6%	-	-	-	-
Midwest Express Connect (5)	37,711	3.9%	36,073	3.4%	-	-
Frontier Airlines (7)	-	-	-	-	78,077	6.9%
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)	-	-	-	-	107,958	9.5%
Air Canada	4,484	0.4%	-	-	3,764	0.3%
Regional Commuter	**370,049**	**38.2%**	**527,658**	**50.4%**	**884,675**	**77.7%**
Charter	5,390	0.6%	290	0.0%	1,710	0.2%
Total	**968,265**	**100.0%**	**1,047,223**	**100.0%**	**1,138,448**	**100.0%**

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

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.

	Scheduled Non-stop Departures	
Destination City	**Major/National Airlines**	**Regional Commuter Airlines**
Atlanta	1	2
Baltimore	2	-
Chicago	2	10
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	-
Milwaukee	-	2
Minneapolis-St. Paul	1	4
New York (La Guardia)	-	1
New York (Newark)	-	2
Orlando	2	-
Phoenix (1)	1	-
St. Pete/Clearwater (1)	1	-
Tampa	1	-
Toronto	-	2
Washington, DC (2)	1	1
	18	44

(1) Departs two times per week

(2) Major/National Airlines Depart three times per week

Airlines and Types of Aircrafts Providing Services to Hub Destinations

Hub	Airline	Aircraft	Seats
Atlanta	Express Jet Airlines	CRJ-100/200	50
		CRJ-700	64
		CRJ-900	76
	Delta Airlines	A320	148
		DC-9-50	122
		MD-88	142
	Pinnacle Airlines	CRJ-900	76
Baltimare	AirTran Airways	B717	117
Chicago	American Eagle	ERJ-145	50
	Chautauqua Airlines Inc.	ERJ-135	44
	Express Jet Airlines	ERJ-145	50
	GoJet Airlines	CRJ-700	66
	Shuttle America	ERJ-170	70
	Sky West Airlines	CRJ-100/200	50
	United Airlines	A319	120
		A320	138
Cincinnati	Chautauqua Airlines Inc.	ERJ-135	44
	Comair	CRJ-700	70
	Pinnacle Airlines	CRJ-100/200	50
Cleveland	CommutAir	DHC-8-200	37
	Express Jet Airlines	ERJ-145	50
Dallas	American Eagle	ERJ-145	50
Denver	Express Jet Airlines	ERJ-145	50
	Frontier Airlines	A319	136
	GoJet Airlines	CRJ-700	66
Detroit	Express Jet Airlines	CRJ-100/200	50
		CRJ-700	64
		CRJ-900	76
	Chautauqua Airlines, Inc.	ERJ-135	37
	Comair	CRJ-100/200	50
		CRJ-700	64
		CRJ-900	76
	Delta Airlines	A320	148
		DC-9-50	122
		MD-88	142
	Pinnacle Airlines	CRJ-100/200	50
		CRJ-900	76

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Airlines and Types of Aircrafts Providing Services to Hub Destinations

Hub	Airline	Aircraft	Seats
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
Milwaukee	Chautauqua Airlines Inc.	ERJ-135	37
Minneapolis-St. Paul	Delta Airlines	A320	148
		MD-90	160
	Pinnacle Airlines	CRJ-100/200	50
		CRJ-900	76
	Sky West Airlines	CRJ-100/200	50
New York (LGA)	Chautauqua Airlines Inc.	ERJ-135	37
New York (EWR)	Express Jet	ERJ-145	50
Orlando	AirTran Airways	B717	117
	Allegiant Air	MD-80	150
Phoenix	Allegiant Air	MD-80	150
Tampa	AirTran Airways	B717	117
	Allegiant Air	MD-80	150
Toronto	Air Georgian Ltd	Beech1900D	18
Washington, DC	Chautauqua Airlines Inc.	ERJ-135	37
	Frontier Airlines	A319	136
	Pinnacle Airlines	CRJ-100/200	50

FINANCIAL POSITION - PUBLIC WORKS SOLID WASTE OPERATIONS

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2010	2011 [1]
Operating Revenues:		
Charges for Services	$ 10,155,565	$ 11,355,644
Total Operating Revenues	**10,155,565**	**11,355,644**
Operating Expenses:		
Personnel, Materials, Contractual, Other	8,834,398	8,098,125
Depreciation and Amortization	1,682,071	1,924,726
Total Operating Expenses	**10,516,469**	**10,022,851**
Operating Income (Loss)	**(360,904)**	**1,332,793**
Non-Operating Revenues (Expenses)		
Investment Earnings	111,068	213,996
Miscellaneous	-	-
Gain (Loss) on Capital Assets	50,867	(98,037)
Interest Expense and Charges	(193,827)	(459,200)
Total Non-Operating Revenues (Expenses)	**(31,892)**	**(343,241)**
Change in Net Assets	**(392,796)**	**989,552**
Net Assets, Beginning of Year	30,759,386	30,366,590
Net Assets, End of Year	**$ 30,366,590**	**$ 31,356,142**

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2010	2011 [1]
Operating Revenues	$ 10,155,565	$ 11,355,644
Non-Operating Revenues	161,935	115,959
Operating Expenses Before Depreciation	(8,834,398)	(8,098,125)
Net Revenues	**$ 1,483,102**	**$ 3,373,478**
Debt Service Requirements	**$ 900,511**	**$ 900,481**
Debt Service Coverage	**1.65x**	**3.75x**

(1) Pending audit adjustments

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2010	2011 (1)
Revenues:		
Hotel/Motel Taxes	$ 4,923,974	$ 5,803,776
Investment Earnings	15,695	11,512
Other	2,332	8,044
Transfer In - General Fund	1,474,356	1,400,000
Total Revenues	**6,416,358**	**7,223,332**
Expenditures:		
Administration	150,039	182,169
Convention and Visitors Bureau - Promotion	625,000	783,509
John Ball Zoo	-	-
Arts Festival	10,000	10,000
Sports Commission	200,000	250,000
Debt Service	5,446,319	5,642,069
Total Expenditures	**6,431,358**	**6,867,747**
Net Change in Fund Balance	**(15,000)**	**355,585**
Fund Balance, Beginning of Year	411,962	396,962
Fund Balance, End of Year	**$ 396,962**	**$ 752,547**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2010	2011
Hotel/Motel Tax Revenues	$ 4,923,974	$ 5,803,776
Debt Service Requirements	5,446,319	5,642,069
Debt Service Coverage	**0.9x**	**1.03x**

FINANCIAL POSITION - CORRECTION AND DETENTION FACILITIES FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2010	2011 [1]
Revenues:		
Taxes	$ 16,609,672	$ 15,974,836
Investment Earnings	90,343	82,221
Total Revenues	**16,700,015**	**16,057,057**
Operating Transfers:		
Building Rent	2,414,820	941,618
General Fund - Facility Operations	13,025,000	11,062,500
Total Operating Transfers	**15,439,820**	**12,004,118**
Net Change in Fund Balance	**1,260,195**	**4,052,939**
Fund Balance, Beginning of Year	1,061,699	2,321,894
Fund Balance, End of Year	**$ 2,321,894**	**$ 6,374,833**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2010	2011 [1]
Property Tax Revenues	$ 16,609,672	$ 15,974,836
Debt Service/Building Rent Requirements	2,414,820	941,618
Debt Service Coverage	**6.88x**	**16.97x**
Debt Outstanding:		
Series 1998 [2]	$ -	$ -
Series 2009A [3]	32,000,000	32,000,000
Total Debt Outstanding	$ 32,000,000	$ 32,000,000

(1) Pending adjustments to audit
(2) Retired in 2010
(3) Interest only in 2011 & 2012

Appendix

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: 8/25/2011
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 (classifications) to provide 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. Minimum 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

March 28, 2012

The Right Place Supports Company's Local Growth of 120 New Jobs

Lacks Enterprises receives $350,000 incentive from MEDC for $31.9 million expansion that could bring 120 new jobs to area

GRAND RAPIDS – The Right Place, in collaboration with The Michigan Economic Development Corporation (MEDC) and Cascade Charter Township, announced today the approval of a $350,000 Michigan Business Development Program incentive from the Michigan Strategic Fund (MSF) that will enable one of West Michigan's most well-known family-owned companies to move forward on a $31.9 million expansion that could generate 120 new jobs for the area.

Lacks Enterprises - $350,000 incentive from the MEDC for $31.9m expansion; 120 new jobs projected

The incentive will allow Lacks Enterprises to proceed with the development of a new manufacturing plant in Cascade Charter Township. The plan will be used to manufacture and warehouse trim systems, wheel trim systems and plastic plating for the automotive industry.

Michigan was chosen over competing sites in Kentucky, South Carolina and Virginia.

"Lacks is a vitally important player in our automotive supply chain with more than 2,200 employees here and their decision to expand in Michigan says much about our improved business climate," said MEDC President and CEO Michael A. Finney. "Our flexible incentive program, Michigan's simplified business tax structure and our new efforts to connect employers with talented workers, are propelling us to one of the best business climates in the country."

"The Lacks family is pleased to be able to provide additional premium employment opportunities for West Michigan residents and to continue to grow in West Michigan, as they have since 1961," said Jim Green, Executive Director of Human Resources for Lacks Enterprises. "We were actively pursued by other states and based on the quality and caliber of the available work force in West Michigan, the business climate and cooperation from all of our business partners from the State of Michigan and The Right Place it was an easy decision to continue to grow in our own backyard."

"When most new jobs in West Michigan are created by existing businesses, it's that much more important to have a strong retention strategy. This announcement demonstrates the success of our business retention strategy, keeping companies like Lacks Enterprises growing in the region," said Birgit Klohs, President and CEO, The Right Place, Inc.

Cascade Charter Township is supportive of this project and plans to approve tax abatements for Lacks.

"We commend Lacks for choosing to expand in West Michigan instead of other states that were pursuing this opportunity. The Right Place is committed to ensuring that our region's companies continue to thrive, and through collaboration with our state and local partners like the MEDC and Cascade Charter Township, we are making it happen," Klohs added.

Signed into law by Snyder in December, the Michigan Business Development Program provides grants, loans and other economic assistance to qualified businesses that make investments or create jobs in Michigan, with preference given to businesses that need additional assistance for deal-closing and for second stage gap financing.

The MSF will consider a number of factors in making these awards, including: out-of-state competition, private investment in the project, business diversification opportunities, near-term job creation, wage and benefit levels of the new jobs, and net-positive return to the state. Business retention and retail projects are not eligible for consideration of these incentives.

The Michigan Business Development Program replaces the state's previous MEGA program that was a feature of the Michigan Business Tax that was eliminated under business tax restructuring legislation approved and signed into law by Snyder in May 2011.

About MEDC

The Michigan Economic Development Corporation, a public-private partnership serving as the state's marketing arm and lead agency for business, talent and jobs, focuses on helping grow Michigan's economy. For more on the MEDC and its initiatives, visit: MichiganAdvantage.org

About Lacks Enterprises

Lacks Enterprises is a fourth generation family owned business that employees 2300 and provides chrome plated exterior and interior parts for the Automotive and Appliance Industries. www.lackenterprises.com.

About The Right Place, Inc.

The Right Place, Inc. is a regional non-profit economic development organization founded in 1985 and supported through investments from the private and public sector. Its mission is to promote economic growth in the areas of quality employment, productivity and technology in West Michigan by developing jobs through leading business retention, expansion and attraction efforts.

For more information visit: www.rightplace.org

February 16, 2012

Cabela's will open long-awaited West Michigan store in 2013

By Shandra Martinez | MLive.com

GRANDVILLE -- Retailer Cabela's will open next spring near Rivertown Crossings, developers announced today.

The 88,000-square-foot store will be located on the east end of Grandville's Rivertown Mall retail corridor in a new 380,000-square-foot retail center being developed by CWD Real Estate Investment of Grand Rapids.

MLive.com file photo

Michigan's second Cabela's is planned for Grandville. Pictured is the Dundee store.

The 43-acre site was the location of the former X-Rite plant, purchased in 2010 by the real estate investment firm owned by Dan DeVos, Sam Cummings and Scott Wierda.

It will be the outdoors, gear and apparel giant's second retail store in Michigan, joining the Dundee location on the east side of the state. Construction is expected to start this summer, with completion in spring 2013.

Efforts to build a store in Walker several years ago never got off the ground, despite a groundswell of support. The project was put on indefinite hold in 2010 after the company had been eyeing a property bordered by I-96, Four Mile Road, Walker and Bristol avenues NW. That proposed 242-acre development had been pitched with Cabela's as a possible anchor.

RELATED: Remembering Orchard Park, a massive Cabela's-anchored development in Walker that died on the drawing board

That development was expected to add more than 3,600 jobs over 10 years.

The Grandville deal came together in less than 6 months, said Wierda, CWD managing partner.

There are no tax breaks tired to the development, he said.

"They've looked at the market for years," Wierda said. "They were trying to find the right spot."

RELATED: Why Grandville, not Walker, landed Michigan's second Cabela's store

West Michigan fits the retailer's target market because of the abundance of hunting, fishing and boating licenses in the hands of local residents.Residents on Thursday were quick to express their excitement.

Part of the appeal of the Grandville site was its location on a major retail corridor, he added.

"Because of the many great customers we have in the Grandville/Grand Rapids area, we have been interested in building a store there for years," said Cabela's CEO Tommy Millner. "Michiganders are dedicated outdoorspeople who live the Cabela's lifestyle and so many of them are loyal customers through our catalogs, website and Dundee store, we wanted to reward them with a Cabela's store of their own."

The store is expected to draw shoppers from as far as 90 miles away.

Although the Grandville store will be less than half the size of the 225,000-square-foot store in Dundee, it will feature the retailer's trademark style with an exterior of log construction, stonework, wood siding, metal roofing and the iconic bears standing sentry out front. A large glass storefront will allow customers to view much of the store's interior as they approach the building, company said.

The new Grandville Cabela's will be a next-generation store design, said spokesman Wes Rumer, echoing a trend in store construction.

"Part of the next generation concept is to maximize store space," said Rumer, adding the interior will give shoppers the outdoor-like experience with conservation-themed wildlife displays and trophy animal mounts displayed on a mountain with a built-in aquarium.

The store will offer a wide range of outdoor products, as well as Cabela's popular in-store pickup, which allows customers to order any Cabela's merchandise delivered to a Cabela's store free of delivery charges.

The store, which is expected to employ about 200 full- and part-time employees, will also feature a Boat Shop, Gun Library, Bargain Cave and Fudge Shop.

The new Michigan store is part of a major expansion that will grow the retailer's nationwide footprint.

This year, the retailer plans to open stores in Wichita, Kan.; Tulalip, Wash.; Rogers, Ark.; Charleston, W.Va.; Saskatoon, Saskatchewan, Canada; and Union Gap, Wash. Cabela's also plans to open stores in Columbus, Ohio, and Louisville, Ky., in 2013.

Email Shandra Martinez or follow her on Twitter.

THE RIGHT PLACE
Advancing the West Michigan Economy

February 15, 2012

Amway to invest $24 million in new Nutrilite plant

The company will start producing some the company's NUTRILITE® products at a new three-story, $24 million manufacturing facility that is expected to be fully functional by second quarter 2013. The operation is moving to West Michigan from Lakeview, California.

The new Michigan plant will employ more than 50 workers and support production for the nutrition category of Amway, which accounted for more than 40 percent of 2010 sales.

The 120,000-square-foot facility on the company's mile-long Ada, headquarters complex, is the company's first consumable goods plant in Michigan. It features state-of-the-art production technology, a $1 million quality assurance lab and an innovative work system.

"Amway continues to make strong investments in manufacturing so we can bring the best quality of products to consumers and our distributors," said Lauren Walker, vice president of Ada operations. "This is evident not only in our investment in infrastructure but also in our investment in human capital. Many of the employees at this plant will have had six months of skill development and team building before the first batch of product leaves this facility."

The new facility will produce nutritional powder products such as POSITRIM®, a meal-replacement powder mix; ACTIVE 8®, a powder drink mix containing eight essential vitamins; and INVISIFIBER®, a blend of three types of natural, soluble, tasteless fiber that is sold in individual packs.

It will also produce a reformulated, NUTRLITE All Plant Protein Powder made of a tri-blend of soy, wheat and pea.

Walker said the company used the opportunity of a new facility to rethink and restructure its work system, with employees' input. The new system not only improves efficiency and quality assurance, it also creates a new career path for employees while ensuring Amway remains competitive in the long term.

The system includes:
• Individual weekly work schedule of three 12.5-hour days on, three and a half days off
• Quarterly rotation of day/night shifts and work days
• Cross-training of employees including training to use all the equipment

"We value the input of our employees and continue to empower them to create best practices for their work environments," said Kelly Savage, chief human resources officer at Amway. "The result is engaged employees who are invested in the process and proud of their work."

COUNTY
OF
KENT
MICHIGAN

Grand Rapids Business Journal

February 7, 2012

GR makes trade mag list of soaring home prices

By Pete Daly

The Grand Rapids-Muskegon-Holland region is among the top 10 in America for increased list prices on homes for sale in 2011, as compiled by Realtor Magazine Daily and reported in late January.

Miami, Fla., had the highest year-over-year increase: 32.5 percent, with the median list price of homes at $265,000 in November 2011 compared to November 2010.

In fact, seven of the top 10 regions for listed price increases were in Florida but coming in 10th was Grand Rapids-Muskegon-Holland, which had a year-over-year listed price increase of 13.2 percent, with the median list price pegged at $137,000.

Julie Rietberg, CEO of the Grand Rapids Association of Realtors, said Realtor Magazine is one of the best-read publications among real estate sales businesses. However, she cautioned that the article focused on list prices not sale prices.

Those homes havent sold yet, she added. Granted, the likelihood is theyre listing them higher because theyre starting to sell higher, said Rietberg.

The listed prices in the Realtor report are also median prices, versus the average. A median price tends to be a little bit lower than average, she said.

Still, its a good sign, said Rietberg, adding that the average sale price in this region last year stayed almost identical, within a few dollars, compared to prices in 2010.

The average sale price in 2009 was $108,000. It jumped to $120,000 during 2010, and then stayed right at that $120,000 in 2011, she noted.

2010 was the year of the federal governments first-time home buyer tax credit, which resulted in a surge in sales considered by real estate professionals to be somewhat artificial skewed by buyers who took the plunge into home ownership because of the attractive tax credit.

But the fact that we maintained that (sale price statistic in 2011) is, I think, a good thing, said Rietberg.

When asked if home sales and prices in West Michigan will definitely improve in the long term, Rietberg said the 2011 statistics are encouraging, and she added that she has been hearing from (GRAR) members every day now that theyre seeing multiple offers on property again.

The GRAR website posts statistics, with the January stats covering the last several years, including end results for 2011. It provides several indicators of an improving home market in the region, and one of those indicators cited by Rietberg is the average months of inventory. That measurement compares the inventory on hand with the rate at which homes are selling. The result is the average number of months estimated to sell off that inventory.

The average months of inventory began climbing in 2004, when it reached 6.2 months. From 2005 through 2008, it increased each year, finally ending at 13.3 months. 2009 and 2010 had identical average months of inventory 9.7 but in 2011, it dropped significantly to 6.2 months.

Rietberg said four to six months of inventory is what we would consider a healthy market. Were really coming back down now in that healthy area. Were real happy with what the statistics are showing right now.

In 2011, the number of homes sold here, according to GRAR, was about 10,135, down from the tax credit year of 2010, when 10,247 were sold.

In 2007, there were 34,262 new listings of homes for sale in the GRAR region. That dropped to 27,023 in 2009, and 26,374 in 2010. Last year there were only 16,378 new listings.

The average number of listings at any given time during 2011 was 5,204 houses, compared to 8,621 during 2010.

Joel Van Elderen, vice president of mortgage sales at Macatawa Bank, said his organization is definitely noticing an uptick in purchase transactions, which is certainly a good indicator the housing market is starting to improve.

Van Elderen said he believes many more potential buyers are realizing that the low interest rates are a good vehicle for relatively cheap financing.

Some small pockets around West Michigan are starting to improve faster than the others, he said, including East Grand Rapids.

Van Elderen said banks in general here are seeing their mortgage business in the pipeline growing, and some of the price points are starting to show some stability.

Low appraisals seem to have leveled off in some areas, he said, but he added that low appraisals are not going away: Dont get me wrong. Were still dealing with that on a consistent basis.

He said many real estate agents in the area have done a good job of understanding the market and helping their clients set reasonable prices for their homes, while also helping their buyers come up with more realistic offers on properties.

People are starting to understand the market were in and being very reasonable about it. When you start from that standpoint, the whole transaction itself will go a lot better, said Van Elderen.

Another good sign of an improving economy in connection with the housing market in West Michigan was a drop in the November foreclosure rates in the Grand Rapids/Wyoming MSA. That information is from CoreLogic, a publicly held company that maintains one of the largest databases on U.S. real estate, mortgage applications and loan performances.

The CoreLogic data indicates that the rate of Grand Rapids-Wyoming area foreclosures among outstanding mortgage loans was 1.74 percent for November 2011, compared to November 2010 when the rate was 2.14 percent.

On a year-over-year basis, the foreclosure rate in Grand Rapids-Wyoming decreased slightly more than 21 percent. Foreclosure activity here is lower than the national foreclosure rate, which was 3.41 percent in November.

The mortgage delinquency rate has also decreased, according to CoreLogic. In November, 5.26 percent of mortgage loans were 90 days or more delinquent, compared to 5.89 percent for November 2010. On a year-over-year basis, the mortgage delinquency rate has decreased slightly over 13 percent.

3 Michigan cities rank in top 10 nationwide in manufacturing job growth, other sectors

By Melissa Anders | manders@mlive.com MLive.com

The Lansing, Grand Rapids and Detroit areas posted some of the largest relative job increases nationwide since the recession ended in June 2009.

Michigan's largest metro areas stood out as bright spots on an interactive map featuring which of the nation's 100 largest metros experienced the largest percentage growth in various sectors between June 2009 and October 2011.

Grand Rapids topped the list for total private job growth, while Lansing ranked No. 1 in manufacturing, goods producing and transportation and utilities. Detroit also placed high in manufacturing, information and other sectors.

Ed Riojas | MLive.com

"We get hit pretty hard when the economy goes south, and then when things turn around we rebound pretty strongly," said Robert Sherer, manufacturing talent director for Michigan's Workforce Development Agency.

While the numbers for the past two years look good, they still don't make up for the overall job losses in the past five years.

Some sectors still showed declines, including leisure and hospitality and financial activities.

Lansing, for example, had the largest drop in leisure and hospitality employment since June 2009. The area lost about 2,900 jobs in that sector during that time, representing a 15 percent drop. Detroit and Grand Rapids both declined about 5 percent.

"It's quite a weak sector and we wouldn't expect to see that considering the rebound in most of the other industries," said Mark Reffitt, a labor market analyst with the state.

Reffitt said he wasn't sure what's causing the plunge, but that he hopes more detailed jobs data expected later this year will provide more answers.

Grand Rapid's ranking for total private job growth was no surprise to Tim Mroz, spokesman for The Right Place, a non-profit economic development organization that serves western Michigan.

“If you look at just the projects in numbers that The Right Place had produced in the region over the past three years, it shows that there’s a tremendous amount of growth both in investment and job creation happening throughout west Michigan,” he said.

Those projects include expansions at Farmers Insurance in Caledonia, ConAgra Foods Inc. in Kentwood and The Priceline Group in Wyoming.

Hiring at those companies contributed to the area’s private sector, adding 15,300 jobs between June 2009 and October 2011. That's up nearly 5 percent to 341,400 jobs.

“Grand Rapids continues to be a pretty diverse economy,” said Jason Palmer, labor market research director for the state.

Lansing ranked No. 7 for total private job growth, and Detroit came in 11th. Much of that was tied to the automotive industry.

“Michigan did an awful lot during that very bleak period to help the industry consolidate and bring jobs into Michigan so that there’s this greater concentration of automotive employment in North America here in Detroit and the rest of the state of Michigan,” Sherer said.

But the industry is still significantly smaller than at its peak several years ago. Detroit’s manufacturing sector shrunk about 23 percent in the last five years. Lansing and Grand Rapids both dropped 15 percent during that time.

It will be difficult to recover all the jobs lost, since the industry has gone through such massive restructuring. And the country isn’t producing as many cars— U.S. light vehicle sales were 12 million last year, down from more than 16 million in 2006 and 2007.

“If we can get back up to that level of auto sales … there’s a chance we can recover most of those jobs,” Sherer said. “That takes several years.”

Email Melissa Anders or follow her on Twitter: @MelissaDAnders.

August 2, 2011

Grand Rapids ranks No. 2 on Relocate America's list of top U.S. cities

By Troy Reimink | The Grand Rapids Press

Today in lists: Grand Rapids comes in at No. 2 on RelocateAmerica's ranking of the nation's top 10 places to live.

The Brighton-based company assembled a list of America's top 100 cities -- based on "local housing markets and economies, cultural and recreational opportunities, and safety, plus ... feedback from city leaders and residents" -- then asked residents to submit content that would convince the judges their hometown was a great place to live.

The top 10, announced today, are as follows: 1. Austin, Tex.; 2. Grand Rapids; 3. Boulder, Colo.; 4. Raleigh, N.C.; 5. Dallas, Tex.; 6. Greenville, S.C.; 7. Augusta, Ga.; 8. Boise, Idaho; 9. Omaha, Neb.; 10. Oklahoma City, Okla.

Photo: Grguy2011/Wkikmedia

Grand Rapids, Mich., made RelocateAmerica's Top 10 list for its solid schools and strong economy, especially when compared with the rest of the state. "It's got the best of everything in a smaller large city," said Steve Nickerson, president of RelocateAmerica.

From the site's write-up:

It feels especially good to name Grand Rapids, Michigan a top 10 place to live, especially after it was named one of "America's Dying Cities" by Newsweek in January. What really caught our attention about this city, though, is its response. It didn't get mad. It made a video. And, not just any video. A video with 5,000 residents (that's not a typo), lip synching to Don McClean's "American Pie" while touring every aspect of the city. Now, that's what we call true community spirit– and that's what being a top 10 city is all about. (Editorial note: Newsweek claims the article was not done by them but was posted to its website as part of a content-sharing deal.)

Halfway through reading that, I came down with a serious case of List Fatigue. The news here is that we got named one of America's top 100 cities and then enough visitors to the site pushed Grand Rapids to No. 2. Which is cool, if this is the kind of validation you seek.

Honestly, with every top-whatever list I see Grand Rapids' name on, I find myself agreeing more and more with "Stad diPonzi," who writes, pseudonymously, in the latest Revue issue:

(M)aybe we need to start by pursuing contentment in our own eyes and judging ourselves by our own measures. For every top 10 list we chase, for every passing mention on meaningless morning TV we crave, we need to ask ourselves how we could have, should have, turned that effort inward.

Go meet the people who LIVE here in every sense of the word. We have schools to fix, streets to make safe, local bands to see and countless other very real needs.

Dang, well put.

Grand Rapids' placement on this particular list appears, more than anything, to be an expression of pride on the part of various community members. Nothing wrong with that, of course. But does Grand Rapids, as "diPonzi" suggests, suffer in general from a disproportionate need for outside attention? Interesting food for thought, anyway.

Email Troy Reimink or follow him on Twitter.

July 20, 2011

Plasan Carbon Composites carbon fiber plant to create 202 jobs and cutting-edge workforce in West Michigan

By Ursula Zerilli | The Kalamazoo Gazette

WALKER — Besides adding 202 jobs to West Michigan, a new carbon fiber composite plant for automotive parts could mean a pioneering workforce in the state.

Plasan Carbon Composites' formally announced its opening of a new plant in Walker on Tuesday. The Michigan Economic Growth Authority (MEGA) approved a five-year tax credit valued at $4.7 million for the Walker facility. The company has been operating a development center in Wixom since December.

The company expects the Walker plant to generate more than $18 million in capital investment and will provide 202 new jobs over the next three years.

Cory Morse | The Grand Rapids Press

"This new facility represents the next phase of Plasan Carbon Composites' commitment to the automotive industry," said James Staargaard, president of Plasan Carbon Composites. "We are grateful to the State of Michigan for their support of this technology and true job growth initiative."

The plant will use "breakthrough carbon fiber processing technology" to support mid-to-high volume-based automotive body model programs.

Carbon fiber is a lightweight material being used to replace heavier metals in luxury cars, military vehicles, aircrafts and high-end bicycles.

Costly production of the material has kept its use in high-end markets. Plasan claims to have found a way to bring production costs down to a level where the material can be used for mass-produced vehicles, and they are starting production in West Michigan.

"I think this is the first step into making this a viable option for a large number of vehicles and the workforce will be cutting-edge in this industry," said George Bosnjak, the business development manager at The Right Place, Inc. "They are trying to ramp up production capabilities. They have a proprietary technique that will make production costs more competitive than it was in the past."

Bosnjak said carbon fiber is a likely solution for automakers searching for ways to meet emission standards for lightweight, electric vehicles.

The Bennington, Vt.-based company is a subsidiary of Israeli defense contractor Plasan Sasa.

IRN Inc. vice president Tracy Schneiter said the company's background in using the material for military purposes gives them more credibility.

"Automakers need to offset weight and Plasan is offering that exchange and it gives them credibility from the standpoint of testing," she said. "They are diversified, which means they are not just automotive and are backed up by a broader organization that is well-proven."

She also said Plasan choosing West Michigan could become a trend-setter if the plant becomes a leading producer in the lightweight automotive material.

"The West Michigan workforce is familiar with automotive requirements, so Plasan is bringing their expertise of the material and our workforce is bringing their expertise of the business. In order to sustain 200 jobs, they have to take it to the next level and make it more cost-effective for vehicles that are not as high-end," she said.

City officials are delighted that jobs are being created in Walker. City Manager Cathy VanderMeulen said the high-technology plant is "good news" for locals and the state.

"This city is interested in creating and maintaining good, quality jobs and at this point, we expect Plasan to create 200 high-tech manufacturing positions," she said. "We believe that it's going to have long-term benefits for Walker and this type of process has a great potential for high growth," she said.

Plasan plans to start hiring during the final quarter of 2011 and officials said they decided to build the plant in Michigan because of a "terrific history of polymer processing companies and support from the state."

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May 16, 2011

A thriving Medical Mile transforms Grand Rapids

By Zlati Meyer

GRAND RAPIDS -- The city once renowned for furniture construction has transformed itself into one dedicated to building healthier lives, showing how a thoughtful revitalization plan can be achieved over time.

Fifteen years ago, community leaders in Michigan's second-largest city embarked on a grand vision to build up its medical community.

Today, after $1 billion in public and private investment, there are 14,500 jobs and a thriving medical community that has helped prevent an aging manufacturing base from backsliding, according to local development and industry experts.

The stretch along downtown's Michigan Street -- officially called Medical Mile, but nicknamed Pill Hill -- continues to expand, boasting an ever-growing array of hospitals, laboratories, bio-med companies and related schools.

In January, the $250-million Helen DeVos Children's Hospital opened, capping the transformation.

"In 1996, when community leaders put this together, they pictured that this would be a big deal," said George Bosnjak, business development manager for the Right Place, a regional economic-development group. "It would be a large development, a lot of new programs and new buildings. It was laid out to be a dramatic investment in the community."

Medical Mile offers hope, opportunity

GRAND RAPIDS -- Strips of various shades of blue whirl around the glass façade of the Helen DeVos Children's Hospital. A dramatic series of eye-catching panels cascades like stairsteps down the back of the Van Andel Institute addition. The 12 no-nonsense stories of the Michigan State University medical school's Secchia Center stand solemnly beside I-196.

The three monuments to human health are the newest to line Michigan Street, the main drag of the Medical Mile, an approximately 1-square-mile area of downtown Grand Rapids. More than two dozen hospitals, research facilities, medical offices, college health-science programs and bio-tech companies call this section on the Grand River's eastern bank home.

"The health sector is what we call highwage, high-growth, high-skill sector, so it's desirable to attract," explained Rex LaMore, director of MSU's Center for Community and Economic Development and a professor of urban and regional planning. "As a result, it has a number of positive impacts in secondary suppliers and services," such as the local housing market.

More than $1 billion has been invested in the Grand Rapids neighborhood during the last decade and a half, but especially in the last two years, according to George Bosnjak of the Right Place, an economic-development nonprofit in the city.

The latest addition is Spectrum Health Systems' $250-million stand-alone children's hospital, which opened in January. MSU's $90-million med school debuted in September; the Van Andel Institute's $178-million phase-two expansion joined the lineup in December 2009. Saint Mary's Health Care's $60-million Hauenstein Center opened that same year. Through the years, various medical-devices firms and relatedtechnology companies, such as Avalon Laboratories and Sequenom Center for Molecular Medicine, have opened.

But Spectrum also has the 3-year-old, $92-million Lemmen-Holton Cancer Pavilion and the 7-year-old $140-million Frederik Meijer Heart & Vascular Institute on the strip. The health care system could be considered the district's pioneer: Butterworth Hospital opened there in 1894, but it would be 102 years before the area would get its nickname.

Grouping similar businesses together is nothing new, Bosnjak pointed out.

Examples of thematic- or sector-based development include the garment industry in New England, furniture building in the Carolinas and of course, auto manufacturing in metro Detroit. A vital lesson learned the hard way by that trio and others, though, is the importance of not focusing solely on one industry. Michigan is now exploring multiple sectors, including cell-battery production and movie-making.

"It's a continued diversification of our industrial base," Bosnjak said. "I wouldn't say we're putting all our eggs in (one) basket."

LaMore sees one major advantage of such clustering -- economies of scale.

"For medical facilities, it's not uncommon for them to group close together, so they can share resources and expertise. It's also the case in others sectors," he said. "In medical, it'd be physicians and in the auto industry, it might be steel. It's efficient for them to group together, because it allows them to maximize efficient use of the infrastructure."

The sole disadvantage of focusing on the health-science field that LaMore cited was its potentially limited contributions to city coffers.

"They tend to be a challenge, because they tend to be academic or nonprofit," he said. "Sometimes, they don't contribute to the tax base directly, but local employees pay their income taxes and pay their sales taxes and pay their property taxes."

But currently, Medical Mile's destiny is as bright as an operating-room light.

"We hope in the future to be not only a destination for health, where people come and seek services in the area, but also to create innovation that will be commercialized," said Spectrum Health spokesman Steve Heacock. "Some of that's already happened."

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THE RIGHT PLACE
Advancing the West Michigan Economy

April 19, 2011

Food Industry Feeds Economic Growth in West Michigan

The Right Place supports two regional companies creating 429 new jobs

GRAND RAPIDS – The Right Place, in collaboration with the Michigan Economic Development Corporation (MEDC) and local partners, announced today two new West Michigan business expansions that are designed to create 429 new jobs and invest $74 million in the cities of Wyoming, Kentwood and Grand Rapids.

Hearthside Food Solutions, LLC – 302 jobs, $17.4 million in capital investment

Hearthside, the largest privately held bakery in the U.S., plans to expand its facilities in the cities of Kentwood and Grand Rapids to support customer demand for additional food manufacturing capacity of granola bars and other baked snacks. The majority of the investment and job creation will occur at the company's Shaffer Avenue facility in Kentwood. The $17.4 million expansion project is planned to create 195 jobs the first year, with a 5-year total of 302 new jobs in West Michigan.

Hearthside provides contract food manufacturing services to leading global food brands and is the largest producer of breakfast bars in the United States. The company operates 12 manufacturing plants in seven states.

The company considered several other existing locations outside of Michigan for the expansion project. Working with the MEDC and cities of Grand Rapids and Kentwood, The Right Place led the development of an incentive package to support Hearthside's growth plans, keeping the company and the new jobs in West Michigan.

"West Michigan's food processing and agribusiness cluster has great potential for growth in West Michigan," noted Susan Jackson, Vice President, Business Development, The Right Place, Inc. "We're seeing continued growth and investment in the sector such as this latest expansion announcement."

The cities of Kentwood and Grand Rapids are supportive of the expansion project and anticipate approval of real and personal property tax abatements.

Gordon Food Service, Inc. (GFS) – 127 jobs, $56.5 million in capital investment

In June 2010, The Right Place and the MEDC announced a Michigan Economic Growth Authority (MEGA) tax credit for a Canadian back-office support consolidation project in the city of Wyoming. The scope of the initial project was recently modified to include the addition of 127 new high-tech jobs. Additionally, due to space limitations, GFS plans to change the project location and invest $56.5 million in the development of a Greenfield site in the city of Wyoming. The company plans to forgo Brownfield MBT credits approved for the original site in August 2010.

GFS is North America's largest family-owned broadline food service distributor. The company provides food service products and solutions to businesses and retails customers in eight states and throughout Canada. Headquartered in Wyoming, Michigan, GFS has remained an innovative leader in the food service industry for over 100 years.

"GFS has been a core component of our economy for over 100 years," said Jackson. "Their continued commitment to the region in both jobs and investment is why we are dedicated to seeing that companies like GFS grow here in West Michigan."

The city of Wyoming is supportive of the project and anticipates approval of a 12-year real and personal property tax abatement.