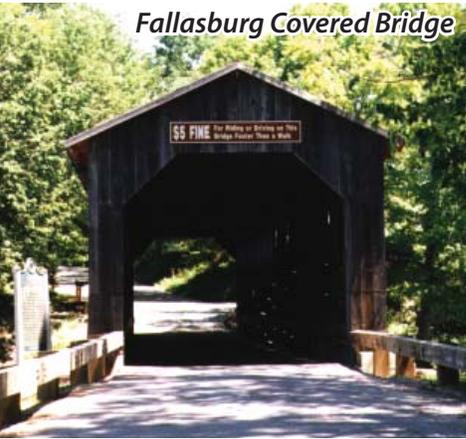


2012 POPULAR ANNUAL FINANCIAL REPORT

Year Ended December 31, 2012



Fallsburg Covered Bridge



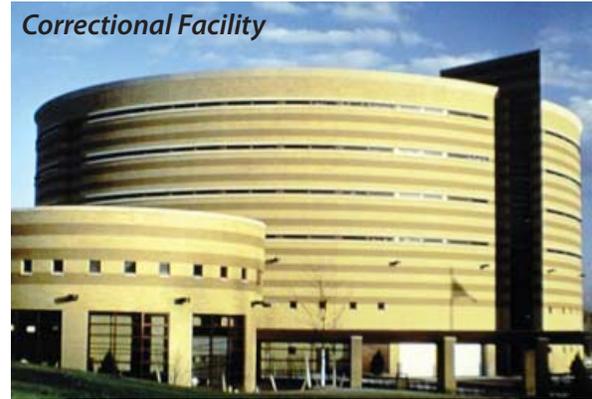
Animal Shelter



Circuit Court



Millennium Park



Correctional Facility



63rd District Court



County of Kent, Michigan

Introduction

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

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

The Government Finance Officers Association (GFOA) has given an Award to Kent County for Outstanding Achievement in Popular Financial Reporting for its PAFR for the year ended December 31, 2011. This report will also be submitted to the GFOA for its review and consideration.

Government Profile

The County of Kent encompasses an area of approximately 864 square miles and is located in the central west portion of Michigan's Lower Peninsula. The County of Kent is the fourth most populous County in the State of Michigan (State) with a 2012 estimated population of 614,462. 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 census population of the County resides as follows: townships (223,746); cities (371,492); and villages (7,384). The County seat is located in the City of Grand Rapids, which is the second largest city in the State. The County was organized as a County by the territorial legislature on March 24, 1836.

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

The County provides a wide and varied range of services in the following areas: law enforcement, correctional facility, three court systems, airport, fire, social services, both State and County funded public health, park system and zoo. The Department of Public Works 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 CMH Authority (operating as "Network 180") is a component unit that provides mental health services. 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.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

County of Kent
Michigan

for the Fiscal Year Ended

December 31, 2011



Christopher P. Morinell
President

Jeffrey L. Esser
Executive Director

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.

Major Taxpayers:

- Consumers Energy
- Amway Corporation
- Steelcase, Inc.
- Meijer/Goodwill
- MI Con Gas
- Keebler Company
- PR Woodland
- Foremost Insurance
- Fifth Third Bank
- Holland Home

Local Economy

Commercial/Industrial Base - The Grand Rapids-Wyoming Metropolitan Statistical Area (MSA), of which the County is the hub, has been one of the fastest growing regions of the United States. Numerous expansions, renovations, constructions, modernizations and developments have been completed, are in the process of being completed or are in the planning stages. Among the factors which have encouraged major projects and have attracted numerous firms from outside the area are: a strong but highly diversified base of industries, an excellent work force, educational opportunities, excellent employer/employee relations, good location and transportation facilities, utilities and possibly the most important, quality of life.

Within the County, the State Taxable Value (STV) for commercial property from 2007 to 2012 flattened out at \$4.42 billion, for an average annual increase of less than 0.1%. The County's industrial property STV decreased in valued from \$1.96 billion in 2007 to \$1.14 billion in 2012, for an average annual decrease of 8.4%.

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 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 beyond 2012.

Regional Government Coordination - The Grand Valley Metropolitan Council ("Metro Council") was formed in 1990 and has a membership of 35 local governments including the County. Created by State enabling legislation, the Metro Council is coordinating the efforts of its members to provide services while eliminating duplication. It is also engaged in issues that have no boundaries such as clean air, water and sewers and transportation. The Metro Council also is working with its area legislators to develop a regional presence at the State capital. Its legislative committee has broad community participation, which includes the Chamber of Commerce, Kent Intermediate School District and environmental interests. The Metro Council's Water and Sewer Committee has members from Ottawa and Kent Counties, the private and environmental sectors and water and sewer providers. The Metro Council routinely works with a range of partners to accomplish its mission. Key partnerships are with Grand Valley State University's Office for Economic Expansion and Water Resources Institute, the Michigan Municipal



League, and the Michigan Departments of Transportation, Environmental Quality and Commerce.

Medical Services - The residents of the County are served by a number of hospitals. The public and non-profit hospitals in the County have approximately 2,732 licensed beds. In 2000, the Van Andel Institute (VAI) opened, with the stated mission “. . . to become one of the world’s preeminent private medical research institutions within the next decade” which has become a reality. 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.

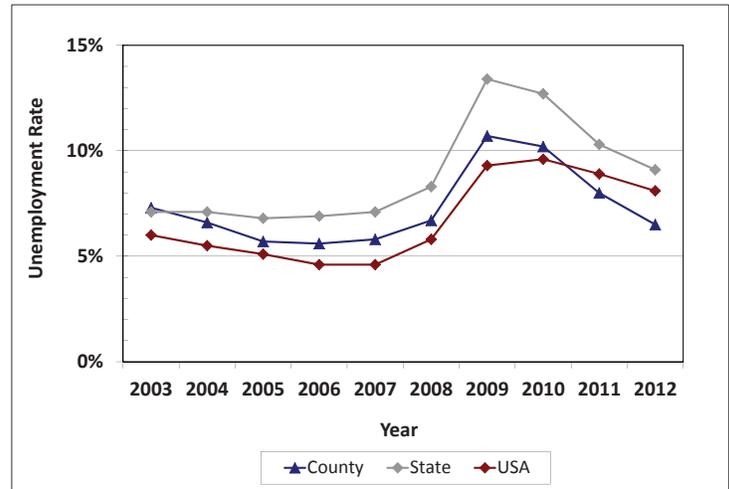
The research being conducted at the VARI is expected to serve as a growth pole, anchoring and propelling growth of a newly developing bioscience industry cluster. It is anticipated that this will draw outside business and related sectors into the region to take advantage of economic opportunities created 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 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. In 2012, MSU also purchased the former Grand Rapids Press headquarters along with five parking properties for use as research space and additional parking. The facility is in close proximity to the newly constructed medical facility.

Major Employers:

- ____ Spectrum Health
- ____ Axios, Inc.
- ____ Meijer, Inc.
- ____ Spartan Stores
- ____ Amway Corporation
- ____ Johnson Controls
- ____ G.R. Public Schools
- ____ Steelcase, Inc.
- ____ Walmart
- ____ Fifth Third Bank

Employment

Major industries that are located within the boundaries of Kent County, or in close proximity, include manufacturers of office equipment and furniture, heating controls, automotive parts, financial institutions, health care, retail food/merchandise and insurance companies. This diversified employment base adds to the strength of the local economy. During the past ten years, the unemployment rate has fluctuated from a decade low of 4.8 percent (October 2005) to a decade high of 11.8 percent (July 2009). Unemployment declined in 2010, 2011, & 2012 and is expected to continue to decline over the remainder of 2013.



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

Budget and Forecast

As stated earlier, the budget serves as the foundation for the County’s financial planning and control. As part of the budget process, management prepares an annual budget for the General Fund. The forecasted General Fund Revenues, Expenses and Fund Balances for the period including the current budget (FY2013) and FY2014 is as follows. The revenue forecast projects annual increases (decreases) of 1.0 and 1.0 percent respectively. Expenditures during this period have projected annual increases (decreases) of 1.0 and 1.0 percent respectively. Based on the current financial forecast, the County will be able to continue most current service levels without raising its tax rate while retaining a projected fund balance of \$68.6 million at December 31, 2014.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$525.1 million at the close of the most recent fiscal year.

A substantial portion of the County's net position, \$320.1 million (61.0 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position of \$43.6 million (8.3 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net position of \$161.4 million (30.7 percent) to meet its ongoing obligations to citizens and creditors.

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

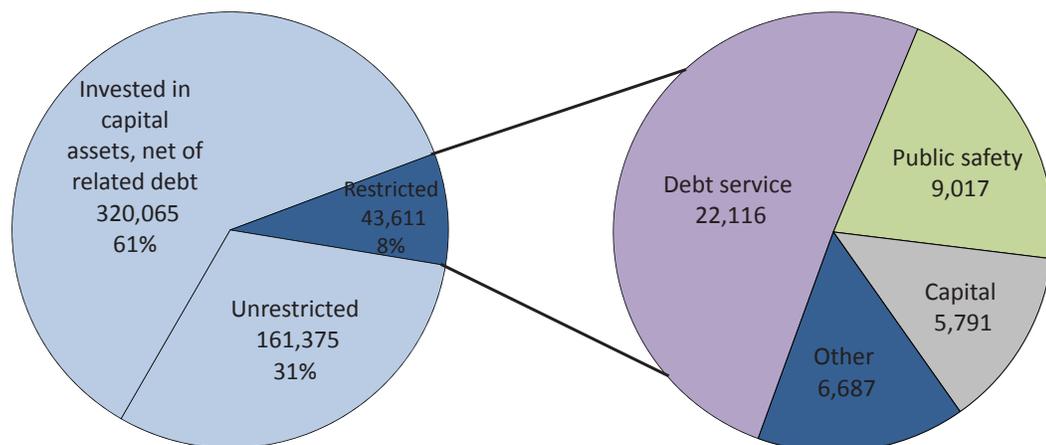
There was a decrease of \$0.96 million in restricted net position reported in connection with the County's governmental activities. The majority of the decrease was the result of a reclassification of lodging and excise tax fund balance from restricted to unrestricted in the other state mandated programs classification.

Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$ 156,371	\$ 148,681	\$ 165,617	\$ 174,867	\$ 321,988	\$ 323,548
Capital assets	250,467	253,750	394,100	382,589	644,567	636,339
Total assets	406,838	402,431	559,717	557,456	966,555	959,887
Long-term liabilities outstanding	136,759	131,195	265,826	256,259	402,585	387,454
Other liabilities	18,844	19,804	9,058	9,863	27,902	29,667
Total liabilities	155,603	150,999	274,884	266,122	430,487	417,121

Net assets:

Invested in capital assets, net of related debt	132,743	132,497	193,838	187,568	326,581	320,065
Restricted	14,617	13,657	26,260	29,954	40,877	43,611
Unrestricted	82,774	84,608	67,923	76,767	150,697	161,375
Total	\$230,134	\$230,762	\$288,021	\$294,289	\$518,155	\$525,051



Changes in Net Assets (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 31,959	\$ 35,240	\$ 70,427	\$ 68,930	\$ 102,386	\$ 104,170
Operating grants and contributions	74,819	73,849	484	436	75,303	74,285
Capital grants and contributions	-	4,754	7,619	15,452	7,619	20,206
General revenues	123,692	120,779	200	150	123,892	120,929
Total revenues	230,470	234,622	78,730	84,968	309,200	319,590
Expenses:						
General government	30,357	39,425	-	-	30,357	39,425
Public safety	66,780	71,236	-	-	66,780	71,236
Health and welfare	70,988	70,824	-	-	70,988	70,824
Cultural and recreation	8,768	9,927	-	-	8,768	9,927
Judicial	32,241	33,390	-	-	32,241	33,390
Community & Econ Development	13,559	11,176	-	-	13,559	11,176
Interest and fiscal charges	6,055	5,867	-	-	6,055	5,867
Delinquent tax	-	-	1,122	843	1,122	843
Airport operations	-	-	42,148	41,997	42,148	41,997
Public works	-	-	31,868	30,657	31,868	30,657
Total expenses	228,748	241,845	75,138	73,497	303,886	315,342
Net revenues (expenses)	1,722	(7,223)	3,592	11,471	5,314	4,248
Transfers	4,652	6,097	(5,000)	(5,203)	(348)	894
Extraordinary item	-	1,754	-	-	-	1,754
Inc (dec) in net assets	6,374	628	(1,408)	6,268	4,966	6,896
Net Assets, beginning	223,760	230,134	289,429	288,021	513,189	518,155
Net Assets, ending	\$ 230,134	\$ 230,762	\$ 288,021	\$ 294,289	\$ 518,155	\$ 525,051

There was an increase of \$3.7 million in restricted net position reported in connection with the County's business-type activities. The \$3.7 million increase is attributable to both an increase in restricted net position of the Department of Public Works for debt service and the Department of Aeronautics for debt service and capital improvements.

The County's net position increased by \$6.9 million during the current fiscal year. The majority of this increase is due to an increase in capital grants and contributions for the Department of Aeronautics.

Governmental Activities. Governmental activities increased the County's net position by \$0.6 million. The key element of this increase is due to an increase in the amount of charges for services for real estate transfer taxes and recording fees.

Business-type Activities. Business-type activities increased the County's net position by \$6.3 million.

The key element of this increase was an increase in operating revenues and contributions received in the form of grants from federal and state governments during the current fiscal year.

Governmental Activity Revenues

The majority of the County's revenues come from Taxes which represents 47.4 percent of total revenues. In FY 2012, the County collected \$111.5 million in taxes. The two other main sources of revenues come from the Intergovernmental and Charges for services categories.

Taxes: \$111,538,374 - In FY 2012, the County collected \$111.5 million in taxes, a \$1.6 million, or 1.5 percent decrease from FY 2011 collections of \$113.2 million. This decrease can be attributed to the County's declining taxable value. The majority of the County's tax collections come from property taxes and include the designated millages for the Correctional Facility and Senior Services. County General Fund property taxes

Revenue by Category*

	2011	2012
Revenue:		
Taxes	\$ 113,186,534	\$ 111,538,374
Intergovernmental	63,639,002	59,833,761
Licenses and permits	1,878,410	1,933,261
Charges for services	24,124,366	25,671,343
Fines and forfeitures	591,026	747,800
Investment earnings	636,854	458,822
Contributions and reimbursements	21,514,163	21,419,896
Other	10,381,912	13,766,859
Total revenue	\$ 235,952,267	\$ 235,370,116

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

are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

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

The taxable value of real and personal property for 2012, for which revenue was recognized in the General Fund, was \$20.04 billion. The general operating tax rate for this levy was 4.2803 mills. The taxable value of real and personal property for 2011, for which revenue was recognized in all other funds, was \$20.51 billion. The tax rates for these levies were 0.7893 mills for Correction and Detention operations and debt service related to the expansion of facilities, and 0.3244 mills assessed for services provided to senior services.

Intergovernmental: \$59,833,761 - Intergovernmental revenue consists of grants from Federal, State, and local units of government. In FY 2012, this source accounted for \$59.8 million or 25.4 percent of total revenues. This represents a decrease of \$3.8 million, or 6.0 percent, from FY 2011.

Charges for Services: \$25,671,343 - Charges for services revenue consists of State court funding, Real estate transfer tax, Certified copy fees, Recording fees, Board & care, Parking fees, Public works services, and other fees. In FY 2012, this source accounted for \$25.7 million, or 10.9 percent, of total revenues. This represents an increase of \$1.5 million, or 6.4 percent, from FY 2011.

Expenditures by Functional Area*

	2011	2012
Expenditures:		
General government	\$ 38,189,222	\$ 39,802,424
Public safety	66,134,805	65,998,422
Health and welfare	71,262,557	69,789,758
Cultural and recreation	7,593,227	7,915,210
Judicial	31,433,217	31,811,362
Community & Econ Development	13,571,048	11,174,056
Debt service	11,313,212	11,359,802
Capital outlay	12,735,600	12,866,888
Total expenditures	\$ 252,232,888	\$ 250,717,922

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

Governmental Activity Expenditures

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

General government: \$39,802,424 - The primary activities of the General government functional area include Facilities Management, Fiscal Services, Information Technology, MSU Cooperative Extension, and Policy/Administration. In FY 2012, the General government functional area accounted for \$39.8 million or 15.9 percent of total expenditures. This represents an increase of \$1.6 million, or 4.2 percent, from FY 2011.

Public safety: \$65,998,422 - The primary activities of the Public Safety functional area include the Sheriff's administration & road patrol, the Correctional facility, and the Fire commission. In FY 2012, the Public safety functional area accounted for \$66.0 million or 26.3 percent of total expenditures. This represents a decrease of \$0.1 million, or 0.2 percent, from FY 2011.

Health and welfare: \$69,789,758 - The primary activities of the Health and welfare functional area include the Health department and Childcare. In FY 2012, the Health and Welfare functional area accounts for \$69.8 million, or 27.8 percent, of total expenditures. This represents a decrease of \$1.5 million, or 2.1 percent, from FY 2011.

Cultural and recreation: \$7,915,210 - The primary activities of the Cultural and recreation functional area include the Parks and the Zoo. In FY 2012, the Cultural and recreation functional area accounted for

\$7.9 million, or 3.2 percent, of total expenditures. This represents an increase of \$0.3 million, or 4.2 percent, from FY 2011.

Judicial: \$31,811,362 - The primary activities of the Judicial functional area include the Circuit Court, District Court, and Probate Court. In FY 2012, the Judicial functional area accounted for \$31.8 million, or 12.7 percent, of total expenditures. This represents an increase of \$0.4 million, or 1.2 percent, from FY 2011.

Community & Economic Development: \$11,174,056 - The primary activities of the Community Development functional area include the Housing Commission, Community Development, and Economic Development. In FY 2012, the Community Development functional

area accounted for \$11.2 million, or 4.5 percent, of total expenditures. This represents a decrease of \$2.4 million, or 17.7 percent, from FY 2011.

General Fund Summary

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$44.0 million while total fund balance amounted to \$68.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33.4 percent of total General Fund expenditures, while total fund balance represents 52.1 percent of that same amount.

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

	December 31,				
	2011		2012		Pos/(Neg) Variance
	Actual	Original Budget	Final Budget	Actual	
Revenues					
Taxes	\$ 84,842,764	\$ 83,551,225	\$ 83,551,225	\$ 83,037,167	\$ (514,058)
Intergovernmental	19,551,222	19,556,495	20,293,121	20,090,494	(202,627)
License and permits	302,085	97,860	97,860	163,417	65,557
Charges for services	17,477,651	18,301,322	18,366,322	18,779,804	413,482
Investment earnings	339,885	842,100	842,100	285,886	(556,214)
Contributions and reimbursements	13,339,144	12,993,248	13,246,392	12,802,213	(444,179)
Other	2,201,752	4,655,092	4,725,486	4,487,029	(238,457)
Total revenues	138,054,503	139,997,342	141,122,506	139,646,010	(1,476,496)
Expenditures					
General government	35,922,987	39,184,182	39,346,039	37,758,969	1,587,070
Public safety	57,085,692	59,387,609	59,725,681	57,534,554	2,191,127
Health and welfare	8,488,875	8,326,317	9,122,884	8,500,873	622,011
Cultural and recreation	7,591,658	7,993,783	8,156,008	7,915,210	240,798
Judicial	19,709,628	20,360,158	20,360,158	19,890,966	469,192
Community and economic development	85,000	150,000	150,000	150,000	-
Total expenditures	128,883,840	135,402,049	136,860,770	131,750,572	5,110,198
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	166,202	190,200	190,200	79,039	(111,161)
Interfund transfers in	20,456,819	20,302,000	20,302,000	19,679,500	(622,500)
Interfund transfers out	(29,739,744)	(31,587,493)	(31,629,015)	(27,645,238)	3,983,777
Estimated budget appropriation lapse	-	6,500,000	6,500,000	-	(6,500,000)
Total other financing sources (uses)	(9,116,723)	(4,595,293)	(4,636,815)	(7,886,699)	(3,249,884)
Net change in fund balance	53,940	-	(375,079)	8,739	383,818
Fund Balance, beginning, as restated	68,599,610	68,653,550	68,653,550	68,653,550	-
Fund Balance, ending	\$ 68,653,550	\$ 68,653,550	\$ 68,278,471	\$ 68,662,289	\$ 383,818

The County's General Fund revenues continue to be relatively flat and the County continues to cut costs to balance the budget. As a result, the fund balance of the General Fund increased by \$8,739 during the current fiscal year.

Significant changes in budgetary variances are as follows:

- Tax revenues had a negative budgetary variance of \$0.5 million, of which, the majority relates to both current and delinquent property tax revenues which were down from budgeted amounts.
- Intergovernmental revenue had a negative budgetary variance of \$0.2 million. The majority of this relates to decreases in state revenue sharing and local funding.
- Charges for services had a positive budgetary variance of \$0.4 million. The majority of this was due to an increase in real estate transfer tax fees (\$0.6 million) and recording fees (\$0.3 million) that were able to offset reductions in other categories.

- Expenditures had an overall positive budgetary variance of \$5.1 million, of which the greatest portions related to general government, (\$1.6 million), public safety (\$2.2 million), and health & welfare (\$0.6 million). However, actual expenditures did increase from 2011 to 2012. General government expenditures decreased for most departments; however, there was a large increase in facilities rental expenses due to the depletion of the use of excess bond proceeds to cover debt service payments. Public safety expenditures increased slightly relating mostly to the Jail costs related to inmate medical services.

Debt Summary

At the end of the current fiscal year, the County had total installment debt outstanding of \$350.9 million. Of this amount, \$1.8 million (0.52 percent) comprises debt not backed by the full faith and credit of the government. The remainder of the County debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

County's Outstanding Debt						
General Obligation and Revenue Bonds (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Primary Government						
Limited tax pledge bonds	\$ 126,545	\$ 121,650	\$ 40,500	\$ 36,500	\$ 167,045	\$ 158,150
Limited revenue bonds	-	-	184,445	179,800	184,445	179,800
Revenue Bonds	-	-	13,470	12,470	13,470	12,470
Capital lease obligations	794	469	-	-	794	469
Total	\$ 127,339	\$ 122,119	\$ 238,415	\$ 228,770	\$ 365,754	\$ 350,889
Per Capita					\$ 595.24	\$ 571.05

Statement of Legal Debt Margin (in thousands)				
	2009	2010	2011	December 31, 2012
State Equalized Value (SEV)	\$ 23,810,524	\$ 22,577,744	\$ 21,735,167	\$ 20,988,856
Legal Debt Limit (10% of SEV)	2,381,052	2,257,774	2,173,517	2,098,886
Debt Outstanding (including the Notes)	496,996	459,569	437,869	416,884
Margin of additional debt that could be legally incurred	\$ 1,884,057	\$ 1,798,206	\$ 1,735,648	\$ 1,682,002
Percentage of Debt Outstanding to SEV	2.09%	2.04%	2.01%	1.99%

The County's total installment debt decreased by \$14.9 million (4.06 percent) during the current fiscal year. The net decrease was mainly attributable to annual principal payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$2.1 million which is significantly higher than the County's outstanding general obligation debt.

Bond Rating

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

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

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

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

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

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

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

Requests for Information

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

Bond Rating History

Rating Service	2008	2009	2010	2011	2012
Standard & Poor's	AAA	AAA	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa

Bond Rating Scale

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

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



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

County of Kent
300 Monroe Avenue, NW
Grand Rapids, MI 49503-2221
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