2013
FINANCIAL OVERVIEW
Kent County, Michigan

Daryl J. Delabbio
County Administrator/Controller

Stephen W. Duarte
Fiscal Services Director

Kenneth D. Parrish
County Treasurer

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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 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.

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 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.

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.

2013 Kent County Elected/Appointed Officials

Board of Commissioners

Dan Koorndyk	Jim Saalfeld	Carol Hennessy
Chair	*Vice-Chair*	*Minority Party Vice-Chair*

Tom Antor	Harold Mast	Shana Shroll	Ted Vonk
David Bulkowski	Roger Morgan	Sandi Frost Steensma	Harold Voorhees
Candace Chivis	Stan Ponstein	Jim Talen	Nate Vriesman
Joel Freeman	Gary Rolls	Richard Vander Molen	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

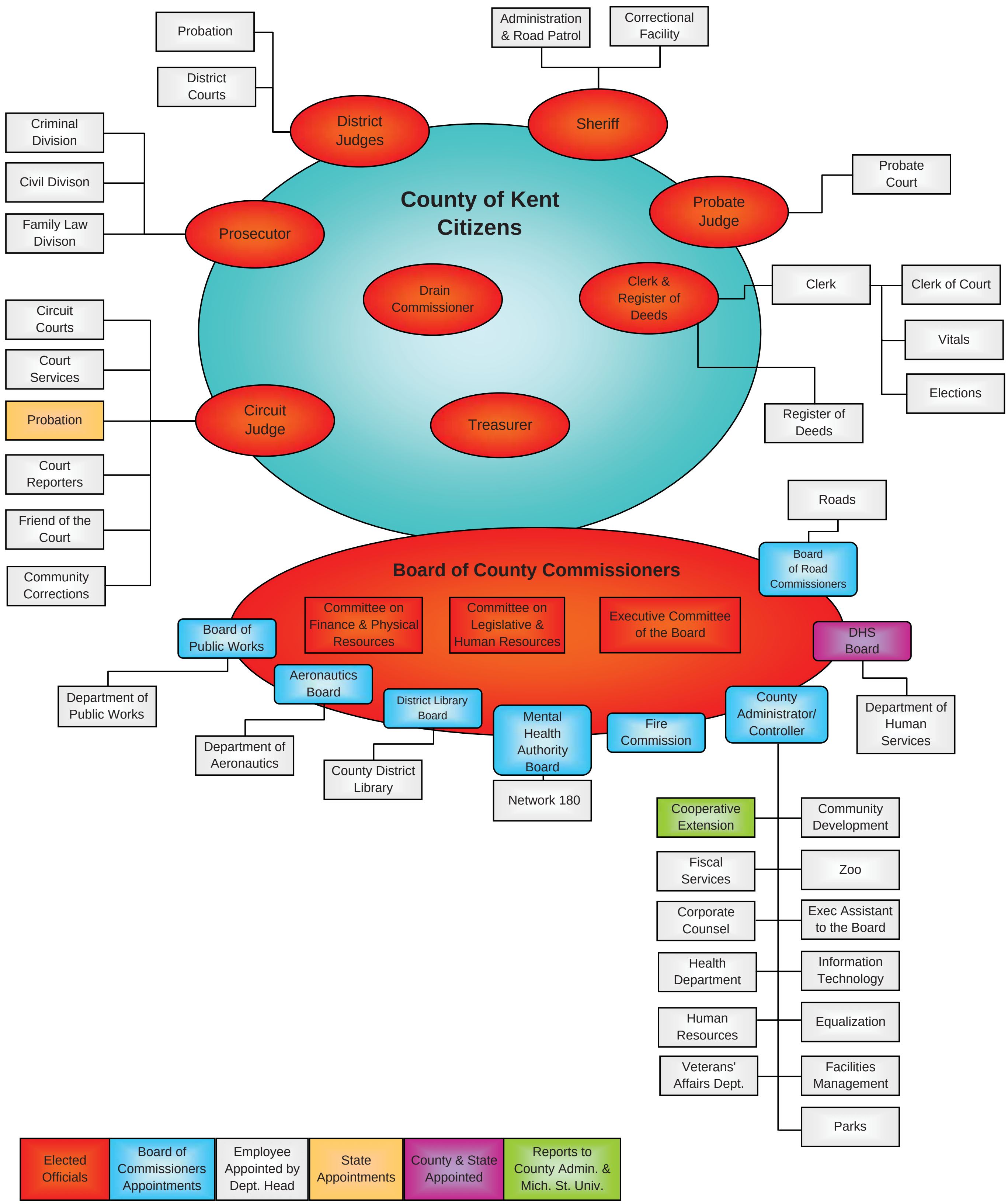
Stephen Duarte
Fiscal Services Director

Marvin Van Nortwick
Budget Director

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 mills 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

	2008		2009		2010		2011		2012	
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 2012 was 62.6012 mills (44.6012 mills on homestead property) per $1,000 of Taxable Value for the residents of the City of East Grand Rapids in the East Grand Rapids School District; the lowest tax rate was 38.1912 mills (20.1912 mills on homestead property) for the residents of Solon Township in the Tri County School District.

In addition to the allocated millage, the County electorate from time to time may approve additional millages of any amount for any general or specific purpose within State constitutional and statutory limitations.

Property Tax Rate Limitations

In 1978, the electorate of the State passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35, Public Acts of Michigan, 1979, as amended, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, as published by the United States Department of Labor, then the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would not increase over the prior year tax rate, but remain the same. The Amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electors of the local taxing unit.

Taxable Valuation of Property

Article IX, Section 3, of the State Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true market value. The State Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The State Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

In 1994, the electors of the State approved an amendment to the State Constitution (the "1994 Amendment") permitting the State Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing the 1994 Amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations – State Equalized Value ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

The 1994 Amendment and the implementing legislation based the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local board of review and ultimately to the State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the local assessor. Assessments are then equalized to the 50% levels as determined by the County's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198, Public Acts of Michigan 1974, as amended ("Act 198") and Act 146, Public Acts of Michigan 2000, as amended ("Act 146"). Property granted tax abatements under Act 198 and Act 146, is recorded on separate tax rolls while subject to tax abatement.

Property taxpayers may appeal their assessments to the State Tax Tribunal. Unless otherwise ordered by the

Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. County taxpayers have a number of tax appeals pending before the Tax Tribunal, none of which will have a significant impact on the County's SEV, Taxable Value or the resulting taxes.

State Equalized and Taxable Valuation

Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 or Act 146. The effect of the abatements granted under Act 198 and Act 146 is to understate the 2012 Taxable Value of the County by an estimated $368,791,597 or approximately 1.84%. The County's total SEV has decreased $3,349,714,091 or 13.8% between 2007 and 2012 and the Taxable Value has decreased $1,286,088,488 or 6.0% between 2007 and 2012. (See "COUNTY TAXATION AND LIMITATIONS -- Property Tax Abatement" herein). Per capita 2012 SEV is $34,495 and the per capita 2012 TV is $32,935, both of which are based on the 2011 estimated Census population of 608,453.

SEV and Taxable Value History

Year of Valuation	State Equalized Valuation	Taxable Valuation	SEV Change from Prior Year	TV Change from Prior Year
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	20,988,856,355	20,039,365,841	-3.4%	-2.3%
2013*	21,114,050,777	20,230,554,486	0.6%	1.0%

** Subject to changes by March Boards of Review and State Equalization.*

Current Taxable Valuation Components

By Use:		By Class:		By Municipality:	
Residential	63.5%	Real Property	90.5%	Cities	53.6%
Commercial	20.7%	Personal Property	9.5%	Townships	46.4%
Personal	9.5%				
Industrial	5.4%				
Agricultural	1.0%				
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, 2012, the Taxable Value of property qualified for the benefits of the Zone program totaled $172,253,906.

Tax Increment Authorities

Act 450 of the Public Acts of Michigan of 1980, as amended (the “TIFA Act”), Act 197 of the Public Acts of Michigan of 1975, as amended (the “DDA Act”), Act 281 of the Public Acts of Michigan of 1986, as amended (the “LDFA Act”), Act 530 of the Public Acts of Michigan of 2004, as amended (The “Historic Neighborhood Act”), Act 280 of the Public Acts of Michigan of 2005, as amended (The “CIA Act”) Act 61 of the Public Acts of Michigan 2007, as amended and Act 381 of the Public Acts of Michigan of 1996, as amended (the “Brownfield Act”) (together the “TIF Acts”) authorize the designation of specific districts known as Tax Increment Finance Authority (“TIFA) Districts, Downtown Development Authority (“DDA”) Districts, Local Development Finance Authority (“LDFA”) Districts, Historic Neighborhood Finance Authority (“HNFA”) Districts, Corridor

Improvement Authority ("CIA") Districts, Neighborhood Improvement Authority ("NIA") Districts or Brownfield Redevelopment Authority ("BRDA") Districts, authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the districts.

Tax increment financing permits the TIFA, DDA, LDFA, HNFA, CIA, NIA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the tax increment finance authorities and are not passed on to the local taxing jurisdictions.

Personal Property Tax Exemptions and Property Tax Proposals

Act 328 of the Public Acts of Michigan of 1998, as amended, allows certain eligible communities to designate specific existing areas as "eligible distressed areas" in which "new personal property" of "eligible businesses" would be exempt from ad valorem property taxation. The eligible communities could, with the approval of the State Tax Commission, designate one or more areas as eligible distressed areas.

Property Tax Collections

The County's fiscal year is the calendar year. County taxes were historically due and payable on December 1 of each prior year, at which time a lien on taxable property is created. Beginning in 2005 the County, as required by the State, began a shift of its operating millage from December 1 to July 1. Currently all of the operating millage is now billed on July 1. Property taxes billed on December 1 are payable without penalty until February 14. Property taxes billed on July 1 are payable without penalty on various dates, based on the billing cycles of city and township treasurers, but not later than September 14. Unpaid real property taxes become delinquent on the following March 1 and are thereafter collected by the County Treasurer with penalties and interest. Real property returned to the County Treasurer for delinquent taxes is subject to forfeiture, foreclosure and sale as provided in Act 206, Public Acts of Michigan 1893, as amended. In recent years, the County has paid to the respective municipalities within the County, including the County, from the Delinquent Tax Revolving Fund (the "Fund"), the delinquent real property taxes of such municipalities; collections of delinquent real property taxes otherwise would be paid to such municipalities by the County Treasurer on a monthly basis following collection. Funding by the County of delinquent real property taxes is dependent upon the ability of the County, annually, to sell its notes for that purpose. There is no assurance the Fund will be continued in future years. Delinquent personal property taxes are less than 1% of the County's total levy. Suit may be brought to collect personal property taxes or personal property may be seized and sold to satisfy the tax lien thereon.

Property Tax Collection History

Year of Levy	Levy as of December 1 (1)	Total Tax Collection to March 1 Year Following Levy		Collections to March 14, 2013	
2006	$ 107,819,921	$ 101,351,375	94.00%	$ 107,818,392	100.00%
2007	113,547,947	101,705,638	89.57%	113,544,460	100.00%
2008	115,715,383	107,453,077	92.86%	115,706,293	99.99%
2009	116,324,881	107,608,226	92.51%	116,289,486	99.97%
2010	112,116,149	104,044,458	92.80%	111,924,047	99.83%
2011	109,643,936	101,685,742	92.74%	108,882,149	99.31%
2012	106,659,819	99,398,868	93.19%	99,398,868	93.19%

(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.

General Fund Revenue from the State of Michigan

					December 31,
Category	**2009**	**2010**	**2011**	**2012(1)**	**2013(2)**
Revenue Sharing Reserve Fund	$12,006,309	$11,970,290	$ 4,394,319	$ -	$ -
State Revenue Sharing	-	-	10,225,945	9,214,573	9,353,967
Court Equity Funding	3,319,123	3,211,013	3,063,314	2,837,319	3,070,000
Liquor Tax	3,366,875	3,412,087	3,534,219	5,331,191	4,512,580
Grants and Other	1,819,219	1,740,566	1,649,882	1,774,249	1,775,479
Total	**$20,511,525**	**$20,333,956**	**$22,867,679**	**$19,157,332**	**$18,712,026**

(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

2012 State Equalized Value (SEV)	$ 20,988,856,355
Legal Debt Limit (10% of SEV)	2,098,885,636
Debt Outstanding (1) (2)	436,132,537
Margin of Additional Debt That Can Be Legally Incurred	$ 1,662,753,099
Debt Outstanding as a percentage of SEV	2.1%

(1) As of march 31, 2013
(2) Includes the notes pending - $24,000,000

Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of March 31, 2013 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)	$ 60,500,000	$ 60,500,000	$ -		
Airport Bonds (L.T.G.O.)	174,580,000	174,580,000	-		
County Building Authority (L.T.G.O.)	104,365,000	21,216,870	83,148,130		
County/City Building Authority Bonds (L.T.G.O.)	59,843,904	3,205,000	56,638,904		
Capital Improvement Bonds (L.T.G.O.)	17,285,000	-	17,285,000		
Capital Leases	468,633	-	468,633		
Refuse and Solid Waste Bonds (L.T.G.O.)	10,650,000	10,650,000	-		
Drain Bonds (L.T.G.O.)	6,620,000	6,620,000	-		
Water and Sewer Bonds (L.T.G.O.)	1,820,000	1,820,000	-		
Total Direct Debt	**$ 436,132,537**	**$ 278,591,870**	**$ 157,540,667**	**$ 258.92**	**0.8%**
Overlapping Debt (4)					
Cities, Villages and Townships			$ 224,841,000		
School Districts			1,222,185,164		
Community Colleges and Intermediate School Districts			69,175,512		
Total Overlapping Debt			**$ 1,516,201,676**	**2,491.90**	**7.2%**
Total Direct and Overlapping			**$ 1,673,742,343**	**$ 2,750.82**	**8.0%**

(1) Based on 2011 US Census population estimate of 608,453.
(2) Based on 2012 State Equalized Value (SEV) of $20,988,856,355.
(3) Includes the notes pending - $24,000,000.
(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, 2013

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	Capital Leases	Total	Cumulative Total	Percent Amortized
2013	$ 29,000,000 [2]	$ 460,000	$ -	$ 580,000	$ 1,390,000	$ 5,585,000	$ 5,135,000	$ 1,040,000	$ 341,576	$ 43,531,576	$ 43,531,576	10.6%
2014	7,500,000	475,000	5,715,000	605,000	1,190,000	6,085,000	5,325,000	1,070,000	127,057	28,092,057	71,623,633	17.4%
2015	-	490,000	6,290,000	635,000	1,250,000	3,513,370	5,530,000	1,105,000	-	18,813,370	90,437,003	21.9%
2016	-	505,000	6,525,000	-	930,000	3,455,616	5,740,000	1,145,000	-	18,300,616	108,737,619	26.4%
2017	-	520,000	6,770,000	-	970,000	3,399,714	5,975,000	1,185,000	-	18,819,714	127,557,333	31.0%
2018	-	540,000	7,070,000	-	285,000	3,339,653	6,225,000	1,230,000	-	18,689,653	146,246,986	35.5%
2019	-	565,000	7,425,000	-	295,000	3,303,950	6,485,000	1,060,000	-	19,133,950	165,380,936	40.1%
2020	-	585,000	7,800,000	-	310,000	3,270,176	6,765,000	1,110,000	-	19,840,176	185,221,112	44.9%
2021	-	610,000	8,175,000	-	-	3,232,569	7,075,000	1,160,000	-	20,252,569	205,473,681	49.9%
2022	-	635,000	8,570,000	-	-	3,219,531	6,620,000	1,215,000	-	20,259,531	225,733,212	54.8%
2023	-	660,000	8,975,000	-	-	3,201,469	6,820,000	1,270,000	-	20,926,469	246,659,681	59.8%
2024	-	685,000	9,420,000	-	-	2,433,499	7,145,000	1,330,000	-	21,013,499	267,673,180	64.9%
2025	-	715,000	9,890,000	-	-	2,385,378	7,465,000	785,000	-	21,240,378	288,913,558	70.1%
2026	-	750,000	7,590,000	-	-	2,344,096	7,805,000	820,000	-	19,309,096	308,222,654	74.8%
2027	-	785,000	7,945,000	-	-	2,298,194	3,840,000	860,000	-	15,728,194	323,950,848	78.6%
2028	-	815,000	8,370,000	-	-	2,257,832	3,985,000	900,000	-	16,327,832	340,278,680	82.6%
2029	-	855,000	5,270,000	-	-	2,211,380	4,145,000	-	-	12,481,380	352,760,060	85.6%
2030	-	-	5,535,000	-	-	2,172,718	2,285,000	-	-	9,992,718	362,752,778	88.0%
2031	-	-	5,810,000	-	-	2,134,759	-	-	-	7,944,759	370,697,537	89.9%
2032	-	-	6,100,000	-	-	-	-	-	-	6,100,000	376,797,537	91.4%
2033	-	-	6,405,000	-	-	-	-	-	-	6,405,000	383,202,537	93.0%
2034	-	-	6,725,000	-	-	-	-	-	-	6,725,000	389,927,537	94.6%
2035	-	-	7,005,000	-	-	-	-	-	-	7,005,000	396,932,537	96.3%
2036	-	-	7,415,000	-	-	-	-	-	-	7,415,000	404,347,537	98.1%
2037	-	-	7,785,000	-	-	-	-	-	-	7,785,000	412,132,537	100.0%
Total	**$ 36,500,000**	**$ 10,650,000**	**$ 174,580,000**	**$ 1,820,000**	**$ 6,620,000**	**$ 59,843,904**	**$ 104,365,000**	**$ 17,285,000**	**$ 468,633**	**$ 412,132,537**		

(1) $24,000,000 notes pending not included.

(2) $29,000,000 principal payment made on April 1, 2013.

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 2012 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 2012 and their outstanding balance as of March 31, 2013 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	-
2010	2011	32,000,000	8,000,000 [1]
2011	2012	28,500,000	28,500,000 [2]
2012	2013	24,000,000	24,000,000 [3]

[1] *$8,000,000 principal payment made on April 1, 2013.*

[2] *$21,000,000 principal payment made on April 1, 2013.*

[3] *Notes pending issue.*

Future Financing

The County anticipates that, if the savings proves to be sufficient, it may participate with the City of Grand Rapids in a LTGO Joint Building Authority refinancing bond issue of approximately $6,050,000; with the further possibility of approximately $5,500,000 of County LTGO capital improvement refinancing bonds, again should the savings so warrant. In addition, the County is evaluating whether to do a bank installment loan ($1-$2 million) to acquire, equip and renovate a facility that would be used to consolidate two existing health clinics under one roof. The site would also house a dental clinic, which would be a new activity.

Vacation and Sick Leave Liabilities

As of December 31, 2011, the County had an unfunded vacation liability of $4,690,771 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 NW, 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, 2011, employee membership data was as follows:

Retirees and beneficiaries currently receiving benefits	1,164
Terminated employees entitled to but not yet receiving benefits	212
Vested and Non-vested active participants	1,626
Total memberships	**3,002**

Plan members hired through December 31, 2010 are eligible to receive pension benefits upon retirement at age 60 with 5 years of service or at any age with 25 years of service. Members hired on or after January 1, 2011 (January 1, 2012 for the Teamsters-Parks and Airport Command Officers Association) are eligible at age 62 with 5 years of service of age 60 (55 for captains and lieutenants) with 25 years of service. An early retirement option is offered for retirement at age 55 with 15 or more years of service.

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 2011. 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, 2011 was 9.29% 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, 2011, total contributions of $15,469,416 were made in accordance with actuarially determined requirements, computed through an actuarial valuation performed as of December 31, 2009. The County contributed $8,412,960 (9.29% of projected valuation payroll); employees contributed $7,056,456. The County's contribution consisted of $8,579,926 normal cost (9.44% of projected valuation payroll) less $166,966 in amortization of the over funded actuarial accrued liability (0.32% of projected valuation payroll).

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 94.6 percent funded. The covered payroll (annual payroll of active employees covered by the Plan) was $90,889,046, and the ratio of the UAAL to the covered payroll was 38.8 percent. The unfunded actuarial accrued liability was determined as follows:

Years Ended 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)
2009	$ 589,308,522	$ 586,765,706	$ (2,542,816)	100.4%	$ 94,508,103	-2.7%
2010	$ 595,338,901	$ 612,634,457	$ 17,295,556	97.2%	$ 92,487,613	18.7%
2011	$ 614,855,931	$ 650,110,580	$ 35,254,649	94.6%	$ 90,889,046	38.8%

Source: Kent County Comprehensive Annual Financial Report

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.

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.

Years Ended December 31,

Year	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2009	$ 5,006,344	100%	$ -
2010	6,747,873	100%	-
2011	8,412,960	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 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 13, the Plan provides health insurance benefits to certain retirees or their beneficiaries, which are advance funded on an actuarial basis. Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Fiscal Services Department, 300 Monroe Ave NW, Grand Rapids, MI 49503-2221.

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, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	513
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	1,634
Total membership	**2,147**

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. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they are receiving a pension from the Kent County Employees' Retirement Plan. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended December 31, 2011, the County contributed $3,181,372, including cash contributions of $2,081,741 and an implicit rate subsidy (which did not require cash) of $1,099,631. Cash payments included $857,521 for current premiums and an additional $1,224,220 to prefund benefits. Retirees are responsible for reimbursing the County for the cost of premiums for the selected level of coverage in excess of the subsidy. The retiree's share of premiums can be deducted automatically from his or her monthly pension distribution, or paid directly to the County Treasurer. Since retirees must participate in one of the County's health insurance plans in order to receive the benefit, the entire cost of retiree health care premiums is accounted for in the County's health insurance internal service fund. Retiree reimbursements are reported as operating revenue in the internal service fund. On a quarterly basis, the total amount of retiree subsidies for the previous period is billed to the VEBA. This portion of premium costs, which includes the County subsidy only, comprises the entire amount of benefit payments in the statement of changes in plan net assets.

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 following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation:

Annual required contribution	$ 3,181,372
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Net OPEB Cost (expense)	3,181,372
Contributions made	(3,181,372)
Increase in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	**$ -**

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

Years Ended December 31,			
Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	$ 2,895,141	100%	$ -
2010	3,360,259	100%	-
2011	3,181,372	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, 2011, the most recent actuarial valuation date, the Plan was 23.8 percent funded. The actuarial accrued liability for benefits was $44,257,602, and the actuarial value of assets was $10,531,436, resulting in an unfunded actuarial accrued liability (UAAL) of $33,726,166. The covered payroll (annual payroll of active employees covered by the Plan) was $91,139,213, and the ratio of the UAAL to the covered payroll was 37.0 percent.

Actuarial Methods and Assumptions. 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.

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. techniques that spread the effects of short-term volatility in he market value of investments over a five-year period. The UAAL is being amortized as a level percentage of rojected payroll on an open basis. The remaining amortization period at December 31, 2010, was thirty years.

In the December 31, 2009, actuarial valuation (used to determine the contribution rates for the year ended December 31, 2011), the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.0 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, 2011 was thirty years.

Cash Activity Summary and Analysis

Cash Equity

	December 31, 2011	December 31, 2012
Cash balance - January 1	$ 325,780,302	$ 324,459,333
Receipts	708,955,087	691,534,501
Less: Disbursements	710,276,056	699,648,057
Cash balance - December 31	**$ 324,459,333**	**$ 316,345,778**

Analysis of Cash Balances

	December 31, 2011	December 31, 2012
Pooled investments	$ 324,021,028	$ 300,567,053
Demand deposits (1)	2,126,132	17,642,423
Imprest cash	65,610	65,510
Accrued interest on pooled investments	105,362	(131,351)
Less: Outstanding disbursement checks	1,858,798	1,797,857
Cash balance - December 31	**$ 324,459,333**	**$ 316,345,778**

(1) Includes unreconciled system checks.

Cash Balances and Net Change in Balances

Fund		2011	2012	December 31, Net Change Inc/(Dec)
101	County General	$ 70,732,488	$ 68,072,665	$ (2,659,823)
201	County Roads	15,262,015	12,096,043	(3,165,972)
215	Friend of the Court	(642,281)	(608,478)	33,803
221	Public Health	(1,267)	(726,338)	(725,071)
229	Hotel/Motel Tax	533,612	808,048	274,436
245	Public Improvement	4,256,678	5,578,927	1,322,249
250	Correction and Detention Facility	8,091,235	10,869,383	2,778,148
251	Senior Millage	1,132,914	1,152,567	19,653
256	Register of Deeds	1,642,846	1,723,524	80,678
292	Child Care	22,513,829	25,574,880	3,061,051
450	Building Authority Construction	14,318,788	5,163,660	(9,155,128)
513	DPW Administration	2,552,269	2,591,536	39,267
514	DPW Operation and Maintenance	705,846	1,042,616	336,770
517	DPW Solid Waste	28,591,931	30,358,304	1,766,373
581	Airport	16,986,232	13,426,729	(3,559,504)
597	DPW Waste-to-Energy	14,839,224	17,230,806	2,391,581
616	100% Tax Payment Fund	35,273,525	29,951,590	(5,321,935)
677	Risk Management	13,143,261	12,947,100	(196,161)
701	Trust and Agency	70,065,694	72,899,652	2,833,958
721	Library Penal Fines	517,751	630,917	113,166
800	Drains and Lake Level	3,240,788	3,205,885	(34,903)
	Various Other Funds	701,954	2,355,761	1,653,807
Total		**$ 324,459,334**	**$ 316,345,778**	**$ (8,113,556)**

Pooled Investments Summary of Investments

December 31, 2012

Broker Name	Book Value Municipal Tax Note	Money Market / GIC	Government Agency	Certificates of Deposit	Total
Brokered Securities:					
PNC	$ -	$ -	$ 2,000,000	$ -	$ 2,000,000
UBS Paine Webber	-	-	18,816,039	-	18,816,039
Wells Fargo	-	-	4,011,605	-	4,011,605
CitiGroup	892,740	-	30,740,163	-	31,632,903
U.S. Treasury Strips Subtotal	**892,740**	**-**	**55,567,808**	**-**	**56,460,548**
Certificates of Deposit (CD):					
Fifth Third Max Saver	-	727,023	-	-	727,023
Huntington Bank MM	-	23,161,877	-	-	23,161,877
JPM Chase	-	31,079,763	-	-	31,079,763
MBIA Class Investment Pool	-	5,510,705	-	-	5,510,705
Michigan Liquid Asset Fund (MILAF)	-	5,211,169	-	-	5,211,169
PNC NOW	-	27,288,295	-	-	27,288,295
Bank of America	-	-	-	17,025,509	17,025,509
Bank of Holland	-	-	-	8,109,306	8,109,306
Chemical Bank West	-	-	-	14,723,843	14,723,843
Choice One Bank	-	-	-	2,476,546	2,476,546
Comerica	-	-	-	18,192,634	18,192,634
Fifth Third Bank	-	-	-	26,336,964	26,336,964
First Community Bank	-	-	-	179,335	179,335
First National Bank of America	-	-	-	1,008,138	1,008,138
Flagstar Bank	-	-	-	17,000,000	17,000,000
Founders Trust	-	-	-	4,683,448	4,683,448
Huntington Banks	-	-	-	18,303,706	18,303,706
Mercantile Bank of W MI	-	-	-	7,552,742	7,552,742
Private Bank	-	-	-	10,490,245	10,490,245
United Bank of Michigan	-	-	-	3,201,931	3,201,931
West Michigan Comm Bank	-	-	-	1,843,326	1,843,326
CD Subtotal	**-**	**92,978,831**	**-**	**151,127,674**	**244,106,505**
Total	**$ 892,740**	**$ 92,978,831**	**$ 55,567,808**	**$ 151,127,674**	**$ 300,567,053**

Pooled Investment Fund [1]

Investments By Type	Par Value	Book Value	Percent
		December 31, 2012	
Certificates of Deposit	$132,127,674	$132,127,674	44.0%
CDAR CD	19,000,000	19,000,000	6.3%
Passbook & Money Market	92,978,831	92,978,831	30.9%
Federal Home Loan Banks	14,000,000	14,593,393	4.9%
Federal National Mortgage Assoc.	27,000,000	27,369,909	9.1%
Federal Home Loan Mortgage Cor.	13,000,000	13,604,506	4.5%
Municipal Bonds	850,000	892,740	0.3%
Total	**$298,956,505**	**$300,567,053**	**100.0%**

Investment Yield	Book Value	Percent
	December 31, 2012	
0.00% to 0.25%	$ 123,331,653	41.0%
0.25% to 0.50%	90,244,585	30.0%
0.50% to 0.75%	43,342,777	14.4%
0.75% to 1.00%	28,715,640	9.6%
1.00% to 1.25%	9,854,222	3.3%
1.25% to 1.50%	4,268,840	1.4%
1.50% to 1.75%	809,335	0.3%
Total	**$ 300,567,053**	**100.0%**

Investment Maturity	Date Range	Book Value	Percent
		December 31, 2012	
0 to 1 Month	01/01/13 - 01/31/13	$ 113,393,826	37.7%
1 to 2 Months	02/01/13 - 02/28/13	18,222,745	6.1%
2 to 3 Months	03/01/13 - 03/31/13	9,002,217	3.0%
3 to 6 Months	04/01/13 - 06/30/13	33,728,474	11.2%
6 to 12 Months	07/01/13 - 12/31/13	65,616,905	21.8%
12 to 18 Months	01/01/14 - 06/30/14	25,763,992	8.6%
18 to 24 Months	07/01/14 - 12/31/14	19,351,075	6.4%
24 to 36 Months	01/01/15 - 12/31/15	14,678,484	4.9%
36 to 60 Months	01/01/16 - 12/31/17	809,335	0.3%
Total		**$ 300,567,053**	**100.0%**

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

Pooled Investments Earnings Performance

	December 31,					
	2011			2012		
Month	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield
Jan	$ 298,890,775	$ 256,684	0.998	$ 326,215,930	$ 149,921	0.534
Feb	297,535,635	229,998	0.987	328,335,082	140,679	0.532
Mar	296,025,263	244,404	0.952	323,441,454	146,313	0.525
Apr	277,489,653	216,288	0.925	299,209,579	135,731	0.544
May	291,761,628	218,076	0.834	310,350,111	140,915	0.527
Jun	289,553,385	195,827	0.781	292,253,611	131,791	0.541
Jul	288,588,160	190,526	0.750	276,997,891	130,521	0.547
Aug	302,875,933	190,261	0.682	288,314,952	131,820	0.531
Sep	352,486,439	172,525	0.529	313,741,932	128,108	0.490
Oct	377,427,758	164,690	0.520	338,596,225	131,818	0.452
Nov	339,726,321	151,049	0.538	310,688,964	117,408	0.453
Dec	324,231,618	148,967	0.534	297,644,441	114,450	0.447
Annual	**$ 311,382,714**	**$ 2,379,295**		**$ 308,815,848**	**$ 1,599,474**	

Investment Fund Balance - 1/1/12 *$ 324,021,028*

Investment Fund Balance - 12/31/12 *$ 300,567,053*

Pooled Investments Local Government Units

	December 31,			
	2011		2012	
Local Government Units	Invested Balance	Interest Earned	Invested Balance	Interest Earned
Townships:				
Ada	$ 792,814	$ 5,714	$ 871,992	$ 4,178
Algoma	399,982	3,261	605,898	2,926
Byron	8,851,957	66,158	8,895,484	43,527
Cannon	1,026,394	9,516	1,127,988	7,368
Cascade	4,554,550	30,556	4,276,725	22,174
Gaines	3,546,828	21,415	3,865,416	18,588
Grand Rapids	3,263,398	25,888	3,664,136	20,738
Oakfield	449,867	4,546	563,412	3,102
Plainfield	2,935,395	21,608	5,456,553	21,158
Sparta	227,972	1,678	229,093	1,121
Tyrone	197,049	1,706	130,656	1,275
Vergennes	162,989	1,200	163,790	801
Townships Subtotal	**26,409,195**	**193,244**	**29,851,143**	**146,958**
Cities:				
East Grand Rapids	3,351,079	20,470	3,367,558	16,478
Grandville	1,533,738	12,591	938,660	4,922
Lowell	699,759	5,151	703,200	3,441
Walker	914,482	5,778	1,179,537	5,055
Cities Subtotal	**6,499,058**	**43,989**	**6,188,955**	**29,897**
Other Local Authorities:				
Network 180	8,530,682	62,795	8,572,630	41,948
Convention & Arena Authority	20,724,529	152,640	21,101,924	102,395
Grand Valley Metro Council	1,300,388	7,911	1,306,782	6,394
Interurban Partnership	2,064,263	15,104	2,571,947	7,684
Kent District Library	3,843,991	60,868	3,130,677	36,686
Other Local Authorities Subtotal	**36,463,853**	**299,318**	**36,683,960**	**195,107**
Total Local Government Units	**$ 69,372,106**	**$ 536,551**	**$ 72,724,058**	**$ 371,961**

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.

		March 31, 2013
Bargaining Unit	**Number of Positions (1)**	**Contract Expiration Date**
United Auto Workers (General)	471	12/31/2015
United Auto Workers (Court)	334	12/31/2015
Kent County Deputy Sheriff's Association	239	12/31/2015
Kent County Law Enforcement Association - POAM	197	12/31/2014
Lieutenants-Captains – POLC	18	12/31/2015
Prosecuting Attorneys Assoc.	32	12/31/2015
Court Reporters – POLC	7	12/31/2015
Circuit Court Referee Assoc.	7	12/31/2014
Teamsters (Public Health)	65	12/31/2015
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	310	NA
Total	**1,741**	

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

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 $4.38 billion in 2006 to $5.04 billion in 2011, for an average annual increase of 3.0%. Industrial property STV decreased in value from $2.48 billion in 2006 to $1.89 billion in 2011, for an average annual decrease of 4.8%.

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 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.

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 downtown 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 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 squarefoot, eight story building expansion that opened in December 2009. This expansion nearly triples the Institute's laboratory space, allowing for growth of current laboratories and expanded research into neurological diseases. Michigan State University Medical School began construction of a new $90 million, 180,000 square foot medical school in the spring of 2008. The MSU college of Human Medicine 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.

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
Total	**2,732**

Source: Grand Rapids Business Journal - 2012 Book of Lists

Education

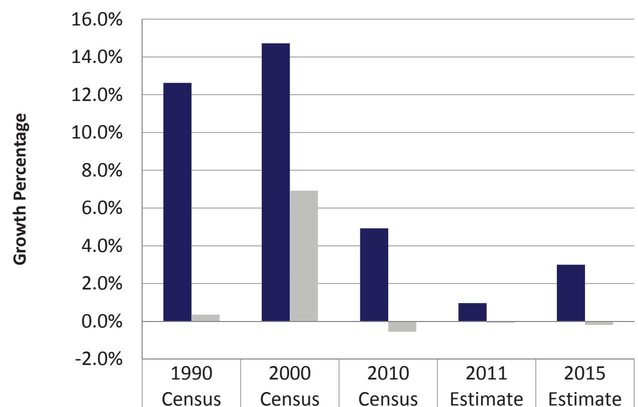
There are 26 school districts and five intermediate school districts located, in whole or in part, in the County. There are numerous non-public schools serving diversified religious denominations and 17 charter schools in the County. Aquinas College, Calvin College, Cooley Law School, Cornerstone University, Grand Valley State University, Grand Rapids Community College, Ferris State University, Davenport University, Kuyper College, Michigan State University College of Human Medicine, Kendall College of Art and Design of Ferris State University, the University of Phoenix and Western Michigan University have campuses located within the County. The main campuses of Grand Valley State University, Western Michigan University and Michigan State University are located within commuting distance of the County.

Population Statistics

In terms of population, Kent County is the fourth largest county in the State of Michigan, and growing. According to the 2000 Census, the County grew by 14.7% over the prior 10 years. The growth for the State of Michigan over the same period was 6.9%. According to the 2010 Census, the County grew by 4.9% over the prior 10 years. While, the State of Michigan population, declined 0.6% over the same period. The estimated 2011 population for Kent County is 608,453. Current projections indicate that the County's population will grow to an estimated 620,699 in year 2015. The combination of diverse employment opportunities, cost of living, and a high quality of life has Kent County growing at a much faster rate than the State of Michigan.

Year	Kent County	State of Michigan
1980 Census	444,506	9,262,044
1990 Census	500,631	9,295,277
2000 Census	574,335	9,938,444
2010 Census	602,622	9,883,640
2011 Estimate	608,453	9,876,801
2015 Estimate	620,699	9,865,096

Source: U.S. Census



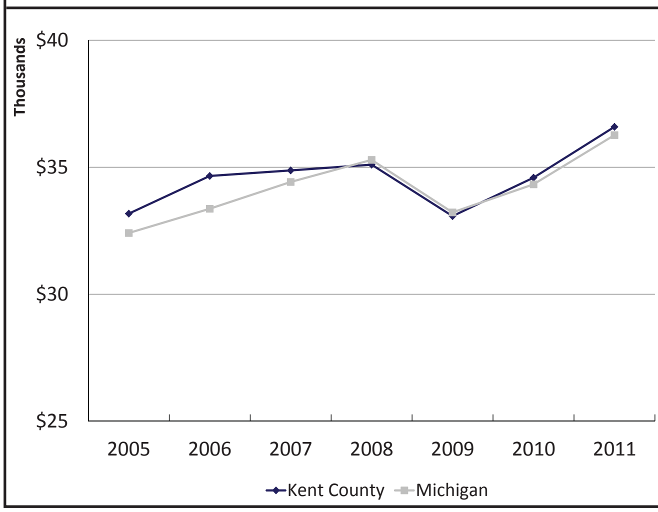
	1990 Census	2000 Census	2010 Census	2011 Estimate	2015 Estimate
Kent County	12.6%	14.7%	4.9%	1.0%	3.0%
Michigan	0.4%	6.9%	-0.6%	-0.1%	-0.2%

Per Capita Income Growth

Kent County's Per Capita Income grew 23.8 percent from 2000 to 2011 to $36,589. The growth for the State of Michigan over the same period was 23.3 percent to $36,264.

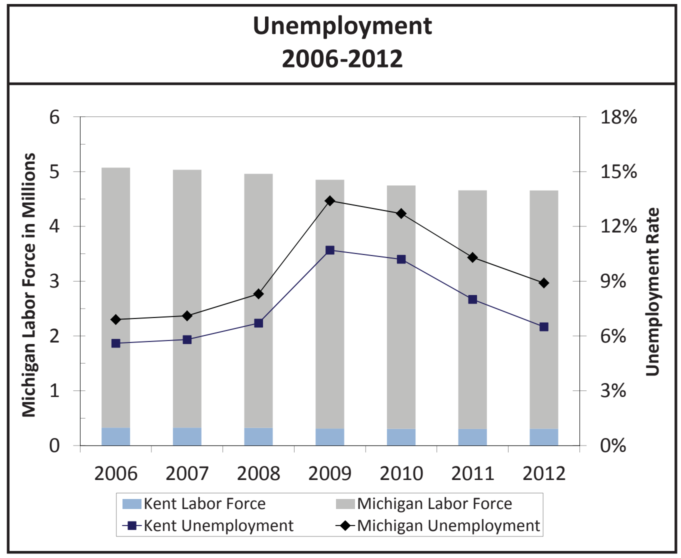
Year	Kent County	State of Michigan
2000	$29,548	$29,400
2005	33,173	32,409
2006	34,655	33,365
2007	34,874	34,419
2008	35,101	35,288
2009	33,074	33,221
2010	34,588	34,326
2011	36,589	36,264
Change 2000-11	23.8%	23.3%

Source: Bureau of Economic Analysis



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 in 2013.



Source: Michigan Department of Energy, Labor & Economic Grwoth

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	18,000
Axios Inc.	Human resources/employment services	8,000
Meijer, Inc	Retail sales	7,725
Spartan Stores	Groceries	4,258
Amway Corporation	Personal care, cleaning, nutrition	4,000
Johnson Controls	Building efficiency, automotive, and power	3,900
Grand Rapids Public Schools	Education	3,297
Steelcase, Inc.	Office equipment & furniture	3,227
Wal-Mart	Retailer	3,131
Fifth Third Bank	Banking and financial services	2,729
St. Mary's Health Care	Healthcare	2,672
Farmers Insurance Group	Insurance	2,500
Magna International Inc.	Automotive accessories	2,500
Metro Health Hospital	Healthcare	2,284
Grand Rapids Community College	Education	2,254
City of Grand Rapids	Government	2,050
Lacks Enterprises	Automotive accessories	1,750
Gordon Food Service Inc.	Food services wholesaler	1,669
Kent County	Government	1,668
Wolverine World Wide, Inc.	Footwear and leather products	1,640
US Postal Service	Postal delivery	1,633
Consumers Energy	Public utility	1,493
Hope Network	Rehabilitation, transportation and housing	1,436
GE Aviation Systems LLC	Military and commercial avionics systems	1,400

Source: The Right Place Inc - July 2012

Labor Force Distribution - By Industry

The following table provides a comparative analysis of the Grand Rapids-Wyoming MSA workforce distribution based on average employment in calendar years 2009-2012. Examination of the statistics highlight the rebounding job market in West Michigan, since it bottomed out in 2009. Jobs in manufacturing, health care services, and professional business services have consistently increased year over year since 2009.

					December 31,
Industry	**2009**	**2010**	**2011**	**2012**	**Three-Year Change**
Manufacturing					
Durable Goods	37,500	38,300	40,500	42,100	4,600
Nondurable Goods	19,800	20,400	21,500	21,800	2,000
Trade, Transportation & Utilities					
Retail Trade	37,600	36,900	37,000	36,900	(700)
Wholesale Trade	9,700	9,500	9,600	9,600	(100)
Warehousing & Utilities	20,700	20,500	20,800	20,800	100
Professional & Business Services	52,300	55,300	60,900	62,800	10,500
Educational & Health Services					
Health Care & Social Assistance	49,600	50,700	52,100	53,500	3,900
Educational Services	11,900	11,300	11,200	12,000	100
Government					
Federal, State, Local	17,200	16,800	16,600	16,500	(700)
Education	18,300	17,900	17,000	16,100	(2,200)
Leisure & Hospitality	30,800	31,300	31,200	31,900	1,100
Financial Activities	19,300	19,200	19,500	19,500	200
Natural Resources & Mining	13,700	13,000	12,900	12,200	(1,500)
Other Services	17,500	17,400	17,100	17,000	(500)
Information	4,500	4,400	4,200	4,200	(300)
Total Nonfarm Employment	360,400	362,900	372,100	376,900	16,500

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

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.

Largest Businesses Based On Tax Roll Valuation

Taxpayer	Product or Service	2012 Taxable Value (TV)[1]	% of 2012 TV [1]
Consumers Energy	Public utility	$ 231,878,834	1.16%
Amway Corporation	Personal care, cleaning, nutrition	137,928,632	0.69%
Steelcase, Inc.	Office equipment & furniture	103,169,183	0.51%
Meijer/Goodwill	Retail sales	100,909,412	0.50%
Michcon Gas	Utility	96,925,686	0.48%
Keebler Company	Cookie and cracker manufacturer	86,585,100	0.43%
PR Woodland	Retail shopping center	55,282,320	0.28%
Foremost Insurance	Insurance	51,751,333	0.26%
Fifth Third Bank	Banking and financial services	49,201,018	0.25%
Holland Home	Retirement community	47,383,474	0.24%
GGP Grandville	Retail shopping center	40,966,640	0.20%
Centerpointe Partners LLC	Retail shopping center	27,144,400	0.14%
Total		$ 1,029,126,032	5.14%

(1) 2012 Taxable Value includes IFT value, which is taxed at 50% of the actual taxable value.

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year ended December 31,			
	2011	2012		2013
	Actual	Budget	Actual [1]	Budget [2]
Revenues:				
Taxes	$ 84,842,765	$ 83,551,225	$ 83,037,168	$ 83,726,443
Licenses and permits	302,085	97,860	163,417	148,285
Intergovernmental	20,059,917	20,293,121	20,090,495	20,280,043
Charges for services	17,477,650	18,366,322	18,779,803	18,676,752
Fines & Forfeitures	87,071	115,160	93,235	97,400
Investment earnings	339,885	842,100	285,886	400,100
Reimbursements	12,830,452	13,246,392	12,802,213	12,247,925
Other	2,280,883	4,800,526	4,472,832	4,920,285
Transfers In	20,456,819	20,302,000	19,679,500	20,457,000
Total Revenues	**158,677,527**	**161,614,706**	**159,404,549**	**160,954,233**
Expenditures:				
Sheriff	57,093,884	59,746,681	57,554,619	59,552,079
Circuit Court	15,497,045	16,045,701	15,709,834	15,994,242
Facilities Management	11,710,221	14,365,332	13,648,118	14,393,007
Prosecutor	5,820,642	5,921,240	5,767,771	5,961,459
Information Technology	4,747,294	4,932,786	4,533,682	5,175,516
Policy/Administration	3,883,622	4,019,088	3,662,611	3,977,767
Parks	3,800,123	4,012,448	3,943,912	4,062,972
Zoo	3,791,533	4,143,560	3,971,305	4,206,840
Fiscal Services	3,308,728	3,248,402	3,230,977	3,206,008
Clerk / Register of Deeds	3,133,993	3,374,340	3,349,286	3,092,511
District Court	2,681,858	2,780,533	2,681,040	2,762,974
Human Resources	1,710,807	1,753,011	1,741,331	1,761,556
Bureau of Equalization	1,417,961	1,456,219	1,379,710	1,466,965
Treasurer's Office	1,022,563	1,071,940	992,607	1,072,799
Drain Commission	587,740	570,401	568,576	598,705
Other	8,675,830	9,419,086	9,015,187	8,994,638
Transfers Out - Childcare Fund	9,891,396	10,292,915	9,936,057	10,197,693
Transfers Out - Health Fund	5,552,858	6,608,868	4,291,876	6,443,013
Transfers Out - Debt Service Fund	982,913	1,043,248	1,031,086	697,384
Transfers Out - DHS Childcare Fund	5,811,504	6,000,000	5,050,519	5,852,781
Transers Out - CIP Fund	2,962,176	3,861,128	3,861,128	3,850,000
Transfers Out - Friend of the Court Fund	2,041,056	1,989,837	1,661,711	1,863,677
Transfers Out - Lodging Excise Tax Fund	1,400,000	841,348	841,348	1,289,255
Transfers Out - Other	1,097,841	991,671	971,513	980,392
Appropriation lapse	-	(6,500,000)	-	(6,500,000)
Total Expenditures	**158,623,587**	**161,989,783**	**159,395,803**	**160,954,233**
Expenditures (over) under Revenues	**53,940**	**(375,077)**	**8,746**	**-**
Fund Balance, beginning of year	68,599,610	68,653,550	68,653,550	68,662,296
Fund Balance, end of year	**$ 68,653,550**	**$ 68,278,473**	**$ 68,662,296**	**$ 68,662,296**

(1) Pending adjustments to audit

(2) As adopted

Components of Fund Balance

	Year ended December 31, 2011 Actual	Year ended December 31, 2012 [1] Actual
Inventory	$ 94,026	$ 77,139
Prepaids	294,657	244,211
Long-term advances	725,700	901,627
Total Nonspendable	**1,114,383**	**1,222,976**
Economic stabilization [2]	23,054,680	23,452,233
Total Committed	**23,054,680**	**23,452,233**
Cash flow [3]	33,420,490	33,490,577
Encumbrances	56,318	16,930
Other		
Total Assigned	**33,476,808**	**33,507,507**
Unassigned [4]	**11,007,679**	**10,479,580**
Total Fund Balance [5]	**$ 68,653,550**	**$ 68,662,296**

(1) Preliminary, subject to audit.

(2) 10% of the subsequent year's adopted General Fund and subsidized governmental fund budgets

(3) 40% of the subsequent year's budget estimate for property tax revenue

(4) 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

(5) 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 [1]

	2011 Actual	2012 Actual	December 31, 2013 Budget [2]
Debt Outstanding			
Series 2001 - Sheriff Administration	$ -	$ -	$ -
Series 2004 - CIP	6,175,000	5,490,000	5,125,000
Series 2005 - Courthouse	44,360,000	42,335,000	40,205,000
Series 2007 - DHS	25,145,000	24,165,000	23,150,000
Series 2008 - CIP	12,450,000	11,795,000	11,120,000
Series 2010 - Sheriff Administration	6,415,000	5,865,000	5,300,000
Total Debt Outstanding	**$ 94,545,000**	**$ 89,650,000**	**$ 84,900,000**
Debt Service			
Series 2001	$ 490,200	$ -	$ -
Series 2004	962,563	957,700	612,088
Series 2005	4,339,403	4,338,588	4,344,775
Series 2007	2,078,469	2,074,969	2,070,069
Series 2008	1,169,581	1,160,300	1,154,519
Series 2010	267,425	756,375	757,400
Total Debt Service	**$ 9,307,641**	**$ 9,287,931**	**$ 8,938,850**
General Fund Expenditures/Transfers	**$ 158,623,587**	**$ 159,395,803**	**$ 160,954,233**
Debt Services as a % of General Fund Expenditures	**5.9%**	**5.8%**	**5.6%**

(1) Does not include capital leases.

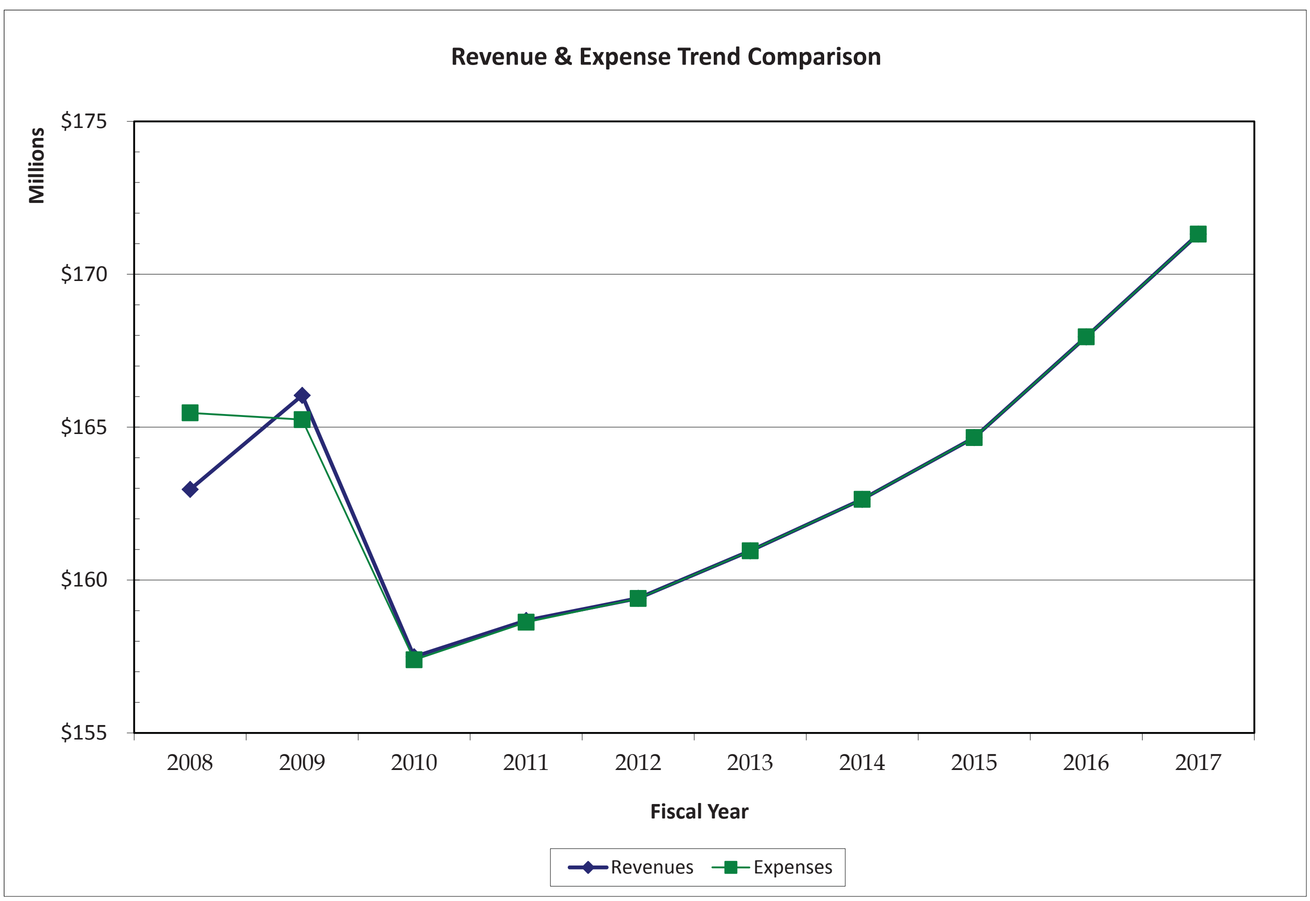
(2) As adopted.

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.

	Revenues	Expenses	Margin/ (Deficit)	Fund Balance
				Year ended December 31,
Actual:				
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	157,491,241	(157,392,345)	98,896	68,599,610
2011	158,677,527	(158,623,587)	53,940	68,653,550
2012 (1)	159,404,549	(159,395,803)	8,746	68,662,296
Forecast:				
2013	160,954,233	(160,954,233)	-	68,662,296
2014	162,638,931	(162,638,931)	-	68,662,296
2015	164,658,773	(164,658,773)	-	68,662,296
2016	167,951,948	(167,951,948)	-	68,662,296
2017	171,310,987	(171,310,987)	-	68,662,296

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



General Fund Revenue Forecast by Category

	Actuals		Estimated				
Category	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Taxes	**84,842,765**	**83,037,168**	**83,726,443**	**85,286,417**	**87,205,361**	**89,385,495**	**91,620,132**
License & Permits	**302,085**	**163,417**	**148,285**	**163,114**	**166,376**	**169,703**	**173,097**
State Grants	1,546,702	1,673,685	1,671,259	1,713,040	1,755,866	1,790,984	1,826,803
State Grants-Court Equity	3,063,314	2,837,319	3,070,000	3,131,400	3,194,028	3,257,909	3,323,067
State Grants-Liquor Tax	3,534,219	5,331,191	4,512,580	4,602,832	4,694,888	4,788,786	4,884,562
Sales Tax Revenue Sharing	10,225,945	9,214,573	9,353,967	9,292,446	9,292,446	9,292,446	9,292,446
Reimbursements	12,830,452	12,802,213	12,247,925	12,462,264	12,680,353	12,902,259	13,128,049
Cont From Local Units	1,586,557	933,162	1,600,000	1,632,000	1,664,640	1,697,933	1,731,891
Other	103,180	100,564	72,237	73,682	75,155	76,658	78,192
Reimb / Intergovernmental	**32,890,369**	**32,892,707**	**32,527,968**	**32,907,664**	**33,357,377**	**33,806,975**	**34,265,010**
Court Fees	2,829,494	2,862,465	3,051,265	3,112,290	3,143,413	3,206,281	3,270,407
Real Estate Transfer Tax	1,640,338	2,194,669	1,950,000	1,989,000	2,028,780	2,069,356	2,110,743
Recording Fee	1,482,097	1,792,191	1,650,000	1,683,000	1,716,660	1,750,993	1,786,013
Board & Care	2,591,194	2,541,293	2,475,690	2,500,447	2,525,451	2,550,706	2,576,213
Other	8,934,527	9,389,186	10,194,797	10,398,693	10,606,667	10,818,800	11,035,176
Charges for Services	**17,477,650**	**18,779,803**	**19,321,752**	**19,683,430**	**20,020,971**	**20,396,136**	**20,778,552**
Fines & Forfeitures	**87,071**	**93,235**	**97,400**	**99,348**	**101,335**	**103,362**	**105,429**
Interest	**339,885**	**285,886**	**300,000**	**291,604**	**295,978**	**301,898**	**307,936**
Other	**2,280,883**	**4,472,832**	**4,920,285**	**4,957,356**	**5,011,374**	**5,059,917**	**5,112,603**
Trans In-Corrections & Det	11,062,500	14,587,500	15,412,100	14,750,000	14,500,000	14,500,000	14,500,000
Trans In-RSRF	4,394,319	-	-	-	-	-	-
Trans In-Delinquent Tax	5,000,000	5,092,000	4,500,000	4,500,000	4,000,000	3,750,000	3,750,000
Trans In-CIP	-	-	-	-	-	-	-
Transfers In	**20,456,819**	**19,679,500**	**19,912,100**	**19,250,000**	**18,500,000**	**18,870,000**	**19,247,400**
Total	**$158,677,527**	**$159,404,549**	**$160,954,233**	**$162,638,931**	**$164,658,773**	**$167,951,948**	**$171,310,987**

General Fund Revenue Forecast by Category

	Actuals		Estimated				
Category	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Taxes	**0.4%**	**-2.1%**	**0.8%**	**1.9%**	**2.3%**	**2.5%**	**2.5%**
License & Permits	**195.8%**	**-45.9%**	**-9.3%**	**10.0%**	**2.0%**	**2.0%**	**2.0%**
State Grants	-2.6%	8.2%	-0.1%	2.5%	2.5%	2.0%	2.0%
State Grants-Court Equity	-4.6%	-7.4%	8.2%	2.0%	2.0%	2.0%	2.0%
State Grants-Liquor Tax	3.6%	50.8%	-15.4%	2.0%	2.0%	2.0%	2.0%
Sales Tax Revenue Sharing	NA	-9.9%	1.5%	-0.7%	0.0%	0.0%	0.0%
Reimbursements	0.6%	-0.2%	-4.3%	1.8%	1.8%	1.8%	1.8%
Cont From Local Units	136.8%	-41.2%	71.5%	2.0%	2.0%	2.0%	2.0%
Other	-32.3%	-2.5%	-28.2%	2.0%	2.0%	2.0%	2.0%
Reimb / Intergovernmental	**50.9%**	**0.0%**	**-1.1%**	**1.2%**	**1.4%**	**1.3%**	**1.4%**
Court Fees	-8.6%	1.2%	6.6%	2.0%	1.0%	2.0%	2.0%
Real Estate Transfer Tax	8.1%	33.8%	-11.1%	2.0%	2.0%	2.0%	2.0%
Recording Fee	-7.3%	20.9%	-7.9%	2.0%	2.0%	2.0%	2.0%
Board & Care	34.1%	-1.9%	-2.6%	1.0%	1.0%	1.0%	1.0%
Other	-0.7%	5.1%	8.6%	2.0%	2.0%	2.0%	2.0%
Charges for Services	**2.0%**	**7.5%**	**2.9%**	**1.9%**	**1.7%**	**1.9%**	**1.9%**
Fines & Forfeitures	**-19.5%**	**7.1%**	**4.5%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Interest	**440.3%**	**-15.9%**	**4.9%**	**-2.8%**	**1.5%**	**2.0%**	**2.0%**
Other	**-28.2%**	**96.1%**	**10.0%**	**0.8%**	**1.1%**	**1.0%**	**1.0%**
Trans In-Corrections & Det	-15.1%	31.9%	5.7%	-4.3%	-1.7%	0.0%	0.0%
Trans In-RSRF	-63.3%	-100.0%	NA	NA	NA	NA	NA
Trans In-Delinquent Tax	2.0%	1.8%	-11.6%	0.0%	-11.1%	-6.3%	0.0%
Trans In-CIP	-100.0%	NA	NA	NA	NA	NA	NA
Transfers In	**-33.2%**	**-3.8%**	**1.2%**	**-3.3%**	**-3.9%**	**2.0%**	**2.0%**
Total	**0.8%**	**0.5%**	**1.0%**	**1.0%**	**1.2%**	**2.0%**	**2.0%**

General Fund Expenditure Forecast by Category

	Actuals		Estimated				
Category	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Wages	$ 59,283,444	$ 59,038,162	$ 59,425,332	$ 60,316,712	$ 61,221,462	$ 62,292,838	$ 63,538,695
Temporary	4,690	4,625	-	12,000	12,000	12,000	12,000
Overtime	1,666,629	2,583,741	2,026,563	2,036,695	2,051,971	2,072,490	2,093,215
Group Ins	11,284,579	10,771,496	10,644,630	10,644,630	10,644,630	10,671,241	10,724,597
FICA	4,469,234	4,516,342	4,725,441	4,770,954	4,841,336	4,924,866	5,021,759
Pension	5,287,995	5,356,454	6,417,738	6,497,225	6,928,441	7,389,140	7,882,392
OPEB	1,280,738	1,120,353	1,008,948	1,170,841	1,205,939	1,239,017	1,288,666
Workers Comp	190,950	102,757	105,213	106,791	108,927	110,561	112,772
Other	91,134	91,191	95,017	95,017	95,017	95,017	95,017
Personnel	**83,559,393**	**83,585,120**	**84,448,881**	**85,650,864**	**87,109,721**	**88,807,169**	**90,769,114**
Commodities	**2,513,129**	**2,871,103**	**2,516,707**	**2,567,041**	**2,618,382**	**2,670,749**	**2,724,164**
Building Rent	5,213,666	7,081,679	7,119,716	7,314,346	7,321,551	7,320,951	7,321,496
Contributions - network180	3,793,052	4,691,538	4,282,232	4,327,358	4,373,386	4,420,335	4,468,223
Consultants	479,040	723,582	526,998	534,903	542,927	551,071	562,092
Food Service	994,013	1,058,475	1,025,000	1,030,125	1,035,276	1,040,452	1,045,654
H/S Maint	1,266,507	1,025,761	1,126,899	1,143,803	1,160,960	1,178,374	1,201,942
Inmate Health	5,462,816	6,020,984	6,000,000	6,105,000	6,211,838	6,320,545	6,431,154
Legal	5,514,761	5,638,254	5,528,741	5,611,672	5,695,847	5,781,285	5,896,911
Other Contractual Services	3,861,545	3,439,275	3,570,255	3,623,809	3,678,166	3,733,339	3,808,005
Other	10,379,497	9,790,021	9,915,662	10,014,819	10,114,189	10,215,330	10,419,637
Travel	269,449	255,955	243,275	246,924	250,628	254,387	259,475
Utilities	4,183,559	4,274,411	4,191,954	4,254,833	4,318,655	4,383,435	4,471,104
Contractuals	**41,417,905**	**43,999,934**	**43,530,732**	**44,207,592**	**44,703,422**	**45,199,504**	**45,885,693**
Capital Outlay	**1,389,861**	**1,269,330**	**1,355,092**	**1,361,867**	**1,368,677**	**1,375,520**	**1,382,398**
Other	**3,556**	**25,077**	**80,834**	**81,642**	**82,459**	**83,283**	**84,116**
Childcare	9,891,396	9,936,057	9,997,693	10,197,647	10,401,600	10,609,632	10,821,824
Capital Imp Bond Debt Svc	982,913	1,031,086	697,384	967,588	965,360	967,235	968,195
CIP	2,962,176	3,861,128	3,850,000	4,940,166	5,051,320	5,177,603	5,307,043
Lodging Excise Tax	1,400,000	841,348	1,189,255	1,064,500	1,132,000	1,204,500	1,279,000
DHS Childcare	5,811,504	5,050,519	5,377,781	5,485,337	5,595,043	5,706,944	5,821,083
Fire Commission	165,627	126,652	156,135	158,477	160,854	163,267	165,716
FOC	2,041,056	1,661,711	1,663,677	1,688,632	1,713,962	1,739,671	1,774,464
Health	5,552,858	4,291,876	5,265,805	5,318,463	5,371,648	5,425,364	5,479,618
Special Projects	932,214	844,861	824,257	684,371	694,636	705,056	719,157
Transfers Out	**29,739,744**	**27,645,239**	**29,021,987**	**30,505,180**	**31,086,423**	**31,699,272**	**32,336,101**
Total before Eliminations	**158,623,587**	**159,395,803**	**160,954,233**	**164,374,187**	**166,969,083**	**169,835,498**	**173,181,586**
Cumulative Eliminations	-	-	-	(1,735,256)	(2,310,311)	(1,883,550)	(1,870,599)
Total	**158,623,587**	**159,395,803**	**160,954,233**	**162,638,931**	**164,658,773**	**167,951,948**	**171,310,987**
Net Fund Balance Inc (Dec)	53,940	8,746	-	-	-	-	-
Fund Balance, Beg	68,599,610	68,653,550	68,662,296	68,662,296	68,662,296	68,662,296	68,662,296
Fund Balance, End	**$ 68,653,550**	**$ 68,662,296**	**$ 68,662,296**	**$ 68,662,296**	**$ 68,662,296**	**$ 68,662,296**	**$ 68,662,296**

General Fund Expenditure Forecast by Category

	Actuals		Estimated				
Category	2011	2012	2013	2014	2015	2016	2017
Wages	-4.3%	-0.4%	0.7%	1.5%	1.5%	1.8%	2.0%
Temporary	13.8%	-1.4%	-100.0%	NA	0.0%	0.0%	0.0%
Overtime	11.4%	55.0%	-21.6%	0.5%	0.8%	1.0%	1.0%
Group Ins	-3.4%	-4.5%	-1.2%	0.0%	0.0%	0.2%	0.5%
FICA	-4.1%	1.1%	4.6%	1.0%	1.5%	1.7%	2.0%
Pension	24.0%	1.3%	0.0%	1.2%	6.6%	6.6%	6.7%
OPEB	-6.8%	-12.5%	0.0%	16.0%	3.0%	2.7%	4.0%
Workers Comp	110.1%	-46.2%	2.4%	1.5%	2.0%	1.5%	2.0%
Other	-7.8%	0.1%	4.2%	0.0%	0.0%	0.0%	0.0%
Personnel	**-2.4%**	**0.0%**	**1.0%**	**1.4%**	**1.7%**	**1.9%**	**2.2%**
Commodities	**-6.5%**	**14.2%**	**-12.3%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Building Rent	-5.5%	35.8%	0.5%	2.7%	0.1%	0.0%	0.0%
Contributions - network180	1.6%	23.7%	-88.8%	721.1%	1.1%	1.1%	1.1%
Consultants	21.6%	51.0%	NA	NA	1.5%	1.5%	2.0%
Food Service	-5.4%	6.5%	-3.2%	0.5%	0.5%	0.5%	0.5%
H/S Maint	21.0%	-19.0%	9.9%	1.5%	1.5%	1.5%	2.0%
Inmate Health	-14.1%	10.2%	-0.3%	1.8%	1.8%	1.8%	1.8%
Legal	-7.3%	2.2%	-1.9%	1.5%	1.5%	1.5%	2.0%
Other Contractual Services	1.1%	-10.9%	3.8%	1.5%	1.5%	1.5%	2.0%
Other	18.5%	-5.7%	1.3%	1.0%	1.0%	1.0%	2.0%
Travel	12.5%	-5.0%	-5.0%	1.5%	1.5%	1.5%	2.0%
Utilities	-7.2%	2.2%	-1.9%	1.5%	1.5%	1.5%	2.0%
Contractuals	**0.1%**	**6.2%**	**-1.1%**	**1.6%**	**1.1%**	**1.1%**	**1.5%**
Capital Outlay	**16.2%**	**-8.7%**	**6.8%**	**0.5%**	**0.5%**	**0.5%**	**0.5%**
Other	**-96.7%**	**605.2%**	**222.3%**	**1.0%**	**1.0%**	**1.0%**	**1.0%**
Childcare	-0.4%	0.5%	0.6%	2.0%	2.0%	2.0%	2.0%
Capital Imp Bond Debt Svc	2.3%	4.9%	-32.4%	38.7%	-0.2%	0.2%	0.1%
CIP	1381.1%	30.3%	-0.3%	28.3%	2.2%	2.5%	2.5%
Lodging Excise Tax	-5.0%	-39.9%	41.4%	-10.5%	6.3%	6.4%	6.2%
DHS Childcare	17.7%	-13.1%	6.5%	2.0%	2.0%	2.0%	2.0%
Fire Commission	-3.8%	-23.5%	23.3%	1.5%	1.5%	1.5%	1.5%
FOC	-6.9%	-18.6%	0.1%	1.5%	1.5%	1.5%	2.0%
Health	0.1%	-22.7%	22.7%	1.0%	1.0%	1.0%	1.0%
Special Projects	-4.2%	-9.4%	-2.4%	-17.0%	1.5%	1.5%	2.0%
Transfers Out	**12.7%**	**-7.0%**	**5.0%**	**5.1%**	**1.9%**	**2.0%**	**2.0%**
Total before Eliminations	**0.8%**	**0.5%**	**1.0%**	**2.1%**	**1.6%**	**1.7%**	**2.0%**
Cumulative Eliminations	NA	NA	NA	NA	33.1%	-18.5%	-0.7%
Total	**0.8%**	**0.5%**	**1.0%**	**1.0%**	**1.2%**	**2.0%**	**2.0%**
Net Fund Balance Inc (Dec)	-45.4%	-83.8%	-100.0%	NA	NA	NA	NA
Fund Balance, Beg	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Fund Balance, End	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2011	2012 [1]
Operating Revenues:		
Charges for services	$ 719,685	$ 138,017
Interest and penalties	2,972,340	3,661,297
Collection fees	1,229,113	1,757,221
Auction proceeds	(258,270)	477,279
Total Operating Revenues	**4,662,868**	**6,033,814**
Operating Expenses:		
Contractual services	572,350	570,693
Other	117,227	121,487
Total Operating Expenses	**689,577**	**692,180**
Operating Income (Loss)	**3,973,290**	**5,341,634**
Non-Operating Revenues (Expenses)		
Investment earnings	150,540	127,388
Interest expense and charges	(432,005)	(382,077)
Total Non-Operating Revenues (Expenses)	**(281,466)**	**(254,689)**
Income (Loss) Before Contributions and Transfers	3,691,825	5,086,946
Transfers out	(5,000,000)	(5,203,000)
Change in Net Assets	**(1,308,175)**	**(116,054)**
Net Assets, Beginning of Year	17,377,289	16,069,114
Net Assets, End of Year	**$ 16,069,114**	**$ 15,953,059**

(1) Pending audit adjustments

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2011	2012 (1)
Revenues:		
Intergovernmental	$ 150,000	$ 1,600
Contributions and reimbursements	1,360,077	444,200
Total Revenues	**1,510,077**	**445,800**
Expenditures:		
Capital outlay	2,998,594	3,237,639
Total Expenses	**2,998,594**	**3,237,639**
Deficiency of revenues over expenditures	**(1,488,517)**	**(2,791,839)**
Other Financing Sources (Uses)		
Interfund transfers in	2,962,176	4,010,826
Interfund transfers out	(1,233,123)	(1,160,889)
Total Other Financing Sources (Uses)	**1,729,054**	**2,849,937**
Net change in fund balance	**240,537**	**58,097**
Fund Balance, beginning of year	5,015,478	5,256,015
Fund Balance, end of year	**$ 5,256,015**	**$ 5,314,112**

(1) Pending audit adjustments

Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2011	2012 [1]
Operating Revenues:		
Charges for Services	$ 31,629,680	$ 31,903,883
Total Operating Revenues	**31,629,680**	**31,903,883**
Operating Expenses:		
Personnel Service	8,262,509	7,917,838
Materials and Supplies	750,259	727,584
Other	8,664,675	8,176,355
Total Operating Expenses	**17,677,443**	**16,821,777**
Operating Income (Loss)	**13,952,237**	**15,082,106**
Non-Operating Revenues (Expenses):		
Investment Earnings	154,245	134,032
Passenger Facilities Charges	4,635,636	4,318,527
Gain (Loss) on Sale of Fixed Assets	49,731	22,793
Customer Facility Charges	1,543,299	1,460,237
Depreciation	(16,274,703)	(16,251,039)
Interest Expense and Charges	(8,252,159)	(8,525,272)
Total Non-Operating Revenues (Expenses)	**(18,143,951)**	**(18,840,722)**
Income (Loss) Before Contributions	(4,191,714)	(3,758,616)
Capital Contributions	1,439,789	7,105,294
Change in Net Assets	**(2,751,925)**	**3,346,678**
Net Assets, Beginning of Year	187,592,509	184,840,584
Net Assets, End of Year	**$ 184,840,584**	**$ 188,187,262**

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2011	2012 [1]
Operating Revenues	$ 31,629,680	$ 31,903,883
Investment Earnings	154,245	134,032
Customer Facility Charges	1,543,299	1,460,237
Passenger Facility Charges	4,635,636	4,318,527
Gain (Loss) on Sale of Fixed Assets	49,731	22,793
Operating Expenses	(17,677,443)	(16,821,777)
Net Revenues (as defined in the resolution)	**$ 20,335,148**	**$ 21,017,695**
Debt Service Requirements	**$ 12,432,159**	**$ 13,025,272**
Debt Service Coverage	**1.64x**	**1.61x**

(1) Pending audit adjustments

Airline Market Shares

Comparative market share information for airlines based on enplaned passengers for 2005, 2010 and 2012 is shown in the following table:

Airline	2005		2010		2012	
	Enplaned Passengers	Percent of Total	Enplaned Passengers	Percent of Total	Enplaned Passengers	Percent of Total
Northwest Airlines	431,470	41.2%	-	0.0%	-	0.0%
United Airlines	80,265	7.7%	39,270	3.6%	44,842	4.2%
Delta Airlines	7,540	0.7%	236,343	21.5%	223,783	20.9%
Major/National	**519,275**	**49.6%**	**275,613**	**25.1%**	**268,625**	**25.1%**
American Eagle (6)	130,640	12.5%	103,166	9.4%	123,317	11.5%
AirTran	-	0.0%	76,644	7.0%	123,465	11.5%
Allegiant Air	-	0.0%	117,609	10.7%	76,759	7.2%
US Airways Express (1)	29,803	2.8%	-	0.0%	-	0.0%
Continental Express (8)	76,225	7.3%	92,912	8.5%	11,245	1.1%
Delta Connection (2)	146,883	14.0%	256,524	23.4%	221,782	20.7%
Midwest Express Connect (5)	36,073	3.4%	-	0.0%	-	0.0%
Frontier Airlines (7)	-	0.0%	56,274	5.1%	53,189	5.0%
American Trans/Air Connect	8,055	0.8%	-	0.0%	-	0.0%
America West Express	32,434	3.1%	-	0.0%	-	0.0%
Northwest Airlink (3)	67,545	6.4%	-	0.0%	-	0.0%
United Express (4)	-	0.0%	113,195	10.3%	185,788	17.4%
Air Canada	-	0.0%	3,940	0.4%	4,502	0.4%
Regional Commuter	**527,658**	**50.4%**	**820,264**	**74.7%**	**800,047**	**74.8%**
Charter	290	0.0%	1,783	0.2%	1,123	0.1%
Total	**1,047,223**	**100.0%**	**1,097,660**	**100.0%**	**1,069,795**	**100.0%**

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

Airline Service

As of March, 2013, 59 daily scheduled non-stop departures were provided from Kent County to 23 cities in the United States. Major and national airlines provided 18 daily scheduled non-stop departures to 13 cities and regional and commuter airlines provide 41 non-stop departures to 14 cities as shown below.

	Scheduled Non-stop Departures	
Destination City	Major/National Airlines	Regional Commuter Airlines
Atlanta	2	1
Baltimore	2	-
Chicago	2	9
Cincinnati	-	3
Cleveland	-	4
Dallas	-	3
Denver	1	1
Detroit	2	5
Fort Lauderdale (1)	1	-
Fort Myers	1	-
Houston	-	1
Las Vegas (1)	1	-
Minneapolis-St. Paul	1	4
New York (La Guardia)	-	2
New York (Newark)	-	3
Orlando	2	1
Phoenix (1)	1	-
St. Pete/Clearwater (1)	1	-
Tampa	1	-
Toronto	-	2
Washington, DC (2)	-	2
Total	**18**	**41**

(1) Departs two times per week

(2) Service begins 5/1/2013.

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2011	2012 (1)
Operating Revenues:		
Charges for Services	$ 11,338,478	$ 10,164,994
Total Operating Revenues	**11,338,478**	**10,164,994**
Operating Expenses:		
Personnel, Materials, Contractual, Other	8,099,696	7,608,488
Depreciation and Amortization	1,924,911	1,836,061
Total Operating Expenses	**10,024,607**	**9,444,549**
Operating Income (Loss)	**1,313,871**	**720,445**
Non-Operating Revenues (Expenses)		
Investment Earnings	231,162	192,431
Miscellaneous	-	-
Gain (Loss) on Capital Assets	(98,037)	27,020
Interest Expense and Charges	(459,015)	(449,806)
Total Non-Operating Revenues (Expenses)	**(325,890)**	**(230,355)**
Change in Net Assets	**987,981**	**490,090**
Net Assets, Beginning of Year	30,366,590	31,354,571
Net Assets, End of Year	**$ 31,354,571**	**$ 31,844,661**

(1) Pending audit adjustments

Debt Service Coverage

	Year Ended December 31,	
	2011	2012 (1)
Operating Revenues	$ 11,338,478	$ 10,164,994
Non-Operating Revenues	133,125	219,451
Operating Expenses Before Depreciation	(8,099,696)	(7,608,488)
Net Revenues	**$ 3,371,907**	**$ 2,775,957**
Debt Service Requirements	**$ 900,481**	**$ 901,681**
Debt Service Coverage	**3.74x**	**3.08x**

(1) Pending audit adjustments

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2011	2012 [1]
Revenues:		
Hotel/Motel Taxes	$ 5,803,776	$ 6,597,840
Investment Earnings	11,512	10,181
Other	8,044	3,024
Transfer In - General Fund	1,400,000	841,348
Total Revenues	**7,223,332**	**7,452,393**
Expenditures:		
Administration	182,169	174,682
Convention and Visitors Bureau - Promotion	783,509	952,124
Arts Festival	10,000	10,000
Sports Commission	250,000	100,000
Debt Service	5,642,069	5,843,981
Total Expenditures	**6,867,747**	**7,080,787**
Net Change in Fund Balance	**355,585**	**371,606**
Fund Balance, Beginning of Year	396,962	752,548
Fund Balance, End of Year	**$ 752,548**	**$ 1,124,153**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2011	2012
Hotel/Motel Tax Revenues	$ 5,803,776	$ 6,597,840
Debt Service Requirements	5,642,069	5,843,981
Debt Service Coverage	**1.03x**	**1.13x**

Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2011	2012 [1]
Revenues:		
Taxes	$ 15,974,836	$ 15,523,719
Investment Earnings	82,221	72,065
Total Revenues	**16,057,057**	**15,595,784**
Operating Transfers:		
Building Rent	941,618	941,618
General Fund - Facility Operations	11,062,500	14,587,500
Total Operating Transfers	**12,004,118**	**15,529,118**
Net Change in Fund Balance	**4,052,939**	**66,666**
Fund Balance, Beginning of Year	2,321,894	6,374,833
Fund Balance, End of Year	**$ 6,374,833**	**$ 6,441,499**

(1) Pending adjustments to audit

Debt Service Coverage

	Year Ended December 31,	
	2011	2012 [1]
Property Tax Revenues	$ 15,974,836	$ 15,523,719
Debt Service/Building Rent Requirements [2]	941,618	941,618
Debt Service Coverage	**16.97x**	**16.49x**

(1) Pending adjustments to audit

(2) 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: 2/16/2013
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: 10/1/2012
Related Policies: Fiscal Policy – Economic Development Participation
Approved as to form: Not applicable

County of Kent

<u>FISCAL POLICY - INVESTMENTS</u>

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: 01/3/2013
Related Policies: None
Approved as to form: Not applicable

December 13, 2012

Economic forecast for Grand Rapids region sees growth in service and manufacturing jobs

By JIM HARGER | jharger@mlive.com

GRAND RAPIDS, MI – Economist George Erickcek is forecasting continued growth for the greater Grand Rapids area in the annual forecast he prepared for the Right Place 2013 Economic Outlook for West Michigan.

The region's employment base will grow by 1.2 percent in 2013 and by another 1.6 percent in 2014, said Erickcek, senior regional analyst with the Upjohn Institute of Kalamazoo.

Manufacturing and service jobs will once again be the leading sectors, Erickcek said. Goods producings jobs, which include manufacturing, will grow by 1.1 percent while service providing jobs will grow by 1.5 percent, he said.

The manufacturing sector led this year's recovery, adding 2,050 of the region's 5,000 new jobs in Kent, Ionia, Barry and Newago counties.

Erickcek said he also expects to see strong growth in the service sector, led by healthcare.

Healthcare will continue to be a growth sector outside of hospitals, Erickcek said. "We're still seeing employment growth in healthcare, we're just being treated more and more out of the hospital," he said.

While office furniture production will remain flat, Erickcek said the region's auto part suppliers and food processors will continue to show employment growth.

Government employment, which fell by 2.4 percent this year, will fall by 0.9 percent in 2013, Erickcek said. Construction activity will be flat despite continued low interest rates, he said.

As he prepared his 2013 forecast, Erickcek said the 2012 forecast he delivered one year ago was nearly on the mark.

"Last year, we predicted the greater Grand Rapids area would grow by 1.1 percent and indeed, it grew by 1 percent," he said.

"This year, we think it's going to be not a repeat, but pretty close."

Erickcek is one of four featured speakers who will present their forecast for 2013 at Thursday's breakfast event. Birgit Klohs, president and CEO of the Right Place Inc., Rick Baker, president of the Grand Rapids Area Chamber of Commerce and Doug Small, president of Experience Grand Rapids.

Grand Rapids and Detroit make list of nation's 'best recoveries' after Great Recession

By JIM HARGER | jharger@mlive.com

GRAND RAPIDS, MI – Michigan's two largest metropolitan areas – Detroit and Grand Rapids – can be found on an elite list of cities that are enjoying the best economic recoveries in the wake of the Great Recession, according to the Brookings Institution.

Photo: Grguy2011/Wkikmedia

Grand Rapids' economy is making the 8th best recovery in the U.S. followed by Detroit, which was ranked 9th.

Grand Rapids' comeback was ranked 8th in the nation while Detroit's recovery was ranked 9th, according to the Metro Monitor survey released this week.

The survey measured each of the nation's top 100 metropolitan area's performance since hitting bottom in 2009.

In Grand Rapids, unemployment showed the 3rd best drop in the nation, falling 4.9 percentage points since the fourth quarter of 2009.

Meanwhile, employment growth was ranked 13th overall, climbing 5.9 percent since third quarter of 2009. Output was ranked 12th, rising 12.4 percent since third quarter of 2009.

In the Detroit area, unemployment fell at the 2nd highest rate in the U.S., falling 5.2 percentage points since the third quarter of 2009.

Detroit's employment growth was ranked 17th overall, rising 5 percent since the third quarter of 2009. Detroit's output growth was ranked 20th, rising 9.6 percent since the third quarter of 2009.

Housing prices in the Detroit area rose 1.9 percent since the second quarter of 2012, 23rd best in the U.S. In Grand Rapids, housing prices are up 1 percent, 50th best in the country.

The Toledo area was ranked 18th in the list of best recoveries and showed the best recovery for all U.S. cities in the unemployment category.

The Brookings Institution's survey included the nation's 100 largest metropolitan areas. New Orleans showed the strongest growth in the survey.

The survey's worst recoveries included cities that did not crash as hard during the Great Recession and have underperformed since. Cities in the northeast took nine out of 11 of the spots on this list.

Grand Rapids Business Journal

December 22, 2012

New year brings jobs to Bucktown

Grandville retail center looks like an economic engine.

By David Czurak

Not that the partners at CWD Real Estate Investment are thinking of changing the name of their Bucktown Shopping Center to the Jobtown Shopping Center, but they could.

The 45-acre urban retail development in Grandville, not far from the RiverTown Crossings Mall, will likely reach a job-creation number of more than 400 by this spring — and possibly come close to 500 — when Lane Bryant and Cabela's open there.

The two retailers and their new employees will join Target, ULTA, Maurices and a Meijer gas station and the jobs those businesses have already brought to the shopping center.

CWD partner Scott Wierda told the Business Journal his firm doesn't count every job the retailers have brought or are planning to bring to the shopping center, so he didn't have an exact total. But he is certain that Bucktown has become an economic catalyst and will continue to be one.

"This is really going to have a strong economic impact. Now, Cabela's isn't announcing officially how many visitors will be there, but in conversations, it's estimated between 2 (million) to 2.5 million people will come to visit Cabela's annually. So it's big, and that will have implications for, certainly, the region."

Wierda added that most noteworthy tenants draw customers from roughly a 10-mile radius, but visitors to Cabela's will come from a 90-mile radius. "The whole western half of the state will shop here," he said.

Besides the draw it will bring to Bucktown, Cabela's also will be the next big job creator there. It recently announced it will employ up to 200 workers at its 88,000-square-foot store at 3000 44th St. SW. The very popular sporting-goods retailer, which also has a store in Dundee, plans to open in March and the firm just completed job interviews last week.

Getting Cabela's to locate a store here is an economic victory for the area, especially after a multi-year effort to bring one to Walker failed. Wierda said his firm didn't have Cabela's on its radar screen when it began developing the site, as CWD already had landed Target as an anchor store. But then CWD learned that executives at the sporting-goods chain had changed their philosophy about locating in new markets.

"The model of going to virgin land out in the country, getting all sorts of state incentives and building their store was not a sustainable model. They realized they really wanted to grow the company, and that was not a model that would do it," said Wierda. "So they made the decision corporately to become more of a traditional retailer and stick to fundamentals."

The company's new model looks for the right retail populations and locations where the proper infrastructure is already in place. With that change, Cabela's can now be part of a mature shopping district with a proven track record. And Grandville fit the new model. "They specifically said that they had a model change and they contacted us through a broker," he said.

Right from the start, Wierda said he told store executives there wouldn't be a basket of incentives for Cabela's to come to Grandville. "They said they understood that, and we were able to put a deal together. I wouldn't say it's a deal that CWD really makes money on, but it becomes such a tremendous anchor, along with Target. Clearly, Target was enough of an anchor to kick the project off and be successful on its own. Target really is one of the best anchors to get in a marketplace."

CWD bought the property, which once belonged to X-Rite Inc., in January 2009 and then demolished the structures on the site to clear it for development. Wierda said his firm liked the property's location and the amenities the site offered.

"Probably first and foremost, we're fairly disciplined buyers. A property has to have all of the right fundamentals in terms of its location. This was a mature area with a tremendous corridor with all the infrastructure in place or available, and in, frankly, a very nice, strong community" he said.

"We tend not to pioneer areas, as a rule, and that area was an established area. We were attracted by the fact we were buying a great piece of property and it had a lot of the right fundamentals."

CWD has begun construction on another building on a parcel it still owns, and the plan is to put smaller retail businesses in those storefronts. "There is a lot going on there," said Wierda.

Bucktown is an interestingly different name for a retail center. Wierda said there were a few fun-loving reasons CWD gave it that name, but one was clearly more important than the others.

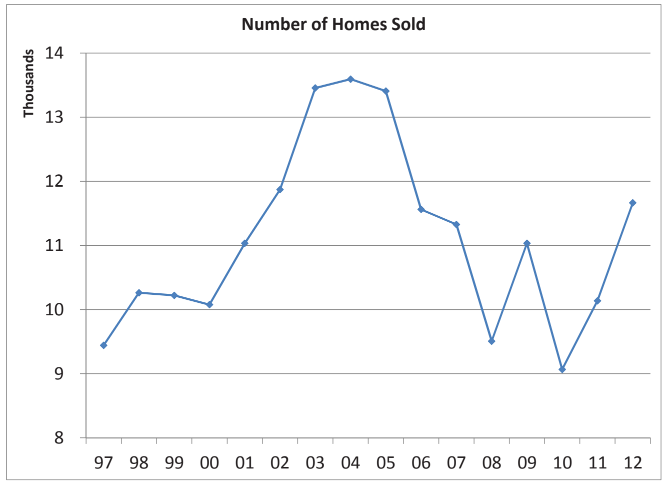
"From a city perspective, you have Buck Creek that runs through Grandville. You have, obviously, a Cabela's store, which is involved with the buck. And, perhaps, the most enjoyable one is the name of the mayor," he said of Jim Buck.

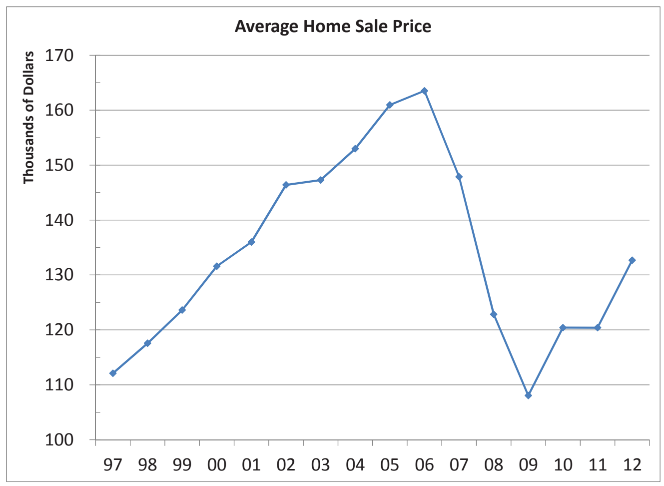
Buck is the city's longest-serving mayor, at 28 years, and likely the most respected in the city's recent history. Naming the center after the mayor wasn't a conflict of interest; the partners chose the name long after the city approved the project. "He is a mayor's mayor, and we have affection for him," said Wierda. "He is a fabulous, fabulous man."

January 14, 2013

West Michigan's housing market recovered in 2012 but new listings are in short supply

By JIM HARGER | jharger@mlive.com





GRAND RAPIDS, MI – West Michigan's housing market made a strong recovery last year, but leaders of the Grand Rapids Association of Realtors (GRAR) say there is still room to grow in the wake of the Great Recession and housing market collapse.

Their biggest challenge is finding enough inventory for buyers who are eager to buy or relocate, said GRAR President Terry Westbrook.

"There are buyers out there that are looking and can't find what they want at every price range," said Westbrook. "There's a variety of people out there looking for property across the price spectrum."

While the average home price rose 10.5 percent last year to $121,889 and the number of homes sold rose 32 percent, the number of new listings remained flat, Westbrook said.

At the end of December, the Realtors showed 16,389 new listings for the year, just nine more than in 2011. New listings for December were down 14.5 percent compared to December 2011.

The shortage of new listings means a fairly priced home will sell quickly, Westbrook said. The average house sold in December was on the market 70 days compared to 77 days one year earlier.

Westbrook said some sellers have told him they are waiting for prices to move higher before they list their homes. Others are waiting for values to rise because they are still "under water" on their mortgages, he said.

Despite the shortage of new listings, Westbrook said most Realtors are optimistic about the West Michigan market for the coming year.

"The feeling in the marketplace now is that everything is going in the right direction," Westbrook said.

GRAR's CEO Julie Rietberg said she expects the momentum from 2012 to continue in 2013.

"Pending and closed sales saw double digit percentage increases in both the number of sales and dollar volume" Rietberg said. "From all indications, 2013 appears to have kicked off with that same level of activity.

"Housing inventory is still low -- definitely a great time for sellers to consider putting their home on the market now," she said.

March 5, 2013

Trader Joe’s, Whole Foods and H&M coming to Grand Rapids-area market, say developers

By SHANDRA MARTINEZ | smartinez@mlive.com

GRAND RAPIDS, MI -- Foodies, hipsters and clothes horses will have their dreams come true in West Michigan, according to real estate developers.

Food retailers Trader Joe’s and Whole Foods along with clothing retailer H&M are coming to the Grand Rapids market, confirmed Mike Murray, a principal at Colliers International, a Grand Rapids real estate broker.

Murray shared the news during the 11th annual International Council of Shopping Centers West Michigan Alliance conference on Tuesday, March 5, held at DeVos Place.

The retailers are among the most requested for the Grand Rapids market.

Murray said that both the specialty food retailers have been looking at the market for a long time but haven’t found the right location. They are interested in Ada, East Beltline or possibly 28th Street SE near Cascade.

Both retailers have stores on the east side of the state and are looking for locations near highly educated and affluent populations, Murray said.

“They are working so hard to secure the right location,” said Murray. “They are determined to get here.”

The retailers are known for their organic and health-oriented line of foods, although the California-based Trader Joe’s is considered more affordable than the Texas-based Whole Foods.

Murray said he couldn’t confirm which mall will get an H&M store. The Swedish multinational retail-clothing company is known for its trendy, affordable clothing for women and men, and is a competitor of Forever 21.

The retailers may not open in 2013, but Murray said he expected all three to announce Grand Rapids area locations this year.

The opening of a long-awaited Cabela’s this month is helping to attract more A-list retailers.

“The more national retailers we get, the more reasons for companies to look at coming here,” said Murray, adding that 2013 will be a watershed year for the Grand Rapids area retail market.

“We are working with other retailers and restaurants that are coming to Grand Rapids that we can’t announce yet,” Murray said.

Grand Rapids Business Journal

March 8, 2013

Area hotels are continuing strong run

Convention center posts its best-ever seven-month fiscal mark.

By DAVID CZURAK

Following on the heels of a record-breaking revenue year of $127 million for hotels in the county last year, Experience Grand Rapids President Doug Small reported the momentum carried over into the first month of the new year.

Small told members of the Convention and Arena Authority that hotel occupancy was up by 6 percent in January compared to the same month last year, and the average room rate for the month was the third highest nationwide among a group of comparative cities. He said only rates in Hartford, Conn., which gets a lot of corporate business, and in Pittsburgh were higher.

One explanation for that news came from a somewhat unlikely, or at least largely unconsidered, source.
"Concerts at the arena are a huge boost to our occupancy," said Small.

So far this fiscal year, nine concerts were held at Van Andel Arena through January, and those shows brought the performers, their road crews and their fans to the hotels. "I always knew there was a correlation between concert activity and the hotels. I didn't know it was that much," said SMG General Manager Rich MacKeigan, also CAA executive director. At the seven-month mark of the fiscal year, the arena had a surplus of $525,000; concerts had recorded half of the building's total event income. A year ago at the end of January, that surplus was $499,000. But the big fiscal news belongs to DeVos Place.

Experience GR Executive Vice President George Helmstead said the building hosted 353 meetings in 2012, up from 311 in 2011, and six of those months belong to the convention center's current fiscal year. More than 243,000 delegates attended those meetings last year, a 40 percent attendance increase over 2011.

"Doug (Small) is cracking the whip, and we've got higher goals for this year," joked Helmstead.

That performance helped the convention center finish its best seven-month financial performance in its nearly 10-year history. The building closed January with a deficit of just $8,884. In comparison, at the same time last year the building was $413,800 in the red.

SMG Director of Finance Chris Machuta said it wasn't only that the building has hosted more meetings and conventions. He said the financial turnaround also was due to those clients using more areas of the building for their gatherings. In addition, he said, clients are spending more on ancillary services such as food, decorations and electrical services than five years ago when the recession shrunk many meeting budgets. He added that the building is becoming more entrenched with regional and national conventions. Most of the convention center's past business came from state groups.

Machuta said the remaining five months of the fiscal year looks fine for DeVos Place. He said the year could turn out to be the convention center's best financial showing since it held its first meeting in December 2003. The most startling outcome, of course, would be if the building ended the year in the black. If so, it would be a first.

"It's the best seven months it's ever had," said Machuta of the July through January run. "I don't foresee that we'll get to the black, though."

March 25, 2013

Grand Rapids lands on Forbes list of 15 U.S. cities with 'emerging downtowns'

By GARRET ELLISON | gellison@mlive.com

GRAND RAPIDS, MI — Economic development strides since the mid-1990s have landed Grand Rapids on yet another Forbes list, this one for U.S. cities with "emerging downtowns."

By Rex Larsen | The Grand Rapids Press

Workers put the finishing touches on the Grand Rapids Art Museum on Sept. 9, 2007. The museum opened to the public a few weeks later on Oct. 5.

Although not competitively ranked, Grand Rapids joins cities like Denver, Des Moines, Detroit, Cincinnati, Milwaukee and Cleveland on the list of cities that are attracting reinvestment and population growth downtown.

The list appeared alongside a Forbes story about how the "young and the restless" demographic is driving reinvestment into core urban business districts.

Forbes cites the "billions in public-private funding" that has helped develop downtown projects like the Van Andel Arena, the DeVos Place convention center and Michigan State University's College of Human Medicine headquarters on the Medical Mile.

Heartside redevelopments like the Cherry Street Landing project are alluded to in the list, which features an MLive photo of the city's iconic Blue Bridge during a rubber duck race on the Grand River during last September's Celebration on the Grand.

"Rockford Construction has converted more than a dozen abandoned warehouses and office buildings into 400,000 square feet of updated residential, retail and office space. This summer will welcome the $30 million Downtown Market, a year-round culinary marketplace, spanning 130,000 square feet and the city plans to build a rapid transit bus line that will more easily cart people from the suburbs to Grand Rapids' downtown."

The latest Forbes list follows the magazine's ranking of Grand Rapids as the No. 1 city in the country for raising a family last April. More recently, Forbes ranked Grand Rapids among the top 10 happiest cities for workers in the U.S.

In July 2011, Forbes listed Grand Rapids as having the most optimistic jobs forecast nationwide for summer hiring.

In a kind of break from tradition, Forbes included Detroit on the list of emerging downtowns because of its attraction of young professionals thanks to efforts by billionaire Quicken Loans founder Dan Gilbert.

In January, Forbes listed Detroit as the No. 1 "most miserable" city in the U.S., and as the "most violent" in October.

March 26, 2013

New data center could bring 100 to 200 new jobs to Grand Rapids, company says

By JIM HARGER | jharger@mlive.com

GRAND RAPIDS, MI – Comlink Inc., an East Lansing-based company that specializes in data hosting and "cloud" services, is entering the Grand Rapids market with a 9,000 square-foot data center that could employ between 100 and 200 employees in the future.

The data center at 3950 Sparks Drive SE, will employ 20 initially, the company said. More employees will be added as Comlink adds clients, according to a news release issued this week.

The local data center, which will officially open with an April 24 ribbon cutting, will complement the company's 9,000-mile, six-state regional fiber network and substantially expand the capabilities it can provide to customers nationally and internationally, Comlink officials said.

"The data center will put Comlink on the map as a leading hosting and cloud services provider," said John Summersett, Comlink's chief operating officer.

"The facility in Grand Rapids, combined with our fiber transport network, will allow us to provide our customers with truly high-availability cloud services which are integrated with the network as one ecosystem," Summersett said.

Encased entirely in concrete, the Grand Rapids data center features redundant generators along with redundant systems to ensure clean, efficient, uninterruptable power to every cabinet, customer, and application, the company said.

"Several local vendors have also been involved in the development of the datacenter and will continue supporting the datacenter as it continues to grow."