PRELIMINARY OFFICIAL STATEMENT DATED APRIL 17, 2013

NEW ISSUE – BOOK-ENTRY-ONLY

Ratings: Moody's Investors Service: MIG1
Standard & Poor's Ratings Services: SP-1+

In the opinion of Note Counsel, based upon its examination of the documents described in its opinion, under existing law, the interest on the Notes is included in gross income for federal income tax purposes. The Notes and interest thereon are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "**TAX MATTERS**" herein and Appendix C hereto.

$24,000,000
COUNTY OF KENT
STATE OF MICHIGAN
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013
(Taxable Obligations)

Date of Issue .... Date of Delivery
Due .... April 1 as shown below
Denomination .... $5,000 or any integral multiple thereof.
Registration .... Book-Entry Only
Interest .... First payable October 1, 2013 and every six months thereafter.
Note Registrar and Paying Agent .... The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan

MATURITY SCHEDULE

Due April 1	Amount	Interest Rate	Priced to Yield	Cusip
2014	$18,000,000	%	%	
2015	6,000,000			

COMPETITIVE BIDS INVITED
Sale Date: April 25, 2013 Time: 11:30 a.m. EDT
See Attached Notice of Sale and Bid Form in Appendix E

Bids for the Notes shall be conditioned upon the legal opinion of Dickinson Wright PLLC, attorneys of Grand Rapids and Detroit, Michigan, approving the legality of the Notes, the original of which will be delivered without expense to the purchaser upon delivery of the Notes. It is expected that the Notes will be delivered to the purchaser on or about May 8, 2013 through The Depository Trust Company in New York, New York.

This cover page contains information for quick reference only. It is not intended to be a summary of the terms of this Note issue. Investors are instructed to read the entire Official Statement to obtain information essential to the making of an informed investment decision. As of its date, this Official Statement has been deemed final by the County for purposes of paragraph (b) (1) of SEC Rule 15c2-12.

Registered Municipal Advisor:

J.J.B. HILLIARD, W.L. LYONS, LLC

Dated: April __, 2013

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No dealer, broker, salesman or other person has been authorized by the County of Kent to give any information or to make any representations, other than those contained in this Official Statement as published and, if given or made, such other information or representations must not be relied upon. The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County of Kent since the date hereof.

TABLE OF CONTENTS

COUNTY OF KENT
BOARD OF COMMISSIONERS

County Treasurer
Kenneth D. Parrish

Drain Commissioner	**Clerk and Register of Deeds**
William Byl	Mary B. Hollinrake
Prosecuting Attorney	**Sheriff**
William A. Forsyth	Lawrence A. Stelma

Administrator/Controller	**Fiscal Services Director**	**Corporate Counsel**
Daryl J. Delabbio	Stephen Duarte	Daniel Ophoff

PROFESSIONAL SERVICES

Auditor:	The Rehmann Group Grand Rapids, Michigan
Note Counsel:	Dickinson Wright PLLC Detroit and Grand Rapids, Michigan
Note Registrar and Paying Agent:	The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan

REGISTERED MUNICIPAL ADVISOR:
J.J.B. HILLIARD, W.L. LYONS, LLC
3225 Van Horn Road, Suite 130
Trenton, Michigan 48183
Telephone: 734.692.5614

OFFICIAL STATEMENT

COUNTY OF KENT
STATE OF MICHIGAN
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013
(Taxable Obligations)

This Official Statement, including the cover page hereof, of the County of Kent (the "County"), is provided for the purpose of setting forth information to all who may become registered holders of the $24,000,000 County of Kent, State of Michigan, General Obligation Limited Tax Notes, Series 2013 (the "Notes").

THE NOTES

Authorization and Purpose

The Notes are being issued pursuant to an authorizing resolution adopted by the Board of Commissioners of the County (the "Resolution") and the provisions of Act 206, Public Acts of Michigan of 1893, as amended ("Act 206"), which allow the County to borrow money in anticipation of the collection of unpaid real property taxes within the County. The Notes are being issued for the purpose of continuing in part a tax payment fund (the "Fund") created pursuant to provisions of Act 206 to make advances from the proceeds of the Notes to the State of Michigan (the "State") and units of government within the County, including the County, of amounts equaling their respective share of 2011 real property taxes against which the County has borrowed and that are outstanding and uncollected on March 1, 2013.

Security

Primary Security: The Notes are secured by 2012 real property taxes due and payable to the County, the State and taxing units within the County against which the County has borrowed and that were outstanding and uncollected on March 1, 2013 (the "Delinquent Taxes") and interest thereon, all County property tax administration fees on such taxes after expenses of issuance of the Notes have been paid and any amounts received by the County Treasurer from any taxing units because of the uncollectability of such taxes.

Additional Security: In addition, the Notes will be a limited tax general obligation of the County, secured by its full faith and credit. **The County does not have the power to impose taxes for the payment of the Notes in excess of constitutional or statutory limitations.**

Full Right of Recourse

The Notes will be general obligations of the County, secured by its full faith and credit, which shall include, if necessary, the obligation of the County to impose taxes for the payment of the Notes, subject to applicable constitutional and statutory limits. In addition, Act 206, provides in part that: "*The primary obligation to pay to the County the amount of taxes and the interest on the taxes shall rest with the local taxing units and the state for the state education tax…. If the delinquent taxes that are due and payable to the County are not received by the County for any reason, the County has full right of recourse against the taxing unit or to the state for the state education tax…to recover the amount of the delinquent taxes and interest….*"

Additional Notes

The County may issue additional notes that are secured equally and ratably with the Notes; provided, however, that the aggregate principal amount of the outstanding Notes and any additional notes shall not exceed the amount of delinquent taxes against which the County is borrowing. Such additional notes shall also be a limited tax general obligation of the County, secured by its full faith and credit.

Optional Redemption

The Notes are not subject to redemption prior to maturity.

Description and Form of the Notes

The Notes will be issued in book-entry-only form as one fully registered Note per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof. The Notes will be dated as of their date of delivery and bear interest from that date. Interest on the Notes shall be payable semiannually each October 1 and April 1 thereafter to maturity, commencing October 1, 2013. The Notes will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The Bank of New York Mellon Trust Company, NA, Detroit, Michigan (the "Paying Agent") is the initial note registrar and paying agent for the Notes. The Paying Agent will also serve as the transfer agent if the Notes cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Notes which are held in the book-entry-only system, see "**BOOK-ENTRY-ONLY SYSTEM**" below. In the event the Notes cease to be held in the book-entry-only system, then interest on the Notes shall be payable when due by check or draft to the person or entity who or which is, as of the close of business on the 15th day of the month preceding each interest payment date, provided that if such day is a Saturday, Sunday or legal holiday in the State, as of the close of business on the day next preceding such 15th day of the month which is not a Saturday, Sunday or legal holiday in the State, (the "Record Date"), the registered owner of record, at the owner's registered address. See "**BOOK-ENTRY-ONLY SYSTEM - Transfer Outside Book-Entry-Only System**" below.

Paying Agent

The Notes shall be payable as to principal in lawful money of the United States upon surrender thereof at the designated corporate trust office of the Paying Agent. Interest shall be paid to the registered owner of each Note as shown on the registration books of the County at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft, mailed by the Paying Agent to the registered owner at the registered address. Interest on the Notes shall be computed upon the basis of a 360-day year, comprised of twelve 30-day months.

If the Notes are no longer held in book-entry-only form, the Notes will be transferable only upon the registration books of the County kept by the Paying Agent. Any Note may be transferred upon the books required to be kept by the Paying Agent by the registered owner thereof, in person or by the registered owner's duly authorized attorney, upon surrender of the Note for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing. Whenever any Note or Notes shall be surrendered for transfer, the Paying Agent shall authenticate and deliver a new Note or Notes, for like aggregate principal amount. The Paying Agent may require the payment by the Noteholder requesting the transfer of any tax or other government charge required to be paid with respect to the transfer.

BOOK-ENTRY-ONLY SYSTEM

General

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the County or the Paying Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the County or the Paying Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the County nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Notes, or for any principal or interest payment thereof.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Paying Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The County and the Paying Agent cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Notes (i) payments of principal of or interest on the Notes, (ii) any document representing or confirming beneficial ownership interests in the Notes, or (iii) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that it will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with the Participants are on file with DTC.

The County nor the Paying Agent will not have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (a) the Notes; (b) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (c) the payment by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any amount due with respect to the principal of or interest on the Notes; (d) the delivery by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any notice which is required or permitted under the terms of the Resolution to be given to Noteholders; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Notes; or (f) any consent given or other action taken by DTC as Noteholder.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its service with respect to the Notes at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry-only system for the Notes will be discontinued unless a successor securities depository is appointed by the County. In addition, the County may discontinue the book-entry-only system for the Notes at any time by giving reasonable notice to DTC.

Transfer Outside Book-Entry Only System

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Notes. The Paying Agent shall keep the registration books for the Notes (the "Note Register"). Subject to the further conditions contained in the Resolution, the Notes may be transferred or exchanged for one or more Notes in different authorized denominations upon surrender thereof to the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Notes to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Note Register and shall authenticate replacement Notes in authorized denominations; the County and Paying Agent shall be entitled to treat the registered owners of the Notes, as their names appear in the Note Register as of the appropriate dates, as the owners of such Notes for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

THE FUND

General

In 1976, the State of Michigan Legislature (the "State Legislature") amended Act 206 to permit any county to borrow for the purpose of funding a tax payment fund. Such fund is used to pay up to 100% of the delinquent real property taxes which were uncollected and were returned as delinquent on March 1, to the County, to any school district, intermediate school district, community college district, city, township, special assessment district, the State or any other political unit within the County for which delinquent real property tax payments are due. In 1978, the State Legislature further amended Act 206 to permit the issuance of General Obligation Limited Tax Notes without a vote of the electors. Such delinquent taxes may include a 1% local government property tax administration fee.

The Notes are being issued for the purpose of continuing in part the Fund for $24,377,633 of the Delinquent Taxes outstanding and due and payable to the County on March 1, 2013. Proceeds of the Notes will be used to make payments to the County, the State and all units within the County which returned their Delinquent Taxes for collection to the County in amounts equal to the taxes returned as delinquent and uncollected as of March 1, 2013 against which the County has borrowed.

Creation of the Fund

The Board of Commissioners of the County (the "Board"), by resolution adopted on February 2, 1977, established the Fund, which replaced the delinquent tax fund established in 1974. Each year thereafter the County has used the Fund to borrow money in anticipation of the collection of unpaid real property taxes in the County. Pursuant to the Resolution the County will issue the Notes and fund the Fund from proceeds of the borrowing. Upon delivery and payment of the Notes and pursuant to law, the County Treasurer will make the payments as described under **THE NOTES – Authorization and Purpose**. Separate and segregated accounts within the Fund are established for each tax year.

Taxes, Interest and Fees

Once the accounts in the Fund are established for the 2012 tax year, the delinquent taxes, interest and property tax administration fees thereon are received by the County directly into the Fund. Interest on the Delinquent Taxes accrues from March 1, 2013 at the rate of one (1%) per month until the tax is paid. County property tax administration fees are 4% of the principal amount of the Delinquent Taxes. Act 206 provides for the payment of additional penalties and fees from time to time after March 1, 2013, if the Delinquent Taxes and the interest, penalties and fees remain unpaid. Additional interest on the Delinquent Taxes computed at the rate of ½ percent per month from March 1, 2013 is assessed if such Delinquent Taxes and the interest, penalties and fees remain unpaid on March 1, 2014.

COLLECTION OF DELINQUENT REAL PROPERTY TAXES

Act 123, Public Acts of Michigan, 1999, as amended ("Act 123"), which became effective October 1, 1999, amended Act 206 and made significant changes with respect to the collection of delinquent real property taxes. Prior to Act 123, real property taxes that were delinquent on the March 1 following the year in which the taxes were due were subject to a tax lien sale 26 months later. Proceeds from the tax lien sale were used to pay the taxes on the property on which the lien was sold, as well as the interest, penalties and fees relating to such taxes. Properties having tax liens purchased at such sale were subject to redemption by the property owners for various redemption periods upon payment of the delinquent taxes and interest, fees and penalties thereon. Prior to Act 123, the receipt of delinquent taxes by the taxing units could take up to six years.

Act 123 applies to the collection of taxes levied after December 31, 1998, including the Delinquent Taxes. Pursuant to Act 123, the County Treasurer still collects the Delinquent Taxes commencing March 1, 2013, together with interest on the Delinquent Taxes from such date at the rate of one percent per month and a County property tax administration fee of four percent. However, the tax lien sale has been eliminated. In its place, Act 123 provides for the forfeiture, foreclosure and sale of the property having the unpaid real property taxes.

From March 1, 2013, to March 1, 2014, the County Treasurer will implement a property forfeiture process that includes the mailing of notices, imposition of fees, preparation of forfeiture lists and tax record searches. On March 1, 2014, if the Delinquent Taxes remain unpaid, the property is forfeited to the County Treasurer, at which time an additional fee is imposed. Additional interest on the Delinquent Taxes at the rate of ½ percent per month from March 1, 2013 is also assessed at that time. The County Treasurer is then required to record a certificate of forfeiture with the County register of deeds.

At this point, the County Treasurer, as the foreclosing governmental unit, will commence foreclosure proceedings during which certain rights to redeem the property still exist. The foreclosure process takes place during the next twelve months and involves title searches, foreclosure petitions, visits to the properties forfeited, the giving of various notices, a show-cause hearing conducted by the County Treasurer and a foreclosure hearing held by the circuit court. The circuit court is required to enter judgment on the foreclosure petition not more than ten days after March 1, 2015, for uncontested cases or ten days after the conclusion of the circuit court hearing for contested cases. All redemption rights to the property expire twenty-one days after the circuit court enters a judgment foreclosing the property. The County Treasurer or person claiming to have a property interest in the property foreclosed may appeal the judgment to the court of appeals. The County Treasurer is required to record either the judgment or notice of the judgment in the office of the County register of deeds.

The County Treasurer may conduct a land sale during July 2015 for property that was foreclosed. The minimum bid at which the property may be offered is the total of all delinquent taxes, interest, penalties and fees due on the property as well as the expenses of administering and preparing for the sale. The State may purchase the property by paying the greater of the minimum bid or the fair market value of the property. If the State does not elect to purchase the property, a city, village or township may purchase any property in that city, village or township for the minimum bid. If a city, village or township does not purchase the property, the County may purchase the property for the minimum bid.

The County Treasurer must conduct a land sale during September 2015 if it still owns the property. If this is the first sale of the property, the State may purchase such property by paying the greater of the minimum bid or fair market value. A city, village or township may purchase the property for the minimum bid if the State does not purchase the property. The County Treasurer must conduct another sale during November 2015 for all property not previously sold at the July or September sales. At the November sale, the property may be purchased without regard to any minimum bid. Property remaining unsold after the November land sale may be transferred to the city, village or township in which the property is located, if such city, village or township consents. Property that is not sold or transferred is retained by the County Treasurer.

Proceeds from the sale of property shall be used first by the County Treasurer to reimburse the delinquent tax revolving fund for all taxes, interest and fees on all of the property offered for sale, whether or not all of the property that was offered for sale was actually sold.

COUNTY OF KENT

Government

The County is governed by a legislative body consisting of 19 members forming the Board of Commissioners, each of whom is elected for terms of two years from districts of approximately equal population. County elected officials include the County Treasurer, County Clerk and Register of Deeds, Prosecuting Attorney, Drain Commissioner, and Sheriff. These officials are elected at large for four-year terms.

Administration of the County is divided by the State of Michigan Constitution (the "State Constitution") among various officials all elected at large according to purpose and by various appointed officials. The County Treasurer is the chief custodian of the County moneys, collector of County taxes, disbursing agent for certain tax funds to local communities and school districts and performs other duties concerned with inter-related fiscal affairs of County departments and agencies and is the Treasurer of the County Drainage Boards. The duties of the County Clerk and Register of Deeds are primarily record keeping in nature and include such duties as clerk of the Circuit Court and Board of Commissioners and keeping and maintaining records of births, deaths, marriages, discharges of military personnel, records of deeds, mortgages, surveys, recording of plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of state criminal law within the County and may represent the County in appropriate courts. The Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County jail, the serving of processes, and law enforcement in unincorporated areas. The Board of Commissioners has created the office of County Administrator/Controller as the chief administrative and fiscal officer of the County. The County Administrator/Controller is appointed by the Board of Commissioners and the responsibilities of the office include, but are not limited to: County administration; budget preparation and control; all accounting and auditing; and Executive Secretary to the Board of Commissioners. The County Administrator/Controller administers all policies of the Board of Commissioners and oversees centralized service functions (information technology, human resources, finance, purchasing, etc.) that serve all County departments.

COUNTY TAXATION AND LIMITATIONS

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) of the taxable property. (See "**COUNTY AND TAXATION LIMITATIONS - Taxable Valuation of Property**," herein.) The 15 mills allocation was voted for an indefinite period of time, although State statute permits a maximum levy of 18 mills. Of the 15 voted mills, 4.8 mills were authorized as the maximum levy for the County's operating purposes, including the payment of debt service. The remaining 10.2 mills were allocated among the other taxing units within the County. The allocation of the millage is fixed until such time as the electorate votes to change the allocation or the total authorized millage. The County electorate must approve additional millages of any amount for any general or specific purpose within statutory and constitutional limitations. In addition, the electorate may, at any time in the future, vote to (i) increase the 15 mill limit to 18 mills or (ii) re-establish the Allocation Board, and the County allocation of the total authorized 15 mills tax levy would thereafter be determined by the Allocation Board. The County's operating and additional voted millage for the past five years is shown in the following table. Tax levies are as of December 1st and July 1st of each year shown, are levied against each $1,000 of Taxable Value and exclude taxes levied by underlying taxing units. The current tax levies are reduced from 4.8000 mills and .8400 mills for County operating and correction facility purposes, respectively, as a result of the 1978 State Constitutional amendment described under "Property Tax Limitations."

Property Tax Levy History

Date of Levy	County Operating	Correctional Facility (1)	Senior Services (1)	Total
July 1, 2008	4.2803	-0-	-0-	4.2803
December 1, 2008	-0-	.7893	.3244	1.1137
July 1, 2009	4.2803	-0-	-0-	4.2803
December 1, 2009	-0-	.7893	.3244	1.1137
July 1, 2010	4.2803	-0-	-0-	4.2803
December 1, 2010	-0-	.7893	.3244	1.1137
July 1, 2011	4.2803	-0-	-0-	4.2803
December 1, 2011	-0-	.7893	.3244	1.1137
July 1, 2012	4.2803	-0-	-0-	4.2803
December 1, 2012	-0-	.7893	.3244	1.1137

(1) Voter approved millages.

SOURCE: County of Kent

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 taxing units within the County. The total tax rate per $1,000 of Taxable Value varies widely depending upon in 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 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 was to understate the 2012 SEV of the County by an estimated $376,182,201 or 1.8%. The 2013 Taxable Value for property granted tax abatements under Act 198 and Act 146 is not presently available, but is estimated below. Excluding the SEV of these properties, between 2008 and 2012 the County's total SEV has decreased $3,307,391,820 or 14.5% and the Taxable Value decreased $1,715,442,115 or 5.9%. (See "**COUNTY TAXATION AND LIMITATIONS -- Property Tax Abatement**" herein). Per capita 2012 SEV is $34,701 and the per capita 2012 Taxable Valuation is $33,249 both of which are based on the 2011 U.S. Census population of 608,453.

SEV and Taxable Value History

Year of Valuation	SEV	Taxable Valuation	SEV Percentage Increase Over Prior Year	Taxable Valuation Percent Increase Over Prior Year
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 (1)	21,114,050,777	20,230,554,486	0.6	1.0

(1) Estimated, subject to final State Equalization

SOURCE: County of Kent

Current Taxable Valuation Components

By Use:	
Residential	63.5%
Commercial	20.7
Personal	9.5
Industrial	5.4
Agricultural and Development	1.0
Total	100.0%

By Class:	
Real Property	90.5 %
Personal Property	9.5
	100.0%

By Municipality:	
Cities	53.6 %
Townships	46.4
	100.0%

SOURCE: County of Kent

Property Tax Abatement

The SEV and Taxable Values do not include valuation of certain facilities which have temporarily been removed from the ad valorem tax roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from ad valorem taxes for a period of up to 12 years. In lieu of ad valorem taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility the IFT Tax is also determined the same as the ad valorem tax but instead of using the total mills levied as ad valorem taxes, a lower millage rate is applied. 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. The SEV of properties have been granted tax abatements 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, Public Acts of Michigan 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 qualified property. For the fiscal year ended December 31, 2012, the Taxable Value of property qualified for the benefits of the Zones program totaled $172,253,906.

Tax Increment Authorities

Act 450, Public Acts of Michigan 1980, as amended (the “TIFA Act”), Act 197, Public Acts of Michigan 1975, as amended (the “DDA Act”), Act 281, Public Acts of Michigan, 1986 as amended (the “LDFA Act”), Act 530, Public Acts of Michigan 2004, as amended (the “Historic Neighborhood Act”), Act 280, Public Acts of Michigan 2005, as amended (the “CIA Act”), Act 61, Public Acts of Michigan 2007, as amended (“Act 61”) and Act 381, Public Acts of Michigan 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.

SOURCE: County of Kent

Personal Property Tax Exemptions and Property Tax Proposals

Act 328, Public Acts of Michigan 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)	Collections to March 1 Year Following Levy (2)		Collection to March 14, 2013	
2008	$115,715,383	107,453,077	92.9	$115,706,293	99.9%
2009	116,324,881	107,608,226	92.5	116,289,486	99.9
2010	112,116,149	104,044,458	92.8	111,924,047	99.8
2011	109,643,936	101,685,742	92.7	108,882,149	99.3
2012	106,659,819	99,398,868	93.2	99,398,868	93.2

(1) The County of Kent's fiscal year begins January 1. Taxes are billed on July 1st and December 1st and are recorded as delinquent the following March 1st. Tax levy includes DDA, LDFA, TIFA, HNFA, NIA, BRDA and CIA amounts.

(2) Does not include payments from the County's Delinquent Tax Revolving Fund.

SOURCE: County of Kent

REVENUES FROM THE STATE OF MICHIGAN

Revenue Sharing

The County receives revenue sharing payments from the State of Michigan under the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"). Under the Revenue Sharing Act the County receives its pro rata share of State revenue sharing distributions on a per capita basis. The County's receipts could vary depending on the population of the County compared to the population of the State as a whole. In addition to payments of revenue sharing moneys, the State pays the County to support judges' salaries, as well as other miscellaneous state grants.

The State's ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies. Act 357, Public Acts of Michigan, 2004 ("Act 357") amended the General Property Tax Act to temporarily eliminate statutory revenue sharing payments to counties by creating a reserve fund, against which counties could draw in lieu of annual revenue sharing payments, paid for by the permanent advancement of the counties' property tax levy from December to July each year, beginning in 2005. Under Act 357, a county would resume receiving state revenue sharing payments in the first year in which the county's property tax revenue reserve was less than the amount the county would have otherwise received in state revenue sharing payments. The County resumed receiving State revenue sharing payments during its fiscal year ended December 31, 2011.

The State's fiscal year 2013 budget, signed into law on June 26, 2012 by Governor Snyder, continues the distribution of 80% of county revenue sharing payments pursuant to the Revenue Sharing Act, but distributes 20% of county revenue sharing payments through an incentive-based program similar to the Economic Vitality Incentive Program established in fiscal year 2012 for cities, villages and townships. The county program is known as the County Incentive Program ("CIP"), under which eligible counties may receive distributions for complying with "best practices" such as increasing transparency, consolidation of services, modifying employee compensation plans and requiring employees to pay at least 20% of the cost of their health insurance as their contracts expire. Eligible counties are those that would be eligible to resume receiving state revenue sharing payments under Act 357. Under the CIP, an eligible county can receive (i) one-third of the money it is eligible for if it produces a citizen's guide to its finances and a performance dashboard; (ii) another one-third if it develops plans to increase its existing level of collaboration and consolidation, both internally and with neighboring jurisdictions; and (iii) a final third if it develops a compensation plan that, among other things, limits public employer health care contributions to no more than 80% and pension multipliers to no more than 1.5% to 3% depending on whether an employee is eligible for social security and whether retiree health care is offered, or that establishes the employer's share as cost competitive with a state preferred provider organization health plan on a per-employee basis. The compensation plan must be completed by June 1, 2013 for the County to receive all of the money that it is eligible for from the final component in clause (iii) above. Any portion of the CIP that the County would be eligible to receive would be subject to certain benchmarks that the County would need to meet, and there can be no assurance of what amount, if any, the County would receive under the CIP program. The County has met the requirements for clauses (i) and (ii), and anticipates meeting the requirements for (iii) above to receive fiscal year 2013 payments.

Purchasers of the Notes should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the County's general fund condition, and to the potential impact upon the market price or marketability of the Notess resulting from changes in revenues received by the County from the State.

The Revenue Sharing received from the State and balances of the County's Revenue Sharing Reserve Fund in lieu of annual revenue sharing payments from the State for the County's fiscal years ended December 31, 2009 through December 31, 2013 are shown on the table below.

Fiscal Year Ended December 31st	Revenue Sharing Reserve Fund Balance	Revenue Sharing From State
2009	$12,006,309	$ 0
2010	11,970,290	0
2011	4,394,319	10,225,945
2012	0	9,214,572 (1)
2013	0	9,353,967 (2)

(1) Pending year-end adjustments.
(2) As budgeted by the County.

SOURCE: County of Kent

General Fund Revenues from the State

Category	2009	2010	2011	2012 (1)	2013 (2)
Revenue Sharing Res. Fund	$12,006,309	$11,970,290	$4,394,319	-0-	-0-
Revenue Sharing From State	-0-	-0-	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	$20,511,526	$20,333,956	$22,867,679	$19,157,332	$18,712,026

(1) Preliminary, subject to audit.
(2) As budgeted by the County.

SOURCE: County of Kent

POPULATION

Year	Population	Percentage Change
1960	363,187	26.0%
1970	411,044	13.2
1980	444,506	8.1
1990	500,631	12.6
2000	574,335	14.7
2010	602,622	4.9
2011	608,453	0.9
2012	614,462	10.0

SOURCE: U.S. Bureau of Census

COUNTY DEBT

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 Bonds are included within this debt limitation.

Statement of Legal Debt Margin

2012 State Equalized Value	$20,988,856,355
Legal Debt Limit (10% of SEV)	2,098,885,636
Debt Outstanding (including the Notes) (1)	436,132,537
Margin of additional debt that can be legally incurred	$1,662,753,099
Debt outstanding as a percentage of 2012 SEV	2.1%

(1) As of March 31, 2013

SOURCE: Municipal Advisory Council of Michigan and County of Kent

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Debt Statement

The following table reflects a breakdown of the County's debt as of March 31, 2013. Assuming their issuance, the Notes are included in the totals. Bonds or notes designated L.T.G.O. are limited tax pledge bonds or notes.

Direct Debt	Gross	Self-supporting or Portion Paid Directly By Benefited Municipalities	Net	Net Debt Per Capita [1]	Net Debt Percent of SEV
General Obligation Limited Tax Notes [2]	$60,500,000	$60,500,000			
Airport Bonds: (L.T.G.O.)	174,580,000	174,580,000	-0-		
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		
County Capital Improvement Bonds (L.T.G.O.)	17,285,000	-0-	17,285,000		
Refuse and Solid Waste Bonds (L.T.G.O)	10,650,000	10,650,000	-0-		
Drain Bonds (L.T.G.O.)	6,620,000	6,620,000	-0-		
Water and Sewer Bonds (L.T.G.O)	1,820,000	1,820,000	-0-		
Capital Leases	468,633	-0-	468,633		
Total County Net Direct Debt	$436,132,537	$278,591,870	157,540,667	$258.92	0.8%
Overlapping Debt of County [3]					
School Districts			1,222,185,164		
Cities			194,203,000		
Community College			68,927,624		
Townships			28,828,000		
Villages			1,810,000		
Intermediate School Districts			247,888		
Total Overlapping Debt			1,516,201,676	2,491.90	7.2
Total County Net Direct and Overlapping Debt			$1,673,742,343	$2,750.82	8.0%

(1) Based on the 2011 US Census population of 608,453.
(2) Includes the Notes.
(3) Overlapping debt is the portion of other public debt for which a County taxpayer is liable in addition to the Direct Debt of the County.

SOURCE: Municipal Advisory Council of Michigan and County of Kent

Schedule of Debt Amortization 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.

SOURCE: County of Kent

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 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 2008 through 2013 and their outstanding balance as of March 31, 2013 are as follows:

Tax Year	Year Issued	Notes Issued	Amount Outstanding
2007	2008	$34,000,000	-0-
2008	2009	36,000,000	-0-
2009	2010	35,500,000	-0-
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) There was a principal payment of $8,000,000 made on April 1, 2013.
(2) There was a principal payment of $21,000,000 made on April 1, 2013.
(3) The Notes.

SOURCE: County of Kent

Future Financing

The County anticipates that if the savings prove 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.

Retirement System

For a description of the retirement benefits of the County employees see Appendix A– **"BASIC FINANCIAL STATEMENTS – Notes to Basic Financial Statements – Note 13."**

Other Post Employment Benefits

The County administers a single-employer defined benefit healthcare plan (the "Plan") accounted for in the VEBA Trust Fund. In addition to the retirement benefits described in Note 13, the Plan provides health insurance benefits to certain retirees or their beneficiaries, which are advanced funded on an actuarial basis.

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.

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.

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. As of December 31, 2011, membership of the Plan consisted of 513 retirees and beneficiaries receiving benefits and 1,634 active plan members.

The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The Plan covers the Management Pay Plan, both exempt and non-exempt, elected officials, including judges and nine collective bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended December 31, 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 on, 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.

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.

In the December 31, 2011, actuarial valuation (used to determine the contribution rates for the year ended December 31, 2012), 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, 2010, was thirty years.

ECONOMICS AND DEMOGRAPHICS

Commercial/Industrial Base

The Grand Rapids metropolitan area, of which the County is the hub, is one of the fastest growing regions of the United States. Numerous expansions, renovations, constructions, modernizations and developments have either 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 Taxable Value for commercial property increased from $3.40 billion in 2005 to $4.14 billion in 2012, for an average annual increase of 3.1%. It is estimated that the commercial Taxable Value will decline $115.2 million, or 2.8%, to $4.03 billion in 2013. Industrial property Taxable Value decreased in value from $1.62 billion in 2005 to $1.09 billion in 2012, for an average annual decrease of 4.7%. It is estimated that the industrial Taxable Value will decline $59.5 million, or 5.5%, to $1.03 billion in 2013.

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 DeVos Place Convention Center and the Van Andel Arena. The Van Andel Arena was completed in 1996, has a capacity of 12,000 and is used for professional hockey games, concerts, family shows and other entertainment events. The DeVos Place Convention Center renovation and expansion was completed in 2005. This facility encompasses one million square feet of total gross floor area including a 40,000 square foot ballroom.

Regional Government Coordination

The Grand Valley Metropolitan Council (the "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 which 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 include the Chamber of Commerce, Kent Intermediate School District and environmental interests. The Metro Council's Water and Sewer Committee has members from Ottawa and Kent Counties, the private and environmental sectors and water and sewer providers. The Metro Council routinely works with a range of partners to accomplish its mission. Key partnerships are with Grand Valley State University's Office for Economic Expansion and Water Resources Institute, the Michigan Municipal League, and the Michigan Departments of Transportation, Environmental Quality and Commerce.

Transportation

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

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

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

Medical Services

The residents of the County are served by a number of hospitals. The public and non-profit hospitals in the County, with the approximate number of licensed beds are shown below.

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

SOURCE: Grand Rapids Business Journal Book of Lists, 2012.

Part of the Van Andel Institute (VAI) mission statement reads, ". . . *to become one of the world's preeminent private medical research institutions within the next decade….*" The VAI has three component parts: the Van Andel Research Institute (VARI), the Van Andel Education Institute (VAEI), and the Van Andel Institute (VAI). 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 VARI. The research being conducted at the VARI is expected to serve as a growth pole, anchoring and propelling growth of a newly developing bio-science industry cluster. It is anticipated that this will draw outside business and related sectors into the region to take advantage of economic opportunities created by the Institute. VARI has constructed a 240,000 square-foot, eight story building expansion that opened in December 2009. This expansion nearly triples the Institute's laboratory space, allowing for growth of current laboratories and expanded research into neurological diseases. Michigan State University Medical School began construction of a new $90 million, 180,000 square foot, medical school in the spring of 2008. The MSU college of Human Medicine also began to transition its programming to temporary local facilities in the Fall of 2009. The new medical facility was opened in 2010 and is expected to reach a capacity of 400 students in 2013

Utilities

In the County, electricity is furnished by Consumers Energy, telephone service by AT&T and gas by DTE Energy. Local municipalities provide water and sewer services. Solid waste from six major contracting cities (Grand Rapids, Kentwood, Walker, Wyoming, Grandville and East Grand Rapids) is hauled to an incinerator located in Grand Rapids operated by the County's Department of Public Works where the trash is burned. Non-contracting communities send their solid waste to landfills.

Banking Services

Banking facilities in the County are provided by the following banking institutions and their branches: Chemical Bank West, Byron Bank, Comerica Bank - Grand Rapids, Macatawa Bank, PNC Bank, Bank of Holland, Huntington National Bank, Mercantile Bank, Bank of America, N.A., J.P. Morgan Chase Bank, Fifth Third Bank-Michigan, Choice One Bank, Flagstar Bank, Northpointe Bank, Founders Bank and Trust, Independent Bank, First National Bank of America, Select Bank, United Bank, Wells Fargo Bank, and West Michigan Community Bank.

Education

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

Housing Demographics

The 2010 U.S. Census reported the general housing characteristics of the County as follows:

Category	Number of Units
Owner Occupied	158,301
Renter Occupied	68,938
Occupied Housing Units	227,239
Vacant Housing Units	19,662 (1)
Total Housing Units	246,901

(1) Includes seasonal, recreational or occasional use housing units

Source: 2010 U.S. Census

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	Auto Supplier	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
Magna International Inc.	Automotive accessories	2,500
Farmers Insurance Group	Insurance	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
Kent County	Government	1,668
Wolverine World Wide	Footwear and Leather Products	1,640
US Postal Service	Postal delivery	1,633

SOURCE: The Right Place Inc. – July 2012

Largest Businesses Based on Tax Roll Valuation

Taxpayer	Principal Product or Service	Total Taxable Value (1)	Percent of Total (2)
Consumers Energy	Utility	$231,878,834	1.14%
Amway, Alticor, Access Business	Personal care, cleaning, nutrition	137,928,632	0.69
Steelcase	Office Equipment and Furniture	103,169,183	0.51
Meijer, Inc. / Goodwill Co.	Retail Sales	100,909,412	0.50
MI Consolidated Gas Co.	Utility	96,925,686	0.48
Keebler	Cookie and Cracker Manufacturer	86,585,100	0.43
PR Woodland	Retail Shopping Center	55,282,320	0.28
Foremost Ins. Corp	Insurance Company	51,751,333	0.26
Fifth Third Bank	Financial Institution	49,201,018	0.25
Holland Home	Retirement Community	47,383,474	0.24
Totals		$961,014,992	4.78%

(1) Includes the Equivalent Taxable Value of properties granted abatement under Act 198. See "**Tax Abatement**" and "**Property Taxes**" herein.

SOURCE: County of Kent

Employment Data

Reflected below are the unadjusted employment data for the calendar years 2009 through 2012 and the monthly data for December 2011 and 2012 for the County and the State.

County of Kent (1)

Category	2009	2010	2011	2012	December 2011	December 2012
Employed	277,433	269,736	283,679	286,081	283,059	285,728
Unemployed	31,412	34,783	24,739	19,896	20,811	18,945
Labor Force	308,845	304,519	308,418	305,913	304,360	304,673
Unemployed as Percent of Labor Force	6.8%	10.2%	11.4%	8.0%	6.8%	6.2%

State of Michigan (1)

Category	2009	2010	2011	2012	December 2011	December 2012
Employed	4,193	4,081	4,178	4,232	4,204	4,224
Unemployed	597	597	480	426	414	411
Labor Force	4,790	4,678	4,4,658	4,657	4,204	4,635
Unemployed as Percent of Labor Force	13.6%	12.5%	12.8%	10.3%	9.0%	8.9%

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

SOURCE: Michigan Department of Career Development/Employment Service Agency, Labor Market Analysis Section

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LABOR CONTRACTS

Of the County's 1,701 employees, 81.8% are represented by labor organizations. The following table illustrates the various labor organizations that represent County employees, the number of members and non-members and the expiration dates of the present contracts.

Bargaining Unit	Number of Approved Positions (1) March 1, 2013	Contract Expiration Date
General Employees - United Auto Workers ("UAW")	471	12/31/2015
Court Employees - UAW	334	12/31/2015
Deputy Sheriffs - Kent County Deputy Sheriff's Association	239	12/31/2015
Kent County Law Enforcement Association – Police Officers Association of Michigan	197	12/31/2014
Public Health Nurses – International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America	65	12/31/2015
Prosecuting Attorneys	32	12/31/2015
Lieutenants/Captains – POLC	18	12/31/2015
Park Employees – Teamsters	16	12/31/2014
Court Reporters – POLC	7	12/31/2015
Circuit Court Referee Association	7	12/31/2014
Airport Command Officers Association	5	12/31/2014
Management Pay Plan Employees (non-union)	310	N/A
Total	1,701	

(1) Includes vacant positions - does not include temporary and seasonal employees or 40 elected and appointed officials of the County.

SOURCE: County of Kent

LITIGATION

The County Civil Counsel reports that there are no material legal actions pending against the County which might, in such Counsel's opinion, result in a final judgment against the County in excess of one percent of the County general fund or $500,000, whichever is lesser, and which is not completely covered by insurance or reserve funds maintained by the County.

NOTE RATINGS

Moody's Investors Service, Inc. has rated the Notes "**MIG1**" and Standard & Poor's Ratings Services has rated the Notes "**SP-1+**". No application was made to any other rating agency for a rating on the Notes. Any explanation of the significance of a rating may be obtained only from the rating agency furnishing the same. The County furnished to such rating agencies certain materials and information. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance, if given, that such ratings will prevail for any given period of time or that such will not be revised downward or withdrawn entirely by either or both of such ratings agencies if, in the judgment of either or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Notes. Definitions of the ratings may be obtained from the agencies at: **Moody's Investors Service, Inc. (212) 553-0340** and **Standard & Poor's Ratings Services (212) 438-2400.**

TAX MATTERS

Tax Opinions

Not Exempt from Federal Tax. In the opinion of Note Counsel, based on its examination of the documents described in its opinion, under existing law, the interest on the Notes is **included** in gross income for federal income tax purposes. Note Counsel will express no opinion regarding other federal tax consequences arising with respect to the Notes and the interest thereon.

Exempt from State Tax. In addition, in the opinion of Note Counsel, based on its examination of the documents described in its opinion, under existing law, the Notes and the interest thereon are exempt from all taxation by the State or a taxing authority in the State, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Certain Federal Tax Consequences

There are certain federal income tax consequences of the purchase, ownership and disposition of the Notes. Such federal income tax consequences include, but are not limited to, matters related to acquisition premium, amortizable note premium, gain or loss on disposition, market discount, information reporting and backup withholding.

Future Developments

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE NOTES TO BE SUBJECT DIRECTLY OR INDIRECTLY TO STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE NOTES, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

Circular 230

The advice set forth in the opinion of Note Counsel and in this TAX MATTERS section (a) is not intended or written to be used, and may not be used by any person, for the purpose of avoiding federal tax penalties, and (b) was written to support the promotion or marketing of the Notes.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE NOTES AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

CONTINUING DISCLOSURE

The County has covenanted and will covenant for the benefit of the holders of the Notes and the Beneficial Owners (as hereinafter defined), pursuant to the Resolution and the Continuing Disclosure Certificate to be delivered on the date of issuance of the Notes to the purchaser thereof (the “Disclosure Certificate”), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the County (the “Annual Report”) by not later than the date six months after the first day of the County’s fiscal year, commencing with the Annual Report for the County’s fiscal year ended December 31, 2012; provided, however, that if the audited financial statements of the County are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events, if material. Currently, the County's fiscal year commences on January 1. "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including any person holding Notes through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board ("MSRB") electronically through the Electronic Municipal Market Access system ("EMMA"). If the County is unable to provide the MSRB its Annual Report by the date required, the County shall send in a timely manner, to the MSRB through EMMA, a notice of failure to file the Annual Report by such date. The notices of material events will be filed by the County with the MSRB through EMMA. These covenants have been made in order to assist the purchasers of the Notes and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securites Exchange Act of 1934, as amended (the "Rule"). The information to be contained in the Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of the Disclosure Certificate are set forth in Appendix D, "**FORM OF CONTINUING DISCLOSURE CERTIFICATE**."

The County has not failed to comply in the last five years, in all material respects, with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

NOTE COUNSEL'S RESPONSIBILITY

Note Counsel has reviewed the statements made under the captions entitled **"THE NOTES", "TAX MATTERS**" and **"NOTE COUNSEL'S RESPONSIBILITY".** However, except to the extent necessary to issue its approving legal opinion as to the validity of the Notes, Note Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Notes, and accordingly will not express an opinion as to any such financial documents, statements or materials.

OTHER MATTERS

J.J.B. Hilliard, W.L. Lyons, LLC, is the Financial Consultant to the County in regard to the issuance of the Notes. Among the provisions of the Financial Consultant Agreement with the County are (1) the Financial Consultant's fee is contingent upon the delivery of Note proceeds and (2) nothing in the agreement shall prevent or preclude the Financial Consultant from submitting a bid for the purchase of the Notes either on its own behalf or as a manager or participant in any syndicate or selling group which may submit a bid for the purchase of the Notes.

NOTEHOLDER'S RISKS

Payment of the Notes is dependent primarily on the collection by the County Treasurer of the 2012 delinquent real property taxes against which the County has borrowed and which were outstanding and due and payable to the County on March 1, 2013.

The County's general funds are committed as a first budget obligation for use in meeting any shortage, with such amounts as are advanced from the County's general funds to be reimbursed to the County when such delinquent taxes are ultimately collected or repaid by local units which have received amounts for such uncollectible taxes. The County is also obligated to levy a tax, if necessary, to make such payments, on all taxable property within the County, subject to Constitutional and statutory limitations. The County presently is levying taxes at its maximum taxing authority without electoral approval of additional millage. Any amounts which are uncollectible as to the County taxes must be repaid by the County from its general funds. While the County is obligated to make all these payments from its general fund and limited taxing authority if necessary, other County obligations for which the County has pledged its full faith and credit are also subject to payment from the County's general funds and limited taxing authority, in the event the primary source of payment for these other obligations is insufficient to meet the payment terms thereof. Rights and remedies of registered owners of the Notes also may be affected by bankruptcy or other creditors' rights legislation now existing or hereinafter enacted.

County of Kent

By: Kenneth D. Parrish
It's Treasurer

By: Daryl J. Delabbio
It's Administrator/Controller

APPENDIX A

HISTORICAL DELINQUENT TAX COLLECTIONS
FOR THE 2009, 2010, 2011, and 2012 SERIES OF NOTES
AND
PROJECTED TAX COLLECTIONS
FOR
THE NOTES

COUNTY OF KENT
2008 TAX PAYMENT FUND (SERIES 2009 TAX NOTES)
Schedule of Collections of Delinquent Taxes and Interest and Collection Fees on Delinquent Taxes
March 1, 2009 thru November 30, 2011

Year	Month	Monthly Tax Collections	Percent of Delinq.	Cumlative Tax Collections	Cumulative Percent of Delinq.	Monthly Interest Earnings and Fees	Cumlative Interest Earnings and Fees	Total Cumulative Delinq. Tax Int. and Fees	Cumlative Percent of Notes
2009	March	$2,964,244	8.17%	$2,964,244	8.17%	$148,155	$148,155	$3,112,399	8.65%
	April	4,451,954	12.28%	7,416,199	20.45%	262,998	411,153	7,827,352	21.74%
	May	2,671,537	7.37%	10,087,735	27.82%	225,243	636,396	10,724,131	29.79%
	June	2,578,859	7.11%	12,666,595	34.93%	226,472	862,867	13,529,462	37.58%
	July	2,440,537	6.73%	15,107,132	41.66%	241,743	1,104,610	16,211,742	45.03%
	August	1,904,723	5.25%	17,011,855	46.91%	213,694	1,318,304	18,330,160	50.92%
	September	2,101,350	5.79%	19,113,205	52.70%	254,881	1,573,186	20,686,391	57.46%
	October	1,749,294	4.82%	20,862,500	57.52%	236,688	1,809,873	22,672,373	62.98%
	November	1,046,447	2.89%	21,908,947	60.41%	165,416	1,975,290	23,884,237	66.35%
	December	1,435,297	3.96%	23,344,244	64.37%	230,383	2,205,673	25,549,917	70.97%
2010	January	1,041,474	2.87%	24,385,719	67.24%	184,247	2,389,920	26,775,639	74.38%
	February	3,442,397	9.49%	27,828,116	76.73%	575,161	2,965,081	30,793,197	85.54%
	March	732,364	2.02%	28,560,480	78.75%	201,867	3,166,949	31,727,428	88.13%
	April	350,583	0.97%	28,911,063	79.72%	91,210	3,258,159	32,169,222	89.36%
	May	216,509	0.60%	29,127,572	80.31%	68,397	3,326,556	32,454,128	90.15%
	June	883,684	2.44%	30,011,256	82.75%	249,062	3,575,618	33,586,874	93.30%
	July	231,219	0.64%	30,242,475	83.39%	74,270	3,649,888	33,892,363	94.15%
	August	319,164	0.88%	30,561,639	84.27%	104,327	3,754,214	34,315,853	95.32%
	September	717,731	1.98%	31,279,371	86.25%	234,799	3,989,013	35,268,383	97.97%
	October	275,323	0.76%	31,554,694	87.01%	99,477	4,088,490	35,643,184	99.01%
	November	545,237	1.50%	32,099,931	88.51%	195,933	4,284,423	36,384,354	101.07%
	December	273,299	0.75%	32,373,230	89.26%	106,513	4,390,936	36,764,165	102.12%
2011	January	532,813	1.47%	32,906,042	90.73%	207,186	4,598,122	37,504,164	104.18%
	February	993,608	2.74%	33,899,650	93.47%	387,835	4,985,957	38,885,607	108.02%
	March	813,075	2.24%	34,712,725	95.71%	342,500	5,328,457	40,041,182	111.23%
	April	29,594	0.08%	34,742,319	95.80%	17,735	5,346,192	40,088,511	111.36%
	May	7,275	0.02%	34,749,594	95.82%	7,592	5,353,784	40,103,377	111.40%
	June	206,439	0.57%	34,956,033	96.39%	48,782	5,402,566	40,358,598	112.11%
	July	6,101	0.02%	34,962,133	96.40%	8,945	5,411,511	40,373,644	112.15%
	August	10,163	0.03%	34,972,296	96.43%	7,634	5,419,144	40,391,440	112.20%
	September	12,214	0.03%	34,984,511	96.46%	4,566	5,423,710	40,408,220	112.25%
	October	(38,872)	-0.11%	34,945,639	96.36%	(3,058)	5,420,652	40,366,291	112.13%
	November	8,111	0.02%	34,953,750	96.38%	4,312	5,424,964	40,378,714	112.16%
		$34,953,750	**96.38%**			**$5,424,964**			

The amount of delinquent taxes turned over to the County on March 1, 2011 was $28,667,443.
The amount of Tax Anticipation Notes sold was $36,000,000. The 2009 Notes are paid off.

SOURCE: County of Kent and Hilliard Lyons

COUNTY OF KENT
2009 TAX PAYMENT FUND (SERIES 2010 TAX NOTES)
Schedule of Collections of Delinquent Taxes and Interest and Collection Fees on Delinquent Taxes
March 1, 2010 thru November 30, 2012

Year	Month	Monthly Tax Collections	Percent of Delinquencies	Cumlative Tax Collections	Cumulative Percent of Delinquencies	Monthly Interest Earnings and Fees	Cumlative Interest Earnings and Fees	Total Cumulative Delinq. Tax Int. & Fees	Cumlative Percent of Notes
2010	March	$2,862,713	8.06%	$2,862,713	8.06%	$148,522	$148,522	$3,011,235	8.48%
	April	3,435,585	9.67%	6,298,297	17.73%	261,777	410,299	6,708,596	18.90%
	May	2,677,185	7.54%	8,975,482	25.27%	194,195	604,494	9,579,976	26.99%
	June	3,266,002	9.20%	12,241,485	34.47%	224,369	828,863	13,070,348	36.82%
	July	2,440,377	6.87%	14,681,861	41.34%	230,193	1,059,056	15,740,917	44.34%
	August	1,763,287	4.97%	16,445,148	46.31%	204,128	1,263,184	17,708,331	49.88%
	September	1,628,416	4.59%	18,073,564	50.89%	245,843	1,509,027	19,582,591	55.16%
	October	1,280,359	3.61%	19,353,923	54.50%	225,284	1,734,311	21,088,234	59.40%
	November	1,033,745	2.91%	20,387,668	57.41%	153,395	1,887,706	22,275,374	62.75%
	December	1,117,749	3.15%	21,505,417	60.56%	218,952	2,106,658	23,612,075	66.51%
2011	January	1,099,942	3.10%	22,605,359	63.65%	173,219	2,279,877	24,885,236	70.10%
	February	3,762,156	10.59%	26,367,515	74.25%	566,008	2,845,884	29,213,399	82.29%
	March	790,090	2.22%	27,157,605	76.47%	190,296	3,036,181	30,193,786	85.05%
	April	321,405	0.91%	27,479,010	77.38%	88,878	3,125,059	30,604,069	86.21%
	May	475,892	1.34%	27,954,903	78.72%	66,361	3,191,419	31,146,322	87.74%
	June	491,622	1.38%	28,446,525	80.10%	246,646	3,438,065	31,884,590	89.82%
	July	358,817	1.01%	28,805,342	81.11%	71,427	3,509,492	32,314,834	91.03%
	August	812,156	2.29%	29,617,498	83.40%	101,640	3,611,133	33,228,631	93.60%
	September	316,919	0.89%	29,934,417	84.29%	232,219	3,843,352	33,777,769	95.15%
	October	281,103	0.79%	30,215,521	85.08%	96,310	3,939,662	34,155,182	96.21%
	November	476,967	1.34%	30,692,488	86.42%	192,328	4,131,990	34,824,478	98.10%
	December	861,777	2.43%	31,554,264	88.85%	103,277	4,235,267	35,789,532	100.82%
2012	January	389,838	1.10%	31,944,102	89.95%	203,724	4,438,992	36,383,094	102.49%
	February	829,909	2.34%	32,774,011	92.29%	384,559	4,823,551	37,597,562	105.91%
	March	924,453	2.60%	33,698,464	94.89%	386,241	5,209,792	38,908,256	109.60%
	April	111,877	0.32%	33,810,341	95.20%	80,412	5,290,204	39,100,545	110.14%
	May	17,369	0.05%	33,827,710	95.25%	8,818	5,299,022	39,126,732	110.22%
	June	(45,604)	-0.13%	33,782,106	95.12%	173	5,299,195	39,081,301	110.09%
	July	105,376	0.30%	33,887,481	95.42%	52,023	5,351,218	39,238,700	110.53%
	August	10,888	0.03%	33,898,369	95.45%	7,278	5,358,496	39,256,866	110.58%
	September	14,208	0.04%	33,912,577	95.49%	9,079	5,367,576	39,280,153	110.65%
	October	(19,511)	-0.05%	33,893,067	95.44%	7,279	5,374,855	39,267,922	110.61%
	November	34,636	0.10%	33,927,703	95.53%	20,526	5,395,381	39,323,084	110.77%
		$33,927,703	**95.53%**			**$5,395,381**			

The amount of delinquent taxes turned over to the County on March 1, 2010 was $35,513,749.
The amount of Tax Anticipation Notes sold was $35,500,000. The Notes have been paid off.

SOURCE: County of Kent and Hilliard Lyons

COUNTY OF KENT
2010 TAX PAYMENT FUND (SERIES 2011 TAX NOTES)
Schedule of Collections of Delinquent Taxes and Interest and Collection Fees on Delinquent Taxes
March 1, 2011 thru February 28, 2013

Year	Month	Monthly Tax Collections	Percent of Delinq.	Cumlative Tax Collections	Cumulative Percent of Delinq.	Monthly Interest Earnings And Fees	Cumlative Interest Earnings And Fees	Total Cumulative Delinq. Tax Int. & Fees	Cumlative Percent of Notes
2011	March	$3,045,451	9.49%	$3,045,451	9.49%	$140,889	$140,889	$3,186,340	9.96%
	April	2,450,279	7.64%	5,495,730	17.13%	204,565	345,454	5,841,184	18.25%
	May	2,304,035	7.18%	7,799,765	24.31%	194,941	540,395	8,340,160	26.06%
	June	2,331,439	7.27%	10,131,204	31.58%	265,051	805,446	10,936,650	34.18%
	July	1,973,857	6.15%	12,105,061	37.74%	226,771	1,032,217	13,137,278	41.05%
	August	1,775,159	5.53%	13,880,220	43.27%	183,778	1,215,995	15,096,215	47.18%
	September	1,296,795	4.04%	15,177,015	47.31%	184,932	1,400,927	16,577,942	51.81%
	October	1,071,952	3.34%	16,248,967	50.65%	160,767	1,561,694	17,810,662	55.66%
	November	1,431,264	4.46%	17,680,231	55.12%	141,216	1,702,911	19,383,142	60.57%
	December	1,391,709	4.34%	19,071,940	59.45%	165,792	1,868,703	20,940,643	65.44%
2012	January	968,856	3.02%	20,040,797	62.47%	172,489	2,041,192	22,081,989	69.01%
	February	3,377,567	10.53%	23,418,364	73.00%	610,790	2,651,982	26,070,345	81.47%
	March	580,057	1.81%	23,998,421	74.81%	146,933	2,798,915	26,797,336	83.74%
	April	379,747	1.18%	24,378,168	75.99%	99,424	2,898,338	27,276,506	85.24%
	May	417,504	1.30%	24,795,672	77.30%	112,029	3,010,367	27,806,039	86.89%
	June	411,378	1.28%	25,207,050	78.58%	128,131	3,138,498	28,345,548	88.58%
	July	455,042	1.42%	25,662,092	80.00%	135,608	3,274,106	28,936,199	90.43%
	August	620,497	1.93%	26,282,589	81.93%	195,156	3,469,262	29,751,852	92.97%
	September	368,220	1.15%	26,650,809	83.08%	123,160	3,592,422	30,243,232	94.51%
	October	337,283	1.05%	26,988,093	84.13%	116,326	3,708,748	30,696,840	95.93%
	November	376,112	1.17%	27,364,205	85.30%	139,417	3,848,165	31,212,369	97.54%
	December	655,998	2.04%	28,020,203	87.35%	67,993	3,916,158	31,936,361	99.80%
2013	January	458,209	1.43%	28,478,412	88.78%	184,577	4,100,735	32,579,147	101.81%
	February	1,073,098	3.35%	29,551,510	92.12%	364,845	4,465,580	34,017,090	106.30%
		$29,551,510	**92.12%**			**$4,465,580**			

The amount of delinquent taxes turned over to the County on March 1, 2011 was $32,078,716
The amount of Tax Anticipation Notes sold was $32,000,000. The Notes have been paid off.

SOURCE: County of Kent and Hilliard Lyons

COUNTY OF KENT
2011 TAX PAYMENT FUND (SERIES 2012 TAX NOTES)
Schedule of Collections of Delinquent Taxes and Interest and Collection Fees on Delinquent Taxes
March 1, 2012 thru February 28, 2013

Year	Month	Monthly Tax Collections	Percent of Delinq.	Cumlative Tax Collections	Cumulative Percent of Delinq.	Monthly Interest Earnings and Fees	Cumlative Interest Earnings and Fees	Total Cumulative Delinq. Tax Int. & Fees	Cumlative Percent of Notes
2012	**March**	$2,203,449	7.69%	$2,203,449	7.69%	$108,769	$108,769	$2,312,218	8.11%
	April	3,024,880	10.55%	5,228,329	18.24%	179,072	287,841	5,516,169	19.35%
	May	1,963,407	6.85%	7,191,736	25.09%	143,819	431,660	7,623,395	26.75%
	June	1,872,804	6.53%	9,064,540	31.62%	155,175	586,835	9,651,375	33.86%
	July	2,056,491	7.17%	11,121,031	38.79%	188,266	775,101	11,896,132	41.74%
	August	1,148,489	4.01%	12,269,520	42.80%	120,194	895,295	13,164,815	46.19%
	September	854,130	2.98%	13,123,650	45.78%	99,422	994,717	14,118,367	49.54%
	October	1,193,416	4.16%	14,317,066	49.94%	147,557	1,142,273	15,459,340	54.24%
	November	787,438	2.75%	15,104,504	52.69%	112,806	1,255,080	16,359,583	57.40%
	December	1,396,917	4.87%	16,501,421	57.56%	119,849	1,374,929	17,876,350	62.72%
2013	**January**	1,528,851	5.33%	18,030,272	62.89%	236,167	1,611,095	19,641,368	68.92%
	February	2,910,922	10.15%	20,941,194	73.05%	470,403	2,081,499	23,022,693	80.78%
		$20,941,194	**73.05%**			**$2,081,499**			

The amount of delinquent taxes turned over to the County on March 1, 2012 was $28,667,443
The amount of Tax Anticipation Notes sold was $28,500,000. The balance outstanding is $7,500,000.

SOURCE: County of Kent and Hilliard Lyons

COUNTY OF KENT
2012 TAX PAYMENT FUND (SERIES 2013 TAX NOTES)
Schedule of Projected Delinquent Taxes, Collections of Taxes, Interest and Fees and Interest Earned
March 1, 2013 to November 30, 2015

Year	Month	Monthly Tax Collections	Percent of Delinq.	Cumlative Tax Collections	Cumulative Percent of Delinq.	Monthly Interest Earnings and Fees	Cumlative Interest Earnings and Fees	Total Cumulative Delinq. Tax Int. & Fees	Cumlative Percent of Notes
2013	March	$2,199,072	9.09%	$2,199,072	9.09%	$109,954	$109,954	$2,309,026	9.54%
	April	2,157,754	8.92%	4,356,827	18.00%	130,427	240,381	4,597,208	19.00%
	May	2,356,397	9.74%	6,713,224	27.74%	166,863	407,244	7,120,468	29.42%
	June	1,859,975	7.69%	8,573,198	35.43%	151,765	559,009	9,132,208	37.74%
	July	1,595,143	6.59%	10,168,341	42.02%	147,368	706,377	10,874,719	44.94%
	August	1,299,849	5.37%	11,468,191	47.39%	134,516	840,893	12,309,084	50.86%
	September	1,213,006	5.01%	12,681,197	52.40%	138,559	979,453	13,660,649	56.45%
	October	1,090,420	4.51%	13,771,617	56.91%	136,542	1,115,995	14,887,611	61.52%
	November	877,892	3.63%	14,649,508	60.54%	120,329	1,236,324	15,885,832	65.64%
	December	938,278	3.88%	15,587,786	64.41%	137,978	1,374,302	16,962,088	70.09%
2014	January	880,435	3.64%	16,468,221	68.05%	139,133	1,513,435	17,981,656	74.30%
	February	2,516,075	10.40%	18,984,296	78.45%	410,064	1,923,499	20,907,795	86.40%
	March	611,474	2.53%	19,595,771	80.97%	152,408	2,075,907	21,671,678	89.55%
	April	312,147	1.29%	19,907,918	82.26%	87,067	2,162,974	22,070,892	91.20%
	May	278,869	1.15%	20,186,787	83.42%	83,097	2,246,070	22,432,857	92.70%
	June	312,836	1.29%	20,499,623	84.71%	96,941	2,343,012	22,842,635	94.39%
	July	259,219	1.07%	20,758,842	85.78%	85,987	2,428,999	23,187,840	95.82%
	August	288,123	1.19%	21,046,965	86.97%	98,980	2,527,979	23,574,943	97.42%
	September	390,950	1.62%	21,437,915	88.59%	136,882	2,664,860	24,102,775	99.60%
	October	271,679	1.12%	21,709,594	89.71%	102,414	2,767,274	24,476,868	101.14%
	November	350,423	1.45%	22,060,017	91.16%	134,599	2,901,873	24,961,890	103.15%
	December	267,880	1.11%	22,327,897	92.26%	109,516	3,011,389	25,339,287	104.71%
2015	January	322,021	1.33%	22,649,919	93.59%	134,536	3,145,925	25,795,844	106.59%
	February	509,458	2.11%	23,159,377	95.70%	214,532	3,360,457	26,519,834	109.59%
	March	465,491	1.92%	23,624,868	97.62%	204,229	3,564,686	27,189,554	112.35%
	April	32,269	0.13%	23,657,136	97.76%	25,204	3,589,890	27,247,027	112.59%
	May	11,033	0.05%	23,668,170	97.80%	16,263	3,606,153	27,274,323	112.70%
	June	21,396	0.09%	23,689,566	97.89%	21,206	3,627,359	27,316,925	112.88%
	July	16,117	0.07%	23,705,682	97.96%	19,038	3,646,397	27,352,079	113.03%
	August	3,881	0.02%	23,709,563	97.97%	13,298	3,659,695	27,369,258	113.10%
	September	3,453	0.01%	23,713,017	97.99%	13,148	3,672,843	27,385,860	113.16%
	October	(3,560)	-0.01%	23,709,456	97.97%	9,559	3,682,402	27,391,859	113.19%
	November	6,394	0.03%	23,715,850	98.00%	14,834	3,697,236	27,413,086	113.28%
		$23,715,850	98.00%			$3,697,236			

The amount of delinquent taxes turned over to the County on March 1, 2013 was $24,377,633.
The amount of Tax Anticipation Notes sold will be $24,000,000 (est).

SOURCE: County of Kent and Hilliard Lyons

APPENDIX B

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

This Appendix contains the basic financial statements and related notes for the County's fiscal year ended December 31, 2011. The basic financial statements and related notes were prepared by the County in accordance with generally accepted accounting principles and were audited by Rehmann Robson, Grand Rapids, Michigan. Rehmann Robson has not been asked to consent to the use of information from such audited Financial Statements in the Preliminary Official Statement nor the Final Official Statement and have not conducted any subsequent review of such audited Financial Statements or of the information presented in this Appendix. The County Treasurer has advised, and will certify to the original purchaser of the Notes, that the information contained in this appendix fairly represents the financial condition of the County and there has been no material adverse change in the financial condition of the County from the date of the independent auditor's report to the date of delivery of the Notes. The County's complete financial statements are available at the following web site:

http://www.accesskent.com/YourGovernment/Departments/Fiscal/fiscal_index.htm

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INDEPENDENT AUDITORS' REPORT

June 8, 2012

Honorable Members of the
Board of Commissioners
of the County of Kent, Michigan
Grand Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Kent, Michigan*** (the "County"), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kent County Community Mental Health Authority (Network180) discretely presented component unit, which represents 10 percent of the total assets and 73 percent of total revenue of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Kent County Community Mental Health Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Kent, Michigan as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated June 8, 2012, on our consideration of the County of Kent, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 28 and the schedules of funding progress and employer contributions on pages 114 to 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Kent, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Kent, Michigan's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rehmann Robson

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the County of Kent, Michigan (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-10 of this report. All amounts, unless otherwise indicated, are expressed **in thousands of dollars**.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $518,590 (net assets). Of this amount, $151,132 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by $5,226. As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $99,953, a decrease of $11,115 in comparison with the prior year. Approximately 44.5 percent of this total amount or $44,428 is unassigned fund balance.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $44,428 or 34.47 percent of total General Fund expenditures.
- Total government-wide liabilities decreased by approximately $22,981 (4.88 percent) during the current fiscal year. Liabilities for governmental activities decreased by approximately $11,503 and liabilities decreased by $11,478 for business-type activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, health and welfare, cultural and recreation, judicial, and community and economic development. The business-type activities of the County include the Gerald R. Ford International Airport, Department of Public Works and delinquent tax collection and administration.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Road Commission, a legally separate Community Mental Health Authority, legally separate Drainage Districts, a legally separate Housing Commission and a legally separate Land Bank Authority for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 30-32 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Child Care Fund, both of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 33-38 of this report.

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Aeronautics Department, Department of Public Works and Delinquent Tax Revolving Fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its risk management and employee benefit programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Aeronautics Department, Department of Public Works and Delinquent Tax Revolving Fund, all of which are considered to be major funds of the County. The County's internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Funds column. The basic proprietary fund financial statements can be found on pages 39-44 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 45-46 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-111 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information can be found on pages 114-119 of this report.

The combining statements referred to earlier in connection with non-major governmental funds can be found on pages 124-181 of this report.

Government-Wide Financial Analysis

As previously stated, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $518,590 at the close of the most recent fiscal year.

County of Kent's Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Total 2011	Total 2010
Current and other assets	$ 157,092	$ 171,067	$ 165,332	$ 166,022	$ 322,424	$ 337,089
Capital assets, net of accumulated depreciation	250,467	241,668	394,100	405,989	644,567	647,657
Total assets	407,559	412,735	559,432	572,011	966,991	984,746
Long-term liabilities outstanding	135,771	141,854	262,638	271,538	398,409	413,392
Other liabilities	40,933	46,353	9,059	11,637	49,992	57,990
Total liabilities	176,704	188,207	271,697	283,175	448,401	471,382
Net assets:						
Invested in capital assets, net of related debt	132,743	130,574	193,838	200,535	326,581	331,109
Restricted	14,617	19,216	26,260	27,267	40,877	46,483
Unrestricted	83,495	74,738	67,637	61,034	151,132	135,772
Total Net Assets	$ 230,855	$ 224,528	$ 287,735	$ 288,836	$ 518,590	$ 513,364

A substantial portion of the County's net assets, $326,581 (63.0 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets of $40,877 (7.9 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net assets of $151,132 (29.1 percent) to meet its ongoing obligations to citizens and creditors.

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

There was a decrease of $4,599 in restricted net assets reported in connection with the County's governmental activities. The majority of the decrease ($4,400) of the $4,599 decrease was the result of a reduction in the amount of funds restricted for the Revenue Sharing Reserve Fund mandated by the State of Michigan. The fund was liquidated as of December 31, 2011.

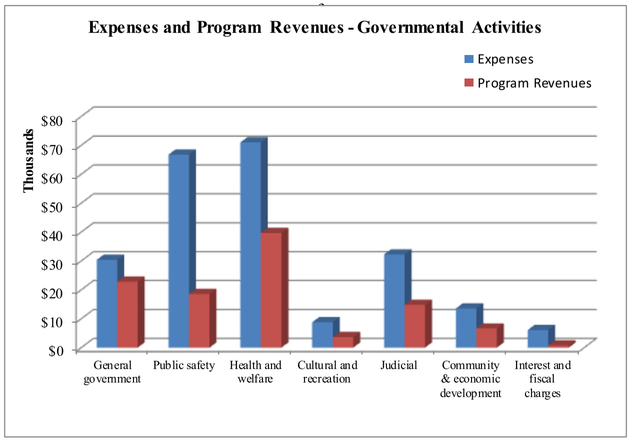
There was a decrease of $1,007 in restricted net assets reported in connection with the County's business-type activities. The $1,007 decrease is attributable to a decrease in restricted net assets for Department of Public works for debt service and Aeronautics Department for capital improvements.

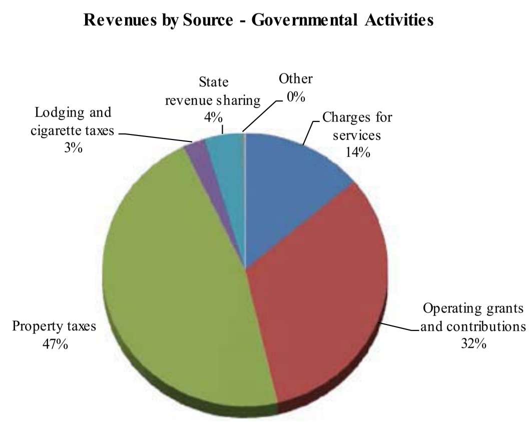
County of Kent's Changes in Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Total 2011	Total 2010
Revenues:						
Program revenues:						
Charges for services	$ 31,959	$ 31,734	$ 70,427	$ 77,457	$ 102,386	$ 109,191
Operating grants and contributions	74,819	68,206	484	275	75,303	68,481
Capital grants and contributions	-	-	7,619	11,606	7,619	11,606
General revenues:						
Property taxes	107,247	109,494	-	-	107,247	109,494
State revenue sharing	10,226	-	-	-	10,226	-
Other taxes	5,804	4,924	-	-	5,804	4,924
Other	415	818	200	355	615	1,173
Total revenues	230,470	215,176	78,730	89,693	309,200	304,869
Expenses:						
General government	30,357	26,436	-	-	30,357	26,436
Public safety	66,780	65,967	-	-	66,780	65,967
Health and welfare	70,988	73,266	-	-	70,988	73,266
Cultural and recreation	8,768	9,046	-	-	8,768	9,046
Judicial	32,241	33,184	-	-	32,241	33,184
Community & economic development	13,559	11,699	-	-	13,559	11,699
Interest and fiscal charges	6,102	6,364	-	-	6,102	6,364
Airport operations	-	-	41,834	43,167	41,834	43,167
Department of Public Works	-	-	31,875	33,095	31,875	33,095
Delinquent tax	-	-	1,122	1,167	1,122	1,167
Total expenses	228,795	225,962	74,831	77,429	303,626	303,391
Increase (decrease) in nets assets before transfers	1,675	(10,786)	3,899	12,264	5,574	1,478
Transfers	4,652	5,181	(5,000)	(5,147)	(348)	34
Increase (decrease) in net assets	6,327	(5,605)	(1,101)	7,117	5,226	1,512
Net Assets, beginning of year, as restated	224,528	230,133	288,836	281,719	513,364	511,852
Net Assets, end of year	$ 230,855	$ 224,528	$ 287,735	$ 288,836	$ 518,590	$ 513,364

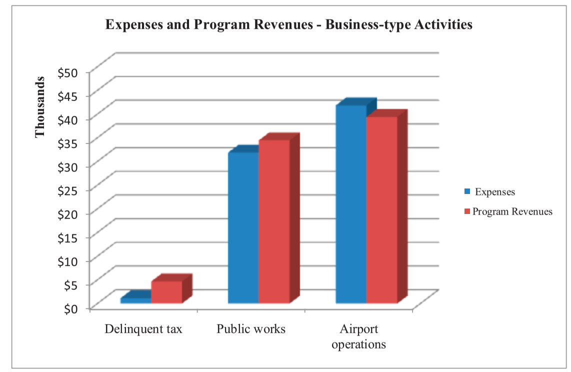
The County's net assets increased by $5,226 during the current fiscal year. The increase is due to the reinstatement of State revenue sharing which resulted in additional revenue funding of $10,226 over prior years.

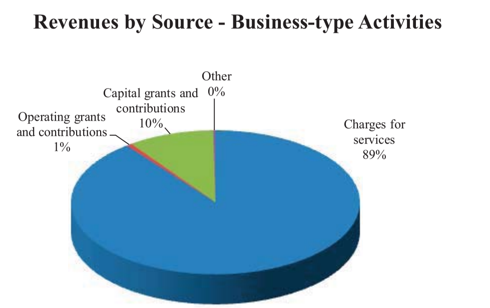
Governmental Activities. Governmental activities increased the County's net assets by $6,327. The key element of this increase is due to receiving $10,226 of State revenue sharing.





Business-type Activities. Business-type activities decreased the County's net assets by $1,101 The key element of this decrease was a decrease in operating revenues and contributions received in the form of grants from federal and state governments during the current fiscal year.





Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The information related to the governmental funds fund balances reflects the implementation of GASB 54 which greatly changed how fund balances are classified on the Balance Sheet.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $99,953 a decrease of $11,115 in comparison with the prior year. Of this amount, 44.5 percent ($44,428) constitutes unassigned fund balance, which is available for spending at the government's discretion, however it is limited to the minimum fund balance requirements per the County's Fund Balance policy. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is classified as one of the following: A) Nonspendable for 1) inventories and prepaids ($460), 2) long-term cash advances to the Kent County CMH Authority ($283) and the Drainage District ($442), or 3) is nonspendable as permanent fund corpus to generate income to pay for the purchase and maintenance of animals at the zoo ($73); B) Restricted per external/third-party mandates ($25,237); C) is committed for economic stabilization ($23,055); or D) has been assigned for other specific uses in the County's general operations ($5,975).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $44,428 while total fund balance amounted to $68,654. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.47 percent of total General Fund expenditures, while total fund balance represents 53.3 percent of that same amount.

The fund balance of the County's General Fund increased by $54 during the current fiscal year. Key factors in this change are as follows:

- Decrease in total expenses relating to the General Fund of $2,119 (1.6 percent).
- Interfund transfers in decreased by $10,149 (33.2 percent).

The General Fund budgeted for a decrease in fund balance of $5,133 and the actual increase in fund balance was $54. Significant changes in budgetary variances are as follows:

- Tax revenues had a negative budgetary variance of $1,082, of which, the majority relates to both current and delinquent property tax revenues which were down from budgeted amounts.
- Intergovernmental revenue had a positive budgetary variance of $3,369. The majority of this relates to increases in state revenue sharing and local funding.
- Charges for services had a negative budgetary variance of $911. The majority of this was due to a reduction in court fees ($577) as well as a reduction in admission fees ($221), and sales utilities ($133).
- Expenditures had an overall positive budgetary variance of $7,483, of which the greatest portions related to general government, ($2,047), public safety ($3,842), and judicial ($1,253). General government expenditures decreased for most departments with the largest decreases relating to

courthouse and prosecuting attorney. Public safety expenditures decreased for most departments with the largest decreases relating to jail, sheriff and road patrol. Judicial expenditures decreased for most departments with the largest decreases coming from the circuit court.

The Child Care Fund accounts for the care of neglected, abused and delinquent juveniles. Revenues are provided through State reimbursements and General Fund appropriations. The Child Care Fund fund balance remained unchanged at $100.

Proprietary Funds. The County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Aeronautics Department at the end of the year amounted to $23,667, those for the Department of Public Works amounted to $29,900 and those for the Delinquent Tax Revolving Fund amounted to $13,012. The Aeronautics Department had a total increase in unrestricted net assets of $1,513, the Department of Public Works had a total increase in unrestricted net assets of $5,440 while the Delinquent Tax Revolving Fund experienced a decrease in unrestricted net assets of $981. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year, there was a $141 increase in appropriations between the original and final amended budget. Following are the main components of the change:

- $246 increase in health & welfare primarily related to intergovernmental activities.
- $108 decrease in public safety activities primarily related to the Jail and Sheriff road patrol costs.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2011 amounted to $644,567 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, motor vehicles, drains, landfill cells and zoo animals. The total decrease in the County's investment in capital assets for the current fiscal year was 0.5 percent (a 3.6 percent increase for governmental activities and a 2.9 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- General government land purchases of $1,112 mostly attributable to the acquisition of agricultural property development rights ($900).
- Increase in Construction in Progress of $10,154 mainly related to the Detention/Correctional Facility remodeling and energy improvement projects funded by federal grants.

County of Kent's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 55,258	$ 54,146	$ 25,151	$ 25,152	$ 80,409	$ 79,298
Property easements	36	-	-	-	36	-
Construction in process	64,467	54,313	1,828	3,362	66,295	57,675
Landfill cells			3,801	4,436	3,801	4,436
Land improvements	7,873	7,911	113,124	118,043	120,997	125,954
Buildings and improvements	110,187	112,559	193,705	202,290	303,892	314,849
Waste-to-Energy facility			32,443	34,420	32,443	34,420
Machinery and equipment	8,006	8,353	22,352	16,466	30,358	24,819
Office equipment	-	-	1,097	1,185	1,097	1,185
Motor vehicles	4,279	4,010	599	635	4,878	4,645
Infrastructure	340	368	-	-	340	368
Zoo animals	21	8	-	-	21	8
Total	$ 250,467	$ 241,668	$394,100	$ 405,989	$ 644,567	$ 647,657

Additional information on the County's capital assets can be found in Note 7 on pages 81-84 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total installment debt outstanding of $365,754. Of this amount, $15,110 (4.1 percent) comprises debt not backed by the full faith and credit of the government. The remainder of the County debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

County's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Primary Government						
Limited tax pledge bonds	$ 126,545	$ 131,275	$ 40,500	$ 44,500	$ 167,045	$ 175,775
Limited revenue bonds	-	-	182,805	146,740	182,805	146,740
Revenue bonds	-	-	15,110	58,195	15,110	58,195
Capital lease obligations	794	811	-	-	794	811
Total	$ 127,339	$ 132,086	$238,415	$ 249,435	$ 365,754	$ 381,521

The County's total installment debt decreased by $15,767 (4.1 percent) during the current fiscal year. The net decrease was mainly attributable to annual principal payments.

The County maintains an "AAA" rating from Standard & Poor's and "Aaa" rating from Moody's for its general obligation debt. The revenue bonds of the Gerald R. Ford International Airport qualified for an "BBB+" (March 2011 update) from Standard & Poor's and "A2" rating from Moody's; however, they were insured by MBIA qualifying them for Standard & Poor's rating of "AAA" and Moody's "A3" (October 2009).

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the County is $2,173,517, which is significantly higher than the County's outstanding general obligation debt.

Additional information on the County long-term debt can be found in Note 8 on pages 85-90.

Economic Factors and Next Year's Budget and Rates

- The average annual unemployment rate for the County for 2011 was 8.0 percent, which is a decrease from a rate of 10.2 percent a year ago. This is significantly below the State's average annual unemployment rate of 10.3 percent for 2011.
- Inflationary trends in the region compare favorably to national indices.

The County considered these factors in preparing the County's budget for the 2012 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund was $44,428. The County has appropriated $3,400 for spending in the 2012 fiscal year budget. This appropriation of available fund balance allows the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2012 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF KENT, MICHIGAN

Statement of Net Assets
December 31, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash, investments, and accrued interest	$ 117,812,298	$ 104,230,536	$ 222,042,834	$ 41,231,784
Receivables, net	40,474,815	30,835,122	71,309,937	17,618,765
Internal balances	(3,388,181)	1,261,761	(2,126,420)	-
Due from component units	461,527	-	461,527	-
Due from primary government	-	-	-	514,459
Restricted assets:				
Cash, investments, and accrued interest	-	26,355,894	26,355,894	-
Accounts receivable, net	-	604,698	604,698	-
Other assets	1,005,101	2,044,152	3,049,253	3,132,936
Advances to component units	725,700	-	725,700	-
Capital assets not being depreciated	119,760,796	26,978,797	146,739,593	3,592,792
Capital assets being depreciated, net	130,706,628	367,121,243	497,827,871	261,376,114
Total assets	407,558,684	559,432,203	966,990,887	327,466,850
Liabilities				
Accounts payable and accrued liabilities	18,036,056	8,962,762	26,998,818	19,606,740
Due to primary government	-	-	-	461,527
Unearned revenue	22,896,458	95,821	22,992,279	2,894,304
Advances from primary government	-	-	-	725,700
Long-term liabilities:				
Due within one year	10,379,248	38,963,263	49,342,511	2,452,190
Due in more than one year	125,391,677	223,675,264	349,066,941	8,295,702
Total liabilities	176,703,439	271,697,110	448,400,549	34,436,163
Net assets				
Invested in capital assets, net of related debt	132,742,530	193,838,321	326,580,851	257,310,482
Restricted for:				
Public safety	8,707,508	-	8,707,508	-
Health and welfare	553,575	-	553,575	-
Community and economic development	2,492,254	-	2,492,254	-
Debt service	-	20,519,120	20,519,120	-
Capital projects	-	2,684,430	2,684,430	10,326,313
Property tax foreclosures	-	3,057,141	3,057,141	-
Other state mandated programs	2,748,334	-	2,748,334	-
Permanent fund:				
Expendable	42,411	-	42,411	-
Nonexpendable	73,000	-	73,000	-
Unrestricted	83,495,633	67,636,081	151,131,714	25,393,892
Total net assets	$ 230,855,245	$ 287,735,093	$ 518,590,338	$ 293,030,687

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Activities
For the Year Ended December 31, 2011

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 30,356,607	$ 10,570,786	$ 12,221,043	$ -	$ (7,564,778)
Public safety	66,779,986	9,138,839	9,424,252	-	(48,216,895)
Health and welfare	70,988,245	3,943,509	35,711,859	-	(31,332,877)
Cultural and recreation	8,768,185	3,245,124	355,858	-	(5,167,203)
Judicial	32,241,005	5,052,987	9,745,614	-	(17,442,404)
Community and economic development	13,559,429	8,044	6,590,496	-	(6,960,889)
Interest and fiscal charges	6,101,253	-	770,005	-	(5,331,248)
Total governmental activities	228,794,710	31,959,289	74,819,127	-	(122,016,294)
Business-type activities:					
Airport operations	41,834,242	31,629,680	154,245	7,618,724	(2,431,593)
Public works	31,874,739	34,134,422	329,578	-	2,589,261
Delinquent tax collection and administration	1,121,577	4,662,867	-	-	3,541,290
Total business-type activities	74,830,558	70,426,969	483,823	7,618,724	3,698,958
Total primary government	$ 303,625,268	$ 102,386,258	$ 75,302,950	$ 7,618,724	$ (118,317,336)
Component units					
Road Commission	$ 51,924,313	$ 3,943,912	$ 41,208,399	$ 508,836	$ (6,263,166)
CMH Authority	137,418,393	-	137,040,639	-	(377,754)
Drainage Districts	2,238,078	-	710,201	228,935	(1,298,942)
Housing Commission	4,874,672	-	4,764,306	-	(110,366)
Land Bank Authority	58,584	136,907	85,000	-	163,323
Total component units	$ 196,514,040	$ 4,080,819	$ 183,808,545	$ 737,771	$ (7,886,905)

continued...

COUNTY OF KENT, MICHIGAN

Statement of Activities
For the Year Ended December 31, 2011

	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Changes in net assets				
Net revenue (expense)	$ (122,016,294)	$ 3,698,958	$ (118,317,336)	$ (7,886,905)
General revenues:				
Property taxes	107,247,129	-	107,247,129	-
Lodging excise taxes	5,803,776	-	5,803,776	-
State revenue sharing	10,225,945	-	10,225,945	-
Unrestricted investment earnings	698,556	150,538	849,094	403,663
Gain of sale of capital assets	-	49,731	49,731	18,738
Other revenue	(284,009)	-	(284,009)	167,554
Transfers - internal activities	4,652,165	(5,000,000)	(347,835)	-
Total general revenues and transfers	128,343,562	(4,799,731)	123,543,831	589,955
Change in net assets	6,327,268	(1,100,773)	5,226,495	(7,296,950)
Net assets, beginning of year, as restated	224,527,977	288,835,866	513,363,843	300,327,637
Net assets, end of year	$ 230,855,245	$ 287,735,093	$ 518,590,338	$ 293,030,687

concluded

The accompanying notes are an integral part of these basic financial statements.

Balance Sheet
Governmental Funds
December 31, 2011

	General Fund (101)	Child Care (292 and 293)	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash, investments, and accrued interest	$ 70,812,582	$ -	$ 33,848,242	$ 104,660,824
Receivables, net:				
Accounts	954,485	-	3,807,234	4,761,719
Property taxes	5,663,573	-	19,660,252	25,323,825
Due from other governments	818,096	3,315,200	3,421,981	7,555,277
Loans	-	-	2,344,049	2,344,049
Due from other funds	1,862,633	662,207	626,028	3,150,868
Due from component units	461,527	-	-	461,527
Advances to component units	725,700	-	-	725,700
Inventories	94,026	-	151,940	245,966
Prepaids	294,657	-	-	294,657
Total assets	$ 81,687,279	$ 3,977,407	$ 63,859,726	$ 149,524,412
Liabilities				
Accounts payable	$ 3,455,739	$ 1,300,824	$ 5,317,150	$ 10,073,713
Accrued liabilities	3,007,594	188,335	588,195	3,784,124
Due to other governments	-	-	313,607	313,607
Due to other funds	1,598,007	2,388,218	1,768,749	5,754,974
Deferred revenue	4,972,389	-	24,672,506	29,644,895
Total liabilities	13,033,729	3,877,377	32,660,207	49,571,313
Fund balances (Note 16)				
Nonspendable	1,114,383	-	144,497	1,258,880
Restricted	-	-	25,236,629	25,236,629
Committed	23,054,680	-	-	23,054,680
Assigned	56,318	100,030	5,818,393	5,974,741
Unassigned	44,428,169	-	-	44,428,169
Total fund balances	68,653,550	100,030	31,199,519	99,953,099
Total liabilities and fund balances	$ 81,687,279	$ 3,977,407	$ 63,859,726	$ 149,524,412

The accompanying notes are an integral part of these basic financial statements.

Reconciliation
Fund Balances for Governmental Funds
to Net Assets of Governmental Activities
December 31, 2011

Fund balances - total governmental funds	$ 99,953,099
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	119,760,796
Capital assets being depreciated, net	130,706,628
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance.	
Deferred property taxes receivable	4,404,388
Deferred loans receivable	2,344,049
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net assets of governmental activities accounted for in internal service funds:	
Total internal service fund net assets	10,564,721
Internal service fund net assets accounted for in business-type activities	(1,056,406)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds payable	(127,339,316)
Unamortized bond premiums/discounts, net	(4,481,449)
Unamortized deferred bond issuance costs	464,478
Unamortized deferred loss on bond refunding	987,778
Compensated absences and early retirement incentive	(4,826,938)
Landfill remediation liability	(111,000)
Accrued interest on long-term debt	(515,583)
Net assets of governmental activities	$ 230,855,245

The accompanying notes are an integral part of these basic financial statements.

Statement of Revenue, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended December 31, 2011

	General Fund (101)	Child Care (292 and 293)	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Taxes	$ 84,842,764	$ -	$ 28,343,770	$ 113,186,534
Licenses and permits	302,085	-	1,576,325	1,878,410
Intergovernmental	20,059,917	14,854,409	28,724,676	63,639,002
Charges for services	17,477,651	192,383	6,454,332	24,124,366
Fines and forfeitures	87,072	-	503,954	591,026
Investment earnings	339,885	-	296,969	636,854
Contributions and reimbursements	12,830,449	272,689	8,411,025	21,514,163
Other	2,114,680	79,027	8,188,205	10,381,912
Total revenue	138,054,503	15,398,508	82,499,256	235,952,267
Expenditures				
Current:				
General government	35,922,987	-	2,266,235	38,189,222
Public safety	57,085,692	-	9,049,113	66,134,805
Health and welfare	8,488,875	30,849,043	31,924,639	71,262,557
Cultural and recreation	7,591,658	-	1,569	7,593,227
Judicial	19,709,628	-	11,723,589	31,433,217
Community and economic development	85,000	-	13,486,048	13,571,048
Debt service:				
Principal	-	-	4,989,990	4,989,990
Interest and fiscal charges	-	-	6,323,222	6,323,222
Capital outlay	-	-	12,735,600	12,735,600
Total expenditures	128,883,840	30,849,043	92,500,005	252,232,888
Revenue over (under) expenditures	9,170,663	(15,450,535)	(10,000,749)	(16,280,621)
Other financing sources (uses)				
Issuance of long-term debt	-	-	243,620	243,620
Transfers in	20,456,819	15,450,535	17,253,350	53,160,704
Transfers out	(29,739,744)	-	(18,768,795)	(48,508,539)
Proceeds from sale of capital assets	166,202	-	103,199	269,401
Total other financing sources (uses)	(9,116,723)	15,450,535	(1,168,626)	5,165,186
Net change in fund balances	53,940	-	(11,169,375)	(11,115,435)
Fund balances, beginning of year, as restated	68,599,610	100,030	42,368,894	111,068,534
Fund balances, end of year	$ 68,653,550	$ 100,030	$ 31,199,519	$ 99,953,099

The accompanying notes are an integral part of these basic financial statements.

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Assets of Governmental Activities
For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	$ (11,115,435)
Amounts reported for *governmental activities* in the statement of activities are different	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	15,445,401
Donated capital assets	345,858
Depreciation expense	(6,789,523)
Proceeds on the sale of capital assets	(269,401)
Loss on the sale of capital assets	66,653
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Net change in deferred property taxes receivable	(174,498)
Net change in deferred loans receivable	(36,636)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Issuance of long-term debt	(243,620)
Principal payments on long-term liabilities	4,989,990
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in accrued interest payable on long-term debt	13,189
Amortization of bond premiums/discounts	319,561
Amortization of deferred issuance costs	(33,493)
Amortization of deferred loss on refunding	(77,288)
Change in the accrual for compensated absences and early retirement incentive	715,600
Change in landfill remediation liability	379,205
An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Net operating income (loss) of the internal service funds	3,178,300
Operating income (loss) of the internal service funds allocated to business-type activities	(457,442)
Interest income from internal service funds	70,847
Change in net assets of governmental activities	$ 6,327,268

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Revenue, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2010 Actual
Revenue					
Taxes	$ 85,924,850	85,924,850	$ 84,842,764	$ (1,082,086)	$ 84,499,583
Licenses and permits	110,800	110,800	302,085	191,285	102,132
Intergovernmental	16,675,748	16,690,748	20,059,917	3,369,169	9,033,732
Charges for services	18,388,919	18,388,919	17,477,651	(911,268)	17,142,184
Fines and forfeitures	166,500	166,500	87,072	(79,428)	108,154
Investment earnings	887,500	887,500	339,885	(547,615)	62,904
Contributions and reimbursements	14,111,281	14,115,281	12,830,449	(1,284,832)	12,758,537
Other	4,438,858	4,460,784	2,114,680	(2,346,104)	3,024,234
Total revenue	140,704,456	140,745,382	138,054,503	(2,690,879)	126,731,460
Expenditures					
Current:					
General government	37,979,872	37,969,836	35,922,987	(2,046,849)	35,483,051
Public safety	61,035,790	60,927,575	57,085,692	(3,841,883)	59,632,271
Health and welfare	8,244,719	8,491,569	8,488,875	(2,694)	8,117,084
Culture and recreation	7,917,619	7,930,108	7,591,658	(338,450)	7,504,675
Judicial	20,962,538	20,962,538	19,709,628	(1,252,910)	20,115,303
Community and economic development	85,000	85,000	85,000	-	150,000
Total expenditures	136,225,538	136,366,626	128,883,840	(7,482,786)	131,002,384
Revenue over (under) expenditures	4,478,918	4,378,756	9,170,663	4,791,907	(4,270,924)
Other financing sources (uses)					
Transfers in	24,250,000	24,250,000	20,456,819	(3,793,181)	30,605,290
Transfers out	(33,967,404)	(33,987,054)	(29,739,744)	4,247,310	(26,389,961)
Proceeds from sale of capital assets	225,000	225,000	166,202	(58,798)	154,491
Total other financing sources (uses)	(9,492,404)	(9,512,054)	(9,116,723)	395,331	4,369,820
Net change in fund balance	(5,013,486)	(5,133,298)	53,940	5,187,238	98,896
Fund balance, beginning of year, as restated	68,599,610	68,599,610	68,599,610	-	68,500,714
Fund balance, end of year	$ 63,586,124	63,466,312	$ 68,653,550	$ 5,187,238	$ 68,599,610

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Revenue, Expenditures and Changes in Fund Balances
Budget and Actual - Child Care Special Revenue Fund
For the Year Ended September 30, 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2010 Actual
Revenue					
Intergovernmental	$ 16,608,073	$ 16,608,073	$ 14,854,409	$ (1,753,664)	$ 14,307,939
Charges for services	210,000	210,000	192,383	(17,617)	201,875
Contributions and reimbursements	465,000	465,000	272,689	(192,311)	534,573
Other	77,000	77,000	79,027	2,027	70,000
Total revenue	17,360,073	17,360,073	15,398,508	(1,961,565)	15,114,387
Expenditures					
Current:					
Health and welfare	35,039,605	35,039,605	30,849,043	(4,190,562)	30,240,687
Revenue over (under) expenditures	(17,679,532)	(17,679,532)	(15,450,535)	2,228,997	(15,126,300)
Other financing sources					
Transfers in	17,679,532	17,679,532	15,450,535	(2,228,997)	15,038,705
Net change in fund balance	-	-	-	-	(87,595)
Fund balance, beginning of year	100,030	100,030	100,030	-	187,625
Fund balance, end of year	$ 100,030	$ 100,030	$ 100,030	$ -	$ 100,030

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Aeronautics Department (581)	Department of Public Works (various)	Delinquent Tax Revolving (616)	Total	Internal Service Funds
Assets					
Current assets:					
Cash, investments, and accrued interest	$ 22,210,341	$ 47,013,732	$ 35,006,463	$ 104,230,536	$ 13,151,474
Accounts receivable, net	1,566,678	4,689,785	(100)	6,256,363	489,945
Taxes receivable	-	-	20,279,272	20,279,272	-
Contracts receivable	-	550,000	-	550,000	-
Due from other governments	-	-	1,929,487	1,929,487	-
Due from other funds	-	-	288,789	288,789	272,589
Inventories	148,917	-	-	148,917	-
Prepaids	160,212	52,448	-	212,660	-
Restricted cash, investments, and accrued interest	14,077,430	437,000	-	14,514,430	-
Restricted accounts receivable, net	604,698	-	-	604,698	-
Total current assets	38,768,276	52,742,965	57,503,911	149,015,152	13,914,008
Noncurrent assets:					
Restricted cash, investments and accrued interest	3,549,373	8,292,091	-	11,841,464	-
Contracts receivable	-	1,820,000	-	1,820,000	-
Capital assets not being depreciated	22,825,924	4,152,873	-	26,978,797	-
Capital assets being depreciated, net	312,908,488	54,212,755	-	367,121,243	-
Deferred bond issuance costs, net	1,553,213	129,362	-	1,682,575	-
Total noncurrent assets	340,836,998	68,607,081	-	409,444,079	-
Total assets	379,605,274	121,350,046	57,503,911	558,459,231	13,914,008
Liabilities					
Current liabilities:					
Accounts payable	989,593	2,245,782	464,306	3,699,681	500,601
Accrued liabilities	808,918	439,968	-	1,248,886	2,848,428
Due to other funds	77,664	5,770	-	83,434	258
Due to other governments	-	5,112	(1,751)	3,361	-
Accrued interest	-	76,820	176,972	253,792	-
Unearned revenue	95,821	-	-	95,821	-
Payable from restricted assets:					
Accrued interest	3,757,042	-	-	3,757,042	-
Current portion of long-term debt	-	437,000	-	437,000	-
Current portion of long-term debt	4,787,899	1,007,069	32,731,295	38,526,263	-
Total current liabilities	10,516,937	4,217,521	33,370,822	48,105,280	3,349,287
Noncurrent liabilities, net of current portion:					
Bonds payable	184,247,753	31,363,539	8,063,972	223,675,264	-
Total liabilities	194,764,690	35,581,060	41,434,794	271,780,544	3,349,287
Net assets					
Invested in capital assets, net of related debt	146,698,760	47,139,561	-	193,838,321	-
Restricted for:					
Debt service	11,790,029	8,729,091	-	20,519,120	-
Capital improvements	2,684,430	-	-	2,684,430	-
Property tax foreclosures	-	-	3,057,141	3,057,141	-
Unrestricted	23,667,365	29,900,334	13,011,976	66,579,675	10,564,721
Total net assets	$ 184,840,584	$ 85,768,986	$ 16,069,117	$ 286,678,687	$ 10,564,721

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Reconciliation
Net Assets of Enterprise Funds
to Net Assets of Business-type Activities
December 31, 2011

Net assets - total enterprise funds	$ 286,678,687
Amounts reported for *business-type activities* in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net assets of the internal service funds is allocated to the enterprise funds and reported in the statement of net assets.	
Net assets of business-type activities accounted for in governmental-type internal service funds	1,056,406
Net assets of business-type activities	$ 287,735,093

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Revenue, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Aeronautics Department (581)	Department of Public Works (various)	Delinquent Tax Revolving (616)	Total	Internal Service Funds
Operating revenue					
Charges for services	$ 31,629,680	$ 33,334,823	$ 719,684	$ 65,684,187	$ 21,964,991
Interest and penalties	-	-	2,972,340	2,972,340	-
Collection fees	-	-	1,229,113	1,229,113	-
Auction proceeds, net	-	-	(258,270)	(258,270)	-
Other	-	799,599	-	799,599	-
Total operating revenue	31,629,680	34,134,422	4,662,867	70,426,969	21,964,991
Operating expenses					
Salaries and fringes	8,262,509	4,750,597	-	13,013,106	167,167
Materials and supplies	750,259	1,795,122	-	2,545,381	-
Administrative and general	-	2,547,554	-	2,547,554	-
Contractual services	8,656,297	14,308,879	404,484	23,369,660	79,363
Landfill maintenance	-	3,637,650	-	3,637,650	
Benefit payments and refunds	-	-	-	-	17,547,453
Depreciation	16,274,703	4,203,986	-	20,478,689	-
Other	8,378	54,546	285,093	348,017	992,708
Total operating expenses	33,952,146	31,298,334	689,577	65,940,057	18,786,691
Operating income (loss)	(2,322,466)	2,836,088	3,973,290	4,486,912	3,178,300
Nonoperating revenue (expenses)					
Passenger facility charges	4,635,636	-	-	4,635,636	-
Customer facility charges	1,543,299	-	-	1,543,299	-
Investment earnings	154,245	329,578	150,538	634,361	70,847
Interest expense	(8,252,159)	(570,486)	(432,000)	(9,254,645)	-
Gain (loss) on sale of capital assets	49,731	(93,298)	-	(43,567)	-
Total nonoperating revenue (expenses)	(1,869,248)	(334,206)	(281,462)	(2,484,916)	70,847
Income (loss) before capital contributions and transfers	(4,191,714)	2,501,882	3,691,828	2,001,996	3,249,147
Capital contributions	1,439,789	-	-	1,439,789	-
Transfers out	-	-	(5,000,000)	(5,000,000)	-
Change in net assets	(2,751,925)	2,501,882	(1,308,172)	(1,558,215)	3,249,147
Net assets, beginning of year, as restated	187,592,509	83,267,104	17,377,289	288,236,902	7,315,574
Net assets, end of year	$ 184,840,584	$ 85,768,986	$ 16,069,117	$ 286,678,687	$ 10,564,721

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Reconciliation
Change in Net Assets of Enterprise Funds
to Change in Net Assets of Business-type Activities
For the Year Ended December 31, 2011

Change in net assets - total enterprise funds	$ (1,558,215)
Amounts reported for *business-type activities* in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the operating income (loss) of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.	
Net operating income (loss) from business-type activities accounted for in governmental-type internal service funds	457,442
Change in net assets of business-type activities	$ (1,100,773)

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Aeronautics Department (581)	Department of Public Works (various)	Delinquent Tax Revolving (616)	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers and users	$ 32,652,396	$ 35,695,840	$ 40,926,441	$ 109,274,677	$ 21,622,018
Payments to vendors	(10,654,070)	(21,270,282)	(598,400)	(32,522,752)	(108,890)
Payments for personnel services	(8,301,880)	(4,824,890)	-	(13,126,770)	(167,198)
Benefit payments	-	-	-	-	(17,788,943)
Other payments	(395,726)	-	-	(395,726)	(1,421,148)
Delinquent taxes purchased	-	-	(32,078,716)	(32,078,716)	-
Net cash provided by operating activities	13,300,720	9,600,668	8,249,325	31,150,713	2,135,839
Cash flows from noncapital financing activities					
Proceeds from issuance of long-term debt	-	-	32,000,000	32,000,000	-
Premium on issuance of long-term debt	-	-	367,840	367,840	-
Principal paid on long-term debt	-	-	(36,000,000)	(36,000,000)	-
Interest paid on long-term debt	-	-	(697,163)	(697,163)	-
Intergovernmental payments	-	-	(5,288,789)	(5,288,789)	-
Net cash used in noncapital financing activities	-	-	(9,618,112)	(9,618,112)	-
Cash flows from capital and related financing activities					
Passenger facility charges collected	4,689,138	-	-	4,689,138	-
Customer facility charges collected	1,543,912	-	-	1,543,912	-
Capital contributions received	1,153,839	-	-	1,153,839	-
Proceeds from sale of capital assets	30,019	59,738	-	89,757	-
Purchase of capital assets	(7,416,056)	(1,241,073)	-	(8,657,129)	-
Principal paid on capital debt	(4,180,000)	(970,000)	-	(5,150,000)	-
Interest and agent fees paid on capital debt	(9,059,081)	(571,456)	-	(9,630,537)	-
Proceeds from issuance of long-term debt	38,675,000	-	-	38,675,000	-
Premium on issuance of long-term debt	2,373,714	-	-	2,373,714	-
Cash transferred to escrow for defeased bonds	(41,554,821)	-	-	(41,554,821)	-
Cash paid for issuance costs	(378,565)	-	-	(378,565)	-
Net cash used in capital and related financing activities	(14,122,901)	(2,722,791)	-	(16,845,692)	-
Cash flows from investing activities					
Interest received on investments	205,323	329,578	150,538	685,439	70,847
Net increase (decrease) in cash and cash equivalents	(616,858)	7,207,455	(1,218,249)	5,372,348	2,206,686
Cash and cash equivalents, beginning of year	40,454,002	48,535,368	36,224,712	125,214,082	10,944,788
Cash and cash equivalents, end of year	$ 39,837,144	$ 55,742,823	$ 35,006,463	$ 130,586,430	$ 13,151,474
Classification on the statement of net assets					
Cash, investments, and accrued interest	$ 22,210,341	$ 47,013,732	$ 35,006,463	$ 104,230,536	$ 13,151,474
Current restricted cash, investments, and accrued interest	14,077,430	437,000	-	14,514,430	-
Noncurrent restricted cash, investments, and accrued interest	3,549,373	8,292,091	-	11,841,464	-
	$ 39,837,144	$ 55,742,823	$ 35,006,463	$ 130,586,430	$ 13,151,474

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COUNTY OF KENT, MICHIGAN

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Aeronautics Department (581)	Department of Public Works (various)	Delinquent Tax Revolving (616)	Total	Internal Service Funds
Cash flows from operating activities					
Operating income (loss)	$ (2,322,466)	$ 2,836,088	$ 3,973,290	$ 4,486,912	$ 3,178,300
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	16,274,703	4,203,986	-	20,478,689	-
Bad debt expense	8,378	-	-	8,378	-
Change in:					
Accounts receivable	10,443	877,950	150	888,543	(70,673)
Taxes receivable	-	-	2,395,636	2,395,636	-
Contracts receivable	-	530,000	-	530,000	-
Due from other governments	-	-	1,789,072	1,789,072	-
Due from other funds	-	-	-	-	(272,589)
Inventories	(6,664)	-	-	(6,664)	-
Prepaids	(109,445)	1,711	-	(107,734)	-
Accounts payable	(398,403)	500,080	78,707	180,384	(29,527)
Accrued liabilities	(67,626)	(74,293)	-	(141,919)	(669,930)
Due to other funds	-	5,770	-	5,770	258
Due to other governments	-	-	(1,751)	(1,751)	-
Accrued interest	-	-	14,221	14,221	-
Unearned revenue	(88,200)	-	-	(88,200)	-
Kentwood landfill liability	-	8,376	-	8,376	-
Closure and post-closure care	-	711,000	-	711,000	-
Net cash provided by operating activities	$ 13,300,720	$ 9,600,668	$ 8,249,325	$ 31,150,713	$ 2,135,839

concluded

Non-cash transactions
The Aeronautics Department received non-cash capital contributions of $285,950 for the year ended December 31, 2011.

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private-purpose Trust Fund	Agency Funds
Assets				
Cash and cash equivalents	$ 100,824	$ -	$ -	$ -
Pooled cash, investments, and accrued interest	-	60,938,736	6,580	8,981,703
Receivables	1,197,262	-	-	1,180
Due from brokers	476,475	-	-	-
Investments, at fair value:				
U.S. government obligations	40,407,111	-	-	-
U.S. government agency obligations	40,629,030	-	-	-
Municipal obligations	352,385	-	-	-
Corporate obligations	40,737,591	-	-	-
Common stock	293,358,827	-	-	-
Foreign obligations	5,835,152	-	-	-
Foreign common stock	2,982,565	-	-	-
Money market funds	18,624,685	-	-	-
Domestic equity mutual funds	9,498,901	-	-	-
International equity mutual funds	50,854,550	-	-	-
Domestic fixed income mutual funds	19,230,303	-	-	-
International fixed income mutual funds	19,142,035	-	-	-
Real estate securities	48,694,661	-	-	-
Mortgage-backed securities fund	23,336,517	-	-	-
Total investments, at fair value	613,684,313	-	-	-
Total assets	615,458,874	60,938,736	6,580	$ 8,982,883
Liabilities				
Accounts payable	209,608	-	-	$ 8,378,135
Due to brokers	445,637	-	-	-
Due to other governments	-	-	-	86,673
Liability under securities lending transactions	14,268,165	-	-	-
Undistributed collections	-	-	-	518,075
Total liabilities	14,923,410	-	-	$ 8,982,883
Net assets				
Held in trust for:				
Employees' pension benefits	590,004,027	-	-	
Other postemployment benefits	10,531,437	-	-	
Investment pool participants	-	60,938,736	-	
Individuals and organizations	-	-	6,580	
Total net assets	$ 600,535,464	$ 60,938,736	$ 6,580	

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private-purpose Trust Fund
Additions			
Contributions:			
Employer	$ 10,494,701	$ -	$ -
Plan members	7,056,456	-	-
Purchases by participants	-	22,706,949	-
Total contributions	17,551,157	22,706,949	-
Investment income:			
Net increase in fair value of investment of securities	703,579	-	-
Interest	6,461,811	379,820	38
Securities lending	27,159	-	-
Net increase in fair value of collateral under securities lending transactions	11,498	-	-
Dividends	8,532,166	-	-
Other income	45,739	-	-
Total investment income	15,781,952	379,820	38
Investment expense	(2,240,696)	-	-
Net investment income	13,541,256	379,820	38
Total additions	31,092,413	23,086,769	38
Deductions			
Benefit payments	27,101,395	-	-
Administrative expenses	1,424,027	-	-
Refunds of contributions	613,564	-	-
Redemption by participants	-	19,007,399	-
Total deductions	29,138,986	19,007,399	-
Change in net assets	1,953,427	4,079,370	38
Net assets, beginning of year	598,582,037	56,859,366	6,542
Net assets, end of year	$ 600,535,464	$ 60,938,736	$ 6,580

The accompanying notes are an integral part of these basic financial statements.

Combining Statement of Net Assets
Discretely Presented Component Units
December 31, 2011

	Road Commission	CMH Authority	Drainage Districts	Housing Commission	Land Bank Authority	Total
Assets						
Cash, investments, and accrued interest	$ 14,333,590	$ 22,937,305	$ 3,197,712	$ 622,275	$ 140,902	$ 41,231,784
Receivables, net	7,292,814	2,326,755	7,999,196	-	-	17,618,765
Due from primary government	-	514,459	-	-	-	514,459
Other assets	2,750,927	165,600	189,728	566	26,115	3,132,936
Capital assets not being depreciated	2,486,055	-	1,106,737	-	-	3,592,792
Capital assets being depreciated, net	246,759,741	5,639,824	8,976,549	-	-	261,376,114
Total assets	273,623,127	31,583,943	21,469,922	622,841	167,017	327,466,850
Liabilities						
Accounts payable and accrued liabilities	3,712,575	15,763,539	111,558	15,389	3,679	19,606,740
Due to primary government	-	-	460,961	566	-	461,527
Unearned revenue	-	2,894,304	-	-	-	2,894,304
Advances from primary government	-	283,256	442,444	-	-	725,700
Long-term liabilities:						
Due within one year	1,155,198	-	1,296,992	-	-	2,452,190
Due in more than one year	1,934,270	-	6,361,432	-	-	8,295,702
Total liabilities	6,802,043	18,941,099	8,673,387	15,955	3,679	34,436,163
Net assets						
Invested in capital assets, net of related debt	249,245,796	5,639,824	2,424,862	-	-	257,310,482
Restricted for capital improvements	10,326,313	-	-	-	-	10,326,313
Unrestricted	7,248,975	7,003,020	10,371,673	606,886	163,338	25,393,892
Total net assets	$ 266,821,084	$ 12,642,844	$ 12,796,535	$ 606,886	$ 163,338	$ 293,030,687

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KENT, MICHIGAN

Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended December 31, 2011

	Road Commission	CMH Authority	Drainage Districts	Housing Commission	Land Bank Authority	Total
Expenses						
Road Commission	$ 51,924,313	$ -	$ -	$ -	$ -	$ 51,924,313
CMH Authority	-	137,418,393	-	-	-	137,418,393
Drainage Districts	-	-	2,238,078	-	-	2,238,078
Housing Commission	-	-	-	4,874,672	-	4,874,672
Land Bank Authority	-	-	-	-	58,584	58,584
Total expenses	51,924,313	137,418,393	2,238,078	4,874,672	58,584	196,514,040
Program revenues						
Charges for services	3,943,912	-	-	-	136,907	4,080,819
Operating grants and contributions	41,208,399	137,040,639	710,201	4,764,306	85,000	183,808,545
Capital grants and contributions	508,836	-	228,935	-	-	737,771
Total program revenues	45,661,147	137,040,639	939,136	4,764,306	221,907	188,627,135
Net revenue (expense)	(6,263,166)	(377,754)	(1,298,942)	(110,366)	163,323	(7,886,905)
General revenues						
Unrestricted investment earnings	157,576	242,344	-	3,728	15	403,663
Gain on sale of capital assets	18,738	-	-	-	-	18,738
Other revenue	167,554	-	-	-	-	167,554
Total general revenues	343,868	242,344	-	3,728	15	589,955
Change in net assets	(5,919,298)	(135,410)	(1,298,942)	(106,638)	163,338	(7,296,950)
Net assets, beginning of year, as restated	272,740,382	12,778,254	14,095,477	713,524	-	300,327,637
Net assets, end of year	$ 266,821,084	$ 12,642,844	$ 12,796,535	$ 606,886	$ 163,338	$ 293,030,687

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The ***County of Kent, Michigan*** (the "County" or the "government") was organized as a county by the territorial legislature on March 24, 1836. A 19-member Board of Commissioners governs the County. The County provides the following services: public safety, highways and streets, sanitation, health and social services, judicial, cultural and recreation, public improvements and general governmental administration.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

The Friend of the Court, Health, Child Care, Veterans' Trust, and Special Projects-Fiscal Year-End Special Revenue Funds as well as the Kent County Road Commission and Kent County CMH Authority discretely presented component units are maintained and included in the accompanying financial statements on a September 30 fiscal year basis. The Community Development and Shelter Plus Care Special Revenue Funds are maintained and included on a June 30 fiscal year basis. The Housing Commission discretely presented component unit has historically been reported on a June 30 fiscal year basis, but is now being accounted for on a December 31 year-end. As such, the financial activity for the Housing Commission as presented in the accompanying financial statements is for the 18-month period from July 1, 2010 to December 31, 2011.

Blended Component Units

Kent County Building Authority – The Kent County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It is reported in the Debt Service and Capital Projects Funds and has a December 31 year-end. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units

Kent County Road Commission (the "Road Commission") – The Road Commission is responsible for the maintenance and construction of the County road system. The County appoints the members of the Road Commission and is a direct beneficiary of the services provided. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The component unit is audited individually and complete financial statements can be obtained from the Road Commission's administrative office.

Kent County Community Mental Health Authority (Network180, the "CMH") – The CMH Authority, which operates as Network180, was created to operate, control and manage an integrated behavioral healthcare system to serve Kent County. The County is a direct beneficiary of the services provided. The County appoints the members of the CMH Authority's Board and provides financial support. Consequently, the County exercises effective control through its power of appointment. The component unit is audited individually and complete financial statements can be obtained from the CMH's administrative office.

Drainage Districts – The Drainage Districts consist of over 500 individual districts created for alleviating drainage problems and is under the control over the County Drain Commissioner. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. In addition, the County often pledges its full faith and credit for the long-term debt of the drainage districts. Based on the recommendations of the Michigan Department of Treasury, the County has determined that it would be misleading to exclude this entity from the County reporting entity.

The financial activity of the Drainage Districts for the year ended December 31, 2011 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from the Kent County Drain Commissioner.

Kent County Housing Commission ("Housing Commission") – The Housing Commission is a policy-making body that oversees the distribution of rental assistance to low-income residents of the County. The County is a direct beneficiary of the services provided and is financially responsible for its activities. Because members of the Commission are appointed by the Chairman of the Kent County Board of Commissioners, the County exercises effective control over its activities. In addition, County employees run the day-to-day operations. The Housing Commission does not issue separate financial statements.

Kent County Land Bank Authority ("Land Bank") – The Land Bank was incorporated pursuant to the Michigan Land Bank Fast Track Act (Public Act 258) and an intergovernmental agreement between the Land Bank and the County of Kent. The Land Bank was established on September 8, 2010 and began operations subsequent to January 1, 2011. The Land Bank is governed by a five-member board, the chair of which is the Kent County Treasurer; the other four members are appointed by the Kent County Board of Commissioners. Because members of the Land Bank are appointed by the Kent County Board of Commissioners, the County exercises effective control over its activities. The Land Bank does not issue separate financial statements.

Administrative Offices

Kent County Road Commission 1500 Scribner Avenue NW Grand Rapids, MI 49504-3299	Kent County CMH Authority 728 Fuller Avenue NE Grand Rapids, MI 49503
Kent County Drainage Districts 1500 Scribner Avenue NW Grand Rapids, MI 49504-3299	Kent County Housing Commission 82 Ionia Ave. NW Ste. 390 Grand Rapids, MI 49503

Kent County Land Bank Authority
82 Ionia Ave. NW Ste. 360
Grand Rapids, MI 49503

Other Related Entities

John Ball Zoo Society (the "Society") – The John Ball Zoo Society is a 501(c)(3) not-for-profit organization that provides private support for the John Ball Zoo, which is owned by the County. The Society operates a membership program, manages food services and the gift shop, coordinates publicity and promotions, and conducts fund-raising operations. The County has determined that the operations of the Society are immaterial in relation to the County's reporting entity as a whole, and as such, the Society is not reported as a component unit of the County.

Kent County Parks Foundation (the "Foundation") – The Kent County Parks Foundation is a 501(c)(3) not-for-profit organization that was created for the purpose of acquiring real estate for public park and recreation purposes, and for the purposes of development, construction and maintenance of improvements on real estate for public park and recreation purposes. The Chair of the County Board of Commissioners (or designee) serves on the Foundation's Board of Directors. The County has determined that the operations of the Foundation are immaterial in relation to the County's reporting entity as a whole, and as such, the Foundation is not reported as a component unit of the County.

Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and fiscal responsibility.

City of Grand Rapids and County of Kent Joint City/County Building Authority – The County entered into an agreement with the City of Grand Rapids to acquire, construct, furnish, equip, operate and maintain buildings for any legitimate public purpose of the governmental units. This authority is not included in these financial statements because, upon retirement of the related financing, title to the facilities will be conveyed to the City of Grand Rapids or the Convention/Arena Authority.

The Joint Building Authority has completed projects which include construction of an exhibition hall, remodeling of the Civic Auditorium, site development of the City and County administrative buildings, construction, furnishings and equipment of a public museum and a convention center.

Complete financial statements of the City of Grand Rapids and County of Kent Joint City/County Building Authority are available from the City of Grand Rapids Administrative offices. Summary financial information is as follows:

Statement of Net Assets	June 30, 2011
Total assets	$ 202,137,853
Total liabilities	100,586,935
Total net assets	$ 101,550,918

Statement Revenue, Expenses and Change in Net Assets	Year Ended June 30, 2011
Operating revenue	$ -
Operating expenses	4,628,533
Operating loss	(4,628,533)
Nonoperating revenue (expenses), net	587,724
Change in net assets	(4,040,809)
Net assets, beginning of year	105,591,727
Net assets, end of year	$ 101,550,918

As of June 30, 2011, the Joint Building Authority had capital appreciation bonds payable outstanding in the amount of $98,914,665, including accrued interest of $28,525,761. These bonds are retired through lease payments made by the City and County and through payments from the County of Kent lodging excise tax. The bonds are secured by a limited full faith and credit pledge of the County. The interest rates on these bonds range from 3.75% to 5.59%, with final maturities due in 2032.

The annual principal and interest requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 4,915,000	$ 1,270,912	$ 6,185,912
2013	5,365,000	1,009,453	6,374,453
2014	5,850,000	727,566	6,577,566
2015	6,085,000	427,297	6,512,297
2016	3,513,371	3,370,554	6,883,925
2017-2021	16,769,109	21,286,229	38,055,338
2022-2026	14,472,446	29,103,454	43,575,900
2027-2031	11,284,220	38,575,780	49,860,000
2032	2,134,758	9,005,242	11,140,000
Total	$ 70,388,904	$ 104,776,487	$ 175,165,391

Convention/Arena Authority - The County entered into an agreement with the City of Grand Rapids to establish an authority pursuant to the Convention Facility Authority Act. The Authority is a separate legal entity established for the purpose of acquiring, constructing and operating convention facilities. The operating agreement provides that any facility operating deficits will be covered first by the net income of other Authority facilities, second by an operating reserve fund, and third by certain lodging excise tax revenues. Any remaining deficit will be shared equally by the County and the City of Grand Rapids.

Complete financial statements of the City of Grand Rapids and County of Kent Joint Convention and Arena Authority are available from the City of Grand Rapids Administrative offices. Summary financial information is as follows:

Statement of Net Assets	June 30, 2011
Total assets	$ 29,002,557
Total liabilities	5,325,564
Total net assets	$ 23,676,993

Statement Revenue, Expenses and Change in Net Assets	Year Ended June 30, 2011
Operating revenue	$ 10,347,658
Operating expenses	11,440,080
Operating loss	(1,092,422)
Nonoperating revenue (expenses), net	354,587
Transfer of constructed assets	(1,102,407)
Change in net assets	(1,840,242)
Net assets, beginning of year	25,517,235
Net assets, end of year	$ 23,676,993

Government-Wide and Fund Financial Statements

The government wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities,* which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* , as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except taxes and E-911 surcharge collections which must be collected within 60 days, health department revenue which must be collected within 120 days, and expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *Child Care Special Revenue Fund* accounts for the care of neglected, abused and delinquent juveniles. Revenues are provided through state reimbursements and General Fund appropriations.

The County reports the following major proprietary funds:

The *Aeronautics Department Fund* accounts for the operation and maintenance of the Gerald R. Ford International Airport. Financing is provided primarily by user charges.

The *Department of Public Works Fund* accounts for the construction and financing of solid waste disposal, sewage disposal and public water system improvements; operation and maintenance of solid waste disposal; and planning and implementation of County programs relative to solid waste reduction. Financing is provided primarily by user charges.

The *Delinquent Tax Revolving Fund* accounts for money advanced by the County to other local taxing units and various County funds to purchase delinquent taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties and interest.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *Permanent Fund* accounts for assets that are permanently restricted for the purchase and maintenance of animals and animal shelters at the John Ball Zoo. The principal must be maintained intact and invested.

Internal Service Funds account for the insurance activity of the County provided to other departments and funds on a cost reimbursement basis.

The *Pension and Other Postemployment Benefits Trust Funds* account for the activities of the Employees' Retirement Plan, a defined-benefit pension plan, and the Voluntary Employees' Beneficiary Association (VEBA) trust, which accumulate resources for retirement and other postemployment benefit payments to qualified employees.

The *Investment Trust Fund* accounts for funds held in trust by the County for local units of government.

The *Private-Purpose Trust Fund* accounts for money held in trust by the County for the perpetual care of certain cemetery lots owned by individuals. The cemeteries are owned and operated by the local townships. The principal must be maintained intact and invested.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the County which are presented as program expenses in the funds receiving services. The related General Fund revenue has been netted against program expense in the government-wide statement of activities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net assets are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities and equity

Deposits and investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition. Investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are deferred.

Loans receivable consists of Community Development Block Grant funds advanced to area residents for home improvements, which must be repaid by the homeowner upon sale or foreclosure. The County has an enforceable lien on the related property.

Restricted assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

Restricted assets in the Aeronautics Department relate to bond proceeds restricted for airport construction, passenger facility charges restricted for capital improvements, and customer facility charges restricted for rental car-related capital improvements.

The Department of Public Works' restricted assets relate primarily to future maintenance of closed landfill sites, repair and maintenance of waste-to-energy operations, contract retainages for construction projects and debt retirement.

Other assets

Inventories recorded in the General Fund, Health Fund and the Aeronautics Departmentare accounted for utilizing the consumption method and are valued at lower of cost (first-in, first-out) or market. The Road Commission utilizes the consumption method, valuing inventory at average cost. Amounts recorded in the Land Bank Authority are for properties being held for rehabilitation and/or resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital assets

Capital assets, which include property, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets having a useful life in excess of three years and whose costs exceed $10,000 ($300,000 for Drain infrastructure). Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their market value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-50
Infrastructure	8-40
Building and improvements	20-50
Waste-to-Energy facility	40
Machinery and equipment	3-25
Office equipment and furniture	3-10
Motor vehicles	3-20
Zoo animals	17

The amount presented as capital assets not being depreciated includes intangible assets consisting of land development rights acquired for the purpose of farmland and ranch preservation. These assets are deemed to have an indefinite useful life, and therefore are not being amortized.

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

Landfill costs are amortized as engineered sections of the landfill are utilized.

Road Commission - Discretely Presented Component Unit

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Road Commission as all land evidenced by a deed, buildings and building improvements with a minimum cost of $5,000 and $2,500, respectively, all infrastructure, all licensed and road maintenance equipment, computers and computer software costing more than $1,000 and $2,500, respectively, and all other equipment with a minimum cost of $2,500. Such assets are recorded at historical cost or estimated historical cost of purchase or construction. Donated capital assets are valued at estimated fair market value at the date of donation.

Capital assets are depreciated using the sum-of-the-years digits method for road equipment and the straight-line method for all other capital assets and infrastructure over the following useful lives:

	Years
Buildings and storage bins	25-50
Equipment	3-8
Roads	8-20
Other infrastructure	20-40

Community Mental Health Authority - Discretely Presented Component Unit

Capital assets whose cost exceeds $5,000 are capitalized and recorded at cost. Routine maintenance and repairs are charged to operations, as incurred. Upon sale or retirement, the related costs and accumulated depreciation are removed with the resulting gain or loss reflected in operations.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Land improvements	5-20
Leasehold improvements	5-20
Equipment and furniture	3-10

Compensated absences

Eligible employees are permitted to accumulate earned but unused vacation pay benefits in varying amounts based on length of service and certain other established criteria. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Accrued vacation time is reported as a component of accrued liabilities in the Aeronautics Department and the Department of Public Works.

Long-term obligations

In the government wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has delegated the authority to assign fund balance to the County Administrator/Controller or his/her designee. Unassigned fund balance is the residual classification for the General Fund.

The County Board of Commissioners has formally established a budget stabilization arrangement under which it commits General Fund fund balance in an amount equal to 10 percent 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 several potential qualifying events occurs (as detailed in a Board of Commissioners resolution), the County Administrator/Controller estimates the qualifying event will cost $1 million or more, and the Board of Commissioners, by majority vote of members present, affirms the qualifying event. As of December 31, 2011, the balance in the stabilization arrangement was $23,054,680.

The County Board of Commissioners has adopted a minimum fund balance policy in which the total fund balance of the General Fund will be equal to at least 40 percent of the subsequent year's adopted General Fund budgeted expenditures and transfers out. If the General Fund balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. At December 31, 2011, total fund balance of the General Fund met the minimum percentage requirement.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Interfund transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Passenger facility charges and customer facility charges

Passenger facility charges are collected for capital projects and are being used to pay debt service on the Airport Revenue Refunding Bonds, Series 2009. In 2005, an increase to the passenger facility charges rate was approved which will be used for terminal improvements.

Customer facility charges are collected for rental car related capital projects. This charge, which amounts to $3 per transaction day on rental car transactions, was approved by the Aeronautics Board on August 31, 2005. The revenue was used to develop new rental car service facilities and rental vehicle ready/return spaces in the parking structure.

Capital contributions

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of net assets - proprietary funds, after nonoperating revenues and expenses as capital contributions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Reclassifications

Certain prior year comparative amounts have been reclassified to conform to the current year's presentation. Except as described in Note 20, these reclassifications had no effect on the previously reported net assets or fund balances.

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Debt service funds are also included in the budgetary process; however, State statutes do not require legally adopted budgets for such funds. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The County Administrator submits to the Finance Committee a proposed operating budget for the fiscal year commencing the first day of the following fiscal year.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.

4. Formal budgetary integration is employed for the governmental fund types as a management control device.

5. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgets are adopted and are authorized by resolution at the department (activity) level within funds by the County Board of Commissioners. This is the local legal level of budgetary control. All unexpended and unobligated appropriations lapse at year-end.

7. Adoption and amendments of all budgets used by the County are governed by Public Act 621, which was followed during the year. The appropriations resolution is based on the projected expenditures budget of the department heads of the County. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the County Board of Commissioners. The County Administrator is authorized to transfer budgeted amounts within an activity, subject to the condition that the total expenditures do not exceed the approved appropriations by activity. Supplemental appropriations were necessary during the year.

P.A 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on the department level basis for all governmental funds, which is the legal level of control. During the year ended December 31, 2011 the County had expenditures of $587,739 in the drain department of the General Fund that was in excess by $2,338 of the final amended budget balance of $585,401.

3. DEPOSITS AND INVESTMENTS

General County

Most cash, investments and accrued interest of the individual funds, except those of the retirement plans, are combined in the County's Pooled Cash and Investment System (Money Max), which is managed by the County Treasurer. The external portion of the Money Max investment pool is reported as an investment trust fund in the fiduciary funds. The internal portion is reported as "cash, investments, and accrued interest" in each fund.

Following is a reconciliation of deposit and investment balances as of December 31, 2011:

	Primary Government	Component Units	Totals
Statement of Net Assets			
Cash, investments, and accrued interest	$ 222,042,834	$ 41,231,784	$ 263,274,618
Restricted cash, investments, and accrued interest	26,355,894	-	26,355,894
Statement of Fiduciary Net Assets			
Pension and VEBA trust funds:			
Cash and cash equivalents	100,824	-	100,824
Investments	613,684,313	-	613,684,313
Other fiduciary funds:			
Pooled cash, investments, and accrued interest	69,927,019	-	69,927,019
Total	$ 932,110,884	$ 41,231,784	$ 973,342,668

Deposits and investments	
Bank deposits:	
Checking and savings accounts	$ 107,446,013
Pooled certificates of deposit:	
Due within one year	136,036,685
Due within one to five years	12,238,345
Investments:	
Pooled investments, at fair value	70,988,382
Accrued income on pooled investments	716,634
Airport trustee accounts	15,547,071
Timing difference for funds and component units with different fiscal year-ends participating in pooled investments	16,665,240
Pension trust fund investments	603,117,976
VEBA trust fund investments	10,566,337
Cash on hand	19,985
Total	$ 973,342,668

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. It is County policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the County's investment policy places concentration limits on the total amount deposited with a single financial institution. As of year-end, $131,672,345 of the County's bank balance of $153,633,935 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk – Investments. Following is a summary of the County's investments as of December 31, 2011:

Pooled investments:	
Money market funds	$ 12,925,180
Municipal bonds	892,740
U.S. government securities	57,170,462
Total pooled investments	70,988,382
Separately-held investments:	
Money market funds	15,547,071
Total	$ 86,535,453

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that all investment transactions be conducted through a custodian that will act as the system's third party as evidenced by safekeeping receipts in the County's name. The investment policy requires that the safekeeping institution shall annually provide a copy of its most recent report on internal controls (SAS 70 report). To reduce custodial risk further, the County's investment policy requires that all trades of marketable securities be executed by delivery versus payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. As of December 31, 2011, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County.

Credit Risk. Statutes and various bond indentures authorized the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

The Department of Public Works enterprise fund and the County debt service and capital projects funds are authorized to invest in the same types of investments described above, except that additional restrictions are placed on the classifications for commercial paper purchases and the type of financial institution from which investments may be purchased. The County's investment policy requires that commercial paper have a minimum quality rating of P1 from Moody's or A1 from Standard & Poor's at the time of purchase. Mutual fund investments must have a par share value intended to maintain a net asset value of at least $1.00 per share. Credit risk ratings, where applicable, are summarized as follows:

	Pooled Investments	Separately-held	Totals
S&P AAA/AAAm	$ 13,817,919	$ 15,547,071	$ 29,364,990
S&P AA	57,170,463	-	57,170,463
Total	$ 70,988,382	$ 15,547,071	$ 86,535,453

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. To limit its exposure to fair value losses from rising interest rates, the County's investment policy requires that the investment portfolio be structured 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. This is accomplished by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio as required by the County's policy.

Maturity dates for investments held at year-end are summarized as follows:

	No maturity	Due < 1 year	Due in 1-5 years	Totals
Pooled investments:				
Money market funds	$ 12,925,180	$ -	$ -	$ 12,925,180
Municipal bonds	-	-	892,740	892,740
U.S. government securities	-	23,258,438	33,912,024	57,170,462
Total pooled investments	12,925,180	23,258,438	34,804,764	70,988,382
Separately-held investments				
Money market funds	15,547,071	-	-	15,547,071
Total	$ 28,472,251	$ 23,258,438	$ 34,804,764	$ 86,535,453

The money market funds are comprised of short-term securities (maturity generally less than 90 days).

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy provides that, with the exception of U.S. Treasuries and authorized pools, no more than 25% of the portfolio shall be invested in a single security type or with a single financial institution.

At December 31, 2011, the County had no investment in a single issuer that exceeded 5% of total investments.

Pension and Other Postemployment Benefits Trust Funds

The deposits and investments of the County's pension and other postemployment benefit trust funds are maintained separately from the County's pooled cash and investments, and are subject to separate investment policies and State statutes. Accordingly, the required disclosures for the pension and other postemployment benefits trust deposits and investments are presented separately.

Deposits. The pension and other postemployment benefits trust funds do not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net assets are composed entirely of short-term investments in money market accounts.

Investments. The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension and other postemployment benefits trust funds to invest in stocks, governmental and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The retirement boards have the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the pension trust funds' assets. All investment decisions are subject to Michigan law and the respective investment policies established by the retirement boards.

The investments of each pension and other postemployment benefits trust fund are held in a bank administered trust fund.

Following is a summary of pension and other postemployment benefits trust investments as of December 31, 2011:

	Pension Trust				
	Not on Securities Loan	On Securities Loan	Total	VEBA Trust	Total
Investments at fair value					
U.S. government obligations	$ 29,835,258	$ 10,571,853	$ 40,407,111	$ -	$ 40,407,111
U.S. government agency obligations	40,629,030	-	40,629,030	-	40,629,030
Municipal obligations	352,385	-	352,385	-	352,385
Corporate obligations	38,145,784	2,591,807	40,737,591	-	40,737,591
Common stock	293,358,827	-	293,358,827	-	293,358,827
Foreign obligations	5,006,345	828,807	5,835,152	-	5,835,152
Foreign common stock	2,982,565	-	2,982,565	-	2,982,565
Money market funds	18,624,685	-	18,624,685	-	18,624,685
Domestic equity mutual funds	-	-	-	9,498,901	9,498,901
International equity mutual funds	49,787,114	-	49,787,114	1,067,436	50,854,550
Domestic fixed income mutual funds	19,230,303	-	19,230,303	-	19,230,303
International fixed income mutual funds	19,142,035	-	19,142,035	-	19,142,035
Real estate and infrastructure securities	48,694,661	-	48,694,661	-	48,694,661
Mortgage-backed securities fund	23,336,517	-	23,336,517	-	23,336,517
Total investments	$ 589,125,509	$ 13,992,467	$ 603,117,976	$ 10,566,337	$ 613,684,313

Credit Risk. The Plans' investment policies require that bonds have a minimum quality rating of BBB/Baa at the time of purchase. The overall portfolio is expected to maintain an average credit quality of AA or higher. Money market instruments shall have a minimum quality rating comparable to an A bond rating and commercial paper shall not be rated less than A1/P1 unless held in a diversified short-term commingled fund.

As of December 31, 2011, the Plans' investments had the following credit risk ratings:

	Pension Trust				
	Not on Securities Loan	On Securities Loan	Total	VEBA Trust	Total
AAA	$ 50,733,453	$ -	$ 50,733,453	$ -	$ 50,733,453
AA	5,092,118	1,347,651	6,439,769	-	6,439,769
A	16,021,790	1,289,326	17,311,116	-	17,311,116
BBB	10,149,810	783,637	10,933,447	-	10,933,447
BB	147,498	-	147,498	-	147,498
D	96,094	-	96,094	-	96,094
Unrated	43,853,983	-	43,853,983	-	43,853,983
Not subject to credit risk	463,030,763	10,571,853	473,602,616	10,566,337	484,168,953
Total	$ 589,125,509	$ 13,992,467	$ 603,117,976	$ 10,566,337	$ 613,684,313

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's pension investment policies require that investment securities be held in trust by a third-party institution in the name of the pension trust fund. As such, although uninsured and unregistered, the County's pension investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the name of the pension trust fund. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

he amounts reported as cash and money market funds in the statement of plan net assets are insured by the Federal Depository Insurance Corporation and the Securities Investors Protection Act, respectively, for up to $250,000 and $500,000 per financial institution, respectively. The carrying amount of the pension trust account cash and market money accounts as of December 31, 2011 was $9,255 and $18,633,940, respectively, of which the insured amount was $3,509,893. The remaining balance of $15,124,047 is uninsured and uncollateralized. The bank balance of deposits held by the VEBA trust as of December 31, 2011 was $91,569, which was fully insured through FDIC coverage.

Concentration of Credit Risk. The Plans' investments are not exposed to concentration of credit risk relative to a single issuer (i.e., company or government agency) inasmuch as no holdings equal or exceed 5% or more of total investments, respectively.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plans mitigate foreign currency risk by requiring the portfolio to be broadly diversified by number of holdings, by geographic location and across industry sectors. Country exposures are monitored through a quarterly performance report. The Plans' exposure to foreign currency risk is as follows:

Investment (currency in US dollar)	Pension Trust	VEBA Trust	Total
Foreign obligations	$ 5,835,152	$ -	$ 5,835,152
Foreign common stock	2,982,565	-	2,982,565
International equity mutual funds	49,787,114	1,067,436	50,854,550
International fixed income mutual funds	19,142,035	-	19,142,035
Total	$ 77,746,866	$ 1,067,436	$ 78,814,302

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Plans' policies provide for their fixed income portfolios to have an average duration of no more than 120 percent of the duration of the stated benchmark.

At December 31, 2011, maturities of the County's pension and VEBA investments were as follows:

	Not on Securities Loan	On Securities Loan	Total	VEBA Trust	Total
Less than 1 year	$ 1,522,281	$ 33,289	$ 1,555,570	$ -	$ 1,555,570
1 - 5 years	32,519,563	6,437,018	38,956,581	-	38,956,581
6 - 10 years	34,202,436	4,940,923	39,143,359	-	39,143,359
More than 10 years	45,724,522	2,581,237	48,305,759	-	48,305,759
No maturity	475,156,707	-	475,156,707	10,566,337	485,723,044
Total	$ 589,125,509	$ 13,992,467	$ 603,117,976	$ 10,566,337	$ 613,684,313

Securities Lending Risk - Pension Trust Fund. State statutes and a contract approved by the Plan's Board of Trustees permit the pension trust fund to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The lending agreement requires collateral of 102% of the aggregate market value of loaned securities for domestic securities lent. There are no restrictions on the amount of securities that can be loaned.

During the year ended December 31, 2011, the Plan loaned certain U.S. government and agency obligations and equities under securities lending agreements, and received cash as collateral. The cash was used to invest in various investment types, as noted in the summary of Plan investments above. Inasmuch as the Plan has the ability to use cash pledged as collateral by the borrower without borrower default, the investments purchased with such funds and a corresponding liability equal to the amount of original securities on loan have been recorded on the Statement of Net Assets. At year-end, the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. At December 31, 2011, the fair value of securities loaned by the Plan to the broker was $13,992,467, for which the Plan received cash collateral of $14,268,165.

Cash and Investment Pool

The County maintains a cash and investment pool called the Money Max System that is available for use by all funds, component units and, on a voluntary basis, by other local units of government, except the Employees' Retirement Plans. The Money Max System is not subject to regulatory oversight, is not registered with the SEC and does not issue a separate report. The net assets value of the pool does not fluctuate and the fair value of the position in the pool is the same as the value of the pool shares. The Money Max System has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly. The investment pool follows the County's investment policy.

The following condensed financial statements for the Money Max System include the activity of all funds, component units and local units of government in the investment pool:

Condensed Statement of Net Assets

Assets	
Demand deposits	$ 104,460,302
Imprest cash	18,985
Certificates of deposit	148,275,030
Pooled investments	70,988,382
Accrued interest	716,634
Total assets	$ 324,459,333
Net assets	
Available for external pool participants	$ 60,938,736
Available for internal pool participants	263,520,597
Total net assets	$ 324,459,333
Shares outstanding (unlimited shares authorized)	324,459,333
Net asset value, offering and redemption price per share	$ 1

Condensed Statement of Changes in Net Assets

Revenue	
Interest income	$ 1,525,834
Shares transactions at net asset value of $1 per share	
Purchase of units	706,108,284
Redemption of units	(708,955,087)
Net change in net assets and shares resulting from shares transactions	(2,846,803)
Change in net assets	(1,320,969)
Net assets, beginning of year	325,780,302
Net assets, end of year	$ 324,459,333

Custodial Credit Risk. At December 31, 2011, the carrying amount of the Money Max System's deposits was $252,735,332 and the bank balances totaled $255,121,246. Of the bank balance, $21,961,590 was insured and $233,159,656 was uninsured and uncollateralized. In addition, the Money Max System maintained cash on hand of $18,985. There was no custodial credit risk related to the investments.

Credit risk ratings for the Money Max System are included in the disclosures above.

Concentration of Credit Risk. Concentration of credit risk disclosures are included in the information above.

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	$ 5,251,664	$ 6,544,921	$ 1,243,559
Less: allowance for uncollectibles	-	(288,558)	-
Taxes (current)	24,689,502	-	-
Taxes (delinquent)	634,323	20,279,272	-
Due from other governments	7,555,277	1,929,487	8,376,010
Loans	2,344,049	-	-
Contracts	-	2,370,000	-
Leases	-	-	7,999,196
Total receivables	$ 40,474,815	$ 30,835,122	$ 17,618,765

Of the amounts reported for receivables above, contracts receivable in the amount of $1,820,000 and leases receivable in the amount of $6,620,000 are not expected to be collected within one year.

The amounts recorded as an allowance for uncollectible in business-type activities related to billings receivable from airlines in the Aeronautics Department.

Restricted accounts receivable of $604,698 consist of earned but not yet received passenger and customer facility charges in the Aeronautics Department. As detailed in the Summary of Significant Accounting Policies, such amounts are restricted for use on capital improvements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All governmental activities defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental activities were as follows:

	Unavailable	Unearned	Total
Governmental Funds			
Property taxes receivable	$ 4,404,388	$ 22,089,200	$ 26,493,588
Loans receivable	2,344,049	-	2,344,049
Vaccine inventory	-	80,443	80,443
Collections in advance of services	-	726,815	726,815
Total	$ 6,748,437	$ 22,896,458	$ 29,644,895

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	$ 10,574,314	$ 3,699,681	$ 19,557,544
Accrued liabilities	6,632,552	1,248,886	-
Due to other governments	313,607	3,361	-
Accrued interest on long-term debt	515,583	4,010,834	49,196
Total payables	$ 18,036,056	$ 8,962,762	$ 19,606,740

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2011, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	$ 1,862,633	$ 1,598,007
Child care	662,207	2,388,218
Nonmajor governmental funds	626,028	1,768,749
Aeronautics department	-	77,664
Department of public works	-	5,770
Delinquent tax revolving	288,789	-
Internal service funds	272,589	258
Timing differences	(128,000)	(2,254,420)
Total	$ 3,584,246	$ 3,584,246

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of $1,056,406. This resulted from the allocation of a portion of internal service fund net assets of governmental-type internal service funds to business-type activities.

Due to and from component units

	Due from Component Unit	Due to Primary Government	Due from Primary Government	Due to Component Unit
General Fund	$ 461,527	$ -	$ -	$ -
CMH Authority	-	-	514,459	-
Drainage Districts	-	460,961	-	-
Housing Commission	-	566	-	-
Timing differences	-	-	-	514,459
Total	$ 461,527	$ 461,527	$ 514,459	$ 514,459

Advances to and from component units

	Advance to Component Unit	Advance from Primary Government
General Fund	$ 725,700	$ -
Drainage Districts	-	442,444
CMH Authority	-	283,256
Total	$ 725,700	$ 725,700

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Timing differences are a result of certain funds having a fiscal year-end that is different from the County's year-end.

For the year ended December 31, 2011, interfund transfers consisted of the following:

	Transfers in			
Transfers Out	General Fund	Child Care	Nonmajor Governmental Funds	Totals
General Fund	$ -	$ 15,702,900	$ 14,036,844	$ 29,739,744
Nonmajor governmental funds	15,456,819	-	3,311,976	18,768,795
Delinquent tax revolving	5,000,000	-	-	5,000,000
Timing differences	-	(252,365)	(95,470)	(347,835)
Total	$ 20,456,819	$ 15,450,535	$ 17,253,350	$ 53,160,704

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Timing differences are a result of certain funds having a fiscal year-end that is different from the County's year-end.

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 54,146,101	$ 833,837	$ -	$ 277,749	$ 55,257,687
Property easements	-	36,583	-	-	36,583
Construction in progress	54,313,038	13,719,349	(454,311)	(3,111,550)	64,466,526
	108,459,139	14,589,769	(454,311)	(2,833,801)	119,760,796
Capital assets, being depreciated:					
Land improvements	24,749,314	39,000	(7,955)	600,793	25,381,152
Buildings and improvements	162,155,926	57,816	-	998,361	163,212,103
Machinery and equipment	20,476,420	563,667	(340,904)	1,234,647	21,933,830
Motor vehicles	7,105,067	980,318	(678,741)	-	7,406,644
Infrastructure	581,891	-	-	-	581,891
Zoo animals	15,000	15,000	-	-	30,000
	215,083,618	1,655,801	(1,027,600)	2,833,801	218,545,620
Less accumulated depreciation for:					
Land improvements	(16,837,903)	(669,631)	-	-	(17,507,534)
Buildings and improvements	(49,597,155)	(3,428,289)	-	-	(53,025,444)
Machinery and equipment	(12,122,564)	(2,130,758)	325,635	-	(13,927,687)
Motor vehicles	(3,095,431)	(531,042)	499,217	-	(3,127,256)
Infrastructure	(213,768)	(28,479)	-	-	(242,247)
Zoo animals	(7,500)	(1,324)	-	-	(8,824)
	(81,874,321)	(6,789,523)	824,852	-	(87,838,992)
Total capital assets being depreciated, net	133,209,297	(5,133,722)	(202,748)	2,833,801	130,706,628
Governmental activities capital assets, net	$ 241,668,436	$ 9,456,047	$ (657,059)	$ -	$ 250,467,424

At December 31, 2011, the County's governmental activities had outstanding commitments through construction contracts of approximately $9,200,000.

Of the amounts reported in capital assets, $1,336,785 of machinery and equipment was purchased through a capital lease purchase agreements. Related accumulated depreciation at year-end amounted to $345,341.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 25,150,722	$ -	$ -	$ -	$ 25,150,722
Construction in progress	3,362,686	7,311,980	(77,237)	(8,769,354)	1,828,075
	28,513,408	7,311,980	(77,237)	(8,769,354)	26,978,797
Capital assets, being depreciated:					
Landfill cells	9,841,040	-	-	(16,310)	9,824,730
Land improvements	217,788,094	74,775	-	2,086,730	219,949,599
Buildings and improvements	252,867,174	92,346	(43,202)	(156,598)	252,759,720
Waste-to-Energy facility	73,341,151	-	-	-	73,341,151
Machinery and equipment	29,473,390	1,181,613	(768,510)	6,855,532	36,742,025
Office equipment and furniture	2,670,768	61,814	-	-	2,732,582
Vehicles	1,558,496	97,845	(50,815)	-	1,605,526
	587,540,113	1,508,393	(862,527)	8,769,354	596,955,333
Less accumulated depreciation for:					
Landfill cells	(5,404,737)	(619,450)	-	-	(6,024,187)
Land improvements	(99,745,049)	(7,080,922)	-	-	(106,825,971)
Buildings and improvements	(50,577,539)	(8,520,691)	43,202	-	(59,055,028)
Waste-to-Energy facility	(38,920,556)	(1,977,594)	-	-	(40,898,150)
Machinery and equipment	(13,007,474)	(1,998,154)	615,473	-	(14,390,155)
Office equipment and furniture	(1,485,057)	(150,062)	-	-	(1,635,119)
Vehicles	(924,480)	(131,816)	50,816	-	(1,005,480)
	(210,064,892)	(20,478,689)	709,491	-	(229,834,090)
Total capital assets being depreciated, net	377,475,221	(18,970,296)	(153,036)	8,769,354	367,121,243
Business-type activities capital assets, net	$ 405,988,629	$ (11,658,316)	$ (230,273)	$ -	$ 394,100,040

At December 31, 2011, the County's business-type activities had outstanding commitments through construction contracts of approximately $4,894,000.

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function	
General government	$ 1,525,489
Public safety	2,156,652
Health and welfare	368,735
Cultural and recreation	1,453,261
Judicial	1,285,386
Total	$ 6,789,523
Depreciation of business-type activities by function	
Aeronautics department	$ 16,274,703
Department of public works	4,203,986
Total	$ 20,478,689

Discretely presented component units

Capital assets activity for the Road Commission component unit for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Road Commission					
Capital assets, not being depreciated:					
Land	$ 2,405,372	$ -	$ -	$ -	$ 2,405,372
Construction in progress	161,845	80,683	-	(161,845)	80,683
	2,567,217	80,683	-	(161,845)	2,486,055
Capital assets, being depreciated:					
Buildings and improvements	11,835,910	-	-	-	11,835,910
Road and shop equipment	18,156,378	1,182,256	(428,874)	161,845	19,071,605
Other equipment	741,645	-	-	-	741,645
Yard and storage bins	2,489,105	-	-	-	2,489,105
Infrastructure	463,893,920	14,068,698	-	-	477,962,618
	497,116,958	15,250,954	(428,874)	161,845	512,100,883
Less accumulated depreciation for:					
Buildings and improvements	(5,235,810)	(268,698)	-	-	(5,504,508)
Road and shop equipment	(16,300,327)	(1,033,836)	425,412	-	(16,908,751)
Other equipment	(642,546)	(52,475)	-	-	(695,021)
Yard and storage bins	(1,357,277)	(93,278)	-	-	(1,450,555)
Infrastructure	(220,143,049)	(20,639,258)	-	-	(240,782,307)
	(243,679,009)	(22,087,545)	425,412	-	(265,341,142)
Total capital assets being depreciated, net	253,437,949	(6,836,591)	(3,462)	161,845	246,759,741
Road Commission capital assets, net	$ 256,005,166	$ (6,755,908)	$ (3,462)	$ -	$ 249,245,796

Estimated future contract obligations related to completion of Road Fund Construction projects in progress at year end, net of estimated revenue from federal aid and contributions from participating communities, total approximately $1,780,720. The total remaining cost of these uncompleted projects will exceed the above estimated future contract costs due to inspection costs and other noncontract services. It is anticipated that a significant portion of such additional costs will be shared with other governmental units and that the Road Commission's share of these costs will not be material in amount.

Capital assets activity for the CMH Authority component unit for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - CMH Authority					
Capital assets, being depreciated:					
Land improvements	$ 523,756	$ -	$ -	$ -	$ 523,756
Leasehold improvements	4,638,963	83,600	-	-	4,722,563
Equipment and furniture	1,772,970	184,037	-	-	1,957,007
	6,935,689	267,637	-	-	7,203,326
Less accumulated depreciation for:					
Land improvements	(44,476)	(29,652)	-	-	(74,128)
Leasehold improvements	(251,344)	(168,456)	-	-	(419,800)
Equipment and furniture	(908,523)	(161,051)	-	-	(1,069,574)
	(1,204,343)	(359,159)	-	-	(1,563,502)
CMH Authority capital assets, net	$ 5,731,346	$ (91,522)	$ -	$ -	$ 5,639,824

Capital assets activity for the Drainage Districts component unit for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage Districts					
Capital assets, not being depreciated:					
Land	$ 1,106,737	$ -	$ -	$ -	$ 1,106,737
Capital assets, being depreciated:					
Infrastructure	24,638,447	436,446	(228,472)	-	24,846,421
Less accumulated depreciation for:					
Infrastructure	(14,658,673)	(1,237,122)	25,923	-	(15,869,872)
Total capital assets being depreciated, net	9,979,774	(800,676)	(202,549)	-	8,976,549
Drainage Districts capital assets, net	$ 11,086,511	$ (800,676)	$ (202,549)	$ -	$ 10,083,286

8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
2004 Capital Improvement Bonds, $10,370,000, due in annual installments of $240,000 to $915,000 through December 1, 2024, interest at 2.625 to 5.00%, payable semi-annually	$ 6,840,000	$ -	$ (665,000)	$ 6,175,000	$ 685,000
2008 Capital Improvement Bonds, $14,300,000, due in annual installments of $585,000 to $900,000 through June 1, 2028, interest at 3.75 to 4.50%, payable semi-annually	13,090,000	-	(640,000)	12,450,000	655,000
2001 Kent County Building Authority Bonds, $10,325,000, annually; partially refunded in 2010; paid in full in 2011	480,000	-	(480,000)	-	-
2005 Kent County Building Authority Refunding Bonds, $49,990,000, due in annual installments of $1,805,000 to $4,100,000 through June 1, 2026, interest at 3.625 to 5.50%, payable semi-annually	46,305,000	-	(1,945,000)	44,360,000	2,025,000
2007 Kent County Building Authority Bonds, $27,000,000, due in annual installments of $910,000 to $1,935,000 through June 1, 2029, interest at 4.00 to 5.00%, payable semi-annually	26,090,000	-	(945,000)	25,145,000	980,000
2009 Kent County Building Authority Bonds, $32,000,000, due in annual installments of $1,425,000 to $2,285,000 through December 1, 2030, interest at 2.94 to 6.25%, payable semi-annually	32,000,000	-	-	32,000,000	-

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities (concluded)					
2010 Kent County Building Authority Refunding Bonds, $6,470,000, due in annual installments of $55,000 to $755,000 through June 1, 2021, interest at 2.00 to 4.00%, payable semi-annually	$ 6,470,000	$ -	$ (55,000)	$ 6,415,000	$ 550,000
De Lage equipment capital lease, $1,007,248, due in monthly installments of $22,774 through March 1, 2014, including interest at 4.07%,	810,686	-	(244,830)	565,856	233,336
Capital lease for copiers, $243,620, due in monthly installments of $6,500 to $7,083 through December 30, 2014, including interest at 7.28%	-	243,620	(15,160)	228,460	70,701
Total installment debt	132,085,686	243,620	(4,989,990)	127,339,316	5,199,037
Net bond premium/discount	4,801,010	-	(319,561)	4,481,449	319,561
Deferred loss on advance refunding	(1,065,066)	-	77,288	(987,778)	(77,288)
Compensated absences	4,523,274	9,394,876	(9,227,379)	4,690,771	4,690,771
Early retirement incentive	1,019,264	-	(883,097)	136,167	136,167
Landfill remediation liability	490,205	-	(379,205)	111,000	111,000
Total governmental activities	$ 141,854,373	$ 9,638,496	$ (15,721,944)	$ 135,770,925	$ 10,379,248

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities					
Airport Revenue Bonds, Series 1998, $56,180,000, refunded on October 4, 2011, due in one remaining installment of $1,640,000, interest at 4.80%, due on January 1, 2012	$ 43,755,000	$ -	$ (42,115,000)	$ 1,640,000	$ 1,640,000
Airport Revenue Bonds, Series 2007, $117,360,000, due in annual installments of $600,000 to $7,785,000 through January 1, 2037, interest at 4.00 to 5.00%, payable semi-annually	116,760,000	-	(1,050,000)	115,710,000	1,400,000
Airport Revenue Bonds, Series 2009, $30,110,000, due in annual installments of $1,605,000 to $2,645,000 through January 1, 2025, interest at 2.00 to 5.00%, payable semi-annually	29,980,000	-	(1,560,000)	28,420,000	1,605,000
Airport Revenue Refunding Bonds, Series 2011, $38,675,000, due in annual installments of $1,785,000 to $3,290,000 through January 1, 2028, interest at 2.00 to 5.00%, payable semi-annually	-	38,675,000	-	38,675,000	-
2009 Kent County Refuse Disposal Bonds, $11,895,000, due in annual installments of $355,000 to $855,000 through November 1, 2029, interest at 2.00% to 5.00%	11,540,000	-	(440,000)	11,100,000	450,000
2004 Wyoming Water Refunding Bonds, $5,305,000, due in annual installments of $55,000 to $635,000 through November 1, 2015, interest at 2.00 to 4.00%, payable semi-annually	2,900,000	-	(530,000)	2,370,000	550,000

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities (concluded)					
General obligation limited tax notes:					
Series 2009, $36,000,000, interest at 2.50%, paid in full in 2011	$ 9,000,000	$ -	$ (9,000,000)	$ -	$ -
Series 2010, $35,500,000, interest at 1.00 - 2.50%, due on April 1, 2012	35,500,000	-	(27,000,000)	8,500,000	8,500,000
Series 2011, $32,000,000, interest at 1.50 - 2.00%, due on April 1, 2013	-	32,000,000	-	32,000,000	24,000,000
Total installment debt	249,435,000	70,675,000	(81,695,000)	238,415,000	38,145,000
Net bond premium/discount	5,963,460	2,741,554	(504,859)	8,200,155	617,818
Deferred loss on advance refunding	(2,352,440)	(1,009,821)	174,092	(3,188,169)	(236,555)
Landfill closure and post-closure liabilities	18,492,165	1,164,273	(444,897)	19,211,541	437,000
Total business-type activities	$ 271,538,185	$ 73,571,006	$ (82,470,664)	$ 262,638,527	$ 38,963,263

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Discretely-Presented Component Units					
Drainage Districts					
2008 Grand River Floodwalls and Embankments Drain Bonds, $7,870,000, due in annual installments of $285,000 to $970,000 through November 1, 2020, interest at 2.10 to 4.25% payable semi-annually	$ 6,840,000	$ -	$ (740,000)	$ 6,100,000	$ 775,000
2003 Silver Creek Drain Bonds, $5,290,000, due in annual installments of $235,000 to $580,000 through November 1, 2015, interest at 2.00 to 4.25%, payable semi-annually payable semi-annually	2,385,000	-	(535,000)	1,850,000	555,000
Total installment debt	9,225,000	-	(1,275,000)	7,950,000	1,330,000

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Discretely-Presented Component Units (Concluded)					
Drainage Districts (Concluded)					
Net bond premium	$ 67,681	$ -	$ (6,883)	$ 60,798	$ 6,883
Deferred loss on advance refunding	(392,265)	-	39,891	(352,374)	(39,891)
Total drainage districts component unit	$ 8,900,416	$ -	$ (1,241,992)	$ 7,658,424	$ 1,296,992
Road Commission					
Accrued compensated absences	$ 3,016,566	$ 1,223,360	$ (1,150,458)	$ 3,089,468	$ 1,155,198

Annual debt service requirements to maturity for long-term debt are as follows:

	Governmental Activities		Business-type Activities	
Year Ended December 31,	Principal	Interest	Principal	Interest
2012	$ 5,199,037	$ 6,137,521	$ 38,145,000	$ 8,925,989
2013	6,515,678	5,917,581	14,260,000	9,134,787
2014	6,544,601	5,654,394	6,795,000	8,682,688
2015	6,635,000	5,387,520	7,415,000	8,433,063
2016	6,885,000	5,107,410	7,030,000	8,156,138
2017-2021	38,270,000	20,525,559	40,060,000	35,580,335
2022-2026	41,275,000	10,432,618	47,890,000	24,799,999
2027-2031	16,015,000	1,844,445	35,325,000	14,356,241
2032-2036	-	-	33,710,000	6,324,500
2037	-	-	7,785,000	194,625
	$ 127,339,316	$ 61,007,048	$ 238,415,000	$ 124,588,365

	Discretely-presented Component Units Drainage Districts	
Year Ended December 31,	Principal	Interest
2012	$ 1,330,000	$ 295,178
2013	1,390,000	250,010
2014	1,190,000	202,224
2015	1,250,000	158,826
2016	930,000	112,338
2017-2020	1,860,000	148,812
	$ 7,950,000	$ 1,167,388

The Kent County Building Authority bonds are backed by the limited tax, full faith and credit of the County, and debt service requirements are to be funded with lease payments.

There are a number of limitations and restrictions contained in the various bond indentures of the Aeronautics Department. The Department is in compliance with all significant limitations and restrictions. Airport revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenues of the Aeronautics Department. In compliance with the Series 2007 and 2009 Bond agreements, the Department has available a letter of credit totaling $10,862,500, which has not been drawn upon. The Series 1998 Bond reserve requirement is funded with cash and accrued interest in the amount of $3,549,373. In addition, the Series 2007 and 2009 Bonds bear the limited tax pledge of the full faith and credit of the County to advance necessary amounts to meet principal and interest payments in the event Department revenues are insufficient to meet requirements. The Series 1998 Bonds are not additionally secured by the County.

The tax notes payable are backed by the limited tax, full faith and credit of the County. Current debt service requirements are funded by the collection of delinquent tax revenues and are maintained in an enterprise fund.

Drain special assessment bonds are backed by the limited tax, full faith and credit of the County. Current debt service requirements are funded through special assessments levied against properties or governmental units deemed to benefit from these public improvements.

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund, all special revenue funds except Fire Prevention, Correction and Detention, Senior Millage, and Veterans' Trust and the internal service funds. The landfill remediation liability in governmental activities is expected to be paid from the Capital Improvement Program capital projects fund.

Advance Refunding

During fiscal year 2011, the Aeronautics Department issued 2011 Airport Revenue Refunding Bonds in the amount of $38,675,000 to advance refund $40,545,000 of 1998 Airport Revenue Bonds. The proceeds of the 2011 Refunding Bonds were used to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the certificates are considered defeased and the liability has been removed from the statement of net assets.

Defeased Debt

A total of $40,545,000 of the 1998 Airport Revenue Bonds is considered defeased as of December 31, 2011 for the Aeronautics Department, the balance will be called on January 3, 2012. The liability for these defeased bonds has been removed from the statement of net assets.

9. LEASES

Leases Receivable

The County entered into a lease agreement with the City of Grand Rapids whereby the City leases part of the courthouse facility from the County. Total future lease receipts are as follows:

Year Ended December 31,	Amount
2012	$ 2,733,667
2013	2,736,064
2014	2,734,490
2015	2,734,844
2016	2,735,367
2017-2021	13,673,420
2022-2026	13,382,340
Total	$ 40,730,192

The cost of the portion of courthouse facility leased to the City is $18,140,248 and related accumulated depreciation at December 31, 2011 was $3,647,412. Annual depreciation expense is approximately $350,000.

The Aeronautics Department has entered into agreements to lease airport facilities to various airlines and vendors. The aggregate amount of future minimum lease payments receivable, exclusive of expected extensions and airline month-to-month agreements, in each of the next five years and later are as follows:

Year Ended December 31,	Amount
2012	$ 7,080,277
2013	4,135,806
2014	2,550,500
2015	1,373,084
2016	1,207,950
2017-2035	6,025,168
Total	$ 22,372,785

Lease Commitments - Primary Government

Under the terms of a contract with the City of Grand Rapids and County of Kent Joint Building Authority, the County and the City are jointly liable for lease payments equal to certain bond obligations of the Authority for a convention facility. Annual payments to the Authority are to be funded from lodging excise tax revenue, accounted for in the lodging excise tax special revenue fund. Rental expense under this lease amounted to $5,641,319 for the year ended December 31, 2011.

Under the terms of agreements with the City of Grand Rapids and County of Kent Joint Building Authority, the County is obligated to use lodging excise tax revenues to pay principal and interest on selected bonds issued by the Joint Building Authority. At December 31, 2011, there are two such bond issues of the Joint Building Authority dated November 29, 2001 and October 8, 2003, with balances of $58,098,904 and $3,430,000, respectively. The County becomes liable for the debt in the event that lodging excise tax revenue is sufficient to meet lease obligations.

Future minimum rental commitments are as follows:

Year Ended December 31,	Amount
2012	$ 5,843,232
2013	6,055,151
2014	6,273,607
2015	6,502,064
2016	6,736,863
2017-2021	37,493,775
2022-2026	43,690,913
2027-2031	51,760,000
Total	$ 164,355,605

Lease Commitments - Road Commission Discretely Presented Component Unit

The Road Commission leases road equipment under several operating leases. The following is a schedule of future lease payments:

Year Ended September 30,	Amount
2012	$ 101,654
2013	70,567
2014	20,485
2015	20,485
2016	20,485
2017	8,535
Total	$ 242,211

The Road Commission also leases equipment, as needed, on a month-to-month basis. Total rent expense for the year ended September 30, 2011 was $189,086.

10. RISK MANAGEMENT

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-insured and retains the risk for deductible amounts under the County's workers' compensation, property, automobile, and certain general and public officials' liability programs. The County purchases commercial insurance for claims in excess of retention deductible amounts of $1,000,000 for general liability, $500,000 for each worker's compensation claim and $50,000 for each property damage claim, up to various maximum and aggregate policy limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There have been no significant changes in insurance coverage from the prior year. The County is also self-insured for dental and medical benefits provided to employees who meet certain eligibility requirements.

The County manages its risks internally and has set aside assets for claim settlement in its Risk Management and Employee Benefits internal service funds. These funds allocate the cost of providing claims servicing and claims payments by charging a "premium" to each fund based upon various allocation bases. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophic losses.

Risk Management and Employee Benefits internal service funds liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an accumulation of case estimates for losses reported prior to the close of the accounting period and estimates for claims that have been incurred but not reported (including future claim adjustment expenses) based on past loss experience and consideration of current claim tends, as well as prevailing social, economic and local conditions. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 5.0%.

Changes in the balances of claims liabilities are as follows:

	Employee Benefits			Risk Management	
	Health	Dental	Unemployment	Property and Liability	Workers' Compensation
Estimated liability, December 31, 2009	$ 1,291,200	$ 64,902	$ -	$ 848,258	$ 601,239
Estimated claims incurred	16,617,797	1,211,706	503,504	1,890,062	886,428
Claim payments	(16,577,997)	(1,193,963)	(503,504)	(1,534,910)	(590,454)
Estimated liability, December 31, 2010	1,331,000	82,645	-	1,203,410	897,213
Estimated claims incurred	15,330,558	1,199,823	383,281	935,660	637,962
Claim payments	(15,566,781)	(1,205,090)	(383,281)	(1,373,686)	(630,252)
Estimated liability, December 31, 2011	$ 1,094,777	$ 77,378	$ -	$ 765,384	$ 904,923

The Department of Public Works is included in the County's self-insurance program, although separate insurance coverage is maintained for Waste-to-Energy operations. The Aeronautics Department maintains separate coverage from the County.

Kent County Road Commission

The Road Commission is exposed to various risks related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for coverage to employee's health claims and participated in the Michigan County Road Commission Self-Insurance Pool for claims related to general and auto liability insurance. As a member of the pool, the Road Commission is partially insured for general and auto liability, with maximum losses per occurrence of $25,000 and $500 respectively, and no limit in the aggregate. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past fiscal years.

The Road Commission is a member of the County Road Association Self-Insurance Fund. As a member, the Road Commission is fully insured for workers' compensation claims incurred on or after January 1, 2000.

The Road Commission is also self-insured for dental claims. The Road Commission estimates the liability for dental claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not been reported. The estimated liability is insignificant and has not been recorded in the accompanying financial statements.

11. PROPERTY TAXES

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

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

The taxable value of real and personal property for 2011, for which revenue was recognized in the General Fund, was $20,506,183,649. The general operating tax rate for this levy was 4.2803 mills. The taxable value of real and personal property for 2010, for which revenue was recognized in all other funds, was $21,009,096,542. The tax rates for these levies were 0.7893 mills for Correction and Detention operations and debt service related to the expansion of facilities, and 0.3244 mills assessed for services provided to senior citizens.

12. CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

13. BENEFIT PLANS

Kent County Employees' Retirement Plan

The County sponsors and administers the Kent County Employees' Retirement Plan (the "Plan"), a single-employer, defined benefit pension plan, which covers all employees of Kent County, except employees of the Road Commission and CMH Authority. The Plan was established and may be amended by the Kent County Board of Commissioners and is administered by the Kent County Employees' Retirement Plan Board. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. It is accounted for as a separate pension trust fund. Stand-alone financial reports are issued that includes financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Human Resources Department, 300 Monroe Ave. N.W., Grand Rapids, MI 49503.

Summary of Significant Accounting Policies. The financial statements of the Kent County Employees' Retirement Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administration of the Plan is funded through the Plan's investment earnings.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Kent County Employees' Retirement Plan Board of Trustees, with the assistance of a valuation service.

As of December 31, 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 membership	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 overfunded 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 38.7 percent. The unfunded actuarial accrued liability was determined as follows:

Actuarial accrued liability for:	
Active participants (1,355 vested and 271 non-vested)	$ 318,690,668
Retired participants and beneficiaries currently receiving benefits (1,164 recipients)	315,101,664
Vested terminated participants not yet receiving benefits (212)	16,318,248
Total actuarial accrued liability	650,110,580
Actuarial value of assets (smoothed market value)	614,855,931
Unfunded actuarial accrued liability	$ 35,254,649

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.

Three-Year Trend Information			
Years Ended December 31,	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.

Road Commission Component Unit

Defined Contribution Pension Plan

The Kent County Road Commission provides pension benefits to full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Board resolution, the Road Commission contributes up to 6% of employees' gross earnings. Employer contributions and employee contributions for each employee (including interest allocated to the employee's account), are fully vested after one year of service.

The Road Commission's total payroll during the current year was $13,059,942. The current year contribution was calculated based on covered payroll of $12,275,215, resulting in employer and employee contributions of $700,420 and $811,980, respectively.

Defined Benefit Pension Plan

The Road Commission participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan providing retirement and disability benefits and death benefits to plan members, who retired before the formation of the defined contribution plan, and their beneficiaries. The System is administered by the MERS Retirement Board. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Employer contributions to the Plan are recognized when due. Benefits are recognized when due and payable in accordance with the terms of the Plan. Due to the current status of the Plan (closed to any individual not retired as of the date of formation of the defined contribution plan), the only obligation of the employer is to fund any unfunded actuarial accrued liability. Administrative costs of the Plan are financed through investment earnings.

For the year ended September 30, 2011, the Road Commission's annual pension cost was $-0- and equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment of 20% of the difference between assumed earnings and market value (5 year seniority) to reflect fair value.

Three-Year Trend Information			
Years Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	$ 7,630	100%	$ -
2010	-	100%	-
2011	-	100%	-

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Plan was 46 percent funded. The actuarial accrued liability for benefits was $400,508, and the actuarial value of assets was $184,123, resulting in an unfunded actuarial accrued liability (UAAL) of $216,385.

The schedule of funding progress, presented as RSI 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 liability for benefits.

Community Mental Health Authority Component Unit

Defined Benefit Pension Plan

Plan Description. The Authority's defined benefit pension plan (the "Plan") provides retirement, disability and death benefits to plan members and beneficiaries. The Authority participates in the Municipal Employees' Retirement systems of Michigan (MERS), an agent multi-employer public employee pension plan. The CMH Authority Board establishes and amends the benefit provisions of the participants in the Plan. The Plan report may be obtained by writing the Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Basis of Accounting. Plan member contributions are recognized in the period in which the contributions are due. Contributions from the Authority have been reflected when due and a formal commitment and/or statutory/contractual requirement to provide the contribution has been made. Payments to members have been reflected when due and payable in accordance with the terms of the Plan.

Concentrations. All Plan assets are held by MERS.

Method Used to Value Investments. The actuarial value of assets is determined on the basis of a method that calculates expected investment income at the valuation rate of return and adds a portion of the difference between the expected investment income and actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10-year period at the rate of 10% per year. This asset valuation method was first adopted for the December 31, 2005 valuation.

Funding Policy. The annual contributions requirements for the Plan are actuarially determined by MERS. Under the Authority's Plan, both the Authority and Plan members are required to contribute. Contributions are calculated as a percentage of covered payroll. The Authority was required to contribution 6.35% for the fiscal year ended September 30, 2011. The Plan members were required to contribute 6.90% to the Plan for the fiscal year ended September 30, 2011. The required contribution percentages were determined as part of the December 31, 2008 actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases of 4.5% per year.

Reserves. As of the December 31, 2010, actuarial valuation, the Plan's reserves have been fully funded as follows:

Employees' contributions	$ 3,110,181
Employer contributions and benefit payments	18,785,314

Three-Year Trend Information			
Years Ended September 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2009	$ 416,001	100%	$ -
2010	398,589	100%	-
2011	464,769	100%	-

Funded Status and Funding Progress. As of December 31, 2010, the most recent valuation date, the Plan was 111% funded. The actuarial accrued liability for benefits was $21,895,495 and the actuarial value of assets was $19,741,118, resulting in an unfunded actuarial accrued liability of $(2,154,377), which means the plan is over-funded. The covered payroll (annual payroll for active employees covered by the Plan) was $6,961,422 and the ratio for the UAAL to the covered payroll was (30.9)%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

14. OTHER POSTEMPLOYMENT BENEFITS

Primary Government

Plan Description. The County administers a single-employer defined benefit healthcare plan (the "Plan") accounted for in the VEBA Trust Fund. In addition to the retirement benefits 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. N.W., 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	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:

Three-Year Trend Information			
Year Ended	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.

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.

Road Commission Component Unit

Plan Description. The Road Commission provides a defined benefit healthcare plan (the "Plan"), to certain retirees and their beneficiaries, with the Municipal Employees' Retirement System serving as the plan's administrator. The Plan does not prepare separately-issued financial statements. In accordance with Road Commission policy, pre-Medicare retirees and their dependents are eligible to receive healthcare benefits, with a portion of the contribution required by the participants. The Road Commission purchases Medicare supplemental insurance for retirees eligible for Medicare.

Funding Policy. The Road Commission has no obligation to make contributions in advance of when the premiums are due for payment. Additional amounts to prefund benefits may be determined annually by the Board of Road Commissioners. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due, which amounted to $217,116 in fiscal year 2011. For the year ended September 30, 2011, the Road Commission contributed an additional $228,950 to the Plan. Retirees receiving benefits were not required to make contributions to the Plan, and therefore, no retiree contributions were made.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB obligation:

Annual required contribution	$ 457,597
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Net OPEB cost (expense)	457,597
Contributions made	(446,066)
Increase in net OPEB obligation	11,531
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 11,531

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

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 494,520	100%	$ -
2010	461,593	100%	-
2011	457,597	97%	11,531

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Plan was 18.9 percent funded. The actuarial accrued liability for benefits was $4,813,836, and the actuarial value of assets was $911,072, resulting in an unfunded actuarial accrued liability (UAAL) of $3,902,764. A comparison of the UAAL to covered payroll is not applicable, as the Plan only includes current retirees. All others participate in the defined contribution plan described above.

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 in 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 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 purposed 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 historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 2008. Both rates included a 4 percent inflation assumption. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 5 years.

Community Mental Health Authority Component Unit

The Authority provides postretirement healthcare insurance for employees who are eligible to retire under the Authority's retirement plan, as long as the retiree is not covered by another employer's healthcare plan or a healthcare plan offered by their spouse's employer. Currently, four retirees are eligible, two of which are active in the Plan. The Plan does not prepare separately-issued financial statements.

Plan Description. The Authority establishes and amends the benefit provisions of the Plan. The Authority pays $200 per month towards the healthcare insurance premium for a retiree with at least 25 years of service. Retirees with less than 25 years of service receive a pro-rata credit based on years of service in relation to 25 years.

In fiscal year 2008, the Authority adopted the MERS Retiree Health Funding Vehicle (RHFV) as the trust fund for the Plan. All assets placed in the MERS RHFV will be administered by MERS, which acts as an investment fiduciary.

Basis of Accounting. Contributions from the Authority have been reflected when due and a formal commitment and/or statutory/contractual requirement to provide the contribution has been made. Payments to members have been reflected when due and payable in accordance with the terms of the Plan.

Concentrations. All Plan assets are held by MERS.

Method Used to Value Investments. Plan investments are reported at fair market value.

Actuarial Methods and Assumptions. The annual required contribution was determined as part of the actuarial valuation as of September 30, 2010 using the projected unit credit actuarial cost method and a ten-year level dollar, closed amortization method of the unfunded liability. The actuarial assumptions included (a) a discount rate of 8%; (b) turnover rates of 4-18%, dependent on age and years of service; and (c) benefits capped at $200 per month. 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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Funding Policy. The annual contribution requirements for the Plan are actuarially determined. Under the Authority's Plan, no contributions are required from its covered members. The Authority's policy is to contribute 100% of the annual required contribution each year. The annual required contribution (ARC) was $36,968 for the year ended September 30, 2011.

Annual OPEB Cost and Net OPEB Obligation. The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation:

Annual required contribution	$ 36,968
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Net OPEB cost (expense)	36,968
Contributions made	(36,968)
Increase in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ -

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

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	$ 30,714	100%	$ -
2010	37,185	100%	-
2011	36,968	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 September 30, 2010, the most recent actuarial valuation date, the Plan was 80 percent funded. The actuarial accrued liability for benefits was $404,876, and the actuarial value of assets was $323,938, resulting in an unfunded actuarial accrued liability (UAAL) of $80,938. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Notes to Financial Statements

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 in 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 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.

15. DEFERRED COMPENSATION PLAN

The County offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. The benefits of the Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

16. FUND BALANCES - GOVERNMENTAL FUNDS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Child Care	Nonmajor Funds	Total
Nonspendable				
Inventory	$ 94,026	$ -	$ 71,497	$ 165,523
Prepaids	294,657	-	-	294,657
Long-term advances	725,700	-	-	725,700
Zoo animals (permanent fund corpus)	-	-	73,000	73,000
Total nonspendable	1,114,383	-	144,497	1,258,880
Restricted				
Fire prevention	-	-	114,200	114,200
Convention/arena debt service or capital improvements	-	-	752,548	-
Correction and detention facilities	-	-	6,374,833	6,374,833
Senior services	-	-	455,952	455,952
Register of deeds automation	-	-	1,629,835	1,629,835
Drug forfeiture	-	-	621,979	621,979
Childrens' services	-	-	3,333	3,333
Grant programs	-	-	1,974,327	1,974,327
Veterans' services	-	-	10,913	10,913
Community development	-	-	148,205	148,205
Zoo animals (expendable permanent fund)	-	-	42,411	42,411
Unexpended bond proceeds	-	-	13,108,093	13,108,093
Total restricted	-	-	25,236,629	25,236,629

Notes to Financial Statements

	General Fund	Child Care	Nonmajor Funds	Total
Committed				
Economic stabilization	$ 23,054,680	$ -	$ -	$ 23,054,680
Assigned				
Childrens' services	-	100,030	-	100,030
Child support enforcement	-	-	99,932	99,932
Health services	-	-	28,501	28,501
Debt service	-	-	433,945	433,945
Capital projects	-	-	5,256,015	5,256,015
Encumbrances	56,318	-	-	56,318
Total assigned	56,318	100,030	5,818,393	5,974,741
Unassigned	44,428,169	-	-	44,428,169
Total fund balances, governmental funds	$ 68,653,550	$ 100,030	$ 31,199,519	$ 99,953,099

17. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of December 31, 2011, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	$ 119,760,796	$ 26,978,797	$ 3,592,792
Capital assets being depreciated, net	130,706,628	367,121,243	261,376,114
	250,467,424	394,100,040	264,968,906
Related debt:			
Total bonds and notes payable	127,339,316	238,415,000	7,950,000
Net bond premium/discount	4,481,449	8,200,155	60,798
Deferred loss on advance refunding	(987,778)	(3,188,169)	(352,374)
Less: unexpended bond proceeds	(13,108,093)	-	-
Less: notes payable related to tax settlement	-	(40,500,000)	-
Less: net bond premium on tax notes	-	(295,267)	-
Less: bonds payable related to capital leases	-	(2,370,000)	-
	117,724,894	200,261,719	7,658,424
Invested in capital assets, net of capital-related debt	$ 132,742,530	$ 193,838,321	$ 257,310,482

18. COMMITMENTS AND CONTINGENCIES

Landfill Closure and Post-closure Care

The Department of Public Works (DPW) has certain financial requirements related to closure and post-closure care of the landfills it operates. In relation to those requirements, the DPW has an outstanding letter of credit totaling $1,024,000 with the Environmental Protection Agency and Michigan Department of Environmental Quality as beneficiaries. The letters of credit have not been drawn on at December 31, 2011. The letter of credit expires on December 3, 2012. The DPW has recorded a liability of $8,715,541 related to the Kentwood landfill and $10,496,000 for the South Kent Landfill, as discussed below.

During 2008, the County purchased a parcel of land that included an unclosed landfill. This property is adjacent to one of the County's parks and is intended to be used as such after remediation. The remaining liability as of December 31, 2011 was $111,000.

Kentwood Landfill

The County entered into an agreement in 1991 with the EPA for remedial action and operation and maintenance over a 30-year period for the closed County solid waste Kentwood Landfill. The County and the EPA negotiated a settlement on this issue in an amount up to $8,690,000. The original settlement amount was discounted at a rate of 5% over the term of the agreement which resulted in a $5,700,000 liability. The amount paid under the agreement during 2011 was $435,358 and the liability as of December 31, 2011 was $8,715,541, with $4,378,491 of cash available. The City of Kentwood has promised to pay 20% of the remedial action for the Kentwood Landfill through a voter-approved millage.

South Kent Landfill

State and federal laws and regulations require the DPW to place a final cover on the South Kent landfill site when waste is no longer accepted and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the DPW reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The estimated liability for closure and post-closure care was $10,496,000 at December 31, 2011. The liability represents the cumulative amount reported to date based on the use of 55.67% of the estimated capacity of the landfill as of December 31, 2011. The DPW will recognize the remaining estimated cost of the closure and post-closure care of $7,731,953 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. The DPW expects the current permitted area of the landfill to be at capacity in 2017 for ash and 2030 for solid waste. Actual cost may be higher due to inflation, changes in technology or changes in regulations, and an annual adjustment may be required.

Commitments

The Department of Public Works has also entered into a management agreement to operate the Waste-to-Energy Facility (the "Facility") through the year 2023. The monthly service fee to be paid to the contractor is based on multiple calculations, including an operation and maintenance charge (based on processed waste in tons), pass-through costs, energy payments (based on number of kilowatt hours of net electricity sold), and monthly damages, if any.

19. SUBSEQUENT EVENTS

In May 2012, the County issued $28,500,000 in general obligation limited tax notes in the delinquent tax revolving enterprise fund. Similar notes are issued each year in order to fund the purchase of delinquent taxes from local taxing authorities (including other funds of the County).

On February 10, 2012, a contractor's crane collapsed at the Kent County Correctional Facility resulting in damage to the Fleet Services building and a portion of the Correctional Facility, which is currently under construction. Consequently, Kent County incurred a property loss and a business interruption loss, along with additional expenses related to the incident. Kent County is responsible for the $100,000 claim deductible. Kent County's property insurer will subrogate against the other parties involved to cover the reimbursements made to Kent County for the estimated $1,051,937 cost to repair the damage, In addition, Kent County will subrogate against the other parties to recover the $100,000 claim deductible and any costs related to this incident not reimbursed by the property insurer.

20. RESTATEMENTS

As part of implementing GASB Statement 54 for the year ended December 31, 2010, the County reported certain programs within the General Fund that were understood to be from unrestricted sources. In the current year, it was determined that these programs do in fact have restrictions. As such, they are again being accounted for in the special projects calendar year-end fund. Beginning fund balance of the General Fund decreased by $77,393 beginning fund balance of the special projects – calendar year end fund increased by the same amount. This correction had no impact on beginning net assets of governmental activities.

In the current year, it was determined that the Department of Public Works (DPW) is not a legally-separate entity and, as such, does not meet the criteria for reporting as a component unit. Accordingly, the DPW is now being reported as an enterprise fund. As a result of this change, beginning net assets of component units decreased by $83,439,750 ($83,267,104 related to the fund itself and an additional $172,646 or allocated net assets from governmental-type internal service funds). Beginning net assets of business-type activities increased by a corresponding amount.

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FORM OF LEGAL OPINION

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May _, 2013

Kenneth D. Parrish, Treasurer

County of Kent

300 Monroe Avenue, N.W.

Grand Rapids, Michigan 49503

Dear Mr. Parrish:

We have acted as note counsel to the County of Kent, State of Michigan (the "County") in connection with the issuance by the County of its "General Obligation Limited Tax Notes, Series 2013," dated the date hereof, in the aggregate principal amount of $__________ (the "Notes"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The Notes have been issued under and pursuant to Act 206, Public Acts of Michigan, 1893, as amended, for the purpose of funding in part the County delinquent tax revolving fund for the tax year 2012.

As to questions of fact material to our opinion we have relied upon certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes are the valid and legally binding obligations of the County, primarily payable from the following sources: (1) the collections of the 2012 delinquent real property taxes that were returned to the County as delinquent and were uncollected as of March 1, 2013, and against which the County has borrowed, together with all interest thereon; (2) all of the County property tax administration fees on such delinquent taxes once the expenses of borrowing have been paid; (3) any amounts that are received by the County from the County, the State of Michigan and any taxing units within the County because of the uncollectibility of such 2012 delinquent taxes; and (4) all interest earnings of the foregoing.

2. The full faith and credit of the County have been pledged for the payment of the principal of and interest on the Notes when due. The County, however, does not have the power to levy any tax for the payment of the Notes in excess of its constitutional and statutory limits.

3. The interest on the Notes is included in gross income for federal income tax purposes.

4. The Notes and the interest thereon are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

The advice set forth in this opinion (a) is not intended or written to be used, and may not be used by any person, for the purpose of avoiding federal tax penalties, and (b) was written to support the promotion or marketing of the Notes. Investors should seek advice based on their particular circumstances from an independent tax advisor.

It is understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Notes.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

BLOOMFIELD 9561-39 1272475v1

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$____________
County of Kent
General Obligation Limited Tax Notes, Series 2013

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Kent (the "Issuer") in connection with the issuance by the Issuer of its $___________ General Obligation Limited Tax Notes, Series 2013 (the "Notes"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Notes by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Noteholders and Beneficial Owners from time to time of the Notes, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Noteholders and Beneficial Owners of any and all of the Notes.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the Issuer provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including any person holding Notes through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is http://www.emma.msrb.org.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Noteholder" shall mean the registered owner of any Notes.

"Official Statement" shall mean the final Official Statement for the Notes dated _____________, 2013.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with the primary offering of the Notes.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than the date six (6) months after the end of the Issuer's fiscal year, commencing with the Issuer's Annual Report for its fiscal year ending December 31, 2012, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). Currently, the Issuer's fiscal year commences on January 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Issuer shall be included in the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report of the Issuer by the date required in subsection (a), the Issuer shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer's fiscal year changes, the Issuer shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the following portions of the Official Statement:

(1) COUNTY TAXATION AND LIMITATIONS – Property Tax Levy History, SEV and Taxable Value History and Property Tax Collection History;

(2) REVENUES FROM THE STATE OF MICHIGAN – General Fund Revenues from the State;

(3) COUNTY DEBT – Statement of Legal Debt Margin, Debt Statement-Direct Debt, Debt Amortization Schedule, Short-Term Financing, Vacation and Sick Leave Liabilities, Retirement System and Other Post Employment Benefits;

(4) ECONOMICS AND DEMOGRAPHICS – Largest Businesses Based on Tax Roll Valuation;

(5) LABOR CONTRACTS;

(6) APPENDIX A – HISTORICAL DELINQUENT TAX COLLECTIONS (four most recent years)

The Issuer's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Tender offers;

(13) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Issuer shall promptly cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Notes have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Notes or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Notes, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at http://www.emma.msrb.org as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Notes. If the Issuer's obligation to pay a portion of the principal of and interest on the Notes is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Notes, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

SECTION 8. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Notes. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Noteholders and the Beneficial Owners (on whose behalf a Noteholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Notes must take the actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Noteholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF KENT

By: ________________________________
KENNETH D. PARRISH
Its: Treasurer

Dated: ____________, 2013

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	County of Kent, Michigan
Name of Note Issue:	$____________ General Obligation Limited Tax Notes, Series 2013
Date of Notes:	_________, 2013

NOTICE IS HEREBY GIVEN that County of Kent has not provided an Annual Report with respect to the above-named Notes as required by Section 3 of its Continuing Disclosure Certificate with respect to the Notes. The County of Kent anticipates that the Annual Report will be filed by ____________.

COUNTY OF KENT

By: ______________________________________

Its: ________________________________

Dated: ___________________

EXHIBIT B

NOTICE OF CHANGE IN COUNTY'S FISCAL YEAR

Name of Issuer: County of Kent, Michigan

Name of Note Issue: $___________ General Obligation Limited Tax Notes, Series 2013

Date of Notes: __________, 2013

NOTICE IS HEREBY GIVEN that the County of Kent's fiscal year has changed. Previously, the County of Kent's fiscal year ended on ________________. It now ends on _________________.

COUNTY OF KENT

By: ______________________________________

Its: ________________________________

Dated: ___________________

EXHIBIT C

ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at http://www.emma.msrb.org pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's/Other Obligated Person's Name: County of Kent ____________________

Issuer's Six-Digit CUSIP Number(s): ____________________

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: ____________________

Number of pages of the attached Annual Report or portion thereof: ____________________

Name of Note Issue to which the attached Annual Report relates: $__________ General Obligation Limited Tax Notes, Series 2013

Date of such Notes: __________, 2013

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: ____________________

Name: ____________________

Title: ____________________
Employer: ____________________
Address: ____________________
Issuer, State, Zip Code: ____________________
Voice Telephone Number: ____________________

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at http://www.emma.msrb.org pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: ______________________________
Issuer's Six-Digit CUSIP Number(s): ______________________________
____
or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: ______________________________
____
Number of pages of the attached Event Notice: ______________________________
Description of the attached Event Notice (Check One):

1.	_________	Principal and interest payment delinquencies
2.	_________	Non-Payment related defaults
3.	_________	Unscheduled draws on debt service reserves reflecting financial difficulties
4.	_________	Unscheduled draws on credit enhancements reflecting financial difficulties
5.	_________	Substitution of credit or liquidity providers, or their failure to perform
6.	_________	Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7.	_________	Modifications to rights of securities holders
8.	_________	Bond calls
9.	_________	Defeasances
10.	_________	Release, substitution, or sale of property securing repayment of the securities
11.	_________	Rating changes
12.	_________	Tender offers
13.	_________	Bankruptcy, insolvency, receivership or similar event of an obligated person
14.	_________	The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15.	_________	Appointment of a successor or additional trustee, or the change of name of a trustee
16.	_________	Failure to provide annual financial information as required
17.	_________	Other material event notice (specify) ______________________________

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: ______________________________
Name: ____________________ Title: ______________________________
Employer: ______________________________
Address: ______________________________
City, State, Zip Code: ______________________________
Voice Telephone Number: ______________________________

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

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APPENDIX E

OFFICIAL NOTICE OF SALE
AND
BID FORM

OFFICIAL NOTICE OF SALE

$24,000,000
COUNTY OF KENT
STATE OF MICHIGAN

GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013

SEALED BIDS: for the purchase of the above notes will be received by the undersigned at the office of the County Treasurer, Kent County Administration Building, 300 Monroe Avenue, N.W., Grand Rapids, Michigan 49503, until **11:30 a.m., Eastern Daylight Time, on Thursday, the 25th day of April, 2013**, at which time they will be publicly opened and read. Sealed bids also will be received on the same date and until the same time by an agent of the undersigned at the offices of the Municipal Advisory Council of Michigan (the "MAC"), Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, where they will be opened and read publicly. Signed bids may be submitted by fax to the MAC at fax number (313) 963-0943, but no bid will be received after the time for receiving bids specified above and the bidder bears all risks of transmission failure.

IN THE ALTERNATIVE: Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact J.J.B. Hilliard, W.L. Lyons, LLC, at (734) 561-0255 or PARITY at (212) 849-5021.

Bidders may choose any means or location to submit bids, but a bidder may not present a bid in more than one location or by more than one means.

NOTE DETAILS: The notes will be fully registered notes of the denomination of $5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof; will bear interest from their date payable on October 1, 2013, and semiannually thereafter; will be dated the date of delivery thereof; and will mature serially on the dates and in the amounts as follows:

DATE	AMOUNT
April 1, 2014	$18,000,000
April 1, 2015	6,000,000

PRIOR REDEMPTION: The notes are not subject to redemption prior to maturity.

INTEREST RATE AND BIDDING DETAILS: The notes will bear interest from their date at a rate or rates specified by the successful bidder, not exceeding 6% per annum expressed in multiples of 1/8 or 1/20 of 1%, or any combination thereof. No proposal for the purchase of less than all of the notes or at a price less than 100% of their par value or at a price that will cause the net interest cost on the notes to exceed 6% per annum will be considered. Interest on the notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

BOOK-ENTRY-ONLY: The notes will be issued in book-entry-only form as one fully registered note per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the notes. Purchase of the notes will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in notes purchased. The book-entry-only system is described further in the preliminary official statement for the notes.

NOTE REGISTRAR AND PAYING AGENT: The notes shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, the note registrar and paying agent. Interest shall be paid to the registered owner of each note as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the note registrar and paying agent to the registered owner at the registered address. As long as DTC, or its nominee Cede & Co., is the registered owner of the notes, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the notes is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the notes. The County Treasurer may from time to time designate a successor note registrar and paying agent.

PURPOSE: The notes are issued for the purpose of continuing a Tax Payment Fund of the County for the 2012 tax year.

SECURITY-PRIMARY: The notes are secured by 2012 real property taxes due and payable to the County, the State of Michigan and other taxing units within the County against which the County has borrowed and that were outstanding and uncollected on March 1, 2013, and interest thereon, all County property tax administration fees on such taxes after expenses of issuance of the notes have been paid, any amounts received by the County Treasurer from any such taxing unit because of the uncollectibility of such taxes and all interest earnings on the foregoing.

ADDITIONAL SECURITY: In addition, the notes will be general obligations of the County of Kent, secured by its full faith and credit. THE COUNTY OF KENT DOES NOT HAVE THE POWER TO IMPOSE TAXES FOR THE PAYMENT OF THE NOTES IN EXCESS OF CONSTITUTIONAL OR STATUTORY LIMITATIONS.

AWARD OF NOTES: The notes will be awarded to the successful bidder approximately thirty minutes after the bids have been read. For the purpose of awarding the notes, the interest cost of each bid will be computed by determining, at the rates specified therein, the total dollar amount of all interest on the notes from May 8, 2013, to their maturity and deducting therefrom any premium. The notes will be awarded to the bidder whose bid on the above computation produces the lowest interest cost to the County. Each bidder, for the convenience of the County, shall state in its bid the net interest cost to the County, computed in the manner above specified. The right is reserved to reject any and all bids.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of $240,000 and payable to the order of the Treasurer of the County of Kent will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the County as instructed by the County or the County's Financial Advisor not later than Noon, Eastern Daylight Time, on the next business day following the award. The good faith deposit will be applied to the purchase price of the notes. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the County. The good faith check of the successful bidder will be immediately cashed and payment for the balance of the purchase price of the notes shall be made at the closing.

TAXABLE OBLIGATIONS: The interest on the notes is included in gross income for federal income tax purposes. The notes and the interest thereon, however, are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

OFFICIAL STATEMENT: A copy of the County's official statement relating to the notes may be obtained by contacting J.J.B. Hilliard, W.L. Lyons, LLC at the address referred to below. The official statement is in a form deemed final by the County for purposes of paragraph (b)(1) of SEC Rule 15c2-12 (the "Rule"), but is subject to revision, amendment and completion in a final official statement.

After the award of the notes, the County will provide on a timely basis 50 copies of a final official statement, as that term is defined in paragraph (e)(3) of the Rule, at the County's expense (and such additional copies of the final official statement as reasonably requested by, and at the expense of, the successful bidder or bidders) to enable the successful bidder or bidders to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Requests for such additional copies of the final official statement shall be made to J.J.B. Hilliard, W.L. Lyons, LLC, at the address set forth below within 24 hours of the award of the notes.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, which opinion will be furnished without expense to the purchaser of the notes at the delivery thereof. Except to the extent necessary to issue its approving opinion as to the validity of the above notes, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the notes and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

CONTINUING DISCLOSURE: In order to assist bidders in complying with Section (b)(5) of the Rule, the County will undertake pursuant to a resolution and a continuing disclosure certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the official statement and will also be set forth in the final official statement.

DELIVERY OF NOTES: The notes will be delivered without expense to the purchaser through DTC in New York, New York. The usual documents, including a continuing disclosure certificate and a certificate that no litigation is pending affecting the issuance of the notes, will be delivered at the time of delivery of the notes. If the notes are not tendered for delivery by twelve o'clock noon, Eastern Daylight Time, on the 45th day following the date of sale, or the first business day thereafter, if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the notes, withdraw its proposal by serving notice of cancellation on the undersigned, in writing, in which event the County shall promptly return the good faith deposit. Payment for the notes shall be made in Federal Reserve Funds.

CUSIP NUMBERS: Cusip numbers have been applied for and will be printed on the notes at the expense of the County. The printing of incorrect Cusip numbers or the failure to print the Cusip numbers on the notes shall not constitute cause for the purchaser to refuse delivery of the notes. The purchaser shall be responsible for requesting assignment of numbers and for the payment of any charges for the assignment of numbers.

ADDITIONAL INFORMATION: Further information may be obtained from J.J.B. Hilliard, W.L. Lyons, LLC, 3225 Van Horn Road, Suite 130, Trenton, Michigan 48183, Telephone (734) 561-0255.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES: Envelopes containing the bids should be plainly marked "Proposal for General Obligation Limited Tax Notes."

KENNETH D. PARRISH, Treasurer
County of Kent

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BID FORM

$24,000,000
COUNTY OF KENT
STATE OF MICHIGAN
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013

April 25, 2013

Mr. Kenneth Parrish, C.P.A.
Treasurer
County of Kent
300 Monroe Ave., N.W.
Grand Rapids, Michigan 49503

Dear Mr. Parrish:

Reference is made to your "Official Notice of Sale" for the above titled Note issue as published in "The Bond Buyer" which is incorporated herein by reference. For your legally issued Notes, we will pay you par, plus a premium of $____________, plus accrued interest to date of delivery of the Notes to us, for Notes maturing as follows and bearing annual interest at the rate indicated:

April 1, 2014 @ ____._________%
April 1, 2015 @ ____._________%

This bid is for all of the Notes.

A certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of **$240,000.00** (1% of par) and payable to the order of the Treasurer of the County of Kent will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the County as instructed by the County or the County's Financial Advisor not later than Noon, prevailing Eastern Time, on the next business day following the award.

Syndicate Members:
____
____
____
____

Respectfully submitted:
Firm:______________________________
Name:______________________________
Signature:______________________________
Telephone:______________________________

****

The following is a computation of the net interest cost, computed as specified in the above bid. This computation is not considered as a part of the bid and is subject to verification.

Net Interest Cost ________________________%

$24,000,000
COUNTY OF KENT
STATE OF MICHIGAN
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013
(Taxable Obligations)

Registered Municipal Advisor:

J.J.B. Hilliard, W.L. Lyons, LLC