

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name County of Kent, Michigan		County Kent
Audit Date 12/31/03	Origin Date 6/4/04	Date Accountant Report Submitted to State: 6/28/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).		✓	

Certified Public Accountant (Firm Name) BDO Seidman, LLP			
Street Address 99 Monroe Ave, NW Suite 800		City Grand Rapids	State MI
Accountant Signature <i>Steven A. Depperman, CPA</i>		ZIP 49503	Date 6.28.04

County of Kent, Michigan

Comprehensive Annual Financial Report

Year Ended December 31, 2003

Prepared by:

Fiscal Services

Fiscal Services Director

Robert J. White

County Administrator/Controller

Daryl J. Delabbio

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County of Kent, Michigan

Comprehensive Annual Financial Report Year Ended December 31, 2003

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County of Kent, Michigan

Elected Officers
Year Ended December 31, 2003

Board of Commissioners

David Morren
Chair

Roger Morgan
Vice Chair

Dean Agee

Dick Bulkowski

Jack Horton

Kenneth Kuipers

Paul Mayhue

Gary Rolls

Richard Vander Molen

Theodore Vonk

Fritz Wahlfield

Jack Boelema

Marvin Hiddema

Daniel Koorndyk

Harold Mast

Thomas Postmus

Arthur Tanis

James Vaughn

Harold Voorhees

Mary Holinrake
Clerk-Register of Deeds

Roger G. Laninga
Drain Comissioner

William A. Forsyth
Prosecuting Attorney

Lawrence A. Stelma
Sheriff

Kenneth D. Parrish
Treasurer

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OFFICE OF THE ADMINISTRATOR

Daryl J. Delabbio, County Administrator/Controller

*Kent County Administration Building 300 Monroe Avenue, N.W. Grand Rapids, Michigan 49503-2206
Phone: (616) 336 - 3516 · Fax: (616) 336 - 2523 · e-mail: daryl.delabbio@kentcounty.org*



June 21, 2004

Kent County Board of Commissioners
County of Kent, Michigan
Grand Rapids, Michigan 49503

Members of the Board:

We are pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) of the County of Kent, Michigan (County) for the year ended December 31, 2003. BDO Seidman, LLP, an independent firm of certified public accountants, has audited the basic financial statements included in this report. This report is prepared for the purpose of disclosing the County's financial condition to its electorate, elected officials, and interested third parties.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making those representations, management of the County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

One of the goals of the County's audited financial statements is to provide reasonable assurance that the financial statements for the year ended December 31, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements,

but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The County of Kent, the fourth most populous county in the State of Michigan (State), encompasses an area of approximately 864 square miles and, with a 2000 census population of 574,335, is located in the central west portion of Michigan's Lower Peninsula. It is approximately 64 miles west of Lansing, the State capital. The County is empowered by the State to levy a property tax on real and personal properties located within the County.

The County is composed of twenty-one townships, five villages and nine cities. The 2000 population of the County resides as follows: townships (194,163); cities (373,043); and villages (7,129). The County seat is located in the City of Grand Rapids, which is the second largest city in the State. The County was organized as a county by the territorial legislature on March 24, 1836.

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

The County provides a range of services including sheriff, correctional facility, three court systems, airport, fire, social services both State and County funded, public health, mental health, park system and zoo. CMH Authority is a component unit that provides mental health services. In addition, the Department of Public Works, another component unit, manages a waste-to-energy incinerator and landfill, maintains some local unit water and sanitary sewer systems, and provides for the construction of these local systems.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County, except the Road Commission, are required to submit requests for appropriations to the Administrator/Controller. These requests form the basis for the development of a proposed budget. The Administrator/Controller will present to the Board's Finance and Physical Resources Committee a recommended budget in August at which time a public hearing date will be set. A presentation will be made at the public hearing and the budget will be adopted at the subsequent Board meeting. The budget is appropriated at the

departmental level. The budget is prepared at the fund, department, and line level. Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or funds require approval of the Board. Appropriation increases also require approval by the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The General Fund can be found on page 32 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, this comparison can be found on pages 33, 35 and 106 through 118.

Financial Condition Factors

Local Economy. The County has experienced a favorable local economic environment for a number of years. The area has a diversified employment base, which adds to the strength of the local economy. The last several years the unemployment rate has reported more positive results than either the state or national rates. However, the County's unemployment rate at December 31, 2003, stood at 7.4%, which was 1.6% above the statewide rate of 5.8%. Major employers in the area are found in the retail food and merchandise, health care, office furniture and home products sectors.

The area has been a magnet for attracting new residents and businesses. Between the 1990 and 2000 census, the population has increased by 73,704 residents (14.72%). Current estimates predict that the population will grow another 53,800 by the year 2010.

Another positive element is the substantive increase in the taxable value for property. The County experienced increases of \$1,026,625,944 (6.67%) in 2001-2002 and \$763,693,729 (4.65%) in 2002-2003. The major increases are as follows: residential (\$600,715,349); commercial (\$142,184,058); and industrial (\$79,008,704).

Cash Management. Available cash during 2003, excluding pension trust funds, was primarily invested in certificates of deposit and instruments of the U.S. Treasury and Governmental Agencies. At December 31, 2003 the book value of these investments was \$333,299,493. As a service to local units of government the County provides an investment pool for their use. Included in the above amount, are investments for twenty-two local units who participate with a total investment of approximately \$41,488,000. The maturity dates of the investments range from under 1 month to 71 months. The monthly yield during 2003 ranged from 2.225% to a low of 1.430%. The County experienced a significant decline in the earnings rate for 2003.

Pension and Post-Retirement Benefits. The County sponsors a single-employer defined benefit pension plan for all of its employees. Each year an independent actuary calculates the percentage of contribution that the County must make to the pension plan to ensure that the fund will meet its full obligations to the plan participants. As a matter of policy, the County fully funds its annual contribution as determined by the actuarial report. As of the December 31, 2003 actuarial report the County's accrued assets exceeded its accrued liabilities by \$40,091,702. The employer normal cost for 2003 was 13.56% of payroll; however, due to over-funding, the computed employer contribution rate was 2.94%.

The County also provides post retirement health care benefits for retirees. This benefit, which is not available to those employees who defer their retirement even when they begin receiving their monthly pension benefit, is paid to those who retire on or after reaching 60 years of age or 25 years of service regardless of age. The benefit is paid at a maximum rate of \$250 per month for 25 years of service and prorated if less than 25 years. This benefit is paid from current resources and is not an obligation of the pension fund. At the end of the year, 249 employees were receiving benefits. The cost of this benefit for 2003 was approximately \$443,000.

Risk Management. The risk management activities of the County are primarily the responsibility of the Risk Management Unit of Fiscal Services. However, each department director has a responsibility for managing the activities of their department in such a way as to preserve the human, physical, natural, and financial resources of the County.

The County has developed an internal financing mechanism to accrue its incurred and incurred-but-not-reported claims not covered by insurance. A Self-Funded Risk Fund has been established to segregate risk management activities and process the payment of claims. An annual allocation of costs including self-funded loss payment, insurance premiums and administrative costs are charged back to all departments using the appropriate statistic. In addition, each department is responsible for payment of a per-occurrence deductible that is based on the size of the departmental budget.

Settlement of claims greater than \$50,000 requires the Finance and Physical Resources Committee approval. Recommendations are made to the committee from its insurers, claims administrator and legal counsel. The County may settle large claims by making a lump sum payment or using a structured arrangement by either purchasing an annuity or making cash payments.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kent for its CAFR for the year ended December 31, 2002. In order to be awarded a Certificate of Achievement, the government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The report must conform to both GAAP and applicable legal requirements.

A Certificate of Achievement award is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated effort of the entire staff of the Fiscal Services Department. We express our appreciation to all employees of the County who assisted and contributed to its preparation. We also express our gratitude to the Board of Commissioners for their interest and support in planning and conducting the financial operations and management of the County of Kent in a responsible and progressive manner.

Respectfully submitted,

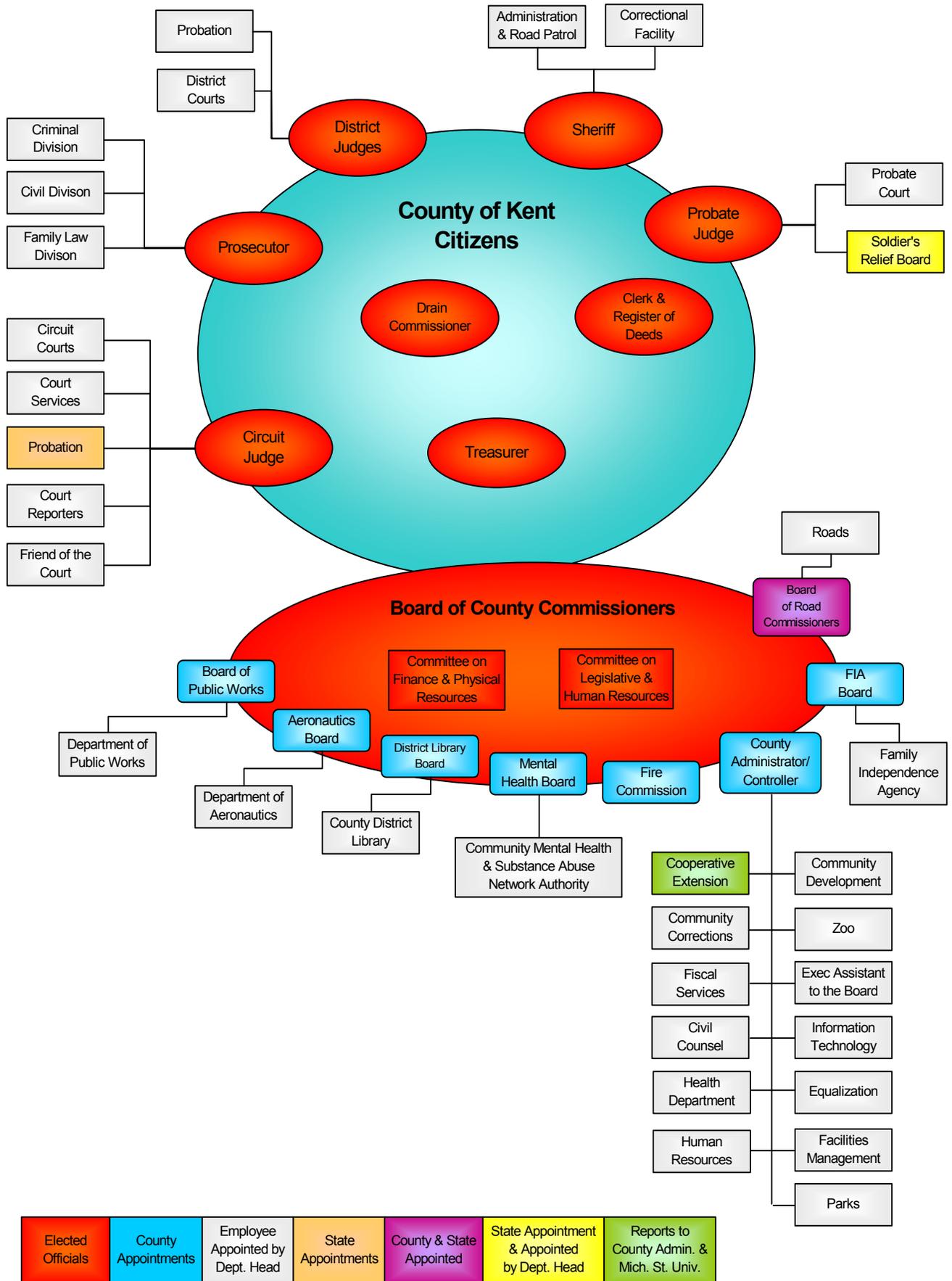


Daryl J. Delabbio
County Administrator/Controller



Robert J. White
Fiscal Services Director

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Elected Officials	County Appointments	Employee Appointed by Dept. Head	State Appointments	County & State Appointed	State Appointment & Appointed by Dept. Head	Reports to County Admin. & Mich. St. Univ.
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Kent,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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Independent Auditors' Report

The Honorable Members of the
Board of Commissioners
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 (County), as of and for the year ended December 31, 2003 (June 30, 2003 and September 30, 2003 for certain Special Revenue Funds and Component Units), 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Kent County Road Commission which represents 57% of the total assets of the component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Road Commission, is based solely upon 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 other auditors provide a reasonable basis for our opinion.

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 as of December 31, 2003 (June 30, 2003 and September 30, 2003 for certain Special Revenue Funds and Component Units), and the respective changes in financial position and cash flows of its proprietary fund types 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 our report dated June 4, 2004, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, the supplementary information and the statistical section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

BDO Seidman, LLP

Certified Public Accountants
Grand Rapids, Michigan

June 4, 2004

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Management's Discussion and Analysis

As management of the County of Kent, Michigan (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, 2003. 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 iii-vii 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 \$464,028 (net assets). Of this amount, \$226,435 (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 \$11,209.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$126,923, a decrease of \$21,867 in comparison with the prior year. Approximately 91 percent of this total amount, \$115,869 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$28,953, or 26 percent of the total general fund expenditures.
- Total debt decreased by approximately \$16,538 (4.7 percent) during the current fiscal year. Debt for governmental activities decreased by approximately \$4,472 while debt decreased by \$12,066 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, highways and streets, health and welfare, cultural and recreational and judicial. The business-type activities of the County include the Gerald R. Ford International Airport and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Family Independence Agency, a legally separate Department of Public Works, a legally separate Road Commission, legally separate Drainage Districts, and a legally separate Mental Health 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 18-21 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 eighteen 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, Child Care Fund, and Health Fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-35 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 Department of Aeronautics 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 an internal service fund to account for its risk management program. 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 Department of Aeronautics and Delinquent Tax Revolving Fund, both of which are considered to be major funds of the County. The County's only internal service fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

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.

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 49-85 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information is included in the notes to the basic financial statements and can be found on page 80 of this report.

Government-Wide Financial Analysis

As noted earlier, 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 \$464,028 at the close of the most recent fiscal year.

A substantial portion of the County's net assets, \$211,384 (45.6 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. 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.

County of Kent's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Current and other assets	\$237,504	\$249,440	\$106,479	\$100,833	\$343,983	\$350,273
Capital assets, net of accumulated depreciation	165,662	147,613	222,839	217,649	388,501	365,262
Total assets	403,166	397,053	329,318	318,482	732,484	715,535
Long-term liabilities outstanding	92,674	95,913	146,992	151,483	239,666	247,396
Other liabilities	12,983	8,897	15,807	6,203	28,790	15,100
Total liabilities	105,657	104,810	162,799	157,686	268,456	262,496
Net assets:						
Invested in capital assets, net of related debt	77,472	55,683	133,912	126,746	211,384	182,429
Restricted	18,193	24,110	8,016	7,717	26,209	31,827
Unrestricted	201,844	212,450	24,591	26,333	226,435	238,783
Total Net Assets	\$297,509	\$292,243	\$166,519	\$160,796	\$464,028	\$453,039

An additional portion of the County's net assets of \$26,209 (5.6 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 \$226,435 (48.8 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.

County of Kent's Changes in Net Assets

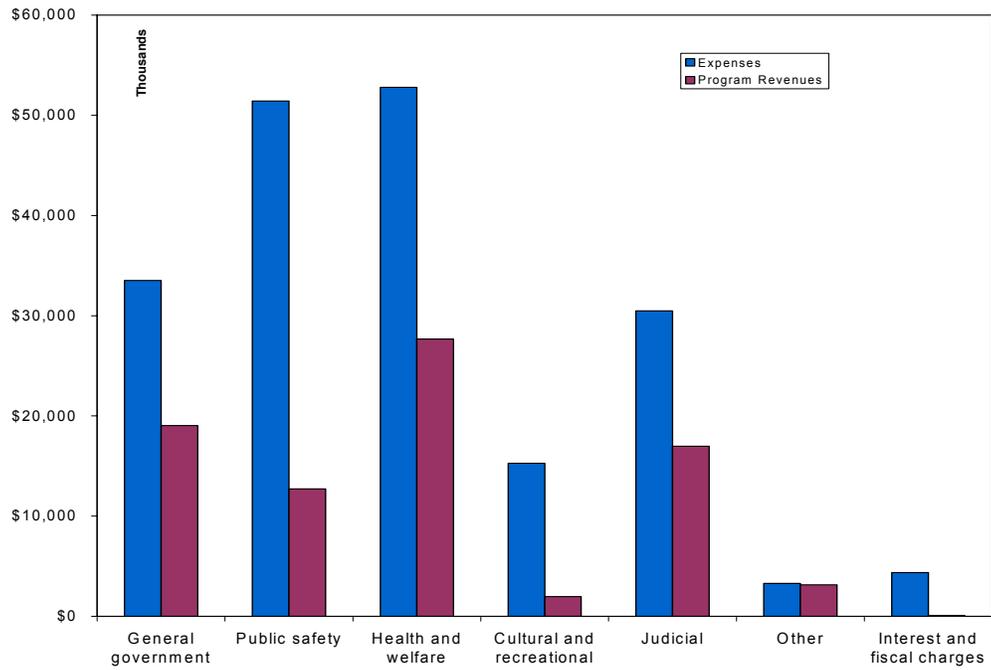
	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:						
Program revenues:						
Charges for services	\$ 33,762	\$ 41,064	\$ 32,248	\$ 29,548	\$ 66,010	\$ 70,612
Operating grants and contributions	47,824	33,236	-	-	47,824	33,236
Capital grants and contributions	-	25	4,202	4,807	4,202	4,832
General revenues:						
Property taxes	91,214	83,958	-	-	91,214	83,958
Other taxes	17,307	20,639	-	-	17,307	20,639
Other	3,450	3,718	1,220	983	4,670	4,701
Total revenues	193,557	182,640	37,670	35,338	231,227	217,978
Expenses:						
General government	33,507	31,569	-	-	33,507	31,569
Public safety	51,419	46,088	-	-	51,419	46,088
Health and welfare	52,788	50,496	-	-	52,788	50,496
Cultural and recreational	15,270	12,802	-	-	15,270	12,802
Judicial	30,480	25,225	-	-	30,480	25,225
Other	3,283	6,815	-	-	3,283	6,815
Interest and fiscal charges	4,368	4,526	-	-	4,368	4,526
Delinquent tax	-	-	1,187	1,497	1,187	1,497
Airport operations	-	-	27,716	26,482	27,716	26,482
Total expenses	191,115	177,521	28,903	27,979	220,018	205,500
Increase in net assets before transfers	2,442	5,119	8,767	7,359	11,209	12,478
Transfers	3,044	656	(3,044)	(656)	-	-
Increase in net assets	5,486	5,775	5,723	6,703	11,209	12,478
Net Assets, beginning of year	292,023	286,468	160,796	154,093	452,819	440,561
Net Assets, end of year	\$297,509	\$292,243	\$166,519	\$160,796	\$464,028	\$453,039

The County's net assets increased by \$11,209 during the current fiscal year. About 62.5 percent of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. In addition, approximately 37.5 percent of the growth is attributable to a one-time infusion of resources from capital grants for new airport construction.

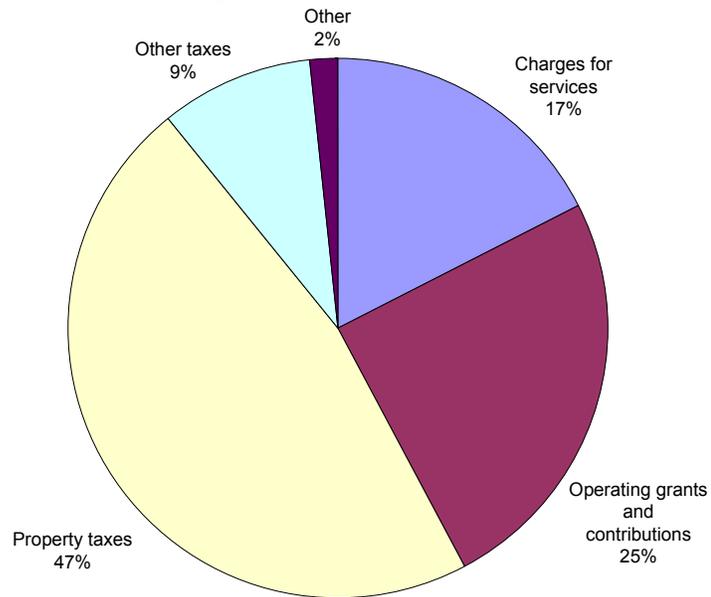
Governmental Activities. Governmental activities increased the County's net assets by \$5,486, thereby accounting for 48.9 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Property taxes increased by \$7,256 (8.6 percent) during the year. The increase was attributable to the growth in state taxable value discussed elsewhere.
- Due to declining interest rates, total unrestricted investment earnings decreased by \$1,476 (37.2 percent).

Expenses and Program Revenues - Governmental Activities

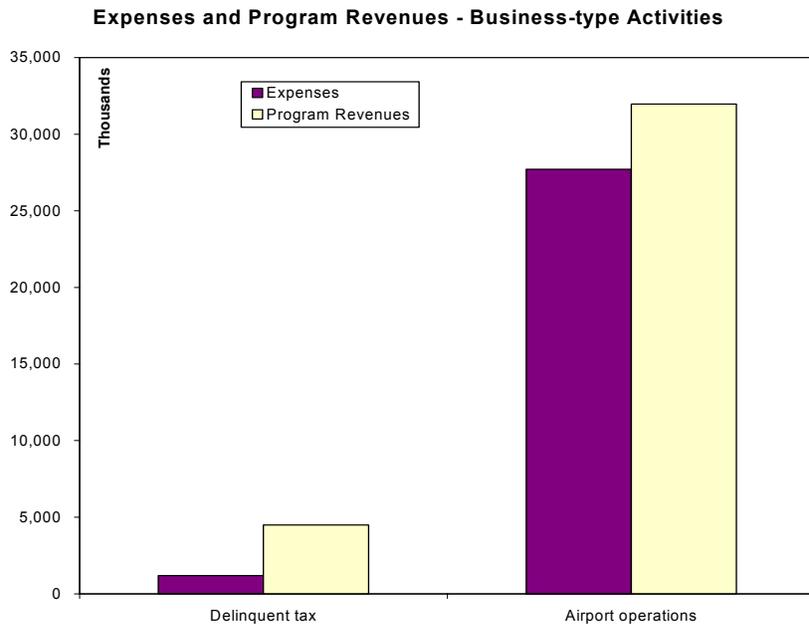


Revenues by Source - Governmental Activities

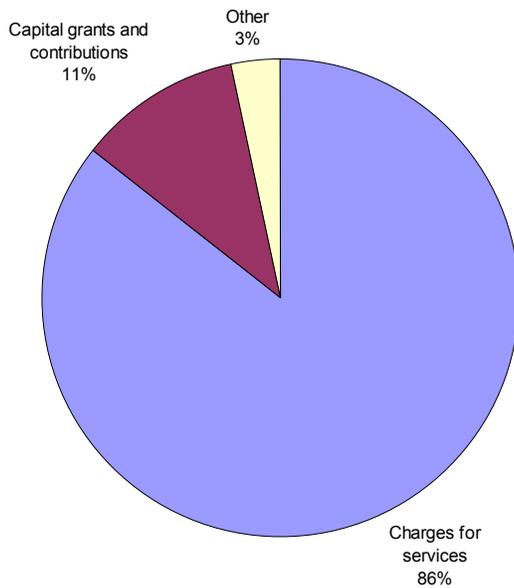


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities. Business-type activities increased the County’s net assets by \$5,723, accounting for 51.1 percent of the total growth in the government’s net assets. The key element of this increase was a capital grant for airport construction during the current fiscal year, producing \$4,202 in net assets.



Revenues by Source - Business-type Activities



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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$126,923, a decrease of \$21,867 in comparison with the prior year. 91.3 percent of this total amount (\$115,869) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to: 1) liquidate contracts and purchase orders of the prior period (\$1,149), 2) a long-term cash advance to the department of Aeronautics (\$9,775), 3) generate income to pay for the purchase and maintenance of animals at the zoo (\$92), 4) and inventories (\$38).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$28,953, while total fund balance amounted to \$85,516. As a measure of the general fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 26.1 percent of total general fund expenditures, while total fund balance represents 77.2 percent of that same amount.

The fund balance of the County's general fund decreased by \$12,662 during the current fiscal year. Key factors in this decrease are as follows:

- State revenue sharing decreased by \$1,372 (13.0 percent).
- General Fund interest income decreased by \$1,243 (41.1 percent).
- Transfers out for CIPs decreased by \$3,020 (12.8 percent).
- Transfers in increased by \$3,202 (29.1 percent).
- Transfers out decreased by \$17,189 (61.2 percent).

The debt service fund has a total fund balance of \$90. The net decrease in fund balance during the current year in the debt service fund was \$414.

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 \$15,621 and those for the Delinquent Tax Revolving Fund amounted to \$9,130. The Aeronautics Department had a total growth in net assets of \$4,947 while the Delinquent Tax Revolving Fund experienced an increase in net assets of \$1,089. 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

The differences between the original budget and final amended budget are \$2,189 (1.4% decrease in appropriations) and briefly summarized as follows:

- \$358 in miscellaneous increases in general government activities
- \$1,481 in increases in public safety primarily for an additional sergeant for the Sheriff Department and a new health prevention initiative in the Health Department
- \$82 in miscellaneous increases in cultural and recreation activities
- \$35 in miscellaneous increases in health and welfare activities
- \$2,130 in increases in judicial activities with the majority allocated to the new community mental health authority (CMH)
- \$16 in decreases in other activities
- \$6,260 in decreases for other financing which reflects the shifting of CMH to the judicial category as well as recognizing lower contributions to the Friend of the Court and Health Department

These additional amounts were funded out of decreases in various revenue accounts summarized as follows:

- \$828 in decreases in various intergovernmental charges with the most significant change occurring in state shared revenues
- \$2,437 in increases in various charges for services with the most significant change occurring in real estate transfer fees
- \$3,850 decrease in investment earnings due to a drop in invested cash and a general market decline in investment rates
- \$235 in increases in various contributions and reimbursements
- \$1,094 in decreases in various other financing sources with the majority coming from revised estimates for parking and building rental when a planned acquisition failed to be consummated

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2003 amounted to \$388,501 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, motor vehicles, drains, and zoo animals. The total increase in the County's investment in capital assets for the current fiscal year was 6.4 percent (a 12.2 percent increase for governmental activities and a 2.6 percent increase for business-type activities).

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

- Land and land improvements were acquired for use as a regional park at a cost of approximately \$9,400.
- Land was acquired at the airport at a cost of approximately \$9,700.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land	\$ 27,053	\$ 17,019	\$ 20,506	\$ 10,730	\$ 47,559	\$ 27,749
Construction in process	5,874	6,547	3,086	773	8,960	7,320
Land improvements	7,602	6,316	128,110	132,016	135,712	138,332
Buildings and improvements	113,356	111,980	67,551	70,539	180,907	182,519
Machinery and equipment	7,882	3,575	3,118	3,243	11,000	6,818
Office equipment	-	-	245	209	245	209
Motor vehicles	3,436	3,159	223	139	3,659	3,298
Infrastructure	433	5	-	-	433	5
Zoo animals	27	29	-	-	27	29
Total	\$165,663	\$148,630	\$222,839	\$217,649	\$388,502	\$366,279

Additional information on the County's capital assets can be found in Note F on pages 67-70 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$332,107. The total bonded debt does not include \$800 in outstanding bonds of the road commission for which the County is not responsible. Of this amount, \$262,577 comprises debt backed by the full faith and credit of the government and \$17,287 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. 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	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Primary Government						
Limited tax pledge bonds	\$ 88,190	\$ 91,930	\$ 96,222	\$ 99,508	\$184,412	\$191,438
Revenue bonds	-	-	52,975	54,085	52,975	54,085
Component Units						
Limited tax pledge bonds	-	-	78,165	85,835	78,165	85,835
Special assessment debt with governmental commitment	16,555	17,287	-	-	16,555	17,287
Total	\$104,745	\$109,217	\$227,362	\$239,428	\$332,107	\$348,645

The County's total debt decreased by \$16,538 (4.7 percent) during the current fiscal year. The net decrease was attributable to regular scheduled payments on long-term debt.

The County maintains a “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 “A-” 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 “Aaa.”

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$1,991,937, 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 G on pages 71-76.

Economic Factors and Next Year’s Budget and Rates

- The unemployment rate for the County as of December 2003 was 7.4 percent, which is an increase from a rate of 5.8 percent a year ago. This is comparable to the state’s average unemployment rate of 7.1 percent.
- Inflationary trends in the region compare favorably to national indices.

The County considered these factors in preparing the County’s budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$75,688. The County has appropriated \$7,101 of this amount for spending in the 2004 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 2004 fiscal year.

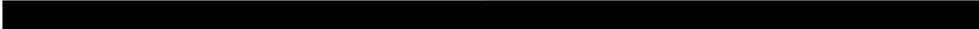
Requests for Information

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, should be addressed to the Fiscal Services Director, County Administration Building, 300 Monroe Avenue N.W., Grand Rapids, Michigan 49503-2221.

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**Government-Wide
Financial Statements**



County of Kent, Michigan
Government-Wide Financial Statements
Statement of Net Assets

<i>December 31, 2003</i>	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash, investments and accrued interest (Note D)	\$ 123,457,522	\$ 85,947,423	\$ 209,404,945	\$ 68,242,514
Receivables, net of allowance for uncollectibles:				
Accounts	4,015,347	1,714,515	5,729,862	12,192,445
Property taxes	83,535,934	9,787,808	93,323,742	-
Special assessments, current	-	-	-	1,160,432
Intergovernmental	11,769,366	14,520	11,783,886	1,785,975
Internal balances (Note E)	3,582,058	(383,635)	3,198,423	-
Due from component units (Note E)	1,301,405	-	1,301,405	-
Due from primary government (Note E)	-	-	-	225,617
Prepaid expenses	24,839	23,380	48,219	475,247
Inventories	37,466	22,825	60,291	1,621,053
Restricted assets:				
Cash, investments and accrued interest (Note D)	-	8,680,536	8,680,536	14,807,856
Accounts receivable	-	301,817	301,817	-
Contracts and special assessments receivable	-	-	-	27,183,883
Other assets	4,477	370,321	374,798	9,640,265
Long-term advance (Note E)	9,775,000	-	9,775,000	-
Land and construction in process (Note F)	32,926,742	23,591,160	56,517,902	3,678,589
Capital assets, net of accumulated depreciation (Note F)	132,735,558	199,247,459	331,983,017	283,283,960
Total Assets	403,165,714	329,318,129	732,483,843	424,297,836

County of Kent, Michigan
Government-Wide Financial Statements
Statement of Net Assets

<i>December 31, 2003</i>	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Vouchers and accounts payable	\$ 7,441,969	\$ 702,257	\$ 8,144,226	\$ 11,745,507
Accrued liabilities	4,660,066	864,187	5,524,253	7,564,382
Intergovernmental payable	4,427	50,072	54,499	3,256,739
Due to primary government (Note E)	-	-	-	1,053,452
Due to component units (Note E)	223,373	-	223,373	-
Deferred revenue	652,931	-	652,931	131,324
Payable from restricted assets (Notes D and G):				
Accrued interest	-	2,210,127	2,210,127	534,969
Bonds, notes and contracts	-	2,205,000	2,205,000	8,410,000
Long-term advance (Note E)	-	9,775,000	9,775,000	-
Noncurrent liabilities (Note G):				
Due within one year	5,373,086	20,000,000	25,373,086	2,706,527
Due in more than one year	87,301,293	126,992,261	214,293,554	97,033,095
Total Liabilities	105,657,145	162,798,904	268,456,049	132,435,995
Net Assets				
Invested in capital assets, net of related debt	77,472,300	133,911,679	211,383,979	204,039,794
Restricted for:				
Capital projects	1,693,643	-	1,693,643	-
Public safety	7,797,662	-	7,797,662	-
Other purposes	8,606,230	1,244,419	9,850,649	-
Trust purposes	94,676	-	94,676	-
Perpetual care	-	-	-	232,092
Debt service	-	6,772,226	6,772,226	6,667,215
Unrestricted	201,844,058	24,590,901	226,434,959	80,922,740
Total Net Assets	\$ 297,508,569	\$ 166,519,225	\$ 464,027,794	\$ 291,861,841

See accompanying notes to basic financial statements.

County of Kent, Michigan

Government-Wide Financial Statements Statement of Activities

<i>Year ended December 31, 2003</i>	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs					
Primary Government					
Governmental activities:					
General government	\$ 33,506,964	\$ (3,025,512)	\$ 12,421,403	\$ 6,623,022	\$ -
Public safety	51,418,593	165,203	6,024,658	6,693,541	-
Health and welfare	52,788,496	2,146,447	3,630,823	24,038,634	-
Cultural and recreational	15,269,755	93,814	1,895,528	68,500	-
Judicial	30,480,135	620,048	9,711,672	7,257,989	-
Other	3,282,896	-	-	3,141,608	-
Interest and fiscal charges	4,368,513	-	77,598	-	-
Total governmental activities	191,115,352	-	33,761,682	47,823,294	-
Business-type activities:					
Delinquent tax	1,187,015	-	4,486,114	-	-
Airport operations	27,715,354	-	27,761,819	-	4,202,457
Total business-type activities	28,902,369	-	32,247,933	-	4,202,457
Total Primary Government	\$ 220,017,721	\$ -	\$ 66,009,615	\$ 47,823,294	\$ 4,202,457
Component Units					
Road Commission	\$ 48,112,767	\$ -	\$ 215,536	\$ 49,322,033	\$ 3,928,557
Department of Public Works	40,584,217	-	43,380,362	-	-
Kent County CMH Authority	91,535,807	-	1,262,700	89,289,309	-
Other	8,786,228	-	-	6,851,366	1,089,536
Total Component Units	\$ 189,019,019	\$ -	\$ 44,858,598	\$ 145,462,708	\$ 5,018,093
General revenues:					
Property taxes levied for general purposes					
Property taxes levied for correctional facility					
Property taxes levied for senior services					
Other taxes					
Other					
Unrestricted investment earnings					
Gain on sale of capital assets					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net Assets, beginning of year					
Net Assets, end of year					

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (11,437,027)	\$ -	\$ (11,437,027)	\$ -
(38,865,597)	-	(38,865,597)	-
(27,265,486)	-	(27,265,486)	-
(13,399,541)	-	(13,399,541)	-
(14,130,522)	-	(14,130,522)	-
(141,288)	-	(141,288)	-
(4,290,915)	-	(4,290,915)	-
(109,530,376)	-	(109,530,376)	-
-	3,299,099	3,299,099	-
-	4,248,922	4,248,922	-
-	7,548,021	7,548,021	-
(109,530,376)	7,548,021	(101,982,355)	-
-	-	-	5,353,359
-	-	-	2,796,145
-	-	-	(983,798)
-	-	-	(845,326)
-	-	-	6,320,380
73,527,219	-	73,527,219	-
13,505,087	-	13,505,087	-
4,181,843	-	4,181,843	-
17,307,373	-	17,307,373	-
960,465	-	960,465	213,175
2,489,511	1,162,470	3,651,981	1,466,038
-	57,059	57,059	139,454
3,044,414	(3,044,414)	-	-
115,015,912	(1,824,885)	113,191,027	1,818,667
5,485,536	5,723,136	11,208,672	8,139,047
292,023,033	160,796,089	452,819,122	283,722,794
\$ 297,508,569	\$ 166,519,225	\$ 464,027,794	\$ 291,861,841

See accompanying notes to basic financial statements.

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Fund Financial Statements



County of Kent, Michigan

Governmental Funds Balance Sheet

<i>December 31, 2003</i>	General	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds
		Health	Child Care			
Assets						
Cash, investments and accrued interest (Note D)	\$ 73,959,476	\$ 887,326	\$ -	\$ 42,885,685	\$ 117,732,487	
Receivables, net of allowance for uncollectibles						
Accounts	223,381	426,940	-	3,192,578	3,842,899	
Property taxes	63,081,649	-	-	19,073,066	82,154,715	
Delinquent taxes	1,381,219	-	-	-	1,381,219	
Intergovernmental	7,258,377	-	2,963,461	1,525,607	11,747,445	
Due from other funds (Note E)	13,416,119	2,850	3,785,363	4,246,338	21,450,670	
Due from component units (Note E)	1,168,221	-	-	-	1,168,221	
Inventories	-	-	-	37,466	37,466	
Other assets	-	-	-	4,477	4,477	
Long-term advances (Note E)	9,775,000	-	-	-	9,775,000	
Total Assets	\$ 170,263,442	\$ 1,317,116	\$ 6,748,824	\$ 70,965,217	\$ 249,294,599	

County of Kent, Michigan

Governmental Funds Balance Sheet

<i>December 31, 2003</i>	Special Revenue Funds			Other	Total
	General	Health	Child Care	Governmental Funds	Governmental Funds
Liabilities and Fund Balances					
Liabilities					
Vouchers and accounts payable	\$ 4,950,685	\$ 622,915	\$ 171,897	\$ 1,497,006	\$ 7,242,503
Accrued liabilities	3,397,456	408,871	176,490	322,633	4,305,450
Due to other governments	-	-	-	4,427	4,427
Due to other funds (Note E)	6,178,170	232,650	6,382,307	4,345,358	17,138,485
Due to component units (Note E)	223,373	-	-	-	223,373
Deferred revenue	69,997,982	44,567	-	23,415,238	93,457,787
Total liabilities	84,747,666	1,309,003	6,730,694	29,584,662	122,372,025
Fund balances					
Reserved for:					
Encumbrances	52,764	8,113	-	1,088,305	1,149,182
Inventories	-	-	-	37,466	37,466
Long-term advances (Note E)	9,775,000	-	-	-	9,775,000
Trust purposes	-	-	-	92,264	92,264
Unreserved, designated (Note M):					
Reported in General Fund	46,735,010	-	-	-	46,735,010
Reported in Special Revenue Funds	-	-	-	7,220,204	7,220,204
Reported in Capital Projects Funds	-	-	-	1,369,421	1,369,421
Unreserved, undesignated:					
Reported in General Fund	28,953,002	-	-	-	28,953,002
Reported in Special Revenue Funds	-	-	18,130	13,146,043	13,164,173
Reported in Debt Service Funds	-	-	-	89,841	89,841
Reported in Capital Projects Funds	-	-	-	18,337,011	18,337,011
Total fund balances	85,515,776	8,113	18,130	41,380,555	126,922,574
Total Liabilities and Fund Balances	\$ 170,263,442	\$ 1,317,116	\$ 6,748,824	\$ 70,965,217	\$ 249,294,599

See accompanying notes to basic financial statements.

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County of Kent, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

December 31, 2003

Total fund balances - total governmental funds (from page 25)	\$ 126,922,574
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 funds. These assets consist of:	
Capital assets, at cost	212,204,483
Accumulated depreciation	<u>(46,542,183)</u>
Net capital assets	165,662,300
Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds. These assets consist of:	
Deferred revenues	90,488,825
Loans receivable	2,316,031
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	4,601,656
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2003 were:	
Bonds payable	(88,190,000)
Compensated absences	(3,028,695)
Accrued interest on bonds	(354,616)
Transfers made between separate reporting units with fiscal years which do not coincide with the County's fiscal year do not eliminate. These timing differences are reported in internal balances of governmental activities in the statement of net assets.	
	<u>(909,506)</u>
Net Assets of Governmental Activities	<u>\$ 297,508,569</u>

See accompanying notes to basic financial statements.

County of Kent, Michigan

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended December 31, 2003</i>	Special Revenue Funds			Other	Total
	General	Health	Child Care	Governmental Funds	Governmental Funds
Revenues					
Taxes	\$ 69,369,007	\$ -	\$ -	\$ 21,180,173	\$ 90,549,180
Intergovernmental	20,842,550	11,035,848	11,102,777	21,482,025	64,463,200
Licenses and permits	131,013	1,249,362	-	-	1,380,375
Charges for services	18,693,432	1,429,723	779,099	2,770,321	23,672,575
Fines and forfeitures	-	127,299	-	339,450	466,749
Investment earnings	1,783,016	-	-	634,365	2,417,381
Contributions and reimbursements	6,123,731	1,813,710	41,103	545,194	8,523,738
Other	4,249,367	-	-	-	4,249,367
Total revenues	121,192,116	15,655,942	11,922,979	46,951,528	195,722,565
Expenditures					
Current:					
General government	33,939,761	-	-	6,077,009	40,016,770
Public safety	47,581,072	-	-	4,027,853	51,608,925
Health and welfare	2,130,632	23,565,033	25,883,240	4,164,858	55,743,763
Cultural and recreation	4,130,207	-	-	10,282,750	14,412,957
Judicial	21,465,558	-	-	7,953,417	29,418,975
Other	1,513,165	-	-	-	1,513,165
Debt service:					
Principal	-	-	-	3,740,000	3,740,000
Interest and other charges	-	-	-	4,382,305	4,382,305
Capital outlay	-	-	-	18,984,914	18,984,914
Total expenditures	110,760,395	23,565,033	25,883,240	59,613,106	219,821,774
Excess (deficiency) of revenues over expenditures	10,431,721	(7,909,091)	(13,960,261)	(12,661,578)	(24,099,209)

County of Kent, Michigan

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended December 31, 2003</i>	Special Revenue Funds			Other	Total
	General	Health	Child Care	Governmental Funds	Governmental Funds
Other Financing Sources (Uses)					
Proceeds from sale of fixed assets	\$ 175,702	\$ -	\$ -	\$ 8,746	\$ 184,448
Interfund transfers in	14,208,113	7,584,662	13,968,202	20,192,484	55,953,461
Interfund transfers out	(37,477,825)	-	-	(16,427,905)	(53,905,730)
Total other financing sources (uses)	(23,094,010)	7,584,662	13,968,202	3,773,325	2,232,179
Net change in fund balances	(12,662,289)	(324,429)	7,941	(8,888,253)	(21,867,030)
Fund Balances, beginning of year	98,178,065	332,542	10,189	50,268,808	148,789,604
Fund Balances, end of year	\$ 85,515,776	\$ 8,113	\$ 18,130	\$ 41,380,555	\$ 126,922,574

See accompanying notes to basic financial statements.

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County of Kent, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended December 31, 2003

Net change in fund balances - total governmental funds (from page 29)	\$ (21,867,030)
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense. This is the amount by which capital outlays (\$22,801,657) exceed depreciation (\$5,456,771) in the current period.	17,344,886
In the statement of activities, only the gain on the sale of property and equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the property sold.	(311,748)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred revenues	4,943,987
Loans receivable	67,544
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	3,740,000
Some expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.	
Accrued interest	13,792
Compensated absences	(79,700)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported in governmental activities.	637,122
Transfers made between separate reporting units with fiscal years which do not coincide with the County's fiscal year do not eliminate. These timing differences are reclassified to internal balances on the statement of net assets.	996,683
Change in Net Assets of Governmental Activities	<u>\$ 5,485,536</u>

See accompanying notes to basic financial statements.

County of Kent, Michigan

General Fund

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

<i>Year Ended December 31, 2003</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2002 Actual
Revenues					
Taxes	\$ 69,528,600	\$ 69,528,600	\$ 69,369,007	\$ (159,593)	\$ 65,659,888
Intergovernmental	21,569,512	20,741,493	20,842,550	101,057	21,484,010
Licenses and permits	140,841	140,841	131,013	(9,828)	116,732
Charges for services	15,075,951	17,512,451	18,693,432	1,180,981	16,161,917
Investment earnings	5,450,000	1,600,000	1,783,016	183,016	3,025,733
Contributions and reimbursements	6,731,068	6,966,327	6,123,731	(842,596)	7,026,931
Other	5,596,905	4,503,025	4,249,367	(253,658)	3,754,907
Total revenues	124,092,877	120,992,737	121,192,116	199,379	117,230,118
Expenditures					
Current:					
General government	37,163,579	37,522,042	33,939,761	3,582,281	31,734,502
Public safety	46,431,084	47,912,371	47,581,072	331,299	43,241,760
Health and welfare	2,093,395	2,128,395	2,130,632	(2,237)	1,837,245
Cultural and recreation	4,400,760	4,483,052	4,130,207	352,845	3,884,104
Judicial	19,683,345	21,813,145	21,465,558	347,587	17,398,524
Other	1,759,663	1,744,049	1,513,165	230,884	1,496,783
Total expenditures	111,531,826	115,603,054	110,760,395	4,842,659	99,592,918
Excess of revenues over expenditures	12,561,051	5,389,683	10,431,721	5,042,038	17,637,200
Other Financing Sources (Uses)					
Proceeds from sale of fixed assets	-	-	175,702	175,702	401,402
Interfund transfers in	13,700,000	13,938,800	14,208,113	269,313	11,005,705
Interfund transfers out	(44,987,178)	(38,727,059)	(37,477,825)	1,249,234	(51,646,201)
Total other financing sources (uses)	(31,287,178)	(24,788,259)	(23,094,010)	1,694,249	(40,239,094)
Net change in fund balances	(18,726,127)	(19,398,576)	(12,662,289)	6,736,287	(22,601,894)
Fund Balance, beginning of year	98,178,065	98,178,065	98,178,065	-	120,779,959
Fund Balance, end of year	\$ 79,451,938	\$ 78,779,489	\$ 85,515,776	\$ 6,736,287	\$ 98,178,065

See accompanying notes to basic financial statements.

County of Kent, Michigan

Health Special Revenue Fund

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

<i>Year Ended September 30, 2003</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2002 Actual
Revenues					
Intergovernmental	\$ 11,306,997	\$ 11,272,680	\$ 11,035,848	\$ (236,832)	\$ 12,536,012
Licenses and permits	1,165,147	1,303,208	1,249,362	(53,846)	1,182,897
Charges for service	1,476,651	1,590,470	1,429,723	(160,747)	1,230,464
Fines and forfeitures	80,000	127,447	127,299	(148)	105,031
Contributions and reimbursements	1,760,791	1,992,693	1,813,710	(178,983)	1,759,188
Total revenues	15,789,586	16,286,498	15,655,942	(630,556)	16,813,592
Expenditures					
Current:					
Health and welfare	26,238,861	26,102,434	23,565,033	2,537,401	24,636,847
Deficiency of revenues over expenditures	(10,449,275)	(9,815,936)	(7,909,091)	1,906,845	(7,823,255)
Other Financing Source					
Interfund transfers in	10,449,275	9,815,936	7,584,662	(2,231,274)	7,470,877
Net change in fund balances	-	-	(324,429)	(324,429)	(352,378)
Fund Balance, beginning of year	332,542	332,542	332,542	-	684,920
Fund Balance, end of year	\$ 332,542	\$ 332,542	\$ 8,113	\$ (324,429)	\$ 332,542

See accompanying notes to basic financial statements.

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County of Kent, Michigan

Child Care Special Revenue Fund

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

<i>Year Ended September 30, 2003</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2002 Actual
Revenues					
Intergovernmental	\$ 13,783,195	\$ 13,790,195	\$ 11,102,777	\$ (2,687,418)	\$ 10,166,635
Charges for service	276,000	276,000	779,099	503,099	361,833
Contributions and reimbursements	152,500	155,700	41,103	(114,597)	14,561
Total revenues	14,211,695	14,221,895	11,922,979	(2,298,916)	10,543,029
Expenditures					
Current:					
Health and welfare	27,781,712	27,796,150	25,883,240	1,912,910	22,879,584
Deficiency of revenues over expenditures	(13,570,017)	(13,574,255)	(13,960,261)	(386,006)	(12,336,555)
Other Financing Source					
Interfund transfers in	13,570,117	13,577,117	13,968,202	391,085	11,382,442
Net change in fund balances	100	2,862	7,941	5,079	(954,113)
Fund Balance, beginning of year	10,189	10,189	10,189	-	964,302
Fund Balance, end of year	\$ 10,289	\$ 13,051	\$ 18,130	\$ 5,079	\$ 10,189

See accompanying notes to basic financial statements.

County of Kent, Michigan

Proprietary Funds Statement of Net Assets

<i>December 31, 2003</i>	Business-Type Activities - Enterprise Funds			Governmental
	Aeronautics	Delinquent	Total	Activities -
	Department	Tax Revolving		Internal
				Service Funds
Assets				
Current assets				
Cash, investments and accrued interest (Note D)	\$ 25,116,173	\$ 60,831,250	\$ 85,947,423	\$ 5,725,035
Accounts receivable	1,714,515	-	1,714,515	172,448
Taxes receivable	-	9,787,808	9,787,808	-
Due from other funds (Note E)	-	-	-	19,135
Due from other governments	-	14,520	14,520	21,921
Prepaid expenses	23,380	-	23,380	24,839
Restricted assets:				
Cash, investments and accrued interest (Note D)	5,839,550	-	5,839,550	-
Accounts receivable	301,817	-	301,817	-
Inventories	22,825	-	22,825	-
Total current assets	33,018,260	70,633,578	103,651,838	5,963,378
Noncurrent assets				
Restricted assets:				
Cash, investments and accrued interest (Note D)	2,840,986	-	2,840,986	-
Land and construction in process (Note F)	23,591,160	-	23,591,160	-
Capital assets, net of accumulated depreciation (Note F)	199,247,459	-	199,247,459	-
Deferred bond issue costs	370,321	-	370,321	-
Total noncurrent assets	226,049,926	-	226,049,926	-
Total Assets	259,068,186	70,633,578	329,701,764	5,963,378

County of Kent, Michigan

Proprietary Funds Statement of Net Assets

<i>December 31, 2003</i>	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Aeronautics Department	Delinquent Tax Revolving	Total	Internal Service Funds
Liabilities				
Current liabilities				
Vouchers and accounts payable	\$ 677,316	\$ 24,941	\$ 702,257	\$ 199,466
Accrued liabilities	803,423	60,764	864,187	-
Current portion of long-term debt (Notes E, G and K)	799,186	20,000,000	20,799,186	1,114,643
Due to other funds (Note E)	-	223,391	223,391	-
Due to other governments	-	50,072	50,072	-
Payable from restricted assets:				
Accrued interest	2,210,127	-	2,210,127	-
Current portion of revenue bonds payable (Note G)	2,205,000	-	2,205,000	-
Total current liabilities	6,695,052	20,359,168	27,054,220	1,314,109
Noncurrent liabilities, net of current portion				
Long-term advance, less current maturity (Note E)	8,975,814	-	8,975,814	-
Revenue bonds payable (Note G)	87,092,261	-	87,092,261	-
General obligation bonds payable (Note G)	-	39,900,000	39,900,000	-
Insurance reserves (Note K)	-	-	-	341,041
Total noncurrent liabilities	96,068,075	39,900,000	135,968,075	341,041
Total Liabilities	102,763,127	60,259,168	163,022,295	1,655,150
Net Assets				
Invested in capital assets, net of related debt	133,911,679	-	133,911,679	-
Restricted for debt service	6,772,226	-	6,772,226	-
Restricted for foreclosed property expenses	-	1,244,419	1,244,419	-
Unrestricted	15,621,154	9,129,991	24,751,145	4,308,228
Total Net Assets	\$ 156,305,059	\$ 10,374,410	166,679,469	\$ 4,308,228
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(160,244)	
Net Assets of Business-Type Activities			\$ 166,519,225	

See accompanying notes to the basic financial statements.

County of Kent, Michigan

Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets

<i>Year ended December 31, 2003</i>	Business-Type Activities - Enterprise Funds			Governmental
	Aeronautics	Delinquent	Total	Activities -
	Department	Tax Revolving		Internal
				Service Funds
Operating Revenues				
Charges for services	\$ 25,075,143	\$ 1,438,681	\$ 26,513,824	\$ 4,971,773
Interest and penalties	-	1,906,739	1,906,739	-
Collection fees	-	837,570	837,570	-
Auction proceeds, net	-	303,124	303,124	-
Other	-	-	-	-
Total operating revenues	25,075,143	4,486,114	29,561,257	4,971,773
Operating Expenses				
Personnel services	6,507,669	-	6,507,669	680,653
Materials and supplies	612,039	-	612,039	-
Contractual services	6,082,009	246,675	6,328,684	109,785
Benefit payments and refunds	-	-	-	4,224,599
Depreciation	9,647,394	-	9,647,394	-
Other	-	118,517	118,517	920,991
Total operating expenses	22,849,111	365,192	23,214,303	5,936,028
Operating income (loss)	2,226,032	4,120,922	6,346,954	(964,255)

County of Kent, Michigan

Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets

<i>Year ended December 31, 2003</i>	Business-Type Activities - Enterprise Funds			Governmental
	Aeronautics	Delinquent		Activities -
	Department	Tax Revolving	Total	Internal
				Service Funds
Nonoperating Revenues (Expenses)				
Investment earnings	\$ 328,475	\$ 833,995	\$ 1,162,470	\$ 72,129
Passenger facility charges	2,686,676	-	2,686,676	-
Gain on the sale of assets	57,059	-	57,059	-
Interest expense and charges	(4,553,407)	(821,823)	(5,375,230)	-
Net nonoperating revenues (expenses)	(1,481,197)	12,172	(1,469,025)	72,129
Income (loss) before contributions and transfers	744,835	4,133,094	4,877,929	(892,126)
Capital contributions	4,202,457	-	4,202,457	-
Transfers out	-	(3,044,414)	(3,044,414)	-
Change in net assets	4,947,292	1,088,680	6,035,972	(892,126)
Net Assets, beginning of year	151,357,767	9,285,730		5,200,354
Net Assets, end of year	\$ 156,305,059	\$ 10,374,410		\$ 4,308,228
Adjustment to reflect the current year effect for the consolidation of internal service fund activities related to enterprise funds.			(312,836)	
			\$ 5,723,136	

See accompanying notes to basic financial statements.

County of Kent, Michigan

Proprietary Funds Statement of Cash Flows

<i>Year ended December 31, 2003</i>	Business-Type Activities - Enterprise Funds			Governmental
	Aeronautics	Delinquent	Total	Activities -
	Department	Tax Revolving		Internal
				Service Funds
Cash Flows From (For) Operating Activities				
Receipts from customers	\$ 25,042,782	\$ 6,553,886	\$ 31,596,668	\$ 4,988,720
Payments to suppliers	(7,043,142)	-	(7,043,142)	(3,678)
Payments to employees	(6,153,067)	-	(6,153,067)	(680,653)
Benefit payments	-	-	-	(3,803,182)
Other payments	-	(341,237)	(341,237)	(921,718)
Payments for interfund services used	(407,695)	-	(407,695)	-
Net cash from (for) operating activities	11,438,878	6,212,649	17,651,527	(420,511)
Cash Flows For Capital and Related Financing Activities				
Proceeds from issuance of note payable	9,775,000	-	9,775,000	-
Capital contributions	4,202,457	-	4,202,457	-
Passenger facility charges	2,633,799	-	2,633,799	-
Proceeds from sale of capital assets	63,178	-	63,178	-
Purchase of capital assets	(14,789,967)	-	(14,789,967)	-
Principal paid on capital debt	(2,110,000)	-	(2,110,000)	-
Interest and agent fees paid on capital debt	(4,467,929)	-	(4,467,929)	-
Net cash for capital and related financing activities	(4,693,462)	-	(4,693,462)	-
Cash Flows For Noncapital and Related Financing Activities				
Proceeds from long-term debt	-	19,400,000	19,400,000	-
Interest paid on long-term debt	-	(821,443)	(821,443)	-
Transfers to other funds	-	(25,309,349)	(25,309,349)	-
Net cash for noncapital and related financing activities	-	(6,730,792)	(6,730,792)	-
Cash Flows From Investing Activity				
Investment earnings	328,475	833,995	1,162,470	72,129
Net Increase (Decrease) in Cash and Equivalents	7,073,891	315,852	7,389,743	(348,382)
Cash and Equivalents, beginning of year	26,722,818	60,515,398	87,238,216	6,073,417
Cash and Equivalents, end of year	\$ 33,796,709	\$ 60,831,250	\$ 94,627,959	\$ 5,725,035

County of Kent, Michigan

Proprietary Funds Statement of Cash Flows

<i>Year ended December 31, 2003</i>	Business-Type Activities - Enterprise Funds			Governmental
	Aeronautics Department	Delinquent Tax Revolving	Total	Activities - Internal Service Funds
	Displayed As			
Cash, investments and accrued interest	\$ 25,116,173	\$ 60,831,250	\$ 85,947,423	\$ 5,725,035
Current restricted cash, investments and accrued interest	5,839,550	-	5,839,550	-
Noncurrent restricted cash, investments and accrued interest	2,840,986	-	2,840,986	-
	\$ 33,796,709	\$ 60,831,250	\$ 94,627,959	\$ 5,725,035
Reconciliation of Operating Income to Net cash From (For)				
Operating Activities				
Operating income	\$ 2,226,032	\$ 4,120,922	\$ 6,346,954	\$ (964,255)
Adjustments to reconcile operating income to net cash from (for) operating activities:				
Depreciation expense	9,647,394	-	9,647,394	-
Changes in assets and liabilities:				
Accounts receivable	(179,991)	-	(179,991)	16,947
Taxes receivable	-	1,088,801	1,088,801	-
Due from other governmental units	-	26,185	26,185	-
Inventory	1,970	-	1,970	-
Prepaid expenses and other	13,025	-	13,025	(727)
Vouchers and contracts payable	(357,898)	23,954	(333,944)	106,107
Due to other governmental units	-	26,011	26,011	-
Accrued liabilities and other	88,346	-	88,346	-
Insurance reserve	-	-	-	421,417
Interfunds	-	926,776	926,776	-
Net Cash From (For) Operating Activities	\$ 11,438,878	\$ 6,212,649	\$ 17,651,527	\$ (420,511)

See accompanying notes to basic financial statements.

County of Kent, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets

<i>December 31, 2003</i>	Trust Funds			Agency Funds
	Pension Trust Fund	Investment Trust Fund	Private-Purpose Trust Fund	
Assets				
Cash, investments and accrued interest (Note D)	\$ 1,802,851	\$ 41,488,074	\$ 6,533	\$ 6,663,360
Accounts receivable	619,955	-	-	-
Investments, at fair value (Note D):				
Government obligations	51,516,098	-	-	-
Government agency obligations	81,416,099	-	-	-
Corporate obligations	87,778,020	-	-	-
Common stock	155,182,982	-	-	-
Foreign obligations	1,422,397	-	-	-
Money market funds	41,617,685	-	-	-
Equity index funds	55,527,613	-	-	-
Pooled funds	27,733,405	-	-	-
Total Assets	504,617,105	41,488,074	6,533	\$ 6,663,360
Liabilities				
Vouchers and accounts payable	-	-	-	\$ 1,224,299
Due to brokers	75,683	-	-	-
Liability under securities lending (Note O)	56,468,553	-	-	-
Due to other governmental units	-	-	-	933,572
Undistributed collections	-	-	-	4,505,489
Total Liabilities	56,544,236	-	-	\$ 6,663,360
Net Assets				
Held in trust for:				
Employees' pension benefits	448,072,869	-	-	
Investment pool participants	-	41,488,074	-	
Individuals and organizations	-	-	6,533	
Total Net Assets	\$ 448,072,869	\$ 41,488,074	\$ 6,533	

See accompanying notes to basic financial statements.

County of Kent, Michigan
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets

<i>Year ended December 31, 2003</i>	Pension Trust Fund	Investment Trust Fund	Private-Purpose Trust Fund
Additions			
Contributions:			
Employer	\$ 2,408,141	\$ -	\$ -
Plan members	3,586,309	-	-
Purchase by participants	-	22,361,027	-
Total contributions and other	5,994,450	22,361,027	-
Investment income (loss):			
Net increase in fair value of investments	60,857,946	-	-
Interest	11,538,754	703,957	104
Dividends	1,659,374	-	-
Total investment income	74,056,074	703,957	104
Less investment expense	967,538	-	-
Net investment income	73,088,536	703,957	104
Total Additions	79,082,986	23,064,984	104
Deductions			
Benefit payments	14,869,749	-	-
Transfer to Kent County CMH Authority (Note B)	8,145,303	-	-
Administrative expenses	155,237	-	129
Refunds of contributions	207,247	-	-
Redemption by participants	-	21,911,330	-
Total Deductions	23,377,536	21,911,330	129
Change in net assets	55,705,450	1,153,654	(25)
Net Assets, beginning of year	392,367,419	40,334,420	6,558
Net Assets, end of year	\$ 448,072,869	\$ 41,488,074	\$ 6,533

See accompanying notes to basic financial statements.

County of Kent, Michigan
Component Units
Combining Statement of Net Assets

<i>December 31, 2003</i>	Road Commission	Department of Public Works	Kent County CMH Authority
Assets			
Cash, investments and accrued interest (Note D)	\$ 20,905,214	\$ 27,922,738	\$ 15,979,614
Receivables, net of allowances for uncollectibles:			
Accounts	6,483,308	5,317,904	391,221
Special assessments, current	-	-	-
Intergovernmental	-	-	1,438,969
Due from primary government (Note E)	-	-	2,244
Prepaid expenses	300,371	80,932	93,944
Inventories	1,178,225	442,828	-
Restricted assets:			
Cash, investments and accrued interest (Note D)	-	14,807,856	-
Special assessments, long-term	-	-	-
Contracts receivable	-	12,250,000	-
Other assets	65,800	9,226,810	-
Capital assets, net of accumulated depreciation (Note F)	212,085,205	57,782,458	292,756
Total Assets	241,018,123	127,831,526	18,198,748
Liabilities			
Vouchers and accounts payable	1,254,275	2,459,515	8,003,738
Accrued liabilities	3,724,857	1,826,979	1,815,113
Due to other governments	1,027,768	461,479	1,496,751
Due to primary government (Note E)	-	133,184	283,256
Deferred revenue	-	-	-
Payable from restricted assets:			
Accrued interest	-	534,969	-
Bonds, notes and contracts (Note G)	-	8,410,000	-
Noncurrent liabilities:			
Due within one year (Note G)	1,224,327	379,000	-
Due in more than one year (Note G)	3,111,726	78,469,159	-
Total Liabilities	10,342,953	92,674,285	11,598,858
Net Assets			
Invested in capital assets, net of related debt	211,285,205	(8,132,542)	292,756
Restricted for debt service	-	6,399,997	-
Restricted for perpetual care	-	232,092	-
Unrestricted	19,389,965	36,657,694	6,307,134
Total Net Assets	\$230,675,170	\$ 35,157,241	\$ 6,599,890

Drain Commission			
Silver Creek	Grand River		
Drains	Floodwalls	Nonmajor	Total
\$ 29,052	\$ 1,553,590	\$ 1,852,306	\$ 68,242,514
-	-	12	12,192,445
430,000	455,000	275,432	1,160,432
-	-	347,006	1,785,975
-	-	223,373	225,617
-	-	-	475,247
-	-	-	1,621,053
-	-	-	14,807,856
4,905,000	9,990,000	38,883	14,933,883
-	-	-	12,250,000
347,655	-	-	9,640,265
4,564,315	9,551,661	2,686,154	286,962,549
10,276,022	21,550,251	5,423,166	424,297,836
911	-	27,068	11,745,507
61,983	115,634	19,816	7,564,382
-	-	270,741	3,256,739
68,218	-	568,794	1,053,452
-	-	131,324	131,324
-	-	-	534,969
-	-	-	8,410,000
430,000	455,000	218,200	2,706,527
5,260,000	9,990,000	202,210	97,033,095
5,821,112	10,560,634	1,438,153	132,435,995
(778,030)	(893,339)	2,265,744	204,039,794
-	259,531	7,687	6,667,215
-	-	-	232,092
5,232,940	11,623,425	1,711,582	80,922,740
\$ 4,454,910	\$ 10,989,617	\$ 3,985,013	\$ 291,861,841

See accompanying notes to basic financial statements.

County of Kent, Michigan

Component Units Combining Statement of Activities

<i>Year ended December 31, 2003</i>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Highways and streets	\$ 48,096,367	\$ 215,536	\$ 49,322,033	\$ 3,928,557
Interest expense	16,400	-	-	-
Total Road Commission	48,112,767	215,536	49,322,033	3,928,557
Department of Public Works				
Public works	37,125,120	43,380,362	-	-
Interest expense	3,459,097	-	-	-
Total Department of Public Works	40,584,217	43,380,362	-	-
Kent County CMH Authority				
Health and welfare	91,535,807	1,262,700	89,289,309	-
Silver Creek Drains				
Drains	377,270	-	-	143,764
Interest expense	367,750	-	-	-
Total Silver Creek Drains	745,020	-	-	143,764
Grand River Floodwalls				
Drains and floodwalls	584,345	-	-	527,946
Interest expense	477,624	-	-	-
Total Grand River Floodwalls	1,061,969	-	-	527,946
Nonmajor Component Units				
Health and welfare	6,729,049	-	6,699,639	-
Drains	224,869	-	151,727	417,826
Interest expense	25,321	-	-	-
Total nonmajor component units	6,979,239	-	6,851,366	417,826
Total Component Units	\$ 189,019,019	\$ 44,858,598	\$ 145,462,708	\$ 5,018,093

General revenues:
Unrestricted investment earnings
Gain on sale of capital assets
Other
Total general revenues
Change in net assets
Net Assets, beginning of year
Net Assets, end of year

Net (Expense) Revenue and
Changes in Net Assets

	Road Commission	Department of Public Works	Kent County CMH Authority	Drain Commission		Nonmajor	Total
				Silver Creek Drains	Grand River Floodwalls		
\$	5,369,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,369,759
	(16,400)	-	-	-	-	-	(16,400)
	5,353,359	-	-	-	-	-	5,353,359
	-	6,255,242	-	-	-	-	6,255,242
	-	(3,459,097)	-	-	-	-	(3,459,097)
	-	2,796,145	-	-	-	-	2,796,145
	-	-	(983,798)	-	-	-	(983,798)
	-	-	-	(233,506)	-	-	(233,506)
	-	-	-	(367,750)	-	-	(367,750)
	-	-	-	(601,256)	-	-	(601,256)
	-	-	-	-	(56,399)	-	(56,399)
	-	-	-	-	(477,624)	-	(477,624)
	-	-	-	-	(534,023)	-	(534,023)
	-	-	-	-	-	(29,410)	(29,410)
	-	-	-	-	-	344,684	344,684
	-	-	-	-	-	(25,321)	(25,321)
	-	-	-	-	-	289,953	289,953
	423,635	687,027	329,175	12,925	13,276	-	1,466,038
	123,547	15,907	-	-	-	-	139,454
	-	213,175	-	-	-	-	213,175
	547,182	916,109	329,175	12,925	13,276	-	1,818,667
	5,900,541	3,712,254	(654,623)	(588,331)	(520,747)	289,953	8,139,047
	224,774,629	31,444,987	7,254,513	5,043,241	11,510,364	3,695,060	283,722,794
\$	230,675,170	\$ 35,157,241	\$ 6,599,890	\$ 4,454,910	\$ 10,989,617	\$ 3,985,013	\$ 291,861,841

See accompanying notes to basic financial statements.

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County of Kent, Michigan

Notes to Basic Financial Statements

A. Description of the County

Kent County (the County) 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 administrative services.

The Friend of the Court, Health, Child Care, Veterans' Trust and Special Projects – Fiscal Year-End Special Revenue Funds as well as the CMH Authority discretely presented component unit are maintained and included in the accompanying financial statements on a September 30 fiscal year basis. Community Development Special Revenue Fund and the Housing Commission discretely presented component unit are maintained and included on a June 30 fiscal year basis. These funds adopted a different fiscal year to be consistent with the fiscal period of their grantor agencies.

B. Summary of Significant Accounting Policies

The Reporting Entity

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable.

The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships to the County.

- Kent County Building Authority
- Kent County Road Commission
- Kent County Department of Public Works
- Kent County CMH Authority
- Kent County Drain Commission
- Kent County Housing Commission
- Kent County Family Independence Agency

Blended Component Units

Entities whose governing bodies are substantially the same as the governing body of the primary government, or those which provide services entirely, or virtually entirely, for the benefit of the primary government, are disclosed as blended component units.

The *Kent County Building Authority* is blended in the Debt Service and Capital Projects Funds because its sole purpose is to finance and construct the County's public buildings. A separate report is not prepared for the Building Authority.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Kent County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Kent County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The *Kent County Road Commission* is responsible for the maintenance and construction of the County road system. The County is a direct beneficiary of the services provided. The County exercises effective control of the Road Commission because its members are appointed by the Kent County Board of Commissioners. Complete financial statements can be obtained from the Road Commission's administrative office.

The *Department of Public Works* provides the following services: 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. The County is a direct beneficiary of the services provided and is financially responsible for a portion of their activities. All members of the Board of Public Works are either Kent County Commissioners or appointed by the Kent County Board of Commissioners, except for the Drain Commissioner, who is a member of the Board by virtue of the office. Consequently, the County exercises effective control of its activities. Complete financial statements can be obtained from the Department of Public Works' administrative office.

The *Kent County CMH Authority* (the Authority) was created to operate, control and manage an integrated behavioral healthcare system in order to serve Kent County. The County is a direct beneficiary of the services provided. The County appoints the members of the Authority's Board and provides financial support annually to the Authority. Consequently, the County exercises effective control through its power of appointment. Separate financial statements can be obtained from the Authority. The Authority was created in 2003, at which time the assets, including those held in the pension trust fund for those employees that were employed by the County, were transferred to the Authority.

The *Kent County Drain Commission* is responsible for the construction and maintenance of County drains and the control of lake levels. The County is a direct beneficiary of the services provided. In addition, County employees run the day-to-day operations. The funds managed by the Drain Commission are Chapters 4 and 8 Drains, Chapter 20 Drain, Chapter 21 Drain and Lake Level. A separate report is not prepared for the Drain Commission. The Silver Creek and Grand River Floodwalls Chapter 20 Drains are major funds.

The *Kent County 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

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

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. Separate financial statements are not prepared.

The *Family Independence Agency* accounts for assistance provided to eligible recipients and the administering of various County, state and federal programs. Financing is provided through the various state and federal program grants and General Fund transfers. The County is a direct beneficiary of the services provided. The Board consists of two members appointed by the Kent County Board of Commissioners and one member appointed by the Director of the State Family Independence Agency. Because it appoints the majority of the Board, the County exercises effective control of its activities. Separate financial statements are not prepared for the Family Independence Agency.

Administrative Offices

Kent County Board of Public Works
1500 Scribner Avenue NW
Grand Rapids, MI 49504-3299

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

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. Management and fiscal control are maintained by the City and, accordingly, are integrated in the report of the City.

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 Administrative offices. Summary financial information is as follows:

<i>June 30,</i>	2003
Total assets	\$167,582,881
Total liabilities	\$ 91,969,411
Total net assets	75,613,470
Total liabilities and net assets	\$167,582,881

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

<i>Year ended June 30,</i>	2003
Revenues	\$ 115,669
Capital contributions	11,039,809
Expenses	926,659
Change in net assets	\$ 10,228,819

As of June 30, 2003, the Joint Building Authority's bonds payable were \$85,883,904. 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 full faith and credit pledge of the City and County. The interest rates on these bonds range from 4.55% to 5.59%, with final maturities due in 2031.

The annual principal requirements are as follows:

<i>Fiscal year ending June 30,</i>	
2004	\$ 1,600,000
2005	1,820,000
2006	2,495,000
2007	2,745,000
2008	3,020,000
Thereafter	74,203,904
	\$ 85,883,904

In September 2003, the Joint Building Authority issued \$10,000,000 of bonds to pay a portion of the cost of DeVos Place construction. The bonds bear interest at 2.0% to 4.0%.

Convention/Arena Authority

The County entered in to 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 Administrative offices. Summary preliminary financial information for 2003 is as follows:

<i>June 30,</i>	2003
Total assets	\$ 51,711,714

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

<i>June 30,</i>	2003
Total liabilities	\$ 12,177,408
Total net assets	39,534,306
<hr/>	
Total liabilities and net assets	\$ 51,711,714
<hr/>	
<i>Year ended June 30,</i>	2003
Total revenues	\$ 78,102,040
Total expenses	68,665,832
<hr/>	
Net increase in net assets	\$ 9,436,208

Basis of Presentation

Government-wide financial statements: 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.

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. 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 and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements: The fund financial statements provide information about the County's funds. 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.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Health Special Revenue Fund* accounts for specific revenue set aside for the purpose of providing health protection for people within the County. Revenues are provided through state and federal grants and General Fund appropriations.

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 enterprise funds:

The *Department of Aeronautics Fund* accounts for the operation and maintenance of the Gerald R. Ford International Airport. 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 pay for their delinquent taxes. Revenues are generated by the collection of the delinquent taxes, penalties and interest.

Additionally, the County reports the following funds:

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

Pension Trust Fund – accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future.

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

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.

Library Penal Fine Agency Fund – accounts for money received by the County from court imposed fines as a result of state law violations, which is later distributed to the library systems within the County.

The Agency Fund - accounts for money held by the County in a trustee capacity, which is later to be distributed.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Measurement Focus and Basis of Accounting

Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The government-wide and enterprise fund financial statements follow applicable accounting and financial reporting standards of the Financial Accounting Standards Board issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements.

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 if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period except taxes, which must be collected within 60 days. Taxes, intergovernmental revenues and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General, Special Revenue and Debt Service Funds are subject to legal budgetary accounting controls and all are budgeted annually. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Administrator submits to the Finance Committee a proposed operating budget for the fiscal year commencing the first day of the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted by the County Board of Commissioners to obtain taxpayer comments.
- Budgetary reporting over expenditures is maintained on a line-item basis by department.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

- A separate budgetary report is prepared which demonstrates compliance at the local legal level of control. This supplemental report is available for public review in the County Administrator's office.
- Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or funds require approval of the Board. Appropriation increases also require approval by the Board.
- Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues, an appropriation of available fund balance or an additional appropriation from the General Fund and must be approved by the County Board of Commissioners.
- Budgets are adopted and are authorized by resolution at the departmental level within funds by the County Board of Commissioners. This is the local legal level of budgetary control. All unexpended appropriations lapse at year-end.
- Budgeted amounts are as originally adopted or as amended by the Board of Commissioners during the fiscal year. Individual amendments were not material in relation to the original appropriations and were made as permitted by law.

Cash, Investments and Accrued Interest

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 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. The individual funds' overdrafts in the Money Max System are included in the financial statements as interfunds payable.

Investments underlying the Money Max System consist primarily of certificates of deposit and U.S. treasury and agency obligations. Investments are shown at fair value. Interest income earned as a result of cash pooling is allocated to the appropriate funds.

Cash Equivalents

The County considers cash, restricted cash assets and accrued interest to be cash equivalents for the statement of cash flows. In addition, all fund deposits in the County's Money Max cash management pool, and similar cash management pools, are considered to be cash equivalents. These deposits have the general characteristics of demand deposit accounts in that County enterprises may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Due From Other Governmental Units

Amounts due from other governmental units include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for fixed assets are recorded as

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are deferred.

Inventories

Inventories recorded in the Department of Aeronautics, the Department of Public Works, and the Parks Fund are 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.

Capital Assets

Capital assets, which include property, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets having a useful life in excess of three years and whose costs exceed \$10,000 (\$200,000 for Drain infrastructure) are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated fixed assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges and underground pipe, are included.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value.

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

	Years
Land improvements	10-30
Infrastructure	8-40
Buildings and improvements	20-50
Waste-to-Energy Facility	40
Machinery and equipment	5-25
Office equipment and furniture	3-10

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 Department of Aeronautics relate to bond proceeds restricted for airport construction and passenger facility charges restricted for capital improvements.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

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.

Property Taxes

Property taxes are levied on December 1 at all local units at which time the taxes attach as an enforceable lien on the property. The taxes are due February 14 of each year. The County's portion of the 2002 levy was collected by the local units and remitted to the County as received. Uncollected real property taxes as of March 1 are turned over by the local units to the County for collection.

The County's portion of the 2002 property tax levy received in 2003 was based on a rate of 5.314 mills, applied to a total taxable value of real and personal property located in the County of \$16,411,380,420.

Other Assets

Bond sale costs, premiums and discounts are amortized over the life of the related bond indenture and landfill costs are amortized as engineered sections of the landfill are utilized.

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 types statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Passenger Facility Charges

Passenger facility charges (PFC) are collected for capital projects. The PFC revenue is being used to pay debt service on the Airport Revenue Bonds, Series 1995 and the Airport Revenue Refunding Bonds, Series 1999.

Contributions and Appropriations

Contributions and appropriations between funds are accounted for as interfund transfers.

Compensated Absences

County employees are granted vacation leave in varying amounts based on length of service. Employees may not accumulate over 300 hours of vacation leave in any one calendar year. Upon termination, employees are paid for unused vacation at their current rates. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Only the matured liability is reported in the governmental fund financial statements.

Unused sick leave at retirement is used for pension credit for employees represented by the Management Pay Plan, POAM, POLC (Lieutenants and Captains), Attorney Referees, Court Reporters, Teamsters and Prosecuting Attorneys. Other bargaining units with the exception of the KCDSA are paid a \$1,000 bonus if the employee has 30 days or more of sick leave accumulated in their bank at retirement. A KCDSA employee receives a bonus based on varying amounts of sick leave remaining in their bank as follows:

<u>Days Accumulated</u>	<u>Bonus</u>
30-89	\$ 1,000
90-149	1,500
<u>150+</u>	<u>2,000</u>

Effective January 1, 2003, the County changed the sick leave policy for management pay plan employees. All accrued sick leave hours earned prior to January 1, 2003 were placed in a reserve sick leave bank. There is no limit on the amount of hours an employee may have in the reserve sick leave bank. The employee may use the hours to supplement workers compensation or sick and accident benefits paid; however, the sum of all benefits paid shall not exceed 100% of the employee's gross weekly wage. If an employee remains disabled following the exhaustion of the sick and accident benefits, then the employee may draw from the reserve sick leave bank an amount not to exceed 100% of the employee's gross weekly wage.

Management pay plan employees receive personal paid time off. On an annual basis, all full-time employees who have completed six months of services are credited with 64 hours of paid personal leave time. Employees who have five or more years of service will be credited with an additional 8 hours of personal paid time-off. Regular part time employees who have completed six months of service are credited with 32 hours of paid personal leave time. Employees who

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

complete six months of service during the year will be given personal paid time-off on a pro-rata basis. Personal paid time off shall be charged against the employee's paid personal leave time account in the amount taken. At the end of each calendar year, an employee shall have all unused paid personal leave time added to the employee's reserve sick leave bank.

Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

C. Compliance

Expenditures Over Appropriations

P.A. 621 of 1978 provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. During the year ended December 31, 2003 the County incurred expenditures in certain budgeted funds that were in excess of the amounts appropriated as follows:

<i>Fund</i>	Appropriated	Expended	Excess Expenditures
Special Revenue Fund:			
Special Projects – Fiscal Year-End	\$ 5,316,519	\$ 5,616,147	\$ 299,628

Compliance With the Single Audit Act Amendments of 1996

Procedures performed to test compliance relating to federal assistance programs, as required by the Single Audit Act Amendments of 1996 and related findings, are detailed in a separate report.

D. Cash, Investments, Accrued Interest and Restricted Assets

Cash and Investment Pool

The County maintains a cash and investment pool called the Money Max System that is available on a voluntary basis for use by all funds, component units and local units of government, except the Employees' Retirement Plan. Each fund's portion of this pool is displayed in the financial statements as well as the various deposits, investments and restricted assets held separately from the Money Max System as discussed in Note B. As cash and investments related to component units are not identifiable within the Money Max System, cash, investments and accrued interest are not disclosed separately for component units. The Money Max System is not subject to regulatory oversight, is not registered with the SEC and does not issue a separate report. 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.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

The following condensed financial statements of 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

<i>December 31,</i>	2003
Assets	
Cash	\$ 194,149,344
Investment in securities, carrying value approximates fair value	139,210,164
Accrued interest	870,178
Total Assets	\$ 334,229,686
Net Assets	
Available for external pool participants	\$ 41,488,074
Available for internal pool participants	292,741,612
Total Net Assets	\$ 334,229,686
Shares outstanding (unlimited shares authorized)	334,229,686
Net asset value, offering and redemption price per share	\$ 1.00

Condensed Statement of Changes in Net Assets

<i>Year ended December 31,</i>	2003
Revenues	
Interest income	\$ 5,542,896
Share Transactions at Net Asset Value of \$1 per Share	
Purchase of units	837,615,012
Redemption of units	(871,415,593)
Net decrease in net assets and shares resulting from share transactions	(33,800,581)
Decrease in Net Assets	(28,257,685)
Net Assets, beginning of year	362,487,371
Net Assets, end of year	\$ 334,229,686

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

At December 31, 2003, the carrying amount of the Investment Pool's deposits was \$194,149,344 and the bank balances totaled \$199,230,146. Of the bank balance, \$1,600,000 was insured and \$197,630,146 was uninsured and uncollateralized. In addition, the Investment Pool maintained cash on hand of \$60,015.

The Investment Pool's investments are categorized below to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name.

<i>December 31, 2003</i>	Category			Fair Value
	1	2	3	
Categorized investments:				
Government obligations	\$ -	\$ -	\$ 26,493,237	\$ 26,493,237
Governmental agency obligations	-	-	30,439,430	30,439,430
Total categorized investments	-	-	56,932,667	56,932,667
Investments not subject to categorization:				
Money market funds				81,244,122
Pooled funds				1,033,375
Total investments not subject to categorization				82,277,497
Total Investment Pool Investments				\$139,210,164

The government obligations are zero coupon bonds having maturity dates ranging from August 15, 2005 to November 15, 2009. Government agency obligations are zero coupon bonds and discounted notes having maturity dates ranging from February 15, 2004 to November 15, 2009.

Cash, Deposits and Accrued Interest

Statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan and who are also members of a federal or national insurance corporation.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

At December 31, 2003, the carrying amount of the County's deposits was \$196,919,645, and the bank balances totaled \$204,545,877. Of the bank balance, \$1,766,926 was insured and \$202,778,951 was uninsured and uncollateralized.

In addition to the deposits above, the County also maintained cash on hand of \$61,315 at December 31, 2003.

Interest on deposits and investments is recognized and allocated to the appropriate funds when earned. At December 31, 2003, interest of \$2,673,029 was accrued on the County's basic financial statements.

Investments

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, Sewage Disposal and Water System and Waste-to-Energy System Facility Fund, and Kent County Building Authority 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 Employees' Retirement Plan is also authorized to invest in corporate stocks and bonds and certain other investments as allowed by state law.

The County's unrestricted and restricted investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

<i>December 31, 2003</i>	Category			Fair Value
	1	2	3	
Categorized investments:				
Government obligations	\$ -	\$ 574,443	\$ 54,340,269	\$ 54,914,712
Governmental agency obligations	-	81,416,099	8,405,054	89,821,153
Corporate bonds	-	80,166,496	-	80,166,496
Common stock	-	-	155,182,982	155,182,982
Foreign obligations	-	1,422,397	-	1,422,397
Total categorized investments	-	163,579,435	217,928,305	381,507,740
Investments not subject to categorization:				
Investments held by broker under securities loans:				
Government obligations				50,941,655
Corporate bonds				7,611,524
Money market funds				127,331,590
Equity index funds				55,527,613
Pooled funds				28,766,780
Total investments not subject to categorization				270,179,162
Total Investments				\$651,686,902

A reconciliation of cash, investments and accrued interest as shown on the financial statements at December 31, 2003, is as follows:

<i>December 31,</i>	2003
Cash on hand	\$ 61,315
Carrying amount of deposits	196,919,645
Interest on deposits and investments	2,673,029
Carrying amount of investments	651,686,902
	\$851,340,891

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

<i>December 31,</i>	2003
<hr/>	
Cash, investments and accrued interest per Statement of Net Assets	
Primary Government:	
Unrestricted	\$209,404,945
Restricted	8,680,536
Component Units:	
Unrestricted	68,242,514
Restricted	14,807,856
Cash, investments and accrued interest of Fiduciary Funds	
Primary Government:	
Pension Trust	503,997,150
Investment Trust	41,488,074
Private-purpose Trust	6,533
Agency	6,663,360
Timing difference due to funds with different fiscal years	(1,950,077)
	<hr/>
	\$851,340,891

E. Receivables/Payables and Transfers

Interfund receivables and payables at December 31, 2003 are:

<i>Fund</i>	Interfund Receivables	Interfund Payables
General Fund	\$ 13,416,119	\$ 6,178,170
Health Special Revenue Fund	2,850	232,650
Child Care Special Revenue Fund	3,785,363	6,382,307
Nonmajor Governmental Funds	4,246,338	4,345,358
Internal Service Fund	19,135	-
Enterprise Funds:		
Delinquent Tax Revolving	-	223,391
Timing difference due to funds with different fiscal years	(2,076,350)	2,031,579
	<hr/>	<hr/>
	\$ 19,393,455	\$ 19,393,455

The amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is one where one fund provides good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Receivables and payables between primary government and component units at December 31, 2003 are:

	Due to Primary Government	Due From Component Units	Due to Component Units	Due From Primary Government
General Fund	\$ -	\$ 1,301,405	\$ 223,373	\$ -
Component units:				
Department of Public Works	133,184	-		
Kent County CMH Authority	283,256			2,244
Silver Creek Drain	68,218	-	-	
Nonmajor component units	568,794	-	-	223,373
Timing difference	247,953	-	-	(2,244)
	<u>\$ 1,301,405</u>	<u>\$ 1,301,405</u>	<u>\$ 223,373</u>	<u>\$ 223,373</u>

Advances between funds at December 31, 2003 are as follows:

<i>Fund</i>	Advances From	Advances To
General Fund	\$ 9,775,000	\$ -
Aeronautics Department	-	9,775,000
	<u>\$ 9,775,000</u>	<u>\$ 9,775,000</u>

Interfund transfers during the year ended December 31, 2003 were as follows:

<i>Fund</i>	Transfers In	Transfers Out
General Fund	\$ 14,208,113	\$ 37,477,825
Health Special Revenue Fund	7,584,662	-
Child Care Special Revenue Fund	13,968,202	-
Nonmajor Governmental Funds	20,192,484	16,427,905
Delinquent Tax Revolving	-	3,044,414
Timing difference due to funds with different fiscal years	996,683	-
	<u>\$ 56,950,144</u>	<u>\$ 56,950,144</u>

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Timing differences are a result of certain funds having a fiscal year-end that is different from the County's year-end. At December 31, 2003 the timing differences are as follows:

Special Revenue Funds:	
Health	\$ 1,631,597
Child Care	1,622,206
Nonmajor funds	1,850,809
<hr/>	
Current year timing differences	5,104,612
Prior year timing differences	(1,906,189)
<hr/>	
Total Internal Balances at December 31, 2003	\$ 3,198,423
<hr/>	
Timing differences relating to:	
Interfund receivables	\$ 2,076,350
Interfund payables	2,031,579
Interfund transfers	996,683
<hr/>	
Total Current Year Timing Differences	\$ 5,104,612

F. Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

Primary Government

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 17,018,662	\$ 10,034,331	\$ -	\$ 27,052,993
Construction in process	6,547,238	7,463,468	8,136,957	5,873,749
Capital assets being depreciated:				
Land improvements	16,241,455	2,005,716	-	18,247,171
Buildings and improvements	137,832,104	4,412,841	-	142,244,945
Machinery and equipment	7,339,313	5,748,761	633,027	12,455,047
Motor vehicles	5,282,694	833,210	267,913	5,847,991
Infrastructure	12,300	440,287	-	452,587
Zoo animals	30,000	-	-	30,000
<hr/>				
Totals at historical cost	190,303,766	30,938,614	9,037,897	212,204,483

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Less accumulated depreciation for:				
Land improvements	\$ 9,925,449	\$ 720,147	\$ -	\$ 10,645,596
Buildings and improvements	25,852,479	3,036,628	-	28,889,107
Machinery and equipment	3,764,031	1,214,664	405,618	4,573,077
Motor vehicles	2,124,075	471,945	183,574	2,412,446
Infrastructure	7,688	11,622	-	19,310
Zoo animals	882	1,765	-	2,647
Total accumulated depreciation	41,674,604	5,456,771	589,192	46,542,183
Governmental Activities - Net Capital Assets	\$ 148,629,162	\$ 25,481,843	\$ 8,448,705	\$ 165,662,300

Estimated costs to complete the construction in process are approximately \$10,721,000.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 778,032
Public safety	1,770,130
Health and welfare	244,402
Cultural and recreation	1,273,974
Judicial	1,390,233
Total Depreciation Expense	\$ 5,456,771

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Business-Type Activities				
Capital assets not depreciated:				
Land	\$ 10,730,139	\$ 9,775,415	\$ -	\$ 20,505,554
Construction in process	773,172	4,779,081	2,466,647	3,085,606
Capital assets being depreciated:				
Land improvements	180,133,177	1,924,328	-	182,057,505
Buildings	91,803,990	66,553	-	91,870,543
Machinery and equipment	10,203,505	494,113	-	10,697,618
Office equipment	711,848	84,983	-	796,831
Motor vehicles	564,282	184,017	232,529	515,770
Totals at historical cost	294,920,113	17,308,490	2,699,176	309,529,427

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Less accumulated depreciation for:				
Land improvements	\$ 48,117,409	\$ 5,829,921	\$ -	\$ 53,947,330
Buildings	21,265,139	3,054,463	-	24,319,602
Machinery and equipment	6,960,514	618,703	-	7,579,217
Office equipment	503,146	48,575	-	551,721
Motor vehicles	424,616	95,732	227,410	292,938
Total accumulated depreciation	77,270,824	9,647,394	227,410	86,690,808
Business-Type Activities - Net Capital Assets	\$ 217,649,289	\$ 7,661,096	\$ 2,471,766	\$ 222,838,619

Estimated costs to complete the construction in process are approximately \$9,800,000.

Discretely Presented Component Units

Capital asset activity for the Department of Public Works (DPW) for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Capital assets not depreciated:				
Land	\$ 623,650	\$ 997,908	\$ -	\$ 1,621,558
Construction in process	-	9,559	-	9,559
Capital assets being depreciated:				
Land improvements	5,340,831	-	-	5,340,831
Buildings and improvements	4,501,788	-	-	4,501,788
Waste-to-Energy Facility	73,322,053	-	-	73,322,053
Machinery and equipment	11,417,523	1,105,482	280,708	12,242,297
Office equipment and furniture	275,306	81,889	10,307	346,888
Motor vehicles	902,349	122,069	140,928	883,490
Totals at historical cost	96,383,500	2,316,907	431,943	98,268,464
Less accumulated depreciation	37,724,889	3,145,446	384,329	40,486,006
DPW Capital Assets, net	\$ 58,658,611	\$ (828,539)	\$ 47,614	\$ 57,782,458

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Capital asset activity for the Drain Commission for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Capital assets not depreciated:				
Land	\$ 176,585	\$ -	\$ -	\$ 176,585
Capital assets being depreciated:				
Infrastructure	21,877,112	1,142,745	-	23,019,857
Totals at historical cost	22,053,697	1,142,745	-	23,196,442
Less accumulated depreciation	5,269,562	1,124,750	-	6,394,312
Drain Commission Capital Assets, net	\$ 16,784,135	\$ 17,995	\$ -	\$ 16,802,130

Capital asset activity for the Road Commission for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Capital assets not depreciated:				
Land	\$ 1,576,835	\$ 2,736	\$ -	\$ 1,579,571
Construction in process	-	291,316	-	291,316
Capital assets being depreciated:				
Buildings and improvements	8,794,478	58,947	-	8,853,425
Road and shop equipment	14,261,633	1,373,518	1,104,045	14,531,106
Other equipment	742,796	35,171	-	777,967
Gravel pits, yard and storage bins	1,475,390	46,865	-	1,522,255
Infrastructure	343,624,977	28,485,349	2,800,000	369,310,326
Totals at historical cost	370,476,109	30,293,902	3,904,045	396,865,966
Less accumulated depreciation	167,263,391	21,404,126	3,886,756	184,780,761
Road Commission Capital Assets, net	\$ 203,212,718	\$ 8,889,776	\$ 17,289	\$ 212,085,205

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

G. Long-Term Debt

Changes in long-term liabilities for the year ended December 31, 2003 were as follows:

<i>Primary Government</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 91,930,000	\$ -	\$ 3,740,000	\$ 88,190,000	\$ 3,895,000
Other liabilities:					
Compensated absences	2,948,995	79,700	-	3,028,695	363,443
Insurance claims	1,034,267	2,987,701	2,566,284	1,455,684	1,114,643
Total Long-Term Liabilities - Governmental Activities	\$ 95,913,262	\$ 3,067,401	\$ 6,306,284	\$ 92,674,379	\$ 5,373,086
Business-Type Activities					
Bonds and notes payable:					
Airport revenue bonds	\$ 93,700,000	\$ -	\$ 2,110,000	\$ 91,590,000	\$ 2,205,000
General obligation limited tax notes	62,300,000	19,400,000	21,800,000	59,900,000	20,000,000
	156,000,000	19,400,000	23,910,000	151,490,000	22,205,000
Less deferred loss on advance refunding	(2,407,332)	-	114,593	(2,292,739)	-
Total Long-Term Liabilities - Business-Type Activities	\$ 153,592,668	\$ 19,400,000	\$ 23,795,407	\$ 149,197,261	\$ 22,205,000
Discretely Presented Component Units					
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Bonds and notes payable:					
Special assessment bonds	\$ 17,286,896	\$ 5,290,000	\$ 6,021,486	\$ 16,555,410	\$ 1,103,200
Revenue bonds	1,600,000	-	800,000	800,000	800,000
Other liabilities:					
Compensated absences	3,221,126	185,004	-	3,406,130	408,736
Insurance claims	149,122	-	19,199	129,923	15,591
Total Long-Term Liabilities - Governmental Activities	\$ 22,257,144	\$ 5,475,004	\$ 6,840,685	\$ 20,891,463	\$ 2,327,527
Business-Type Activities					
Bonds and notes payable:					
General obligation bonds	\$ 85,835,000	\$ -	\$ 7,670,000	\$ 78,165,000	\$ 8,410,000
Other liabilities:					
Closure and post closure	8,817,889	275,270	-	9,093,159	379,000
Total Long-Term Liabilities - Business-Type Activities	\$ 94,652,889	\$ 275,270	\$ 7,670,000	\$ 87,258,159	\$ 8,789,000

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Long-term bonds and notes at December 31, 2003 are comprised of the following:

<i>Primary Government</i>	Final Maturity Dates	Interest Rates	Outstanding Balance
Governmental Activities			
Kent County Building Authority Bonds:			
1995 Kent County Building Authority Refunding Bonds	12/01/07	4.80 - 5.10%	\$ 7,970,000
1998 Kent County Building Authority Refunding Bonds	6/01/26	4.30 - 5.00%	62,755,000
1998 Kent County Building Authority Refunding Bonds	6/01/16	4.25 - 5.10%	7,820,000
2001 Kent County Building Authority	6/01/21	4.00 - 5.00%	9,645,000
Total Governmental Activities			\$ 88,190,000
Business-Type Activities			
Airport Revenue Bonds, Series 1995	1/01/05	5.25 - 5.30%	\$ 1,770,000
Airport Revenue Bonds, Series 1998	1/01/28	4.20 - 5.00%	52,975,000
Airport Revenue Refunding Bonds, Series 1999	1/01/25	4.00 - 5.00%	36,845,000
			91,590,000
Less deferred loss on advance refunding			2,292,739
Total Airport Revenue bonds			89,297,261
 General obligation limited tax notes:			
Series 2001	3/01/04	Variable	20,000,000
Series 2002	3/01/05	Variable	20,500,000
Series 2003	3/01/06	Variable	19,400,000
Total general obligation limited tax notes			59,900,000
Total Business-Type Activities			\$ 149,197,261

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

<i>Discretely Presented Component Units</i>	Final Maturity Dates	Interest Rates	Outstanding Balance
Governmental Activities			
Road Commission:			
1999 Bonds	8/01/04	4.25%	\$ 800,000
Drains:			
1995 Silver Creek Drain Bonds	11/01/15	4.80 - 4.90%	400,000
1996 Carpenter Drainage District Notes	6/01/06	5.18 - 5.24%	45,092
1997 Grand River Floodwalls and Embankments Drain Bonds	11/01/17	4.40 - 6.00%	7,025,000
2000 Martin & Beak No. 4 Drainage District Note	6/15/05	5.27%	43,214
2000 Vandermeer Drainage District Note	6/15/05	5.18%	43,574
2000 Grand River Floodwalls and Embankments Drain Bonds	11/01/20	5.00 - 5.55%	3,420,000
2001 48 th Street Bayou	6/15/06	4.14%	68,818
2001 White Pine	6/15/05	4.17 - 4.19%	123,500
2001 Knapps Corner	5/1/04	4.17%	18,335
2001 Vitality	6/15/04	3.96%	35,623
2002 Lockwood	6/15/05	2.89 - 3.49%	42,254
2003 Silver Creek Drain Bonds	11/01/15	2.00 - 4.25%	5,290,000
Total Drains			16,555,410
Total Governmental Activities			\$ 17,355,410
Business-Type Activities			
Department of Public Works:			
Refuse Disposal System Bonds:			
1997A Kent County Refunding (WTE)	11/01/10	4.63 - 5.00%	\$ 62,095,000
1998A Kent County (WTE)	11/01/10	4.00 - 4.40%	3,565,000
1998B Kent County (WTE)	11/01/10	4.10 - 4.45%	255,000
Sewage Disposal and Water Systems Bonds:			
1993 Wyoming Water Refunding	11/01/08	5.25%	3,910,000
1995 Wyoming Water Supply System Improvements	11/01/15	4.70 - 5.38%	5,745,000
1996 Campau-Kettle Lake	11/01/15	4.50 - 5.13%	2,595,000
Total Business-Type Activities			\$ 78,165,000

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 a dedicated property tax millage and lease payments.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

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 Department of Aeronautics. In compliance with the Series 1999 Bond agreement, the Department has available a letter of credit totaling \$2,892,000, which has not been drawn upon. The Series 1998 Bond reserve requirement is funded with cash in the amount of \$5,765,268. In addition, the Series 1995 and 1999 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. Interest is at a variable rate determined weekly by the remarketing agent.

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 deemed to benefit from these public improvements.

The Sewage Disposal and Water System General Obligation Bonds are backed by the limited tax, full faith and credit of the County. Debt service requirements are funded by various local government contributions, investment earnings and user and maintenance charges.

The payments on the bonds and notes payable that pertain to the County's governmental activities are made by the debt service fund.

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund, all special revenue funds except Fire, Correction and Detention, Senior Millage, Dickenson Trust and Veterans' Trust and the internal service fund.

The insurance claims liability will be liquidated through the County's Risk Management internal service fund. The Risk Management Fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the Primary Government are as follows:

<i>Year ending December 31,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2004	\$ 3,895,000	\$ 4,212,949	\$ 22,205,000	\$ 4,946,067
2005	4,050,000	4,034,887	22,810,000	4,545,473
2006	4,195,000	3,846,654	21,815,000	4,198,816
2007	4,355,000	3,646,727	2,515,000	4,056,609
2008	4,600,000	3,388,590	2,625,000	3,944,627
2009 – 2013	17,960,000	14,081,477	15,020,000	17,762,144
2014 – 2018	16,755,000	10,243,433	18,915,000	13,760,377
2019 – 2023	19,645,000	5,618,375	24,030,000	8,507,181
2023 – 2028	12,735,000	1,771,859	21,555,000	2,374,375
	<u>\$ 88,190,000</u>	<u>\$ 50,844,951</u>	<u>\$ 151,490,000</u>	<u>\$ 64,095,669</u>

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for Component Units are as follows:

<i>Year ending December 31,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2004	\$ 1,903,199	\$ 925,706	\$ 8,410,000	\$ 3,841,914
2005	1,084,241	859,555	9,200,000	3,451,391
2006	997,970	642,949	10,020,000	3,023,919
2007	1,010,000	596,800	10,790,000	2,527,341
2008	1,065,000	559,485	11,595,000	1,991,624
2009 – 2013	6,115,000	2,114,890	26,325,000	2,800,705
2014 – 2018	4,580,000	756,183	1,825,000	146,517
2019 – 2020	600,000	50,360	-	-
	<u>\$ 17,355,410</u>	<u>\$ 6,505,928</u>	<u>\$ 78,165,000</u>	<u>\$ 17,783,411</u>

Advance Refunding

In September 2003 the Silver Creek Drainage District issued \$5,290,000 of refunding bonds. The proceeds of \$5,250,112 along with cash of \$130,159 were used to defease portions of the 1993 and 1995 Silver Creek Drain Bonds. Of the 1993 bonds, \$2,070,000 were called and advance refunded, while \$2,865,000 of the 1995 bonds are considered defeased as the money has been deposited in an irrevocable trust with an escrow agent. The bonds will be called on November 5, 2005.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

As a result of the advance refunding, the Silver Creek Drainage District reduced its total debt service requirements over the next twelve years by \$290,584, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$242,118.

H. Leases

Leases Receivable

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

Year ending December 31,

2004	\$ 1,580,492
2005	1,581,096
2006	1,580,323
2007	1,580,974
2008	1,580,826
2009-2026	28,716,203

The Department of Aeronautics has entered into agreements for the lease of airport facilities to various airlines and vendors. Total future minimum lease payments receivable exclusive of expected extensions under these agreements are due as follows:

Year ending December 31,

2004	\$ 5,819,356
2005	5,108,892
2006	5,095,228
2007	5,097,469
2008	3,184,540
2009-2036	18,434,814

Operating Leases

The County currently leases operating facilities under a lease agreement that expires in 2018 that gives the County the option to purchase the facility. The County has the ability and intent to purchase the facility in February 2005. Rental commitments through 2005 are approximately \$1,100,000. Rental expenses under this operating lease amounted to approximately \$923,000 in 2003.

The Health Department has entered into noncancelable lease agreements on behalf of various agencies for the purpose of providing facilities to operate various program clinics. Rental expenses under these lease agreements amounted to \$103,066 in 2003.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Future minimum rental payments are as follows:

Year ending September 30,

2004	\$ 74,832
2005	71,982
2006	43,012

The Kent County CMH Authority entered into noncancellable lease agreements for office space and on behalf of various agencies for the purpose of providing housing to the developmentally disabled. Rental expense under these leases amounted to \$390,073 in 2003.

Future minimum rental commitments are as follows:

Year ending September 30,

2004	\$ 388,961
2005	391,416
2006	204,465
2007	204,465
2008	190,594
2009 - 2010	113,225

The Road Commission leases road equipment under several operating leases, which expire through 2007. Rental expenses under these and other month-to-month leases amounted to approximately \$546,000 in 2003.

Future minimum rental commitments are as follows:

Year ending December 31,

2004	\$234,555
2005	157,075
2006	85,468
2007	11,947

Lease Commitments

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 revenues of the Lodging Excise Tax Fund. Rental expense under this lease amounted to \$3,451,356 in 2003.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

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, 2003, there are two such bond issues of the Joint Building Authority dated November 29, 2001 and October 8, 2003, with balances of \$83,598,904 and \$5,000,000, respectively. The County becomes liable for the debt in the event that the Lodging Excise Tax Fund is unable to meet its lease obligations.

Future minimum rental commitments are as follows:

Year ending December 31,

2004	\$ 3,988,767
2005	4,572,344
2006	4,727,344
2007	4,897,544
2008	5,076,419
2009-2013	28,243,138
2014-2018	33,716,006
2019-2023	40,266,212
2024-2028	46,270,000
2029-2031	32,205,000
	<hr/>
	\$203,962,774

I. Retirement Plans

Plan Description

The Kent County Employees' Retirement Plan (Plan) is a single-employer defined benefit pension plan, which covers all employees of Kent County, except employees of the Road Commission and Parks Fund.

The Plan was established and may be amended by the Kent County Board of Commissioners and is administered by the Kent County Employees' Retirement Plan Board. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2003, the date of the most recent actuarial valuation, membership consisted of 1,088 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 1,836 current active employees.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by contacting the Fiscal Services Department.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Summary of Significant Accounting Policies

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 that do not have an established market are reported at estimated fair values.

Funding Policy

The contribution requirements of Plan members are established and may be amended through union agreements. 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 at the lesser of 6.5% or one-half of the annual amortized actuarial valuation. The variable rate was 4.75% for 2003. The County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The County's contribution rate for 2003 was 2.93% of annual covered payroll.

Concentrations

At December 31, 2003, the Plan had no investments whose fair value exceeded 5% of the net assets of the Plan.

Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2001 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a rate of return on investments of 7.0% per year, and (b) projected salary increases of 5% - 9% per year, including inflation of 5%, attributable to seniority or 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 12 years.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Three-Year Trend Information

<i>Year ended December 31,</i>	Annual Pension Cost (APC)	Percentage of APC Contributed
2001	\$ -	100%
2002	1,911,629	100%
2003	2,404,628	100%

The Plan has had no net pension obligation.

Required Supplementary Information

Schedule of Funding Progress (dollar amounts in millions)

<i>Actuarial Valuation Date</i>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	Funding Excess as a Percentage of Active Member Covered Payroll ((b-a)/c)
December 31, 2001*	\$ 454.0	\$ 348.5	\$ (105.5)	130.3	\$ 74.2	(142.2)%
December 31, 2002*	459.7	387.3	(72.4)	118.7	78.3	(92.4)
December 31, 2003*#	456.9	416.8	(40.1)	109.6	81.9	(49.0)

* *Retirement Plan amended*

After transfer of Kent County CMH Authority active members

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2003
Actuarial cost method	Individual entry age
Amortization method	Level percent, open over 12 years
Asset valuation method	Four-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	5.0% - 9.0%

* Includes inflation of 5.0%

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

Kent County Road Commission and Parks Fund

The Kent County Road Commission and Parks Fund provides pension benefits to full-time employees of the Roads and Parks through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate from the date of employment. The Road Commission and Parks Fund contribute up to 6% of employees' gross earnings. The contributions for each employee (plus interest allocated to the employee's account) are fully vested for all participants. For the year ended December 31, 2003, the Road Commission contributed \$710,000 to the Plan.

J. Other Postemployment Benefits

In addition to the pension benefits described above, the County provides postretirement healthcare benefits, in accordance with County policies, to all employees who retire from the County on or after attaining the age of 60 with at least five years of service, or employees with 25 years of service regardless of age. Currently, 249 retirees meet those eligibility requirements. The County pays \$5 to \$6 per year of service per month, or a maximum ranging from \$200 to \$250 per month, towards medical and hospitalization premiums. During the year, expenditures of approximately \$443,000 were recognized for postretirement healthcare.

Kent County Road Commission and Parks Fund

The Kent County Road Commission and Parks Fund provide healthcare benefits to certain salaried employees upon retirement. Currently, 40 Road Commission and two Parks retirees are eligible. Pre-Medicare retirees and their dependents are included in the insured health care plan. Medicare supplemental insurance is purchased for retirees eligible for Medicare. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due. During the year, the insurance premiums amounted to approximately \$190,000 for the Road Commission.

K. Risk Management and Benefits

The County, except for the Road Commission, retains the risk for deductible amounts under the County's workers' compensation, property, automobile, 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.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

The County manages its risks internally and has set aside assets for claim settlement in its Internal Service Fund, the Risk Management and Benefits Fund. The fund allocates the cost of providing claims servicing and claims payments by charging a “premium” to each fund based upon various allocation basis. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophic losses.

Risk Management and Benefits Fund 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 trends, 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 were as follows:

	Liability, Beginning of the Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability, End of the year
2002	\$ 1,994,743	\$ 1,451,423	\$ (2,411,899)	\$ 1,034,267
2003	1,034,267	2,987,701	(2,566,284)	1,455,684

At December 31, 2003, the Risk Management and Benefits Fund held \$5,725,035 in cash, investments and accrued interest for payment of claims.

The Department of Public Works is included in the County’s self-insurance program. Separate insurance coverage is maintained for the Waste-to-Energy Operations Fund. The Department of Aeronautics also maintains separate coverage.

The Road Commission also assumes the risk of various types of loss. In order to minimize these risks, they purchase various commercial and private insurance packages.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

The Road Commission is partially insured for general and auto liability through membership in the Michigan County Road Commission Self-Insurance Pool, and is fully insured for workers' compensation. Changes in the estimated liability for workers' compensation and health claims were as follows:

	Estimated Liability, Beginning of the Year	Estimated Claims Incurred, Including Changes in Estimates	Claim Payments	Estimated Liability, End of the Year
2002	\$169,979	\$ (21,765)	\$ 908	\$ 149,122
2003	149,122	(19,199)	-	129,923

L. Contingencies, Commitments and Subsequent Events

Contingencies

The County has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The County believes such disallowances, if any, will be immaterial.

The County 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 outstanding letters of credit of \$3,500,000 with the Environmental Protection Agency as beneficiary. The letter of credit had been drawn on at December 31, 2003. In addition, the DPW has recorded a liability of \$3,193,000 related to the Kentwood landfill.

In the normal course of its activities, the County becomes a party in various legal actions. Management is of the opinion that loss reserves accrued in the Risk Management and Benefits Fund adequately reflect the effects of such actions on the financial position of the County.

Commitments

The DPW has also entered into a third party management agreement to operate the Waste-to-Energy Facility through the year 2010. A base fee of \$5,317,050 was established in 1990 and increases each year based on a percentage of certain material and labor indices. The agreement also requires payment of certain operating expenses. The total paid in 2003 under this agreement was approximately \$8,752,000.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

The future minimum payments under management commitments are as follows:

Year ending December 31,

2004	\$ 8,975,180
2005	8,975,180
2006	8,975,180
2007	8,975,180
2008	8,975,180
2009 – 2010	17,950,360
	\$ 62,826,260

Subsequent Events

The County issued general obligation limited tax notes in the amount of \$18,300,000 in May 2004. These notes bear interest at a variable rate and mature in March 2007.

M. Fund Balances

Fund balance designations in the governmental funds at December 31, 2003 were as follows:

<i>December 31, 2003</i>	General Fund	Other Govern- mental Funds	Total
Debt service	\$ 7,305,284	\$ 3,589,356	\$ 10,894,640
Emergency operating	32,215,145	-	32,215,145
Subsequent year expenditures	6,881,247	5,000,269	11,881,516
Programs	333,334	-	333,334
Total Designated	\$ 46,735,010	\$ 8,589,625	\$ 55,324,635

N. Closure and Post-Closure Care Costs

State and federal laws and regulations require the Department of Public Works (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 balance sheet date. A \$5,900,000 landfill closure and post-closure care liability has been recorded at December 31, 2003, and represents the cumulative amount reported to date based on the use of 40.02% of the estimated capacity of the landfill. The DPW will recognize the remaining estimated cost of closure and post-closure care of \$10,487,938 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 2003. The DPW expects to close the landfill in the year 2015. Actual cost may be higher due to inflation, changes in technology or changes in regulations, and an annual adjustment will be required.

County of Kent, Michigan

Notes to Basic Financial Statements (Continued)

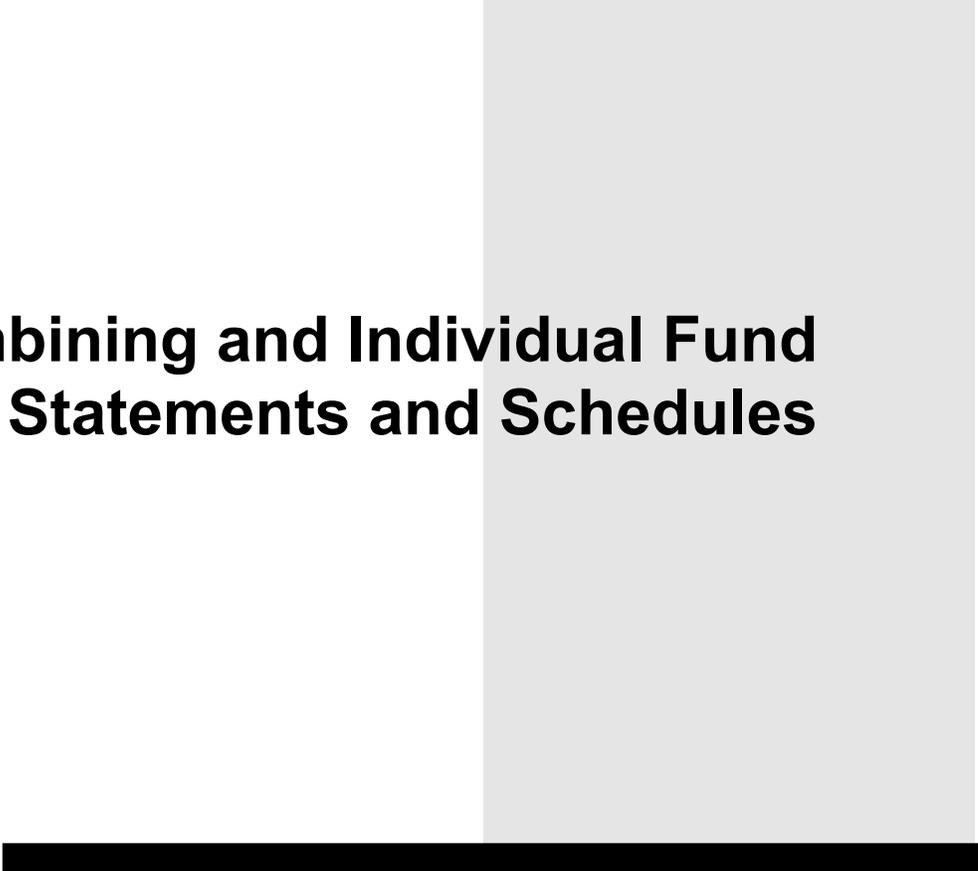
O. Securities Lending

State statutes and board of trustees policies permit the Kent County Retirement System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. During the year ended December 31, 2003, the Retirement System loaned U.S. government and agency obligations and corporate obligations and received cash as collateral. The carrying and fair value of the securities loaned by the County to the broker at December 31, 2003 was \$58,553,180.

All securities loans can be terminated at the discretion of the agent. In addition, the agent is not liable for any loss or damage resulting from the lending transactions. At year-end, the Retirement System had no credit risk, as the amount the borrower owed the Retirement System approximated the amount the Retirement System owed the borrower.

Securities loan agreements require that the difference between the average weighted maturity of loan transactions and the average weighted maturity of securities purchased with cash collateral not exceed 90 days. At year-end, the average weighted maturity of loan transactions does not match the average weighted maturity of the securities purchased with the cash collateral.

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Combining and Individual Fund Statements and Schedules

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County of Kent, Michigan

Financial Statements General Fund

To account for resources traditionally associated with the government which are not required to be accounted for in another fund.

County of Kent, Michigan
General Fund
Schedule of Sources of Financial Resources

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Taxes:				
Property	\$ 68,000,000	\$ 67,850,134	\$ (149,866)	\$ 64,163,219
Industrial facilities	1,200,000	1,365,109	165,109	1,355,151
Payment in lieu of taxes	240,000	83,307	(156,693)	53,665
Trailer tax	55,000	55,438	438	62,524
Penalty and interest on taxes	20,000	15,019	(4,981)	18,389
Tax reverted lands	13,000	-	(13,000)	6,539
Expense of sale	600	-	(600)	401
Total taxes	69,528,600	69,369,007	(159,593)	65,659,888
Intergovernmental:				
State shared revenues	9,626,556	9,223,485	(403,071)	10,595,615
State grants	2,443,700	3,890,962	1,447,262	2,868,614
Single business tax	1,383,039	1,461,017	77,978	1,461,017
State grants - other	3,894,930	2,637,278	(1,257,652)	3,741,398
State cigarette tax	510,000	345,405	(164,595)	495,651
State grants - public safety	60,000	104,634	44,634	96,353
Local units	2,823,268	3,179,769	356,501	2,225,362
Total intergovernmental	20,741,493	20,842,550	101,057	21,484,010
Licenses and permits:				
Marriage - family counsel	73,000	71,550	(1,450)	72,425
Marriage licenses	26,000	25,200	(800)	25,395
Pistol permits	40,000	32,029	(7,971)	16,845
Professional registration	1,475	1,900	425	1,725
Boat livery inspection	366	334	(32)	342
Total licenses and permits	140,841	131,013	(9,828)	116,732

(Continued)

County of Kent, Michigan

General Fund Schedule of Sources of Financial Resources (Continued)

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Charges for services:				
Court fees	\$ 2,679,500	\$ 2,359,361	\$ (320,139)	\$ 2,506,509
Board and care	2,780,000	4,022,531	1,242,531	3,271,441
Real estate transfer tax	4,500,000	3,138,499	(1,361,501)	2,797,210
Recording fee	2,200,000	4,297,632	2,097,632	3,153,261
Sales utilities	1,127,481	973,738	(153,743)	710,488
Certified copy fee	563,100	576,520	13,420	586,070
Other services	669,500	609,495	(60,005)	320,205
Printing services	400,000	266,122	(133,878)	314,297
Motion fees	94,000	85,650	(8,350)	92,560
Arrest processing fee	382,000	354,824	(27,176)	318,303
Civil fees	195,900	246,610	50,710	240,716
Sales of supplies	183,000	200,218	17,218	324,514
Commissary	150,000	144,431	(5,569)	128,052
Jury fees	45,000	35,485	(9,515)	41,730
Probation fees	232,000	228,571	(3,429)	246,266
Filing fees	61,500	71,310	9,810	61,932
Other charges	57,300	49,723	(7,577)	50,850
Court bond costs	48,000	43,877	(4,123)	47,280
Assumed name	40,000	39,464	(536)	43,405
Record copy fees	164,500	183,446	18,946	84,526
Other fees	30,700	23,484	(7,216)	35,583

County of Kent, Michigan

General Fund Schedule of Sources of Financial Resources (Continued)

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Photographic services	\$ 20,000	\$ 27,266	\$ 7,266	\$ 36,189
Service fee	100,000	12,406	(87,594)	20,251
Tax certificate, history and search	20,000	21,737	1,737	20,227
Transport services	9,000	11,929	2,929	8,186
Partnership filing and dissolution	6,000	7,178	1,178	7,854
Appeal fees	12,500	7,415	(5,085)	14,660
Admission fees	725,000	647,244	(77,756)	665,879
Adoption fees	5,500	4,533	(967)	4,488
Scrap sales	50	241	191	-
Notary bond	1,820	1,714	(106)	1,565
Inheritance tax	100	-	(100)	-
Mailing service	9,000	778	(8,222)	7,420
Total charges for services	17,512,451	18,693,432	1,180,981	16,161,917
Investment earnings	1,600,000	1,783,016	183,016	3,025,733
Reimbursements:				
Cost allocation	4,625,791	4,134,863	(490,928)	4,326,077
Reimbursements	1,045,536	932,211	(113,325)	1,503,903
Reimbursements - IBM	550,000	558,865	8,865	564,369
Family Independence Agency	475,000	291,015	(183,985)	382,443
Attorney fees	180,000	121,988	(58,012)	140,842
Prisoner medical	90,000	84,789	(5,211)	109,297
Total reimbursements	6,966,327	6,123,731	(842,596)	7,026,931

County of Kent, Michigan

General Fund Schedule of Sources of Financial Resources (Continued)

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Other:				
Vending machines and pay phones	\$ 1,001,015	\$ 763,159	\$ (237,856)	\$ 1,187,833
Penal fines	8,500	8,500	-	8,500
Cash over and short	700	(540)	(1,240)	1,379
Miscellaneous income	130,000	200,625	70,625	(51,368)
Fines, forfeitures and penalties	150,000	134,203	(15,797)	145,155
Rent - F.I.A.	76,850	76,834	(16)	76,834
Refunds and rebates	14,985	8,312	(6,673)	7,267
Bond forfeitures	88,000	35,555	(52,445)	48,850
Rent - tract index	-	63,440	63,440	37,078
Collection fees - delinquent	38,000	59,116	21,116	594
Collection fees - neglect	35,000	19,364	(15,636)	14,572
Rent - other	184,200	161,881	(22,319)	204,258
Rent - building	2,763,275	2,730,105	(33,170)	2,083,485
Royalties	2,500	6,277	3,777	3,671
Insurance and surety bonds	10,000	(17,464)	(27,464)	(13,201)
Total other	4,503,025	4,249,367	(253,658)	3,754,907
Total revenues	120,992,737	121,192,116	199,379	117,230,118
Other Financing Sources				
Proceeds from sale of fixed assets	-	175,702	175,702	401,402
Interfund transfers in	13,938,800	14,208,113	269,313	11,005,705
Total other financing sources	13,938,800	14,383,815	445,015	11,407,107
Total Revenues and Other Financing Sources	\$ 134,931,537	\$ 135,575,931	\$ 644,394	\$ 128,637,225

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County of Kent, Michigan

General Fund Schedule of Uses of Financial Resources

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Expenditures				
General government:				
Prosecuting attorney	\$ 5,269,678	\$ 4,751,929	\$ 517,749	\$ 4,423,937
Information technology	7,532,846	6,472,918	1,059,928	6,887,594
Courthouse	8,646,764	8,265,802	380,962	6,108,458
Administrator	1,016,061	963,607	52,454	862,435
Clerk	807,353	752,088	55,265	705,496
Buildings and grounds - administration	788,540	736,969	51,571	1,047,507
Fiscal services	1,521,531	1,430,834	90,697	1,361,652
Boiler plant operation	1,201,681	1,153,255	48,426	931,436
Facilities management	455,084	444,345	10,739	513,780
Equalization	1,499,900	1,380,145	119,755	738,736
Treasurer	1,068,855	928,564	140,291	930,588
Board of Commissioners	921,970	842,496	79,474	814,504
Human resources	2,418,393	1,840,447	577,946	1,803,929
Buildings and grounds - 82 Ionia	701,224	659,535	41,689	628,536
Property description	-	-	-	641,101
Register of Deeds	891,494	891,384	110	768,534
Buildings and grounds - F.I.A.	531,715	497,985	33,730	480,372
Drain commission	657,766	593,386	64,380	753,527
Purchasing	423,967	382,652	41,315	374,809
Elections	163,572	161,895	1,677	343,670
Tax refunds	200,000	112,126	87,874	140,019
Audit	145,000	127,958	17,042	116,948
Management studies	443,000	345,272	97,728	145,640
Corporate counsel	80,000	87,509	(7,509)	91,854
Buildings and grounds - Probate Court	118,695	108,030	10,665	103,406
Buildings and grounds - NW Center	16,953	8,630	8,323	16,034
Total general government	37,522,042	33,939,761	3,582,281	31,734,502

(Continued)

County of Kent, Michigan

General Fund Schedule of Uses of Financial Resources (Continued)

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Public safety:				
Jail	\$ 28,420,612	\$ 28,363,984	\$ 56,628	\$ 25,283,160
Sheriff and road patrol	13,629,980	13,813,163	(183,183)	13,091,992
Township Law	2,839,773	2,839,773	-	2,013,373
E-911	1,574,900	1,574,757	143	1,403,054
Honor Camp	-	-	-	971,543
Marine law	166,739	166,736	3	166,957
Prevention programming	963,250	519,097	444,153	-
Emergency management	236,559	223,004	13,555	199,639
Law Enforcement Network	80,558	80,558	-	112,042
Total public safety	47,912,371	47,581,072	331,299	43,241,760
Health and welfare:				
Medical examiners	1,144,542	1,139,692	4,850	927,927
Social welfare	795,678	820,132	(24,454)	754,678
Soldiers' relief - administration	188,175	170,808	17,367	154,640
Total health and welfare	2,128,395	2,130,632	(2,237)	1,837,245
Cultural and recreation:				
John Ball Zoological Gardens	3,805,155	3,469,049	336,106	3,267,824
Cooperative extension	677,897	661,158	16,739	616,280
Total cultural and recreation	4,483,052	4,130,207	352,845	3,884,104

County of Kent, Michigan

General Fund Schedule of Uses of Financial Resources (Continued)

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Judicial:				
Circuit Court	\$ 12,751,304	\$ 11,986,645	\$ 764,659	\$ 11,434,361
Family Court	712,727	399,457	313,270	258,188
District Court	2,172,124	1,942,557	229,567	2,005,854
Probate Court	1,078,518	977,252	101,266	960,167
Circuit Court services	1,240,825	1,196,952	43,873	1,143,865
Clerk-Court Division	1,247,079	1,101,631	145,448	1,040,065
Probation - District Court	341,816	312,254	29,562	292,258
Probation - Circuit Court	83,567	71,873	11,694	90,531
Law Library	21,400	21,094	306	22,523
Intergovernmental	2,162,400	3,454,578	(1,292,178)	149,078
Jury Commission	1,385	1,265	120	1,634
Total judicial	21,813,145	21,465,558	347,587	17,398,524
Other:				
Central services	1,006,496	884,561	121,935	896,026
Fleet services	378,257	357,067	21,190	347,768
Economic Development	75,000	75,000	-	75,000
Drains at large	75,000	40,333	34,667	22,770
ACSET	190,000	136,908	53,092	135,923
Area Agency on Aging	14,546	14,546	-	14,546
Health Alliance	4,750	4,750	-	4,750
Total other	1,744,049	1,513,165	230,884	1,496,783
Total expenditures	115,603,054	110,760,395	4,842,659	99,592,918
Other Financing Uses				
CIP transfers out	29,473,072	26,594,208	2,878,864	23,573,843
Interfund transfers out	9,253,987	10,883,617	(1,629,630)	28,072,358
Total other financing uses	38,727,059	37,477,825	1,249,234	51,646,201
Total Expenditures and Other Financing Uses	\$154,330,113	\$148,238,220	\$ 6,091,893	\$151,239,119

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County of Kent, Michigan
Nonmajor Governmental Funds

Special Revenue Funds

Fire Prevention Fund

To account for the acquisition of the fire trucks for participating local units of government. Financing is provided by participating units and General Fund appropriations.

Parks Fund

To account for the operation and maintenance at the County park and golf-course system.

Correction and Detention Facilities Fund

To account for the proceeds of a dedicated millage levied to pay for operations and debt service related to the expansion of the correction and detention facilities.

Lodging Excise Tax Fund

To account for expenditures incurred in promoting Kent County and maintaining, acquiring or constructing its public convention and entertainment facilities. Revenues are provided by the excise tax on transient room rentals.

Senior Millage Fund

To account for the proceeds of a dedicated millage levied to plan, coordinate, evaluate and provide services to persons 60 years of age or older.

Register of Deeds Automation Fund

To account for funds set aside under provisions of Public Acts 698 of 2002 (MCL 600.2568) for upgrading technology in the Register of Deeds' office.

Special Projects - Calendar Year-End Fund

To account for the expenditures and revenues of the various activities financed primarily by restricted grants, funded by the state and federal government. Project lengths vary from one year to annually renewable.

Dickenson Trust Fund

To account for money held by the County for the purchase and maintenance of animals and animal shelters at the zoo.

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County of Kent, Michigan

**Nonmajor Governmental Funds
(Continued)**

Friend of the Court Fund

To account for revenues and expenditures of the Friend of the Court office required in the 1982 Public Acts 294, 295, 296, 297 and 298.

Veterans' Trust Fund

To account for state grants received for the purpose of financially assisting qualified veterans.

Special Projects - Fiscal Year-End Fund

To account for the expenditures and revenues of the various activities financed primarily by restricted grants, funded by the state and federal government. Project lengths vary from one year to annually renewable.

Community Development Fund

To account for the improvement, rehabilitation and preservation of public facilities in target areas as well as the issuance and repayment of rehabilitation loans. Financing is provided by Community Development Block Grants and program income.

Debt Service Fund

Building Authority

To account for the retirement of debt related to projects of the Kent County Building Authority which currently includes the correctional facility, sheriff's building, courthouse and senior citizens building. Financing for the correctional facility is provided by a dedicated tax millage paid by County property owners. Financing for the senior citizens building is through a lease with the Area Agency on Aging.

Capital Projects Funds

Building Authority

To account for construction projects of the Building Authority, which currently includes the courthouse and sheriff renovations. Financing is provided by bonds, a dedicated millage and the general fund.

Capital Improvement Fund

To account for revenue set aside for public improvements.

County of Kent, Michigan

Nonmajor Governmental Funds Combining Balance Sheet

	Special Revenue								
	December 31, 2003								
	Fire Prevention	Parks	Correction and Detention Facilities	Lodging Excise Tax	Senior Millage	Register of Deeds Automation	Special Projects	Dickenson Trust	
Assets									
Cash, investments and accrued interest	\$ 504,842	\$ 735,785	\$ 8,338,335	\$ 6,581,127	\$ 2,066,975	\$ 72,095	\$ 2,876,481	\$ 92,264	
Accounts receivable	-	19,313	-	296,685	356,034	-	-	-	
Taxes receivable	-	-	12,202,619	-	3,778,437	-	-	-	
Intergovernmental receivable	8,746	-	-	-	-	-	-	-	
Due from other funds	-	-	20,346	-	6,299	136,105	-	-	
Inventories	-	37,466	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	
Total Assets	\$ 513,588	\$ 792,564	\$ 20,561,300	\$ 6,877,812	\$ 6,207,745	\$ 208,200	\$ 2,876,481	\$ 92,264	
Liabilities and Fund Balances									
Liabilities									
Vouchers and accounts payable	\$ 64	\$ 23,977	\$ -	\$ 66,404	\$ 296,845	\$ 208,200	\$ 96,550	\$ -	
Accrued liabilities	78	77,532	-	4,942	-	-	17,089	-	
Due to other governments	-	-	-	-	-	-	-	-	
Due to other funds	-	50,050	-	-	-	-	-	-	
Deferred revenue	-	-	13,277,084	-	4,111,136	-	-	-	
Total liabilities	142	151,559	13,277,084	71,346	4,407,981	208,200	113,639	-	
Fund Balances									
Reserved for:									
Encumbrances	-	29,348	-	-	-	-	162,211	-	
Inventories	-	37,466	-	-	-	-	-	-	
Trust purposes	-	-	-	-	-	-	-	92,264	
Unreserved:									
Designated for subsequent year expenditures	155,290	-	1,992,560	1,011,461	471,537	-	-	-	
Designated for debt service	-	-	-	3,589,356	-	-	-	-	
Undesignated	358,156	574,191	5,291,656	2,205,649	1,328,227	-	2,600,631	-	
Total fund balances	513,446	641,005	7,284,216	6,806,466	1,799,764	-	2,762,842	92,264	
Total Liabilities and Fund Balances	\$ 513,588	\$ 792,564	\$ 20,561,300	\$ 6,877,812	\$ 6,207,745	\$ 208,200	\$ 2,876,481	\$ 92,264	

Special Revenue					Debt Service	Capital Project			
September 30, 2003			June 30, 2003	Total		December 31, 2003			
Friend of the Court	Veterans' Trust	Special Projects	Community Development	Special Revenue	Building Authority	Building Authority Construction	Capital Improvement	Total	
\$ 117,479	\$ 2,965	\$ 516,933	\$ 150	\$ 21,905,431	\$ -	\$ 1,766,564	\$ 19,213,690	\$ 42,885,685	
-	-	199,375	2,316,031	3,187,438	-	-	5,140	3,192,578	
-	-	-	-	15,981,056	-	-	3,092,010	19,073,066	
1,183,684	-	286,941	46,236	1,525,607	-	-	-	1,525,607	
-	-	19,196	-	181,946	3,792,056	-	272,336	4,246,338	
-	-	-	-	37,466	-	-	-	37,466	
-	-	4,477	-	4,477	-	-	-	4,477	
\$ 1,301,163	\$ 2,965	\$ 1,026,922	\$ 2,362,417	\$ 42,823,421	\$ 3,792,056	\$ 1,766,564	\$ 22,583,176	\$ 70,965,217	
\$ 2,397	\$ 553	\$ 348,654	\$ -	\$ 1,043,644	\$ -	\$ 72,921	\$ 380,441	\$ 1,497,006	
147,530	-	59,826	15,636	322,633	-	-	-	322,633	
-	-	4,427	-	4,427	-	-	-	4,427	
186,291	-	376,052	30,750	643,143	3,702,215	-	-	4,345,358	
337,798	-	8,920	2,316,031	20,050,969	-	-	3,364,269	23,415,238	
674,016	553	797,879	2,362,417	22,064,816	3,702,215	72,921	3,744,710	29,584,662	
9,966	-	61,103	-	262,628	-	285	825,392	1,088,305	
-	-	-	-	37,466	-	-	-	37,466	
-	-	-	-	92,264	-	-	-	92,264	
-	-	-	-	3,630,848	-	-	1,369,421	5,000,269	
-	-	-	-	3,589,356	-	-	-	3,589,356	
617,181	2,412	167,940	-	13,146,043	89,841	1,693,358	16,643,653	31,572,895	
627,147	2,412	229,043	-	20,758,605	89,841	1,693,643	18,838,466	41,380,555	
\$ 1,301,163	\$ 2,965	\$ 1,026,922	\$ 2,362,417	\$ 42,823,421	\$ 3,792,056	\$ 1,766,564	\$ 22,583,176	\$ 70,965,217	

County of Kent, Michigan

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue							
	Year ended December 31, 2003							
	Fire Prevention	Parks	Correction and Detention Facilities	Lodging Excise Tax	Senior Millage	Register of Deeds Automation	Special Projects	Dickenson Trust
Revenues								
Taxes	\$ -	\$ -	\$ 12,844,211	\$ 4,359,180	\$ 3,976,782	\$ -	\$ -	\$ -
Intergovernmental	169,577	-	-	-	-	-	605,045	-
Charges for services	-	1,245,359	-	-	-	891,317	120,076	-
Fines and forfeitures	-	-	-	3,029	-	-	287,533	-
Investment earnings	5,791	4,314	175,375	110,901	51,814	-	13,481	1,298
Contributions and reimbursements	-	-	-	-	-	-	82,920	-
Total revenues	175,368	1,249,673	13,019,586	4,473,110	4,028,596	891,317	1,109,055	1,298
Expenditures								
Current								
General government	-	-	-	-	-	1,417,834	1,086,274	-
Public safety	335,022	-	-	-	-	-	393,486	-
Health and welfare	-	-	-	-	4,116,312	-	-	-
Cultural and recreation	-	5,362,280	-	4,920,470	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	335,022	5,362,280	-	4,920,470	4,116,312	1,417,834	1,479,760	-
Excess (deficiency) of revenues over expenditures	(159,654)	(4,112,607)	13,019,586	(447,360)	(87,716)	(526,517)	(370,705)	1,298
Other Financing Sources (Uses)								
Interfund transfers in	160,862	4,392,469	-	-	-	526,517	30,408	-
Proceeds from sale of fixed assets	8,746	-	-	-	-	-	-	-
Interfund transfers out	-	-	(13,150,000)	-	-	-	-	-
Total other financing sources (uses)	169,608	4,392,469	(13,150,000)	-	-	526,517	30,408	-
Net change in fund balances	9,954	279,862	(130,414)	(447,360)	(87,716)	-	(340,297)	1,298
Fund Balances, beginning of year	503,492	361,143	7,414,630	7,253,826	1,887,480	-	3,103,139	90,966
Fund Balances, end of year	\$ 513,446	\$ 641,005	\$ 7,284,216	\$ 6,806,466	\$ 1,799,764	\$ -	\$ 2,762,842	\$ 92,264

Special Revenue				Total Special Revenue	Debt Service	Capital Project		Total
Year ended September 30, 2003			Year ended June 30, 2003		Building Authority	Year ended December 31, 2003		
Friend of the Court	Veterans' Trust	Special Projects	Community Development			Building Authority	Building Authority Construction	Capital Improvement
\$ -	\$ -	\$ -	\$ -	\$ 21,180,173	\$ -	\$ -	\$ -	\$ 21,180,173
5,505,863	45,196	5,081,286	1,831,682	13,238,649	5,321,227	-	2,922,149	21,482,025
513,569	-	-	-	2,770,321	-	-	-	2,770,321
-	-	48,888	-	339,450	-	-	-	339,450
-	-	3,521	-	366,495	-	69,428	198,442	634,365
-	-	151,563	91,252	325,735	-	-	219,459	545,194
6,019,432	45,196	5,285,258	1,922,934	38,220,823	5,321,227	69,428	3,340,050	46,951,528
-	-	1,649,967	1,922,934	6,077,009	-	-	-	6,077,009
-	-	3,299,345	-	4,027,853	-	-	-	4,027,853
-	48,546	-	-	4,164,858	-	-	-	4,164,858
-	-	-	-	10,282,750	-	-	-	10,282,750
7,286,582	-	666,835	-	7,953,417	-	-	-	7,953,417
-	-	-	-	-	3,740,000	-	-	3,740,000
-	-	-	-	-	4,382,305	-	-	4,382,305
-	-	-	-	-	-	2,244,560	16,740,354	18,984,914
7,286,582	48,546	5,616,147	1,922,934	32,505,887	8,122,305	2,244,560	16,740,354	59,613,106
(1,267,150)	(3,350)	(330,889)	-	5,714,936	(2,801,078)	(2,175,132)	(13,400,304)	(12,661,578)
-	-	564,035	-	5,674,291	2,387,495	88,998	12,041,700	20,192,484
-	-	-	-	8,746	-	-	-	8,746
-	-	(238,799)	-	(13,388,799)	-	(3,039,106)	-	(16,427,905)
-	-	325,236	-	(7,705,762)	2,387,495	(2,950,108)	12,041,700	3,773,325
(1,267,150)	(3,350)	(5,653)	-	(1,990,826)	(413,583)	(5,125,240)	(1,358,604)	(8,888,253)
1,894,297	5,762	234,696	-	22,749,431	503,424	6,818,883	20,197,070	50,268,808
\$ 627,147	\$ 2,412	\$ 229,043	\$ -	\$ 20,758,605	\$ 89,841	\$ 1,693,643	\$ 18,838,466	\$ 41,380,555

County of Kent, Michigan

Fire Prevention Special Revenue Fund

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

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 160,862	\$ 169,577	\$ 8,715	\$ 163,887
Investment earnings	24,500	5,791	(18,709)	10,210
Total revenues	185,362	175,368	(9,994)	174,097
Expenditures				
Current:				
Public safety	336,725	335,022	1,703	152,224
Excess (deficiency) of revenues over expenditures	(151,363)	(159,654)	(8,291)	21,873
Other Financing Sources (Use)				
Proceeds from sale of fixed assets	8,600	8,746	146	8,546
Interfund transfers in	160,862	160,862	-	158,000
Interfund transfers out	-	-	-	(164,000)
Total other financing sources (use)	169,462	169,608	146	2,546
Net change in fund balance	18,099	9,954	(8,145)	24,419
Fund Balance, beginning of year	503,492	503,492	-	479,073
Fund Balance, end of year	\$ 521,591	\$ 513,446	\$ (8,145)	\$ 503,492

County of Kent, Michigan

Parks Special Revenue Fund

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

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	25,000
Charges for services	1,399,000	1,245,359	(153,641)	1,302,886
Investment earnings	15,200	4,314	(10,886)	5,863
Total revenues	1,414,200	1,249,673	(164,527)	1,333,749
Expenditures				
Current:				
Cultural and recreation	5,472,408	5,362,280	110,128	3,717,206
Deficiency of revenues over expenditures	(4,058,208)	(4,112,607)	(54,399)	(2,383,457)
Other Financing Source				
Interfund transfers in	4,392,469	4,392,469	-	2,299,391
Net change in fund balance	334,261	279,862	(54,399)	(84,066)
Fund Balance, beginning of year	361,143	361,143	-	445,209
Fund Balance, end of year	\$ 695,404	\$ 641,005	\$ (54,399)	\$ 361,143

County of Kent, Michigan

Correction and Detention Facilities Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Taxes	\$ 12,700,000	\$ 12,844,211	\$ 144,211	\$ 12,169,652
Investment earnings	370,000	175,375	(194,625)	282,599
Total revenues	13,070,000	13,019,586	(50,414)	12,452,251
Other Financing Use				
Interfund transfers out	(13,150,000)	(13,150,000)	-	(13,000,000)
Net change in fund balance	(80,000)	(130,414)	(50,414)	(547,749)
Fund Balance, beginning of year	7,414,630	7,414,630	-	7,962,379
Fund Balance, end of year	\$ 7,334,630	\$ 7,284,216	\$ (50,414)	\$ 7,414,630

County of Kent, Michigan

Lodging Excise Tax Special Revenue Fund

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

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Taxes	\$ 4,302,000	\$ 4,359,180	\$ 57,180	\$ 4,112,984
Fines and forfeitures	8,500	3,029	(5,471)	1,376
Investment earnings	700,000	110,901	(589,099)	160,647
Total revenues	5,010,500	4,473,110	(537,390)	4,275,007
Expenditures				
Current:				
Cultural and recreation	5,008,213	4,920,470	87,743	4,658,590
Net change in fund balance	2,287	(447,360)	(449,647)	(383,583)
Fund Balance, beginning of year	7,253,826	7,253,826	-	7,637,409
Fund Balance, end of year	\$ 7,256,113	\$ 6,806,466	\$ (449,647)	\$ 7,253,826

County of Kent, Michigan

Senior Millage Special Revenue Fund

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

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Taxes	\$ 3,900,000	\$ 3,976,782	\$ 76,782	\$ 3,809,507
Investment earnings	165,000	51,814	(113,186)	82,263
Total revenues	4,065,000	4,028,596	(36,404)	3,891,770
Expenditures				
Current:				
Health and welfare	4,497,275	4,116,312	380,963	4,189,523
Net change in fund balance	(432,275)	(87,716)	344,559	(297,753)
Fund Balance, beginning of year	1,887,480	1,887,480	-	2,185,233
Fund Balance, end of year	\$ 1,455,205	\$ 1,799,764	\$ 344,559	\$ 1,887,480

County of Kent, Michigan

Register of Deeds Automation Special Revenue Fund

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

	Final	Final	Variance
<i>Year ended December 31, 2003</i>	Budget	Actual	Positive (Negative)
Revenues			
Charges for services	\$ 850,000	\$ 891,317	\$ 41,317
Expenditures			
Current:			
General government	1,450,000	1,417,834	32,166
Deficiency of revenues over expenditures	(600,000)	(526,517)	73,483
Other Financing Source			
Interfund transfers in	600,000	526,517	(73,483)
Net change in fund balance	-	-	-
Fund Balance, beginning of year	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -

County of Kent, Michigan

Special Projects - Calendar Year-End Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 621,501	\$ 605,045	\$ (16,456)	\$ 318,647
Charges for services	218,135	120,076	(98,059)	146,815
Fines and forfeitures	210,114	287,533	77,419	150,618
Investment earnings	106,090	13,481	(92,609)	(2,864)
Contributions and reimbursements	24,128	82,920	58,792	26,055
Total revenues	1,179,968	1,109,055	(70,913)	639,271
Expenditures				
Current:				
General government	1,095,990	1,086,274	9,716	457,020
Public safety	456,233	393,486	62,747	355,633
Total expenditures	1,552,223	1,479,760	72,463	812,653
Deficiency of revenues over expenditures	(372,255)	(370,705)	1,550	(173,382)
Other Financing Source				
Interfund transfers in	6,280	30,408	24,128	1,178,445
Net change in fund balance	(365,975)	(340,297)	25,678	1,005,063
Fund Balance, beginning of year	3,103,139	3,103,139	-	2,098,076
Fund Balance, end of year	\$ 2,737,164	\$ 2,762,842	\$ 25,678	\$ 3,103,139

County of Kent, Michigan

Dickenson Trust Special Revenue Fund

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

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Investment earnings	\$ -	\$ 1,298	\$ 1,298	\$ 1,719
Fund Balance, beginning of year	90,966	90,966	-	89,247
Fund Balance, end of year	\$ 90,966	\$ 92,264	\$ 1,298	\$ 90,966

County of Kent, Michigan

Friend of the Court Special Revenue Fund

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

<i>Year ended September 30, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 5,924,375	\$ 5,505,863	\$ (418,512)	\$ 5,253,771
Charges for services	542,212	513,569	(28,643)	437,866
Total revenues	6,466,587	6,019,432	(447,155)	5,691,637
Expenditures				
Current:				
Judicial	8,452,878	7,286,582	1,166,296	6,989,048
Deficiency of revenues over expenditures	(1,986,291)	(1,267,150)	719,141	(1,297,411)
Other Financing Source				
Interfund transfers in	186,291	-	(186,291)	2,111,702
Net change in fund balance	(1,800,000)	(1,267,150)	532,850	814,291
Fund Balance, beginning of year	1,894,297	1,894,297	-	1,080,006
Fund Balance, end of year	\$ 94,297	\$ 627,147	\$ 532,850	\$ 1,894,297

County of Kent, Michigan

Veterans' Trust Special Revenue Fund

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

<i>Year ended September 30, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 102,824	\$ 45,196	\$ (57,628)	\$ 84,466
Expenditures				
Current:				
Health and welfare	105,699	48,546	57,153	87,084
Net change in fund balance	(2,875)	(3,350)	(475)	(2,618)
Fund Balance, beginning of year	5,762	5,762	-	8,380
Fund Balance, end of year	\$ 2,887	\$ 2,412	\$ (475)	\$ 5,762

County of Kent, Michigan

Special Projects - Fiscal Year-End Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended September 30, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 4,867,421	\$ 5,081,286	\$ 213,865	\$ 4,901,653
Fines and forfeitures	55,788	48,888	(6,900)	47,115
Investment earnings	130	3,521	3,391	(828)
Contributions and reimbursements	126,867	151,563	24,696	184,174
Total revenues	5,050,206	5,285,258	235,052	5,132,114
Expenditures				
Current:				
General government	1,628,020	1,649,967	(21,947)	1,314,904
Public safety	2,891,272	3,299,345	(408,073)	3,280,055
Judicial	797,227	666,835	130,392	865,191
Total expenditures	5,316,519	5,616,147	(299,628)	5,460,150
Deficiency of revenues over expenditures	(266,313)	(330,889)	(64,576)	(328,036)
Other Financing Source (Use)				
Interfund transfers in	735,308	564,035	(171,273)	543,861
Interfund transfers out	-	(238,799)	(238,799)	-
Total other financing source (use)	735,308	325,236	(410,072)	543,861
Net change in fund balance	468,995	(5,653)	(474,648)	215,825
Fund Balance, beginning of year	234,696	234,696	-	18,871
Fund Balance, end of year	\$ 703,691	\$ 229,043	\$ (474,648)	\$ 234,696

County of Kent, Michigan

Community Development Special Revenue Fund

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

<i>Year ended June 30, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 3,089,849	\$ 1,831,682	\$ (1,258,167)	\$ 1,682,638
Contributions and reimbursements	125,000	91,252	(33,748)	210,730
Total revenues	3,214,849	1,922,934	(1,291,915)	1,893,368
Expenditures				
Current:				
General government	1,928,336	1,922,934	5,402	1,893,368
Net change in fund balance	1,286,513	-	(1,286,513)	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ 1,286,513	\$ -	\$ (1,286,513)	\$ -

County of Kent, Michigan

Building Authority Debt Service Fund

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

<i>Year ended December 31, 2003</i>	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues				
Intergovernmental	\$ 5,498,231	\$ 5,321,227	\$ (177,004)	\$ 4,027,084
Investment earnings	283,500	-	(283,500)	52,804
Total revenues	5,781,731	5,321,227	(460,504)	4,079,888
Expenditures				
Debt service:				
Principal retirement	3,740,000	3,740,000	-	3,580,000
Interest and fiscal charges	4,408,231	4,382,305	25,926	4,539,395
Total expenditures	8,148,231	8,122,305	25,926	8,119,395
Deficiency of revenues over expenditures	(2,366,500)	(2,801,078)	(434,578)	(4,039,507)
Other Financing Source				
Interfund transfers in	2,250,000	2,387,495	137,495	3,895,383
Net change in fund balance	(116,500)	(413,583)	(297,083)	(144,124)
Fund Balance, beginning of year	503,424	503,424	-	647,548
Fund Balance, end of year	\$ 386,924	\$ 89,841	\$ (297,083)	\$ 503,424

County of Kent, Michigan

Building Authority Capital Projects Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year ended December 31,</i>	2003	2002
Revenues		
Investment earnings	\$ 69,428	\$ 170,851
Expenditures		
Capital outlay	2,244,560	10,600,585
Deficiency of revenues over expenditures	(2,175,132)	(10,429,734)
Other Financing Source (Use)		
Interfund transfers in	88,998	2,963,979
Interfund transfers out	(3,039,106)	-
Total other financing source (use)	(2,950,108)	2,963,979
Net change in fund balance	(5,125,240)	(7,465,755)
Fund Balance, beginning of year	6,818,883	14,284,638
Fund Balance, end of year	\$ 1,693,643	\$ 6,818,883

County of Kent, Michigan

Capital Improvement Capital Projects Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year ended December 31,</i>	2003	2002
Revenues		
Intergovernmental	\$ 2,922,149	\$ 2,322,472
Investment earnings	198,442	70,708
Contributions and reimbursements	219,459	-
Total revenues	3,340,050	2,393,180
Expenditures		
Capital outlay	16,740,354	9,331,766
Deficiency of revenues over expenditures	(13,400,304)	(6,938,586)
Other Financing Source		
Interfund transfers in	12,041,700	20,863,224
Net change in fund balance	(1,358,604)	13,924,638
Fund Balance, beginning of year	20,197,070	6,272,432
Fund Balance, end of year	\$ 18,838,466	\$ 20,197,070

County of Kent, Michigan
Fiduciary Funds
Combining Financial Statements

Agency Funds

Library Penal Fine Fund

To account for money received by the County from court imposed fines as a result of state law violations which is later distributed to the library systems within the County.

Agency Fund

To account for money held by the County as a trustee which is later to be distributed.

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County of Kent, Michigan

Agency Funds Combining Statement of Assets and Liabilities

<i>December 31, 2003</i>	Library Penal Fine	Agency Fund	Total
Assets			
Cash, investments and accrued interest	\$ 664,273	\$ 5,999,087	\$ 6,663,360
Liabilities			
Vouchers and accounts payable	\$ -	\$ 1,224,299	\$ 1,224,299
Due to other governmental units	-	933,572	933,572
Undistributed collections	664,273	3,841,216	4,505,489
Total Liabilities	\$ 664,273	\$ 5,999,087	\$ 6,663,360

County of Kent, Michigan

Agency Funds Combining Statement of Changes in Assets and Liabilities

	Balance		Balance	
	January 1,	Additions	Deletions	December 31,
	2003			2003
Library Penal Fine				
Assets				
Cash, investments and accrued interest	\$ 712,651	\$ 1,267,514	\$ 1,315,892	\$ 664,273
Liabilities				
Undistributed collections	\$ 712,651	\$ 1,267,514	\$ 1,315,892	\$ 664,273
Agency Fund				
Assets				
Cash, investments and accrued interest	\$ 18,514,317	\$ 327,283,693	\$ 339,798,923	\$ 5,999,087
Accounts receivable	133,513	-	133,513	-
Total Assets	\$ 18,647,830	\$ 327,283,693	\$ 339,932,436	\$ 5,999,087
Liabilities				
Vouchers and accounts payable	\$ 11,754,233	\$ 163,132,067	\$ 173,662,001	\$ 1,224,299
Due to other governmental units	4,948,841	149,158,723	153,173,992	933,572
Due to component units	28,533	-	28,533	-
Undistributed collections	1,916,223	149,294,027	147,369,034	3,841,216
Total Liabilities	\$ 18,647,830	\$ 461,584,817	\$ 474,233,560	\$ 5,999,087
Total All Agency Funds				
Assets				
Cash, investments and accrued interest	\$ 19,226,968	\$ 328,551,207	\$ 341,114,815	\$ 6,663,360
Accounts receivable	133,513	-	133,513	-
Total Assets	\$ 19,360,481	\$ 328,551,207	\$ 341,248,328	\$ 6,663,360
Liabilities				
Vouchers and accounts payable	\$ 11,754,233	\$ 163,132,067	\$ 173,662,001	\$ 1,224,299
Due to other governmental units	4,948,841	149,158,723	153,173,992	933,572
Due to component units	28,533	-	28,533	-
Undistributed collections	2,628,874	150,561,541	148,684,926	4,505,489
Total Liabilities	\$ 19,360,481	\$ 462,852,331	\$ 475,549,452	\$ 6,663,360

County of Kent, Michigan
Nonmajor Component Units
Combining Financial Statements

Housing Commission

The Kent County Housing Commission is a policy-making body which oversees the distribution of rental assistance to low-income residents of the County.

Family Independence Agency

The Family Independence Agency accounts for assistance provided to eligible recipients and the administering of various County, state and federal programs. Financing is provided through the various state and federal program grants and General Fund transfers.

Other Drains

The Kent County Drain Commission is responsible for the construction and maintenance of County drains and the control of lake levels. The nonmajor drains are aggregated here.

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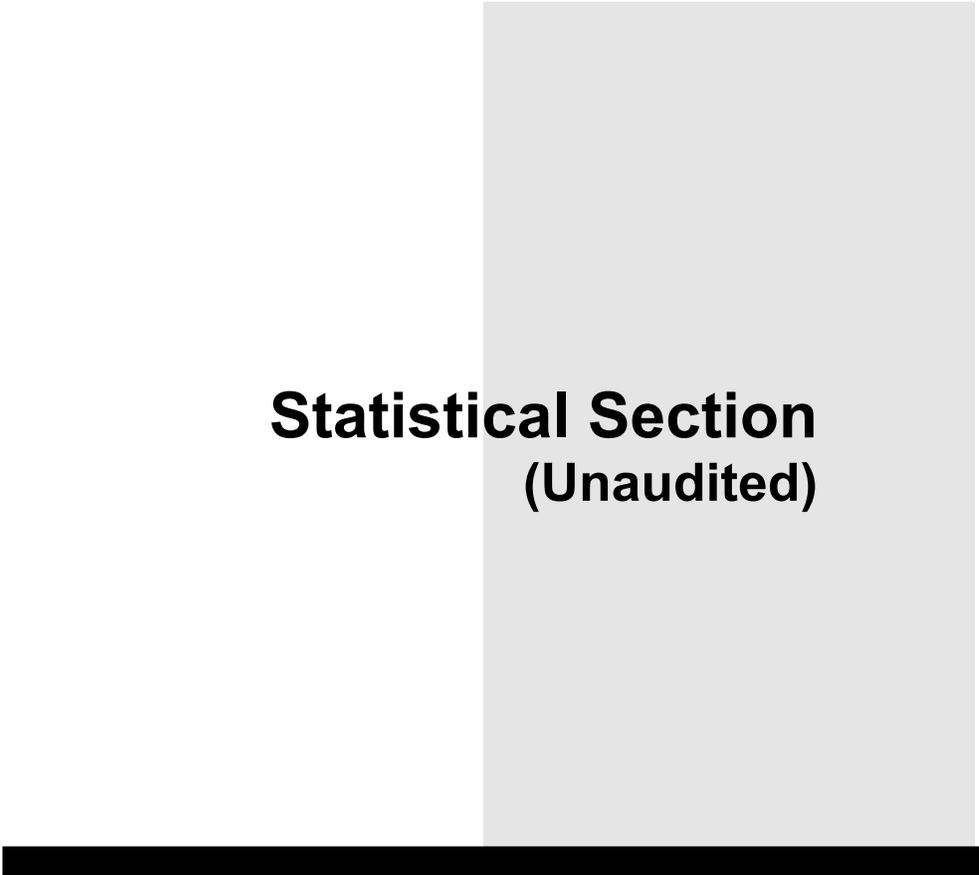
County of Kent, Michigan
Nonmajor Component Units
Combining Statement of Net Assets

<i>December 31, 2003</i>	Housing Commission	Family Independence Agency	Drain Commission Other Drains	Total
Assets				
Cash, investments and accrued interest	\$ 310,188	\$ -	\$ 1,542,118	\$ 1,852,306
Receivables, net of allowances for uncollectibles:				
Accounts	-	-	12	12
Special assessments, current	-	-	275,432	275,432
Intergovernmental	74,336	272,670	-	347,006
Due from primary government	-	223,373	-	223,373
Special assessments, long-term	-	-	38,883	38,883
Capital assets, net of accumulated depreciation	-	-	2,686,154	2,686,154
Total Assets	384,524	496,043	4,542,599	5,423,166
Liabilities				
Vouchers and accounts payable	-	-	27,068	27,068
Accrued liabilities	8,504	933	10,379	19,816
Due to other governments	-	270,741	-	270,741
Due to primary government	174,569	224,369	169,856	568,794
Deferred revenue	131,324	-	-	131,324
Noncurrent liabilities:				
Due within one year	-	-	218,200	218,200
Due in more than one year	-	-	202,210	202,210
Total Liabilities	314,397	496,043	627,713	1,438,153
Net Assets				
Invested in capital assets, net of related debt	-	-	2,265,744	2,265,744
Restricted for debt service	-	-	7,687	7,687
Unrestricted	70,127	-	1,641,455	1,711,582
Total Net Assets	\$ 70,127	\$ -	\$ 3,914,886	\$ 3,985,013

County of Kent, Michigan

Nonmajor Component Units
Combining Statement of Activities

<i>Year ended December 31, 2003</i>				Net (Expense) Revenue and Changes in Net Assets				Total
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Housing Commission	Family Independence Agency	Drain Commission Other Drains		
Housing Commission								
Health and welfare	\$2,913,008	\$ 2,913,008	\$ -	\$ -	\$ -	\$ -	\$ -	-
Family Independence Agency								
Health and welfare	3,816,041	3,786,631	-	-	(29,410)	-	-	(29,410)
Drain Commission Other Drains								
Drains	224,869	151,727	417,826	-	-	344,684	-	344,684
Interest expense	25,321	-	-	-	-	(25,321)	-	(25,321)
Total other drains	250,190	151,727	417,826	-	-	319,363	-	319,363
Total Nonmajor Component Units	\$ 6,979,239	\$ 6,851,366	\$ 417,826					
				Net Assets, beginning of year				3,695,060
				70,127	29,410	3,595,523		
				Net Assets, end of year				\$ 3,985,013
				\$ 70,127	\$ -	\$ 3,914,886		



**Statistical Section
(Unaudited)**

County of Kent, Michigan

General Government Revenues by Source General, Special Revenue, Debt Service and Capital Projects Funds Last Ten Fiscal Years (Unaudited)

<i>Fiscal year</i>	Taxes	Licenses And Permits	Intergovernmental Revenues (1)	Charges For Service
1994	\$ 53,626,266	\$ 927,420	\$ 93,846,564	\$ 11,628,197
1995	56,424,995	913,570	105,149,735	11,431,035
1996	57,732,324	933,687	100,742,190	13,477,123
1997	61,463,109	1,106,884	104,089,856	14,637,578
1998	65,267,284	1,147,111	95,375,661	15,283,477
1999	72,508,039	1,117,886	118,344,108	15,686,980
2000	76,740,004	1,253,028	131,077,214	16,472,356
2001	80,464,869	1,273,890	140,764,807	18,247,136
2002	85,752,031	1,299,629	149,439,214	19,589,181
2003	90,549,180	1,380,375	64,463,200	23,672,575

<i>Fiscal year</i>	Taxes	Licenses And Permits	Intergovernmental Revenues	Charges For Service
1994	31.2%	.5%	54.6%	6.8%
1995	30.1	.5	56.1	6.1
1996	31.0	.5	54.2	7.2
1997	31.7	.6	53.8	7.6
1998	34.1	.6	49.9	8.0
1999	32.0	.5	52.2	6.9
2000	31.0	.5	52.9	6.7
2001	30.4	.5	53.2	6.9
2002	31.3	.5	54.4	7.1
2003	46.3	.7	32.9	12.1

(1) Intergovernmental Revenues for fiscal year 2003 do not include \$90,552,009 of revenues for Kent County CMH Authority, which is now a component unit of Kent County.

Table I

Fines And Forfeitures	Investment Earnings	Contributions And Reimbursements	Other	Totals
\$ 1,099,422	\$ 4,238,818	\$ 2,312,305	\$ 4,306,447	\$ 171,985,439
933,357	6,230,587	2,990,680	3,360,067	187,434,026
304,648	5,960,217	3,926,947	2,906,001	185,983,137
313,877	6,835,164	2,930,719	2,254,389	193,631,576
255,051	7,673,539	3,783,610	2,435,332	191,221,065
211,710	11,702,519	4,432,465	2,557,042	226,560,749
298,877	11,568,192	6,621,023	3,595,150	247,625,844
316,458	12,936,485	8,612,212	2,002,871	264,618,728
304,140	4,380,696	9,221,639	4,382,179	274,368,709
466,749	2,417,381	8,523,738	4,249,367	195,722,565

Total Revenues

Fines And Forfeitures	Investment Earnings	Contributions And Reimbursements	Other	Increase (decrease) from previous year
.6%	2.5%	1.3%	2.5%	6.1%
.5	3.3	1.6	1.8	9.0
.2	3.2	2.1	1.6	(.8)
.2	3.5	1.5	1.2	4.1
.1	4.0	2.0	1.3	(1.2)
.1	5.2	2.0	1.1	18.5
.1	4.7	2.7	1.5	9.3
.1	4.9	3.3	.8	6.9
.1	1.6	3.4	1.6	3.7
.2	1.2	4.4	2.2	(28.7)

County of Kent, Michigan

General Government Expenditures by Function General, Special Revenue, Debt Service and Capital Projects Funds Last Ten Fiscal Years (Unaudited)

<i>Fiscal year</i>	General Government	Public Safety	Health And Welfare (1)	Cultural And Recreation
1994	\$ 15,097,421	\$ 27,033,027	\$ 84,518,219	\$ 11,301,281
1995	13,768,210	29,414,772	91,305,531	12,674,081
1996	15,606,552	31,115,609	93,005,155	7,830,598
1997	15,068,370	31,140,927	95,855,786	8,405,515
1998	19,573,857	31,913,703	85,114,155	9,490,413
1999	20,104,773	34,800,580	102,135,526	10,290,483
2000	21,608,217	38,506,666	127,423,533	10,469,103
2001	27,870,110	40,060,222	132,266,169	9,956,605
2002	34,479,082	45,762,033	142,797,293	11,934,477
2003	40,016,770	51,608,925	55,743,763	14,412,957

Percentage of				
<i>Fiscal year</i>	General Government	Public Safety	Health And Welfare	Cultural And Recreation
1994	9.2%	16.5%	51.6%	6.9%
1995	7.9	16.8	52.3	7.3
1996	8.8	17.6	52.7	4.4
1997	8.5	17.5	53.9	4.7
1998	10.5	17.2	45.9	5.1
1999	9.2	15.9	46.7	4.7
2000	7.9	14.1	46.6	3.8
2001	9.8	14.1	46.6	3.5
2002	11.8	15.6	48.7	4.1
2003	18.2	23.5	25.3	6.6

(1) Health and Welfare for fiscal year 2003 does not include \$91,535,807 of expenditures for Kent County CMH Authority, which is now a component unit of Kent County.

Table II

Judicial	Other	Capital Outlay	Debt Principal Retirement	Debt Interest, Fiscal And Other Charges	Totals
\$ 19,542,799	\$ 846,942	\$ 2,746,576	\$ 870,000	\$ 1,934,573	\$ 163,890,838
18,348,780	1,162,144	5,373,516	1,290,000	1,404,147	174,741,181
20,273,298	1,184,939	4,775,569	1,245,000	1,554,582	176,591,302
21,356,227	1,040,126	2,043,223	720,848	2,086,651	177,717,673
23,114,375	2,200,383	10,480,113	1,455,000	2,206,519	185,548,518
22,779,747	925,957	21,855,111	1,600,000	4,332,730	218,824,907
22,224,076	1,642,419	45,506,631	1,665,000	4,248,070	273,293,715
23,942,951	1,550,976	42,133,850	1,755,000	4,549,825	284,085,708
24,765,224	1,423,244	23,675,956	3,580,000	4,539,395	292,956,704
29,418,975	1,513,165	18,984,914	3,740,000	4,382,305	219,821,774

Total Expenditures

Judicial	Other	Capital Outlay	Debt Principal Retirement	Debt Interest, Fiscal And Other Charges	Increase (Decrease) From Previous Year
11.9%	.5%	1.7%	.5%	1.2%	4.1%
10.5	.7	3.1	.7	.9	6.6
11.5	.7	2.7	.7	1.0	1.1
12.0	.6	1.1	.4	1.2	.6
12.5	1.2	5.6	.8	1.2	4.4
10.4	.4	10.0	.7	2.0	17.9
8.1	.6	16.7	.6	1.6	24.9
8.4	.5	14.8	.6	1.6	3.9
8.5	.5	8.1	1.2	1.5	3.1
13.4	.7	8.6	1.7	2.0	(25.0)

County of Kent, Michigan

Property Taxes, Levies and Collections Last Ten Years (Unaudited)

<i>Tax year</i>	Collection Year	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Levy Collected Current	Delinquent Tax Collections (3)
1994	1995	\$ 52,504,456	\$ 48,590,461	92.55%	\$3,912,958
1995	1996	53,557,787	49,372,448	92.19	4,182,392
1996	1997	57,139,430	52,789,058	92.39	4,346,961
1997	1998	60,821,754	55,334,845	90.98	5,485,773
1998	1999	68,401,862	63,205,166	92.40	5,193,060
1999	2000	72,812,659	66,498,720	91.33	6,311,324
2000	2001	76,506,563	70,112,951	91.64	6,381,338
2001	2002	81,557,073	75,400,554	92.45	6,042,525
2002	2003	86,714,980	80,408,545	92.73	5,461,955
2003	2004	90,498,480	84,108,362	92.94	-

(1) The levy does not include taxes from Act 198 and 255 property.

(2) Balance on March 1st of each Fiscal Year.

(3) Balance on March 1, 2003.

Table III

Total Tax Collections (3)	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent as Percent of Current Levy
\$ 52,503,419	100.00%	\$ 1,037	0.00%
53,554,840	99.99	2,947	0.01
57,136,019	99.99	3,411	0.01
60,820,618	100.00	1,136	0.00
68,398,226	100.00	3,636	0.01
72,810,044	100.00	2,615	0.00
76,494,289	99.98	12,274	0.02
81,443,079	99.86	113,994	0.14
85,870,500	99.03	844,480	0.97
84,108,362	92.94	6,390,118	7.06

County of Kent, Michigan

Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

<i>Fiscal year</i>	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	\$ 8,829,939,135	\$ 17,797,041,116	\$ 1,215,552,644	\$ 2,433,280,207
1995	9,283,940,325	18,665,432,577	1,316,107,075	2,634,942,680
1996	10,076,547,645	20,102,907,610	1,436,364,339	2,876,151,522
1997	10,892,435,067	21,887,585,199	1,529,863,124	3,066,319,000
1998	11,994,299,124	24,086,287,318	1,653,403,046	3,313,576,004
1999	13,068,302,448	26,298,603,280	1,805,829,984	3,619,259,163
2000	14,121,813,692	28,371,745,405	1,791,085,408	3,590,363,936
2001	15,346,539,536	30,811,507,103	1,865,508,380	3,740,087,105
2002	16,724,891,162	33,651,047,340	1,922,829,800	3,854,374,206
2003	18,055,474,660	36,278,177,785	1,863,896,120	3,732,751,269

NOTE: According to state statute, taxable property is to be assessed at 50% of market value (state equalized assessed value).

Table IV

Total			
Assessed Value	Estimated Actual Value	Percentage of Assessed to Estimated Values	Percent Increase in Estimated Value Over Prior Year
\$ 10,045,491,779	\$ 20,230,321,323	49.66%	4.10%
10,600,047,400	21,300,375,257	49.76	5.29
11,512,911,984	22,979,059,132	50.10	10.75
12,422,298,191	24,953,904,199	49.78	8.59
13,647,702,170	27,399,863,322	49.81	9.80
14,874,132,432	29,917,862,443	49.72	9.19
15,912,899,100	31,962,109,341	49.79	6.83
17,212,047,916	34,551,594,208	49.82	8.10
18,647,720,962	37,505,421,546	49.72	8.55
19,919,370,780	40,010,929,054	49.78	6.68

County of Kent, Michigan

Table V

Property Tax Rates - Direct and Overlapping Governments
 (Per \$1,000 of Taxable Valuation)
 All Overlapping Governments
 Last Ten Fiscal Years
 (Unaudited)

Direct

<i>Fiscal year</i>	Allocated Operating	Correctional Facility	Senior Services	County Total
1994	4.4179	.8073	-	5.2252
1995	4.2941	.8073	-	5.1014
1996	4.3017	.8073	-	5.1090
1997	4.3093	.8073	-	5.1166
1998	4.3093	.8071	.2500	5.3664
1999	4.3025	.8037	.2489	5.3551
2000	4.2865	.7998	.2477	5.3340
2001	4.2788	.7973	.2469	5.3230
2002	4.2726	.7952	.2462	5.3140
2003	4.2803	.7893	.2444	5.3140

Overlapping

In addition to the County taxes, property owners in the County are required to pay ad valorem taxes to other taxing units such as cities, townships, school districts, community colleges, and other units within the county. The year 2003 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 the 2003 tax year was 58.3961 mills (40.3691 mills on homestead property) per \$1,000 of Taxable Value for the residents of the City of Wyoming in the Godfrey-Lee School District; the lowest tax rate was 36.8007 mills (19.4392 mills on homestead property) for the residents of Solon Township in the Tri-County School District.

County of Kent, Michigan**Table VI****Special Assessments Billings and Collections
Last Ten Fiscal Years
(Unaudited)**

<i>Fiscal year</i>	Current Assessments Due	Current Assessments Collected	Collections to Amount Due	Total Outstanding Assessments
1994	\$ 1,339,963	\$ 1,339,963	100%	\$ 386,975
1995	729,488	729,488	100	371,044
1996	961,974	961,974	100	386,688
1997	1,930,605	1,930,605	100	234,063
1998	1,553,608	1,553,608	100	152,984
1999	1,473,365	1,473,365	100	159,051
2000	1,751,290	1,751,290	100	208,459
2001	3,666,914	3,666,914	100	397,423
2002	2,473,343	2,473,343	100	393,540
2003	2,078,589	2,078,589	100	221,474

County of Kent, Michigan

Ratio of Net General Bonded Debt to State Equalized Value and Net General Bonded Debt Per Capita Last Ten Fiscal Years (Unaudited)

	(1) Population	SEV in (000's)	(2), (3) Gross Bonded Debt	(3) Debt Payable By Others
1994	525,093	\$ 10,045,492	\$ 49,331,926	\$ 46,066,926
1995	530,818	10,600,047	68,795,000	66,125,000
1996	536,353	11,512,912	68,975,000	66,825,000
1997	541,142	12,422,298	74,780,000	73,180,000
1998	544,781	13,647,702	136,490,000	46,545,000
1999	550,388	14,874,132	131,535,000	44,974,000
2000	574,335	15,912,899	129,250,446	43,435,446
2001	582,487	17,212,048	214,605,218	120,135,218
2002	587,951	18,647,721	206,209,422	115,234,422
2003	590,417	19,919,371	204,154,316	116,829,316

(1) U.S. Census Bureau.

(2) Excludes Enterprise and Internal Service Fund Debt.

(3) This includes bonds issued for local municipalities under Act 185 by the County for water and sewer projects. The debt service is funded by scheduled contributions from the units and investment earnings of balances on hand.

(4) This balance includes debt being repaid from general resources.

Table VII

Net General Bonded Debt	Debt Service Funds Available	(4) Net Bonded Debt	Ratio of Net Bonded Debt to State Equalized Value	Ratio of Net Bonded Debt Per Capita
\$ 3,265,000	\$ 26,710	\$ 3,238,290	.03	6.23
2,670,000	30,103	2,639,897	.02	5.02
2,150,000	30,342	2,119,658	.02	3.95
1,600,000	28,384	1,571,616	.01	2.91
89,945,000	7,548,540	82,296,460	.60	150.87
86,561,000	4,932,592	81,628,408	.55	148.25
85,815,000	1,939,078	83,875,921	.53	146.04
94,470,000	647,548	93,822,452	.55	161.84
90,975,000	503,424	90,471,576	.49	153.88
87,325,000	89,841	87,235,159	.44	147.75

County of Kent, Michigan

Table VIII

Computation of Legal Debt Margin
for General Obligation Bonds
(Unaudited)

Constitutional Debt Limitation

Article VII, Section 6 of the Michigan Constitution states “No County shall incur any indebtedness which shall increase its total debt beyond 10% of its assessed valuation.”

Statement of Legal Debt Margin (as of December 31, 2003)

2003 State Equalized Valuation	\$ 19,919,370,780
Legal Debt Limit (10% of SEV)	1,991,937,078
Debt Outstanding	421,559,316
<hr/>	
Margin of additional debt which could legally be incurred subject to debt limit	\$ 1,570,377,762
<hr/>	
Percentage of debt outstanding to SEV	2.12%
<hr/>	

Source: County of Kent

County of Kent, Michigan

Table IX

Computation of Direct and Overlapping Debt (Unaudited)

Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of December 31, 2003. Bonds designated UTGO have an unlimited tax pledge, and LTGO bonds or notes are limited tax pledge bonds or notes.

	Gross	Self Supporting or Portion Paid by Benefiting Municipality	Net	Per Capita	% of SEV
Direct Debt					
General Obligation Limited:					
Tax Notes	\$ 59,900,000	\$ 59,900,000	\$ -		
Water and Sewer Bonds:					
(LTGO)	12,250,000	12,250,000	-		
City/County Building Authority (LTGO)					
Authority (LTGO)	87,158,904	-	87,158,904		
Drain Bonds (LTGO)	16,555,412	16,555,412	-		
Waste-to-Energy (LTGO)	65,915,000	65,915,000	-		
County Building Authority (LTGO)					
County Building Authority (LTGO)	88,190,000	865,000	87,325,000		
Airport Series 1995 and 1999 Revenue (LTGO) Pledge					
Revenue (LTGO) Pledge	38,615,000	38,615,000	-		
Airport Series 1998 Revenue	52,975,000	52,975,000	-		
Total Direct Debt	\$ 421,559,316	\$ 247,075,412	\$ 174,483,904	\$ 295.53	.88%
County Overlapping Debt (1) (2)					
Cities, villages and townships			\$ 230,357,852		
School districts			1,086,954,938		
Community college and intermediate school district			60,785,489		
Total Overlapping Debt			\$ 1,378,098,279	\$ 2,334.11	6.92%
Total County Direct Debt and Overlapping Debt			\$ 1,552,582,183	\$ 2,629.64	7.80%

(1) 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.

(2) Outstanding balances are reported as of December 2, 2003.

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County of Kent, Michigan

Table X

Percent of Annual Debt Service Expenditures and Fiscal Charges
for General Bonded Debt (1)
to Total Governmental Funds Expenditures
Last Ten Fiscal Years
(Unaudited)

<i>Fiscal year</i>	Principal	Interest and Fiscal Charges	Total Debt Service	(2) Total Governmental Fund Type Expenditures	Percent of Expenditures
1994	\$ 870,000	\$ 1,934,573	\$ 2,804,573	\$ 163,890,838	1.71%
1995	1,290,000	1,404,147	2,694,147	174,741,181	1.54
1996	1,245,000	1,554,582	2,799,582	176,591,302	1.59
1997	720,848	2,086,651	2,807,499	177,717,673	1.58
1998	1,455,000	2,206,519	3,661,519	185,548,518	1.97
1999	1,600,000	4,332,730	5,932,730	218,824,907	2.71
2000	1,665,000	4,248,070	5,913,070	273,293,715	2.16
2001	1,755,000	4,549,825	6,304,825	284,085,708	2.22
2002	3,580,000	4,539,395	8,119,395	292,956,704	2.77
2003	3,740,000	4,382,305	8,122,305	219,821,774	3.69

(1) General Bonded Debt excludes obligations of the Enterprise and Internal Service Funds.

(2) Includes General, Special Revenue, Debt Service and Capital Projects.

County of Kent, Michigan

Table XI

Revenue Bond Coverage Department of Aeronautics Last Ten Fiscal Years (Unaudited)

<i>Fiscal year</i>	Revenues	Operating Expenses (1)	Net Revenues	Debt Service Requirements	Coverage
1994	\$ 12,593,798	\$ 5,629,061	\$ 6,964,737	\$ -	-%
1995	13,895,948	5,964,216	7,931,732	2,461,360	3.2
1996	23,685,190	6,029,575	17,655,615	2,343,927	7.5
1997	17,921,318	6,650,387	11,270,931	2,343,927	4.8
1998	20,766,883	7,047,838	13,719,045	5,058,125	2.7
1999	20,106,139	8,019,516	12,086,623	4,782,459	2.5
2000	23,575,735	9,278,990	14,296,745	5,649,407	2.5
2001	24,452,552	10,053,932	14,398,620	6,674,407	2.2
2002	25,668,494	12,381,940	13,286,554	6,673,757	2.0
2003	28,147,353	13,201,717	14,945,636	6,663,407	2.2

(1) Excluding depreciation and non-operating interest expenses.

County of Kent, Michigan

Table XII

Demographic Statistics Last Ten Fiscal Years (Unaudited)

<i>Fiscal year</i>	(1) Population	(2) Per Capita Income	(3) School Enrollment	(4) Unemployment Percent
1994	525,093	\$ 23,210	112,872	4.3%
1995	530,818	24,176	113,646	3.8
1996	536,353	25,079	117,545	4.0
1997	541,142	26,129	119,175	3.2
1998	544,781	27,699	120,145	2.9
1999	550,388	28,377	126,381	3.1
2000	574,335	29,395	122,279	3.1
2001	582,487	29,678	123,237	5.0
2002	587,951	30,068	123,629	6.3
2003	590,417	NA	120,210	7.9

(1) U.S. Census Bureau

(2) Source: Bureau of Economic Analysis

(3) Fourth Friday Count - Michigan Department of Education

(4) Michigan Employment Security Agency (yearly average)

NA Data not available

County of Kent, Michigan**Table XIII****Construction and Property Value
Last Ten Fiscal Years
(Unaudited)**

<i>Fiscal year</i>	Commercial Construction True Value	Industrial Construction True Value	Residential Construction True Value	State Equalized Value*
1994	\$ 215,101,510	\$ 58,074,071	\$ 303,085,077	\$ 10,045,491,779
1995	172,853,564	70,967,221	392,281,830	10,600,047,400
1996	151,276,078	185,083,176	468,858,729	11,512,911,984
1997	175,066,277	113,022,534	564,780,081	12,422,298,191
1998	269,062,599	166,181,632	557,163,921	13,647,702,170
1999	328,233,465	131,005,504	576,131,839	14,874,132,432
2000	310,363,183	171,905,362	658,645,066	15,912,899,100
2001	244,057,348	124,083,163	660,936,758	17,212,047,916
2002	262,918,078	99,484,902	668,332,309	18,647,720,962
2003	242,103,008	139,027,719	707,930,307	19,919,370,780

* Computed at 50% of the cash value

County of Kent, Michigan

Table XIV

Profile of Ten Largest Ad Valorem Taxpayers (Unaudited)

<i>Taxpayer</i>	Principal Product or Service	2003 Taxable Valuation	Percent of 2002 Taxable Valuation
Steelcase, Inc.	Office furniture	\$ 286,745,197	1.67%
Amway Corp/Alticor	Household products	164,653,555	.96
Consumers Energy	Utility	155,352,498	.90
General Motors Corporation	Automotive	139,937,755	.81
Meijer, Inc./Goodwill/Seedling	Retailer	91,969,491	.54
Michigan Consolidated Gas Co.	Utility	70,482,565	.41
Fifth Third Bank	Bank	40,772,735	.24
Diesel Technology	Manufacturing	38,674,300	.23
Woodland Shopping Center	Shopping Center	37,651,465	.22
General Growth Properties	Shopping Center	36,906,699	.21
		\$ 1,063,146,260	6.19%

Source: County of Kent

County of Kent, Michigan

Table XV

2003 Insurance Summary (Unaudited)

<i>Description</i>	<i>Policy Period</i>	<i>Policy Limits</i>
Property Insurance	12/31/02 - 12/31/03	\$375 MM Replacement Value
All Risk Property Boiler and Machinery (WTE and DHCO only)	3/1/03 - 3/1/04	\$150,000,000 Property Business Interest Boiler and Machinery
Auto Physical Damage (Kent County Fire Commission only)	12/31/02 - 12/31/03	\$7,403,250 Agreed Amount
Auto Liability (Kent County Fire Commission only)	12/31/02 - 12/31/03	\$5.0 MM Per Occurrence
Excess Auto Liability (Kent County Fire Commission only)	12/31/02 - 12/31/03	\$5.0 MM Per Occurrence
Excess Workers' Compensation and Employers' Liability	1/1/03 - 1/1/04	Statutory Workers' Compensation \$500,000 Employer's Liability
Airport Liability	7/29/03 - 7/29/04	\$50.0 MM General Liability
Airport Excess Liability	7/29/03 - 07/29/04	\$100.0 MM Excess Airport Liability
Non-Owned Aircraft	7/29/03 - 7/29/04	\$30.0 MM General Liability
Kent County Excess Liability	5/1/03 - 5/1/04	\$14.0 MM Per Occurrence \$1.0 MM Self Insured Retention
Commercial General Liability (WTE and DHCO only)	3/1/03 - 3/1/04	\$1.0 MM Per Occurrence \$2.0 MM General Aggregate
Excess General Liability (WTE & DHCO only)	3/1/03 - 3/1/04	\$50.0 MM Per Occurrence \$50.0 MM Aggregate
Pollution Liability Storage Tanks	3/23/03 - 3/23/04	\$1.0 MM Per Occurrence \$2.0 MM Aggregate
Public Employees Bond and Faithful Performance Bond	7/1/01 - 7/1/04	\$1.0 MM Per Occurrence
Public Employees Bond - Housing Commission	10/01/03 - 10/01/06	\$100,000 Per Occurrence
Public Officials Bond - Treasurer	6/10/03 - 6/10/04	\$1.5 MM Per Occurrence
Public Officials Bond - Deputy Treasurer	6/10/03 - 6/10/04	\$1.5 MM Per Occurrence
Public Officials Bond - District Court Magistrate	5/8/03 - continuous	\$50,000 Each Magistrate
Public Officials Bond - Register of Probate	6/1/03 - continuous	\$1,000 Per Occurrence
Transfer Station Facility Bond - North Kent	4/10/02 - 4/10/05	\$4,000 Per Occurrence
Transfer Station Facility Bond - Waste-to-Energy Facility	4/10/02 - 4/10/05	\$4,000 Per Occurrence

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County of Kent, Michigan

Memorandum of Recommendations Year Ended December 31, 2003



County of Kent, Michigan

Memorandum of Recommendations Year Ended December 31, 2003



BDO Seidman, LLP
Accountants and Consultants

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June 4, 2004

Board of Commissioners
County of Kent, Michigan
300 Monroe Avenue NW
Grand Rapids, Michigan 49503

Dear Members of the Board:

We have audited the basic financial statements of the County of Kent, Michigan (the County) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 4, 2004. In planning and performing our audit, we considered the County's internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

During our audit, we noted certain matters involving accounting procedures and business practices that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve financial reporting practices or result in operating efficiencies.

We would be happy to further discuss our recommendations with you and provide whatever assistance you deem appropriate to implement these recommendations.

We appreciate the cooperation of the County's staff that our personnel received during the audit.

This memorandum is intended solely for the information and use of the Board of Commissioners, management and others within the County, but its distribution is not limited.

Very truly yours,

A handwritten signature in black ink that reads "BDO Seidman, LLP". The signature is written in a cursive, flowing style.

County of Kent, Michigan

Memorandum of Recommendations

Interfund Balances

Interfund receivables and payables are not reconciled or paid on a regular basis. There were a few instances where the interfund receivable and payable on the County's supporting schedule did not change from the prior year. However, the amount recorded in the general ledger had changed.

Recommendation

Consider monthly review and clearing of interfund balances to ensure that interfund accounts are in balance and adequately supported by subsidiary records.

Management Response

Beginning in March 2004, procedures were established to better track the interfund balances. The account numbers "084-Due from Other Funds", "214-Due to Other Funds", "699-Transfers In", and "999-Transfers Out" have been removed from the PeopleSoft account combination edit function as eligible account number combinations. Consequently, any journal entry or voucher entry that utilizes these account numbers will be rejected and an error message will be produced. This allows the Fiscal Services department time to review the entries and determine whether posting to these accounts is proper and necessary. It also provides Fiscal Services with the ability to update the due to/from and transfers audit schedules at the time the entries are made. In addition, Fiscal Services is working on procedures to help ensure that interfund receivables and payables are cleared out in a timely manner.

Accrued Interest Receivable

The County prepares a Daily Cash and Bank Balances report. One of the reconciling items is accrued interest receivable. At December 31, 2003, the amount shown on the Daily Cash and Bank Balances report for accrued interest did not agree with the supporting documentation.

County of Kent, Michigan

Memorandum of Recommendations

Recommendation

Prepare and retain support for all reconciling amounts shown on the Daily Cash and Bank Balances report. Any differences between the support and the reconciling items should be researched and adjusted as necessary.

Management Response

While there were no problems with cash, the Treasurer's office is working on new procedures to help ensure that the supporting documentation agrees with the Cash and Bank Balances report for accrued interest.

Written Change Control Policy for PeopleSoft

There is currently no formal, documented change control process for modifications or software bug fixes made to the PeopleSoft application.

Recommendation

Implement a written change control policy to record software changes or enhancements to the PeopleSoft application. This should include items such as maintaining sufficient documentation for any bug fixes and enhancements, end-user approvals and testing requirements. All change control documentation should be maintained for future reference. This can facilitate problem resolution and help focus efforts when attempting to troubleshoot errors.

Management Response

The IT department concurs and staff is developing a Written Change Control Policy that will be adopted when the County implements HRMS version 8.8 in September 2004.

Segregation of Duties for PeopleSoft

Developers have access to production data in the PeopleSoft application. This access includes the ability to migrate patches to production as well as the ability to compile programs directly in

County of Kent, Michigan

Memorandum of Recommendations

production. This results in an inadequate segregation of duties as IT employees who are developing and testing program changes should not have the ability to migrate these changes to the production environment.

Recommendation

Restrict developer access to production data to reduce the potential risk of corrupt production data. If access to update production data is required in an “emergency fix” situation, the access should be logged and reviewed by an appropriate level of management to ensure that changes were authorized and appropriate, as well as to provide an audit trail in the event that an error is discovered at a later date. This access should be reviewed by someone independent of the development team and the access should be removed once the problem has been resolved.

Management Response

While the IT department recognizes and accepts the concern, this recommendation will be difficult to implement totally within the current organization of the Information Technology department. Due to budgetary constraints and staff workload, adding additional expense or moving responsibilities is not practical at this time. To minimize risk, IT will develop and implement a procedure for logging any developer modifications to production data, which will include appropriate supervisory review.

Password Controls for PeopleSoft

Robust password controls are currently not enforced within the PeopleSoft application. For example, there are currently no password aging controls implemented.

Recommendation

Investigate and implement password controls within the PeopleSoft application to the extent possible. This includes setting minimum length requirements for passwords, mandating that passwords be changed after a certain period of time and enforcing more complex passwords that include both alpha and numeric characters.

County of Kent, Michigan

Memorandum of Recommendations

Management Response

The IT department concurs and password controls have been implemented that match those currently in place for Windows and file/printer server logins. These controls include rules about minimum number of characters, use of numeric and alphanumeric characters, and reuse of previous passwords. In addition, the password is good for a maximum of 90 days.

Disaster Recovery Plan

The current disaster recovery plan has not been recently updated. Also, a formal test plan has not been implemented.

Recommendation

Review and update the disaster recovery plan on a periodic basis. This should be coordinated and performed in conjunction with an overall business continuity plan review. A test plan would facilitate updates to the document as well as help ensure that users of the plan were familiar with its use and content. Various types of testing can be performed, such as walk-throughs or functional tests of specific areas, tabletop drills or full-scale testing.

Management Response

The IT department concurs and will be updating its disaster recovery plan later this year as part of a comprehensive strategy and planning exercise. This plan update will include planning and scheduling future testing dates. IT will investigate whether tying it into an overall business continuity plan is feasible.

New Pronouncements

There are several new pronouncements that have been issued by the Governmental Accounting Standards Board (GASB) that will affect future Comprehensive Annual Financial Reports issued by the County. A brief summary of these new pronouncements is listed below:

County of Kent, Michigan

Memorandum of Recommendations

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* amends Statement No. 14, *The Reporting Entity*. This will require the County to consider any organization that raises resources for the benefit of the County for inclusion as a component unit. This pronouncement is effective for the County in 2004.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures* amends Statement No. 3. This pronouncement eliminates category 1 and 2 deposits and requires disclosure of custodial risk for category 3 deposits and investments. This pronouncement is effective for the County in 2005.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* deals with determining whether capital assets have been impaired and the proper reporting and disclosure of these assets. The standard also provides new financial statement presentation and disclosures relating to insurance recoveries. This pronouncement is effective for the County in 2004.

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* specifies new financial statements and schedules, along with various new disclosures for other postemployment benefits (OPEB). The County will be required to obtain actuarial valuations for the applicable OPEB plans. This pronouncement will be effective for the County in 2006; however, it is effective for the plan one year prior (2005).

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section - an amendment of NCGA Statement 1* clarifies and updates prior requirements as they apply to the statistical sections of the comprehensive annual financial report. This standard also adds new information from the new financial reporting model. This pronouncement is effective for the County in 2006.

Recommendation

Review the new pronouncements to determine changes necessary to ensure that the County is in compliance with applicable financial statement and note disclosures.

Management Response

The appropriate staff in Fiscal Services will review the pronouncements and any required changes implemented.