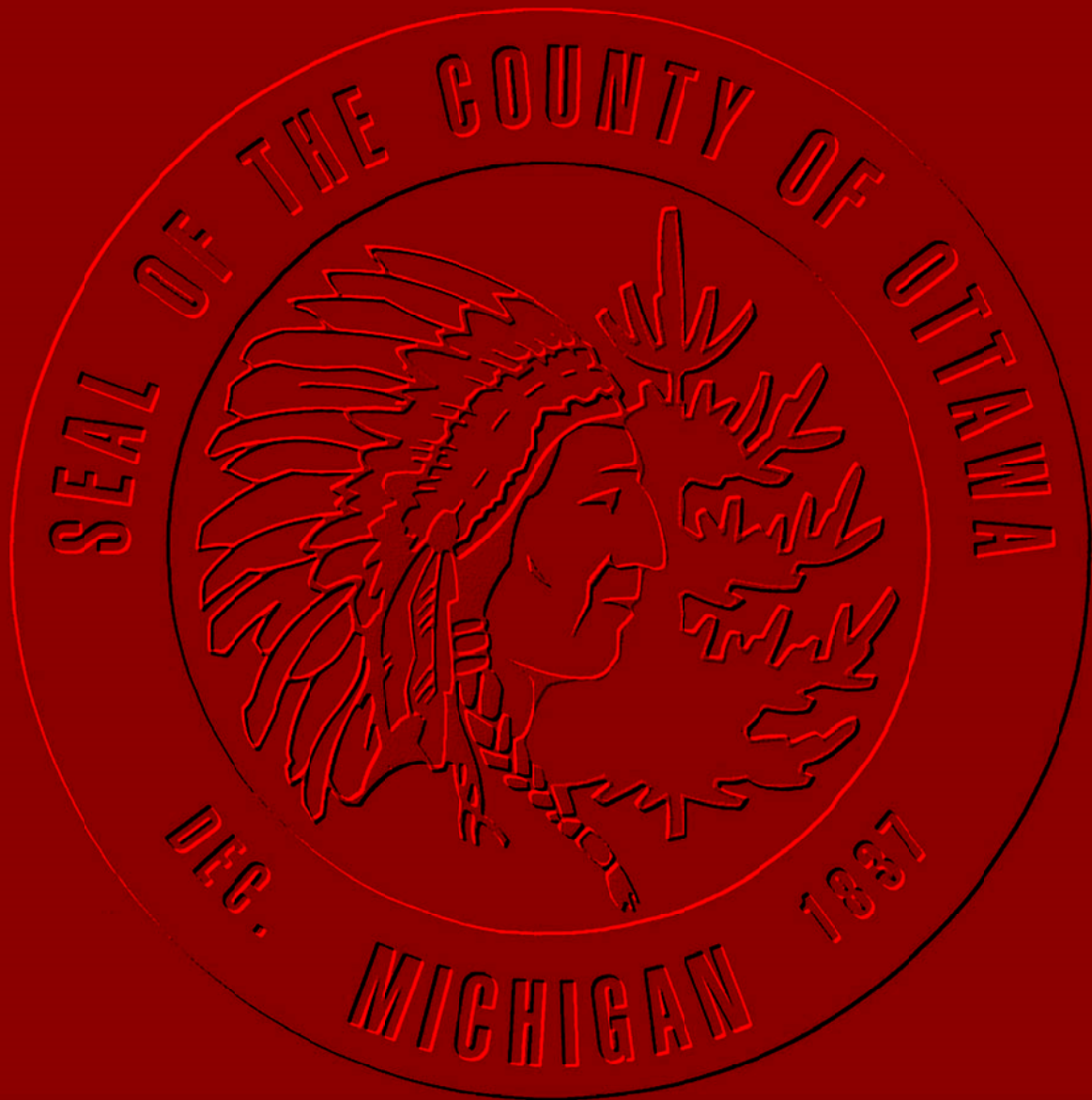


**County of Ottawa
Grand Haven, Michigan**



**2003 Comprehensive Annual
Financial Report**

Year Ended December 31, 2003

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

COUNTY OF OTTAWA

Grand Haven, Michigan

For the Year Ended December 31, 2003

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2003

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PREPARED BY:
FINANCE DEPARTMENT

COUNTY OF OTTAWA

Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2003

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June 7, 2004

Members of the Board and the Citizens of the County of Ottawa:

The Comprehensive Annual Financial Report of the County of Ottawa, Michigan, for the fiscal year ended December 31, 2003, is submitted herewith. The financial statements included in this report have been audited by Rehmann Robson, an independent firm of certified public accountants. The report is prepared for the purpose of disclosing the County's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable State statutes and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board statements and interpretations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material aspects, and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its funds.

The independent audit of the financial statements of the County of Ottawa was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor 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 of Ottawa's separately issued Single Audit Report.

GAAP require 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 MD&A and should be read in conjunction with it. The County of Ottawa's MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY AND ITS SERVICES

Named for the Ottawa Indians who hunted and fished the area's forests and streams, Ottawa County was established in 1837. The County began operation in December of 1837, and the U.S. Census of 1840 listed only 208 people in all of Ottawa County. The estimated 2003 population is 249,391 with substantial growth expected in the years ahead. Ottawa County, encompassing an area of approximately 565 square miles, is located in the southwestern portion of Michigan's lower peninsula having over 30 miles of Lake Michigan shoreline. The County is comprised of six cities, one village, and 17 townships. Ottawa County is the eighth largest county in Michigan in terms of total population.

The County is bordered by the City of Muskegon on its northwesterly boundary and the City of Grand Rapids on approximately half of its easterly boundary.

The topography of the County is flat to gently rolling, with approximately half of its land area being devoted to agricultural purposes. The County enjoys a healthy mix of tourism, industrial, commercial, and agricultural uses within its confines.

The County's legislative body is an eleven-member Board of Commissioners which is elected from single-member districts, determined by population, on a partisan basis for two-year terms. The Board annually elects from within its ranks a Chairman and Vice-Chairman by majority vote.

The financial reporting entity of Ottawa County includes all the funds and capital assets of the primary government (i.e., Ottawa County, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The County provides a full range of services that are either mandated by State statute, or authorized by the County Board of Commissioners. These services include legislative, judicial, public safety, public works, health, welfare, cultural, recreational, capital improvements and general administrative services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Ottawa County Building Authority is separated into the appropriate fund categories of Debt Service, Capital Projects, Capital Assets and Long-term Debt and the Ottawa County, Michigan Insurance Authority is reported as an internal service fund. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Ottawa County Road Commission, the Ottawa County Central Dispatch Authority, the Ottawa County Public Utilities System, and the Ottawa County Drain Commission are reported as discretely presented component units.

ECONOMIC CONDITION AND OUTLOOK

Local Economic Condition

The labor market information for January 2004 showed that Ottawa County began the new year with a civilian labor force of 139,575 persons. Of that total, there were about 131,375 persons employed and 8,200 persons unemployed for an unemployment rate of 5.9 percent. This January 2004 rate of 5.9 percent also happened to be the annual average unemployment rate for the preceding year, 2003. Although the rates are the same, there is a big difference in the related numbers. The annual average civilian labor force for 2003 was higher at 143,425. There were more persons employed at 135,025 and more persons unemployed at 8,400. This would indicate that the local economy has not been improving.

Manufacturing, which is the largest employing sector of Ottawa County's economy representing about 40 percent of all private employment in 2002, is still weak. Overall, this sector lost about 3,816 jobs between 2000 and 2002. Within the manufacturing sector, the office furniture industry which had been downsizing for several years had not reversed this trend. Between 2000 and 2002, this industry lost about 1,419 jobs in Ottawa County. Also during this period, manufacturing of transportation equipment (automotive components) decreased by approximately 1,707 jobs. The fabricated metals group, including tool & die makers, lost about 800 jobs.

The services-related sector is the second largest sector behind manufacturing with about 30 percent of all private jobs in Ottawa County in 2002, collectively lost 1,974 jobs between 2000 and 2002. Retail trade, the third largest sector with 11 percent of the County's jobs in 2002, also dropped by 955 jobs during this time period. However, not every economic sector experienced decline. Employment in agriculture, wholesale trade, transportation and warehousing, information and real estate all gained over the period, collectively by an estimated 514 jobs. Overall, total private employment in Ottawa County dropped by 6,468 or 6 percent between 2000 and 2002.

The local economic slowdown can be seen by comparing the labor market information for each year since 2000. Ottawa County's annual average unemployment rate was only 2.5 percent in 2000. It increased to 4.2 percent in 2001, 5.3 percent in 2002 and to 5.9 percent in 2003. The annual average civilian labor force remained almost constant over the entire period with 143,675 in 2000 compared to 143,425 in 2003. The number of persons employed decreased from 140,075 in 2000 to 135,025 in 2003. The number of unemployed persons substantially jumped from 3,600 in 2000 to 8,400 in 2003.

State and National Economic Comparison

In comparing local labor market statistics with State & national averages, Ottawa County's overall economic performance has been better than both the State of Michigan and the nation. Ottawa County's average annual unemployment rate of 5.9 percent for 2003 was less than Michigan's 7 percent and the national average of 6 percent. Ottawa

County's unemployment rate has consistently been under the State's average by about one percent and the national average by a half percent for many years.

Employment in Michigan peaked in 2000. Between 2000 and 2002, private employment among all sectors in Michigan decreased by 187,725 or 5 percent. Of that total, the manufacturing sector lost 125,614 jobs. In 2002, manufacturing jobs comprised 20 percent of the State's workforce. Nationally, about 3.3 million private jobs were lost between 2001 and 2003. Of that total, about 2.5 million were in manufacturing. Michigan is one of the leading states in the country in terms of manufacturing job loss.

The economic slowdown in the U.S. since mid-2000 was largely due to a number of economic influences, including the rapid collapse of speculative stock market valuations, corporate scandals, terrorist attacks and military actions overseas. These influences will continue to affect the economy through 2004/05. Economic recovery will depend upon how a number of risk factors affect the economy, including the effects of the differences between perception and reality regarding consumption; investments and the stock market; inflation; consumption hampered by debt burdens; production over capacity and weak growth in exports.

Local Economic Impacts

During the last week of March 2004, Milwaukee, Wisconsin-based Johnson Controls, Inc. (JCI), announced their decision to move a sun visor production unit from Holland, Michigan to Mexico. An estimated 885 jobs representing approximately 20 percent of the work force will be eliminated over the next 18 months. The low cost of labor in Mexico was cited as the reason for the relocation of this operation in order to stay competitive.

With a large share (approximately 40 percent) of Ottawa County's total employment in manufacturing and its largest concentration of manufacturing employment in transportation equipment (automotive components), it is certain that Ottawa County will continue to experience further declines in employment and higher unemployment rates as a result of the escalation in the outsourcing of low-tech, labor intensive manufacturing work to foreign located operations like Mexico and China. Many manufacturers like JCI are mandated by large customers to cut the prices on their products or lose the business. With repeated cuts, a firm is eventually forced to realize those cost reductions by moving part or all of the operation to a foreign location. The foreign operations offer lower operating costs usually resulting from very low wages, little or no benefits for laborers, the absence of environmental regulations and subsidies from the foreign government. A move by one firm can have a ripple effect influencing other manufacturing firms in the supply chain to relocate as well. The relocation of U.S. firms to foreign soil generally means the permanent displacement of workers from those manufacturing jobs. The loss of manufacturing jobs has an effect on employment in other sectors of the local economy as well. For every job lost in manufacturing, several other jobs will be at risk in other economic sectors. This globalization trend is dramatically reducing employment within America's manufacturing centers.

Technology is another factor contributing to slower growth in manufacturing employment. Companies are achieving greater production outputs while maintaining high quality with fewer workers by utilizing the latest machinery and equipment in their fields.

The loss in manufacturing jobs in the State of Michigan between 2000 and 2002 was 125,614. In 2002, manufacturing comprised about 20 percent of all private employment in the State compared to the 40 percent share in Ottawa County. The loss of manufacturing jobs is eroding a part of Ottawa County's economic base which has traditionally been growing compared to the State and national economies where the share of manufacturing employment had been decreasing over time.

The characteristics which have contributed to a healthy economy in Ottawa County, include a spirit of entrepreneurship, pro-business attitudes, innovation, high productivity and a strong work ethic. Because of its strong work ethic, Ottawa County has traditionally had a low percentage of organized labor. That characteristic will soon be tested and could change. Currently, JCI is the largest manufacturer in Ottawa County with about 5,000 employees. JCI produces a variety of interior components for the automotive industry. The third largest manufacturing employer in Ottawa County, with about 2,500 employees, is Canada-based Magna Donnelly with several plants located in Holland. Magna Donnelly manufactures automotive windows and mirrors. These two firms are parties to "neutrality agreements" whereby management will allow union leadership to undertake efforts to organize these local workforces. The outcome of these upcoming efforts in these two prominent manufacturing firms will have an influence on the entire manufacturing sector in Ottawa County.

Another characteristic of Ottawa County's economy contributing to its overall health is diversification, both across sectors and within the manufacturing sector. Within manufacturing there is diversification among seven major groups comprised of approximately 800 firms. They include transportation equipment (automotive components) - 22 percent, furniture - 18 percent, fabricated metals - 11 percent, food processing - 9 percent, computers and electronics - 8 percent, machinery - 6 percent, and cement and glass products - 6 percent. Collectively, employment in these seven manufacturing groups represented about 80 percent of all manufacturing employment in Ottawa County in 2002.

In addition to having a strong manufacturing base, Ottawa County's economy is also based in agriculture and tourism and recreation. Ottawa County has the distinction of maintaining its rank over time as being the number one County in Michigan in terms of the market value of all agricultural products sold. Tourism and recreation thrives largely because of Ottawa County's many miles of Lake Michigan shoreline and ports in the Grand Haven and Holland areas.

While the size of Ottawa County's civilian labor force has remained constant over the last few years at approximately 143,500, Ottawa County's total population has increased. The U.S. Census Bureau reported that Ottawa County's population increased by about

7,600 residents or 3.2 percent from 238,314 in 2000 to 245,913 in 2002. The long-term growth in job opportunities in the past has fueled the growth in population. A static or declining job market will likely slow down the rate of population growth with less immigration and more out-migration.

Although overall employment in the manufacturing sector in Ottawa County has been decreasing in recent years, there are many firms that have been expanding operations by investing in new facilities, adding on to existing facilities, and acquiring technology upgrades with new machinery and equipment. This is evident from the number of P.A. 198 industrial facilities tax abatements on new real and personal property issued by local units of government. In 2003, a total of 60 tax abatements were issued to projects in Ottawa County, collectively valued at more than \$174 million. Ottawa County had the second highest number of abatements issued in the State of Michigan, exceeded only by neighboring Kent County with 72 abatements. By comparison, the number and value of all P.A. 198 tax abatements issued for industrial expansion projects in Ottawa County for the years 2000, 2001, and 2002 were 72 for \$629 million, 66 for \$144 million and 51 for \$126 million, respectively.

In 2003, the eight largest industrial development projects receiving tax abatements were located in seven different communities throughout Ottawa County and had a value of over \$4 million each. The largest investment was by Gentex Corporation, a Zeeland-based manufacturer of a variety of automatic-dimming mirrors for the automotive industry at \$27 million. This is phase one of a five-year expansion plan worth over \$97 million which will create at least 625 new jobs in the City of Zeeland. The Gentex project involves the construction of a 200,000 square foot manufacturing and corporate office headquarters complex slated to begin in the summer of 2004. This industrial development project has encouraged several other redevelopment projects in the City of Zeeland along the Washington Avenue corridor, including the proposed demolition of an old industrial building to be replaced with a new commercial center. This project is also made possible because of the City's participation in the Brownfield Redevelopment program which can award single business tax credits to the Developer/Company and utilize tax increment financing to pay for clean-up costs of a contaminated property.

In addition, Hydro Automotive Structures North America in Holland and Herman Miller in Spring Lake Township and Zeeland each had \$26 million expansion projects. Mead Johnson initiated an \$18 million project in a Brownfield Redevelopment Area (BRA) within the City of Zeeland and Netshape International started a \$12 million project in the City of Grand Haven.

Brownfield Redevelopment Areas have also been established in other communities within the County including the cities of Grand Haven and Holland, Spring Lake Village, and Holland and Zeeland Townships. Fusion Properties, owners of the former Lifesavers building in the City of Holland, is utilizing the Brownfield program to renovate a 400,000 square foot manufacturing facility into six smaller units for multiple manufacturing related tenants.

Local Economic Outlook

Going forward into 2004, there are a number of known manufacturing expansion projects announced or started. Stone Plastics & Manufacturing is constructing a new 137,000 square foot plastics manufacturing plant in Zeeland Township. They are leaving a leased site in the former General Electric plant in the City of Holland which will be razed this summer for redevelopment of that site along U.S. 31. The Hudsonville Creamery & Ice Cream Company in Burnips (Allegan County) was acquired by several Holland area businessmen who will be relocating this ice cream making operation to the City of Holland. The \$9 million project, which has received a tax abatement, will go into an existing vacant industrial building in the City of Holland.

The Challenge Manufacturing Company of Grand Rapids has located a new metal stamping operation in a former Herman Miller chair manufacturing plant in the City of Holland. Challenge is creating at least 100 new jobs and was awarded a P.A. 328 tax abatement by the City. A P.A. 328 tax abatement is a 100 percent tax abatement on the personal property going into this plant, and this is the first time this tax incentive program has been utilized in Ottawa County.

Other large capital expenditure projects to be undertaken in Ottawa County in the near future include a new \$36 million Zeeland Community Hospital located along Chicago Drive on the eastern Zeeland City/Township line. This new facility will replace an older facility within the City of Zeeland. The new 57-bed hospital will be 114,000 square feet in size and located on a 40-acre site. This new hospital will open in late 2005 or early 2006. In the City of Holland, Hope College will be constructing a new \$22 million DeVos Fieldhouse on the former Western Foundry site. The Macatawa Legends, a new 18-hole championship golf course and residential community with up to 1,000 new housing units, is planned for an 800-acre site north of Holland.

The future of agriculture in Ottawa County could be enhanced by the implementation of a feasibility study recommendation to construct an incinerator/co-generation facility fueled by animal & poultry wastes. The traditional land application of these wastes is becoming environmentally unsound in Ottawa County because of the build-up of chemicals like phosphorus in the soil after years of repeated applications. The incineration of wastes is a long-term solution to the problem that would enhance the raising of livestock and poultry in the County while providing a renewable energy source. Electricity (green) and steam will be the outputs from this incinerator/power plant. The site of the proposed incinerator will depend upon the actual users of these new energy resources. Ottawa County agriculture industry leaders have initiated action to secure new State legislation required to implement the study's recommendations in Ottawa County as well as other agricultural areas in Michigan.

The recently depressed office furniture industry is showing signs of improvement. For the first time in three years, Zeeland-based Herman Miller, the second largest manufacturer in Ottawa County in terms of employment, reported a quarterly sales increase in March 2004. Herman Miller has also created about 350 jobs locally with the relocation of an operation from Georgia to Spring Lake Township. Holland-based Haworth, the fourth largest manufacturer in Ottawa County in terms of employment, is also anticipating sales to pick-up in 2004. However, in December of 2003, the Baker

Furniture Company announced the closure of its Holland operation with the relocation of the assets to a plant in North Carolina. Baker Furniture had been in Holland for about 70 years. This high-end residential furniture company will permanently lay-off 166 workers over the next 9 months. Nevertheless, the Business and Institutional Furniture Manufacturer's Association, the industry's trade association, is forecasting a 5.5 percent increase in industry-wide shipments to \$8.95 billion in 2004. This growth would reverse a three-year industry decline. However, the challenges to West Michigan's furniture manufacturers facing competition from low cost manufacturers of disposable furniture both foreign and domestic are likely to continue.

Looking ahead at Ottawa County's economy in the next two years, one scenario is that Ottawa County will continue to perform in the same relationship that it has over the past several years with the State's economy. Therefore, a forecast of the State's economic outlook will shed light on Ottawa County's economic outlook. According to the Senate Fiscal Agency's report, Michigan's Economic Outlook and Budget Review, dated January 12, 2004, the economy of Michigan is expected to follow a pattern similar to the national economy with both growing, although the State's economic activity will generally lag behind the national average.

Michigan's unemployment rate is expected to continue rising in 2004 to 7.3 percent and then fall to 6.6 percent in 2005 as the economy strengthens. Wage & salary employment in Michigan will increase very slightly by only a half percent in 2004 and by 1.7 percent in 2005. Personal income in Michigan is estimated to rise 2.7 percent in 2004 and 3.6 percent in 2005. These State forecasts assume that light motor vehicle sales will increase from 16.4 million units in 2003 to 16.9 million units in 2004 and 17.2 million units in 2005. The national unemployment rates in 2004 and 2005 are estimated to be 5.7 and 5.6 percent, respectively. Inflation in the U.S., as measured by the Consumer Price Index, is anticipated to remain low as prices rise 1.7 percent in 2004 and 2.3 percent in 2005. The Federal Reserve Board is finished lowering short-term interest rates, with the federal funds rate at one percent. It is expected that as the national economy exhibits signs of strengthening, the Federal Reserve Board will start increasing interest rates.

With the above scenario, Ottawa County's annual average unemployment rate could be between 5.2 and 6.3 percent in 2004 and between 5.1 and 5.6 percent in 2005. A contrasting scenario for Ottawa County's economic outlook is that there will be a major structural change occurring in Ottawa County's economic base with low-tech manufacturing employment continuing to decline due to more globalization. Unemployment rates in Ottawa County could start becoming higher than the State and national averages. For instance, if employment in transportation equipment (automotive components) manufacturing continues to decrease as auto suppliers leave the County for foreign locations to the point where half of the current 8,514 jobs remain in the County, with the civilian labor force being equal, then Ottawa County's unemployment rate could climb to around 8.9 percent. However, the expansion of employment in other sectors like services, education, health, professional and business, financial, leisure and hospitality, and information would help compensate for the lost jobs in manufacturing.

We are confident that, regardless of State and National economic conditions, the local economy with its strengths in entrepreneurship, innovation, high productivity, and strong work ethic will be stable in the years ahead.

MAJOR INITIATIVES

The Ottawa County Board of Commissioners initiated and/or completed a number of major initiatives in 2003 designed to enhance Ottawa County residents' quality of life and increase the effectiveness of County government. The following list identifies the major initiative areas and the specific initiatives initiated or completed in each area.

Strategic Planning and Program Evaluation

STRATEGIC PLANNING

The Planning and Grants Department continues to assist in the formulation and organization of strategic plans for County departments and programs. In 2003, Strategic Plans were developed for three Drug Courts, an in-jail and post-jail treatment program for criminal offenders, Probation/Community Service Offices, and Juvenile Community Justice programs. Each plan includes a strategic outline listing target populations for programs and services, clear goals and objectives, program components, and output-based measurements. In addition, each strategic plan provides data collection tools and a database model for collecting and storing data that is related to measuring program progress.

STANDARDIZED MASTER PLANS AND ZONING ORDINANCE TERMINOLOGY

The Planning and Grants Department has received positive responses from local governmental units regarding its proposal to standardize terminology and map colors for local unit master plans and zoning ordinances in Ottawa County. This standardization of zoning terminology and map colors will reduce confusion and improve efficiency in collaborative planning projects conducted within the County. The entry of all local master plans and zoning ordinances into the County's GIS system provides an efficient avenue for standardization. Using the County's GIS system, the Planning and Grants Department is developing a detailed proposal for approval by all local units, and hopes to complete this project in 2004.

PLANNING & GRANTS WEBSITE

In August 2003 the Planning & Grants Department announced the completion of a fully-integrated planning website for planners and other interested citizens. The website offers a one-stop shopping destination for planning information in a technology-based format that is easily accessed at www.co.ottawa.mi.us/planninggrants/ocpg.htm on the Internet. This website allows visitors to obtain information about County planning projects, register for county-sponsored training seminars, sign-up to participate in County planning initiatives, obtain Ottawa County Planning Commission meeting notices and minutes, print copies of planning laws, view information about the County's Strategic Planning Model and program evaluations, obtain a vast array of statistical data regarding demographics and quality-of-life indicators, and access over 200 web links related to planning, grants, statistics, and other useful resource information.

DEMOGRAPHICS SECTION – OTTAWA COUNTY DATA AND STATISTICS BOOK

The Planning and Grants Department completed and released the Demographics Section of the Ottawa County Data and Statistics Book in June 2003. The Demographics Section provides detailed statistical information on population, age, gender, race, ancestry, income, poverty, homelessness, births, deaths, and many other demographic aspects of our County and its local governmental units. The Demographics Section is available online at the Planning and Grants website as well as in printed form. Additional Data and Statistics Book sections on health, environment, infrastructure, economics, public safety, commercial/residential development, education, and other aspects of Ottawa County are scheduled for development in the future.

COUNTY DEVELOPMENT PLAN

In 2003, the Planning and Grants Department began the process of updating the 1992 Ottawa County Development Plan. The updated plan will create a model for implementing multi-jurisdictional projects that will preserve natural features and farmland, protect aesthetic features and environmental quality, promote efficient and safe transportation corridors, and increase the vibrancy of urban areas in Ottawa County. Completion of the updated plan is anticipated in mid-2004.

URBAN SMART GROWTH DEMONSTRATION PROJECT

The success of the Rural Smart Growth Demonstration Project in Blendon Township inspired the Ottawa County Planning Commission to begin developing the framework for an Urban Smart Growth Demonstration Project. The Ottawa County Board of Commissioners has allocated \$100,000 for conducting this project. It involves partnering with an urban community as well as private sector partners to demonstrate that urban areas can successfully compete with rural areas to attract and retain residents. The Planning and Grants Department will partner with a selected urban community to create a master plan, zoning ordinance, and community strategies that address vibrancy, aesthetics, public safety, academic competitiveness, and other related issues. It is anticipated that substantial progress will be made on this project in 2004.

Facilities and Related Improvements

FILLMORE STREET JAIL

On December 10, 2002, the Ottawa County Board of Commission passed an “enabling motion” authorizing the Ottawa County Building Authority to proceed with construction of a \$7.5 million, 162-bed addition to the Fillmore Street Jail. This project will also include a new and/or renovated kitchen, laundry, medical area, Juvenile Detention intake and a Sentence Work Abatement Program garage. The site improvements include expanded drives and parking south and east of the facility. Granger Construction has been selected to provide the construction management services and Landmark Design has been selected to provide the architectural services.

FAMILY INDEPENDENCE AGENCY (FIA)

The lower level of the FIA building has approximately 18,000 square feet of unfinished space. The plan is to reserve 5,000 square feet of this space for future FIA expansion and infill the other 13,000 square feet with the Holland Circuit Court Probation offices and the Juvenile Court Diversion Services group. The project also includes canopies on the south and north building exterior. Bids were opened by Design Plus, architects for the project, on December 11, 2003, the low bid came in at \$730,000. Work on this project is expected to begin in February 2004 with completion by September 1, 2004.

HUDSONVILLE DISTRICT COURT/HUMAN SERVICE ADDITION

The Hudsonville Human Services facility, constructed in 1977, has 17,600 square feet of space and houses the District Court, along with Public and Mental Health offices. This project will add a 17,500 square foot addition for the District Court and will include significant renovation to the existing building. This addition will expand the facility from 17,600 to 35,100 square feet. The Board assigned this \$3.5 million project to the County Building Authority on May 27th, 2003. The Authority selected Landmark Design to provide architectural services and Triangle Construction to provide construction management services for this project. The Building Authority is working toward a spring 2004 start date and anticipates completion within 12 months of the start date.

GRAND HAVEN HUMAN SERVICES BUILDING RENOVATION

The 10,000 square foot Grand Haven Human Services facility has 5400 square feet of unoccupied space vacated by FIA. Community Mental Health (CMH) currently occupies the remaining 4,600 square feet of this facility and has plans to expand into the open 5400 square foot block of space. The project will renovate the unoccupied space for use by existing CMH staff along with staff to be moved from other offices. The budget estimate for this project is \$450,000.

HOLLAND DISTRICT COURT

The plan is to demolish the existing Holland Police and District Court Buildings and build a new 39,000 sq. ft. \$7 million Court Building on the footprint of the existing Police Building. Holland City is constructing a new \$12.5 million complex to the west. The District Court project will begin upon completion of the police complex. The project requires a close working relationship with Holland City, as the County and City will be sharing a lobby, parking lot and a security corridor. The projects are staged to allow both the City and County District Court to continue to occupy their existing buildings while the new buildings are under construction. Erhardt Construction serves as construction manager for both the County and City under separate contract. The County is using Landmark Design as its architect, while the City is using GMB architects. The Holland police complex project is expected to be complete by August 2004. It is anticipated that the Police Building will be demolished by November 2004 and construction of Ottawa County's new District Court Building will begin in the spring of 2005.

WASTE DISPOSAL CENTERS

The County is building waste disposal centers in Grand Haven, Georgetown, Coopersville, and Holland using funds available from solid waste tipping fees. The waste disposal centers will each encompass approximately 10,000 sq feet of area. Each center will be fenced and include a packaged hazardous waste disposal facility, waste oil depositories, roll-off containers for household waste, a small office, and hard surface

staging and drive areas. Construction is underway on three of the four disposal centers: two landfills and the Grand Haven City location on Comstock. A fourth location in the Holland area is still being negotiated. The budget for these four centers is approximately \$500,000. The project timeline called for substantial completion of three of the four centers by the end of December 2003. The final coat of asphalt will be applied in the spring of 2004.

GRAND HAVEN COUNTY BUILDING ADDITION/RENOVATION

This plan involves demolishing the Grand Haven Jail structure and adding approximately 34,000 sq. ft. to the County Building in Grand Haven, as well as renovating the remaining 30,000 sq. ft. of the building. A conceptual plan has been reviewed by the County Board. The consensus of the Board is to move forward with this project as soon as is practical, with the understanding that demolition of the Grand Haven Jail will have to wait until the addition to the Fillmore Jail is complete. The architect continues to work with selected staff and a user group to improve the conceptual plan. The preliminary budget for this project is \$7.5 million, with a target start date of spring, 2005.

Technology

GEOGRAPHIC INFORMATION SYSTEMS (GIS)

In 2003 the GIS Department pursued modernization of priority database development in base-data layers. Street centerline data was converted into a geo-database format. In addition, the GIS Department is in the process of parcel land record modernization, converting the current coverage based layer into a geo-database format. In 2003, the GIS Department stepped up marketing efforts promoting and strengthening GIS education in Ottawa County and its overall educational program and activities. At the county level, several base-data layers have been identified as either being widely used and or are needed by Local Units of government and non-county agencies. In recognition of their wide spread use and county importance, these several map layers have been identified as Framework base-data layers. These layers have played an instrumental roll in revenue generation for 2003. Revenue generated in 2003 reached just over \$75,000; we expect significant revenue growth in 2004. The 2004 focus remains on marketing and selling evolving products, data and improved base-data layers and completion of our 5-year fly over. In addition, for 2004 the Department will continue to roll out its new in-house GIS viewing software to existing and prospective users of the system.

TELECOMMUNICATIONS NETWORK

In 2003, the County continued its pursuit of a cooperative partnership with the Ottawa Area Intermediate School District to utilize fiber optics for its backbone network. This option will provide an “owned” solution rather than contracted services from a vendor. The fiber-based network would transport the County’s data, voice and video arraignment between its main sites, including the Fillmore Street Complex, James Street Campus, Holland 58th District Court, Grand Haven County Building, and the Hudsonville Human Services/58th District Court Building. If suitable agreements can be reached, the new network will be implemented by mid 2004.

MANAGEMENT INFORMATION SERVICES (MIS)

The following initiatives were accomplished in 2003:

- Replaced Optical Disk with DASD to Optimize Image System Access Times.
- Added 183 Lotus Notes clients, 977 people now have Lotus Notes.
- Created On-line System for Annual Insurance Enrollment in Human Resources.
- Completed Work on 757 Project Requests. Reduced Backlog by 26 %.
- Installed 529 new PC Related Devices including 179 Desktops & Laptops.
- Developed Automated Scheduling System for Sheriff Road Patrol Personnel.
- Completed Upgrade of Cash Registers and Cash Receipt System.
- Completed Property System Modifications for PA-415 (Proposal A).
- Converted Building Wiring to Ethernet from Token Ring, Improving Access.
- Presented 74 Classroom Training Sessions Attended by 416 Students.
- Developed a Subpoena Tracking System for Prosecutor and Jail.
- Converted Domino and Lotus Notes Software to Release 6.
- Upgraded All Server Operating Systems; implemented New Dial In System.
- Upgraded Financial Systems to New Version.

LINKMICHIGAN PROJECT

In 2003, the Planning and Grants Department completed its LinkMichigan Regional Telecommunications Planning Project, which was funded with a grant from the Michigan Economic Development Corporation. Project outcomes included an Ottawa County needs analysis, identification of areas within the County currently underserved by broadband, an inventory of broadband providers, services offered and their cost, and a recommended strategy for improving and extending broadband service in the County. The County is considering joining a West Michigan Broadband Coalition that is being formed to champion the expansion of broadband in our 7-county Metropolitan Statistical Area.

WIRELESS

The Ottawa County Planning Commission developed a conceptual proposal in 2003 for utilizing wireless broadband and video-conferencing technology to conduct collaborative meetings between local governmental units and the County. The Planning and Grants Department presented this concept at a meeting of all local planning and government officials and received encouragement to pursue the feasibility of establishing such a network. Fixed wireless providers servicing Ottawa County have been identified, and in 2004 these providers will be asked to submit proposals identifying the potential and feasibility of providing intergovernmental wireless broadband linkage to improve the collaborative planning process in Ottawa County.

Quality of Life

GRAND RIVER GREENWAY

Efforts to preserve a green corridor along the Grand River took a step forward in 2003 with two acquisitions on the Grand River. A 47 acre one-half mile riverfront acquisition in Robinson Township was completed at a cost of \$142,200 and the Parks Commission submitted a grant application to the Michigan Natural Resources Trust Fund for funding assistance to acquire an adjacent 95-acre parcel. Both parcels include portions of Connor Bayou and adjoining wetlands as well as extensive upland forest. A grant announcement

in December revealed that \$823,000 from the Trust Fund will be available to assist with the approximate \$1.5 million acquisition projected to occur in mid 2004. Preliminary plans call for a variety of resource based recreation opportunities including hiking, wildlife viewing, camping and boating.

In addition to the Connor Bayou acquisition, a 7-acre riverfront addition to the Ripps Bayou Natural Area was completed. This undeveloped open space land is located in Polkton Township.

PIGEON RIVER GREENWAY

The Ottawa County Parks and Recreation Commission completed a \$1,071,000 improvement project resulting in the opening of Hemlock Crossing and Pine Bend, two new Pigeon River access points. The new parks feature over six miles of trails with footbridges and scenic overlooks, a canoe/kayak launch, picnic facilities, interpretive signs and other park facilities. A \$471,000 state grant helped to fund the project which provides access to 240 acres of land stretching 1.5 miles along the Pigeon River. The land was acquired in previous years through a combination of grants and the county park millage.

MACATAWA RIVER GREENWAY

Acquisition of a 325 acre farm located along the Macatawa River in Zeeland Township was completed in January with funding assistance from the Macatawa Greenway Partnership, the Conservation Reserve Enhancement Program, a Michigan Coastal Restoration grant and other funding sources. The land, which is contiguous with 76 acres acquired in 2000, is key to the establishment of the Upper Macatawa Conservation Area. The site includes 1.9 miles of Macatawa River frontage and 1.25 miles of wooded ridge that overlooks 180 acres of floodplain targeted for wetland restoration. The goal of the project is to establish a large greenway anchor property of 600 - 700 acres that can serve multiple goals including preservation of park and open space, improvement of water quality, creation of flood storage and restoration of wildlife habitat. Later in the year an adjacent 60 acre parcel was acquired from the Road Commission bringing total acreage of the Upper Macatawa site to 461 acres.

ROSY MOUND NATURAL AREA

Ottawa County acquired title to the Rosy Mound property from the State in early 2003 culminating a ten-year acquisition process to preserve this beautiful 164 acre site with 0.65 miles of Lake Michigan shoreline located in Grand Haven Township. The acquisition paved the way for park improvements, which began in early summer (2003) and are scheduled for completion in the spring of 2004. A \$500,000 grant from the Michigan Natural Resources Trust Fund is assisting with the \$1,136,000 project which will construct a park access drive, parking lot, restrooms, beach access walks and stairways, interpretive signs, barrier free trail, dune overlooks and other park amenities.

HAGER PARK IMPROVEMENTS

Work was completed on a project to restore Hager Creek, a highly eroded streambed running through Hager Park. A \$259,106 grant from the State's Clean Michigan Initiative is helping fund the restoration project that involves diverting some storm water running into the creek and restoring and stabilizing creek banks. The project will help to preserve special wildflower and forest areas within the park and benefit water quality by

reducing sedimentation. In addition, a \$400,000 improvement project was completed in Hager Park involving the construction of a new park restroom building, plaza area, paved bike paths through the park and replacement of two footbridges.

PARK 12 MASTER PLAN

Work continued on a master plan for the Park 12 properties - twelve county-owned park parcels located near Holland State Park. Several public meetings were held and draft plans were reviewed. The plan, to be completed in early 2004, will provide greater public access the site's prime Lake Michigan and Lake Macatawa frontage.

M-104 CORRIDOR/ACCESS MANAGEMNET STUDY

In 2003, a \$75,000 grant was provided by the Michigan Department of Transportation through the West Michigan Regional Planning Commission to conduct an M-104 Access Management Study. The M-104 Corridor being studied connects US-31 with I-96, and passes through Spring Lake Village, Spring Lake Township, and Crockery Township. The project is being managed by the Planning and Grants Department, which has hired the consulting firm of Mead Hunt to conduct the study. Study outcomes are expected to include specific recommendations for access management, capital improvements, transportation system management, and land use planning techniques/strategies. This project is targeted for completion in 2004.

Environment

WEST NILE VIRUS SURVEILLANCE

In 2003, the Ottawa County Health Department implemented a program to prevent the spread of the West Nile Virus. This program included mosquito collecting and testing, testing of birds, a tire collection program, and a major information dissemination campaign through the media.

SCRAP TIRE COLLECTION

During April and May of 2003, the Environmental Health Department collected and recycled over 12,000 tires at four collection sites. The scrap tire collection program was conducted as a control measure for the West Nile Surveillance, Prevention, and Control Plan.

BEACH TESTING

In 2003, the Ottawa County Health Department tested 21 swimming beaches around the County in order to prevent the spread of illness. The testing resulted in beach closing on two occasions last summer, possibly preventing an outbreak of e.coli infections.

Law Enforcement

AUTOMOBILE THEFT PREVENTION AUTHORITY (ATPA) GRANT

The Sheriff's Department secured a grant from the Michigan Insurance Commission for the Sheriff's Curbing Auto Theft (SCAT) Program which funds a full-time deputy that will focus on auto thefts, investigations, and the promoting of public awareness regarding auto thefts.

ENHANCED FORENSIC TECHNOLOGY

The Sheriff's Department has continued to develop and enhance the Evidence Technician position in the department. In addition, the department's available forensic technology was expanded in 2003 to include body wire recording devices, a hand-held thermal imaging device, and a radio link video monitoring system.

SCHOOL LIAISON DEPUTIES

The Sheriff's Department worked with the schools, townships, and County Administration to retain school liaison deputies in each of our school districts that were jeopardized by funding concerns within the school districts.

MENTAL HEALTH – JAIL

The Sheriff's Department worked with Community Corrections and the Ottawa County Board of Commissioners to initiate a Jail Diversion Mentally Ill Task Force.

In addition, the Sheriff's Department worked with County Administration, Mental Health, and Community Corrections to develop a gatekeeper position designed to identify those with mental illness issues within our inmate populations and the best course of action to be taken with them both while they are incarcerated and when released back into the community.

RECORDS MANAGEMENT IMAGING

With the assistance of MIS, the Sheriff's department proceeded with enhancement of its records management system by implementing the imaging of Sheriff's Office records.

AUTOMATED EXTERNAL DEFIBRILATORS (AED)

A local Law Enforcement Block Grant was secured by the Sheriff's Department in 2003 to add 20 Automated External Defibrillators to patrol units. Since 2001, the Sheriff's Department has continued to add AEDs to the department on a yearly basis.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to Ottawa County for its comprehensive annual financial report for the fiscal year ended December 31, 2002. The County has received this prestigious award for twenty consecutive years.

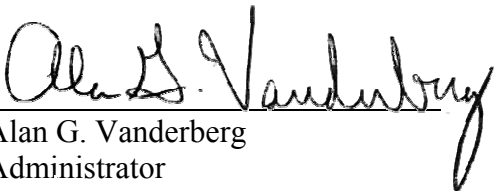
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

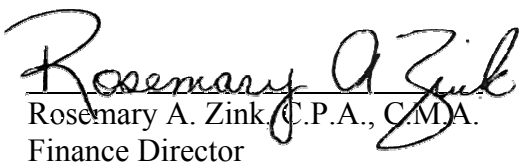
A Certificate of Achievement is granted for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

ACKNOWLEDGMENT

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our gratitude to all members of the Ottawa County Board of Commissioners for their interest and support in planning and conducting financial operations of the County of Ottawa in a responsible and progressive manner.

Sincerely,


Alan G. Vanderberg
Administrator

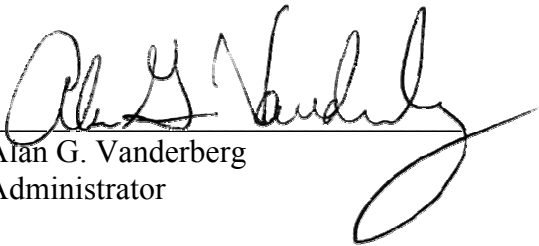

Rosemary A. Zink, C.P.A., C.M.A.
Finance Director

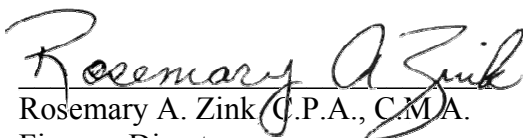
**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Responsibility for the integrity of the financial data presented rests with the County. We believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to county government and State statutes.

The County maintains a system of internal controls to provide reasonable assurance that the books and records reflect authorized transactions of the County.

Rehmann Robson, independent certified public accountants, have audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit. Rehmann Robson's report is included in the financial section of this report.


Alan G. Vanderberg
Administrator


Rosemary A. Zink, C.P.A., C.M.A.
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Ottawa,
Michigan

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

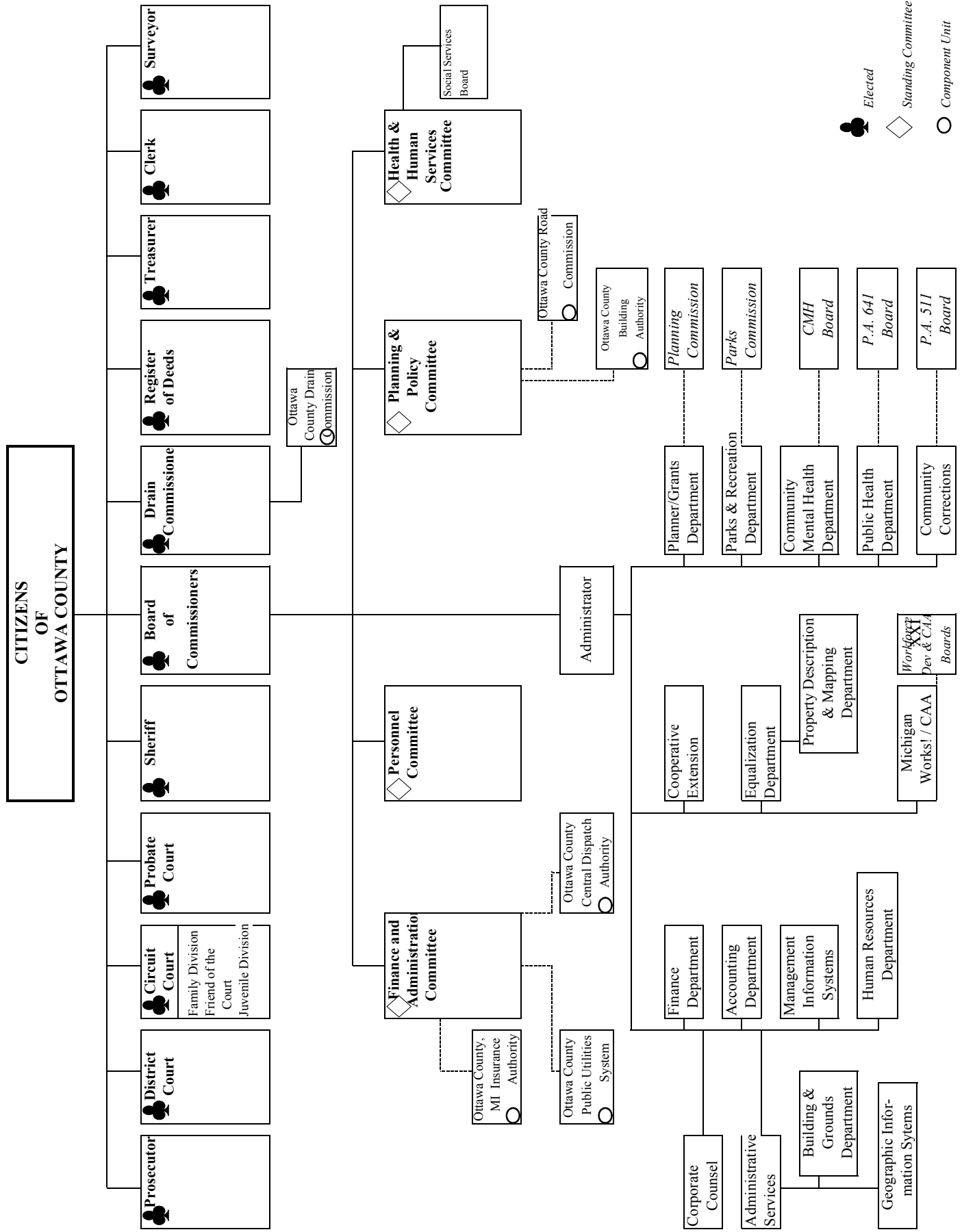
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

2003 ORGANIZATIONAL CHART





REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

May 14, 2004

Board of Commissioners
County of Ottawa
West Olive, 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 Ottawa, Michigan, as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Ottawa, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

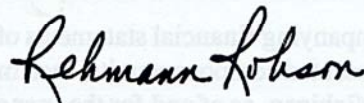
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ottawa, Michigan as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2004 on our consideration of the County of Ottawa's internal control over financial reporting and our tests of its compliance with certain provisions of 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.

The Management's Discussion and Analysis on pages 3-17 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Ottawa's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the County of Ottawa's basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Management's Discussion and Analysis

As management of the *County of Ottawa*, 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 i-xix of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$154,193,726 (*net assets*). Of this amount, \$72,619,600 (*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 \$9,921,328.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$59,012,631, a decrease of \$6,047,278 in comparison with the prior year. Approximately eighty two percent of this total amount, or \$48,648,319, is *available for spending* at the government's discretion (*unreserved and undesignated fund balance*).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$9,116,155 or 19 percent of total General Fund expenditures (including operating transfers).
- The County's total bonded debt (including component units) decreased by \$8,816,359 during the current fiscal year. No new debt was issued for the primary government, but a nominal amount of debt was issued by Ottawa County Public Utilities, a component unit, in 2003.

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.

Both of the government-wide financial statements distinguish functions of Ottawa 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 legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, and culture and recreation. The business-type activities include the administration of the delinquent property tax system.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also four legally separate entities: Ottawa County Road Commission, Ottawa County Central Dispatch Authority (911), Ottawa County Public Utilities, and the Ottawa County Drain Commissioner. Financial information for the *component units* are reported separately from the financial information presented for the primary government itself. The Ottawa County Building Authority and the Ottawa County, Michigan Insurance Authority, although also legally separate, function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 19 - 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 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, parks and recreation, health, mental health, and public improvement funds, each of which is considered to be a major fund. Data from the other 41

governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue, debt service, capital projects and permanent funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 22-30 of this report.

Proprietary funds. The County maintains two types of proprietary funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Delinquent Tax Revolving Fund (5160).

The County maintains *internal service funds* to account for and allocate costs internally among the County's various functions. The County uses 12 internal service funds to account for the following functions: management information services, duplicating, telecommunications, equipment pool, and protected self-funded insurances (both liability and employee fringe benefit insurances to employees). Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 31-34 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This is limited to combining statements and schedules and statistical information. Combining and individual fund statements and schedules can be found on pages 90-169 of this report, and the statistical information can be found on pages 171-192.

Government-wide Financial Analysis

Statement of Net Assets

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 of Ottawa, assets exceeded liabilities by \$154,193,726 at the close of the most recent fiscal year.

County of Ottawa's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$138,617,178	\$141,133,902	\$26,598,691	\$27,547,933	\$165,215,869	\$168,681,835
Capital assets	73,127,004	56,735,253	8,690	10,433	73,135,694	56,745,686
Total assets	<u>211,744,182</u>	<u>197,869,155</u>	<u>26,607,381</u>	<u>27,558,366</u>	<u>238,351,563</u>	<u>225,427,521</u>
Long-term liabilities outstanding	24,598,506	24,761,519			24,598,506	24,761,519
Other liabilities	59,529,951	56,329,015	29,380	64,589	59,559,331	56,393,604
Total liabilities	<u>84,128,457</u>	<u>81,090,534</u>	<u>29,380</u>	<u>64,589</u>	<u>84,157,837</u>	<u>81,155,123</u>
Net assets:						
Invested in capital assets, net of related debt	54,652,223	36,869,011	8,690	10,433	54,660,913	36,879,444
Restricted	26,913,213	33,832,570			26,913,213	33,832,570
Unrestricted	46,050,289	46,077,040	26,569,311	27,483,344	72,619,600	73,560,384
Total net assets	<u>\$127,615,725</u>	<u>\$116,778,621</u>	<u>\$26,578,001</u>	<u>\$27,493,777</u>	<u>\$154,193,726</u>	<u>\$144,272,398</u>

By far, the largest portion of the County's net assets (79 percent) consists of cash and investments. This high level of cash and investments is enviable, as most entities report capital assets as their largest asset. However, the Road Commission and Public Utilities are component units of the County, so the amount the County (the primary government) reports for infrastructure is zero.

Capital assets, representing 35 percent of total net assets, includes land, buildings, vehicles 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 should be provided from other sources, since the capital assets themselves cannot readily be used to liquidate these liabilities. Taxes receivable, at \$33.5 million, represents a significant asset as well. The County levies taxes in December for the following year's operations. Consequently, the County reports \$32.2 million for these taxes in the deferred revenue liability. The remaining taxes receivable reflect delinquent taxes receivable for the entire County.

In addition to the net assets invested in capital assets, net of debt, certain other restrictions on the use of net assets apply due primarily to legal guidelines. These restricted net assets total \$26,913,213. The remaining balance of *unrestricted net assets* (\$72,619,600 or 47 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

County of Ottawa's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues						
Program revenue:						
Charges for services	\$21,667,142	\$20,334,073	\$1,004,489	\$1,175,605	\$22,671,631	\$21,509,678
Operating grants and contributions	38,146,000	39,075,902			38,146,000	39,075,902
Capital grants and contributions	944,647	412,699			944,647	412,699
General revenues:						
Property taxes	30,477,703	29,108,216			30,477,703	29,108,216
Grants and contributions not restricted to specific programs	4,236,699	5,056,875			4,236,699	5,056,875
Investment earnings	3,622,427	4,896,600	547,099	1,332,432	4,169,526	6,229,032
Other	6,407,217	413,552			6,407,217	413,552
Total revenues	105,501,835	99,297,917	1,551,588	2,508,037	107,053,423	101,805,954
Expenses:						
Legislative	485,174	495,502			485,174	495,502
Judicial	11,922,865	12,742,673			11,922,865	12,742,673
General government	11,665,978	11,048,540			11,665,978	11,048,540
Public safety	21,912,133	21,868,754			21,912,133	21,868,754
Public works	742,711	26,442			742,711	26,442
Health and welfare	45,357,514	43,436,806			45,357,514	43,436,806
Community and economic development	558,852	549,037			558,852	549,037
Culture and recreation	1,326,197	1,310,229			1,326,197	1,310,229
Interest on long-term debt	958,283	1,009,585			958,283	1,009,585
Business-type activities			1,892,364	1,893,669	1,892,364	1,893,669
Total expenses	94,929,707	92,487,568	1,892,364	1,893,669	96,822,071	94,381,237
Increase in net assets before transfers to other funds and special items	10,572,128	6,810,349	(340,776)	614,368	10,231,352	7,424,717
Transfers	746,305	442,988	(575,000)	(550,000)	171,305	(107,012)
Special items	(481,329)				(481,329)	
Increase (decrease) in net assets	10,837,104	7,253,337	(915,776)	64,368	9,921,328	7,317,705
Net assets, beginning of year	116,778,621	109,525,284	27,493,777	27,429,409	144,272,398	136,954,693
Net assets, end of year	\$127,615,725	\$116,778,621	\$26,578,001	\$27,493,777	\$154,193,726	\$144,272,398

Governmental Activities

The preceding table shows that the primary government's net assets increased by nearly \$10 million during 2003. Changes occurred in several funds:

<u>Fund</u>	<u>Effect on Net Assets</u>
General Fund (1010)	\$ 2,200,000
Parks and Recreation (2081)	10,100,000
Public Improvement (2450)	540,000
West Michigan Enforcement Team (2602)	(481,000)
Delinquent Taxes (5160)	(916,000)
Internal Service Funds	(1,200,000)

In the General Fund, certain revenues were underestimated. The Register of Deeds revenue came in \$1.8 million higher than originally projected due to lower interest rates. However, investment income came in much lower than anticipated (\$1.8 million). In addition, reductions in State Revenue Sharing also had a negative impact of \$920,000. Consequently, the growth in the General

Fund's fund balance is due to lower than anticipated expenditures.

Vacancies and unsettled bargaining unit contracts account for \$1.24 million of the General Fund's fund balance increase. In addition, \$555,000 of contingency was unused in 2003. The Community Corrections program was reorganized and while plans for this reorganization were being formulated, the Jail substance abuse program was discontinued (\$405,000). Finally, during 2003, funding became available for a Juvenile Intensive Supervision program (\$281,000). The remainder of the increase is due to lower than anticipated expenditures across several departments.

The progress of capital construction projects also affects the change in net assets. The Public Improvement fund (2450) pays construction costs on various County building projects. The fund is partially replenished through rent charges and interest income. At the government wide level, the capital expenditures that did occur are subtracted from expenditures and added to the assets. Thus, net assets for the fund at the government-wide level (after adding depreciation expense) increased by \$540,000.

The Parks and Recreation fund (2081) has a ten-year levy for land acquisition and park development (capital costs). As with the Public Improvement fund, capital expenditures of the Parks and Recreation fund are subtracted at the government wide level. Consequently, at the government wide level, the park activities increased net assets by \$4 million. In addition, the State of Michigan donated land valued at \$6.1 million to the County.

However, during 2003, the West Michigan Enforcement Team (WEMET) became a separate legal entity with its own Board. Since the agency no longer meets the requirements of a County agency or component unit, 2003 County activity shows a decrease in fund equity of \$481,000.

In the Delinquent Tax Revolving fund, expenses exceeded revenue by \$916,000. Decreases in net assets are anticipated until 2012, but the fund will continue to maintain significant net assets.

The financial results of the internal service funds also decreased net assets. For all internal service funds combined, net assets decreased by \$1.2 million. Information on fluctuations between 2003 and 2002 by category follows.

Revenues:

Program charges for services

Program charges for services increased approximately 6.5 percent. Much of this difference, over \$759,000, is in the General Fund (1010) due to increased activity in the Register of Deeds office as a result of significantly lower interest rates and local growth. Lower interest rates typically result in more new construction (since it becomes more affordable) and more mortgage refinancing. The Register of Deeds Technology fund, Special Revenue fund 2560, was established March 31, 2003 in connection with Public Act 698 of 2002. The fund reported \$418,000 in new recording fees to be spent on technology upgrades. Charges for services rose in the Health fund (2210) with the implementation of a new user fee study. However, rent income decreased in the General Fund and the Public Improvement fund (2450) due to vacancies in the Coopersville and Grand Haven Fulton Street facility.

Program operating grants and contributions:

Program grants decreased 2.4%. However, there are several significant variations within the

category. In the General Fund (1010), the County received \$132,000 less revenue under the State Criminal Alien Apprehension Program (SCAAP) due to federal funding reductions. The County had also received an additional \$70,000 in Juvenile Accountability Incentive Block Grants (JAIBG) in 2002 for equipment purchases. The Project Impact grant was completed in 2002; thus, revenue decreased by \$132,000 in 2003. Funding from the Convention Facility Tax and State Court funding also decreased \$86,000. The total decrease in program grants in the General Fund was \$414,000.

Program grants in the Friend of the Court fund (2160) decreased by \$237,000. Most of this decrease was due to a decrease in incentive payments. Program grants in the Health fund decreased by \$170,000 due primarily to State funding reductions. In the Mental Health fund, program grant revenue decreased by \$310,000. In order to improve the quality of care, more clients are being moved out of expensive State institutions. Since this reduces expenditures, the revenues are also reduced. In addition, funding in the COPS Universal (2610) and 9/30 Grant Programs - Pass Thru (2750) funds decreased by \$235,000 due to the expiration of several grants.

However, funding under the Workforce Investment Act increased \$279,000. The County received additional grants due in part to the employment layoffs the County has experienced. In addition, as mentioned under the General Fund, the Juvenile Intensive Supervision program became eligible for State funding; as a result, revenue in the Child Care fund (2920) increased by \$58,000.

Program capital grants and contributions

These revenues vary depending on the number and scope of capital improvement projects, mainly in the Parks and Recreation fund (2081). In 2003, Parks and Recreation received capital grants for three park improvement projects totaling over \$940,000.

Property taxes

Taxes increased 4.7 percent. This is due to the increase in taxable value from new construction and the expiration of business tax exemptions for companies located in Ottawa County. Actual millage rates dropped from 4.2722 mills to 4.1672.

Grants and contributions not restricted to specific programs

Grants and contributions revenue decreased due to State reductions. State sales tax, a major revenue source for the State, has fallen due to the faltering economy. Consequently, State Revenue Sharing distributions to local units of government have also fallen.

Investment earnings

The fair value of several of the County's investments decreased significantly in 2003 due to a weak financial market.

Other Revenue

Other revenue represents primarily the value of land donated to the County by the State of Michigan.

Expenses:

Judicial

In the General Fund (1010), judicial expenses decreased \$455,000, which represents a 4.8% decrease. During 2003, the Juvenile Treatment and In-home Care programs, judicial programs, were moved to fund 2920, a health and welfare program. Consequently, judicial expenditures fell \$558,000. However, normal inflationary costs caused increases in the other judicial programs.

Expenditures in the Community Corrections fund (2850) fell \$564,000. The program underwent a reorganization during the year. Last, the internal service funds lost \$1.2 million in 2003. Losses in the internal services funds are allocated as additional expenses across the applicable functions of the County on the government-wide statements. The portion of this loss allocated to judicial functions was \$203,000.

General government

General government expenses in the General Fund (1010) increased by \$386,560. Staff was added to the Prosecuting Attorney's office. The new positions, as well as general inflationary adjustments, resulted in increased expenditures of \$215,000. However, since 2003 was not an election year, election-related costs decreased \$167,000. The remaining increase is spread over several programs. In addition, the internal service fund loss allocation to general government programs was \$248,000.

Public safety

Public safety expenses essentially stayed the same in total. However, the totals are somewhat misleading. 2002 included expenditures for WEMET, which is no longer part of this entity (\$342,000). In addition, 2002 included \$367,000 in retroactive salary payments from contract settlements for 2000 and 2001. 2002 also included \$250,000 for a substance abuse program at the jail; this program was discontinued in 2003. However, the remaining public safety expenses increased not only due to normal inflationary pressures but also due to the addition of four positions. In addition, the allocation to public safety functions of the internal service fund loss increased by \$506,000. Last, 2002 includes a full year of the Juvenile Intensive Supervision program that was moved to fund 2920 – Child Care, a health and welfare fund, effective April 1, 2003 (\$243,000).

Public works

These expenses can vary significantly by year. In 2003, the liability for the SouthWest Ottawa Landfill increased, resulting in higher expenditures.

Health and welfare

Health and Welfare programs increased 4.4% in 2003. Since these programs employ the greatest number of staff, personnel costs, including fringe benefits, increased by \$1.03 million. A portion of the \$1.03 million is due to program transfers from other funds. As mentioned under judicial and public safety expenditures, the Juvenile Treatment and In-Home Care and Intensive Supervision programs were moved to fund 2920 – Child Care. The 2003 expenditures for these programs totaled \$579,000.

In the Mental Health fund (2220), expenses decreased by \$551,000. Client care expenditures fell as several clients were taken out of State institutions and placed in the appropriate and less expensive community setting. In addition, 2002 expenditures included a \$336,000 contribution to the Protected Self-Funded Insurance – Mental Health fund (6782). Last, Mental Health vacated its Coopersville facility during 2002, so 2003 rent payments fell by \$169,000.

Workforce Investment Act Grant Programs funds (2740-2749) increased \$283,000 due primarily to increased funding as a result of the recent job layoffs in the County.

Although certain programs were moved to the Child Care fund (2920), costs for State institutions in this fund fell by \$175,000. As with Mental Health, the juvenile programs stress that treatment in the community is both more effective and cost efficient than placement in a State institution.

Last, the allocation of the loss in the internal service funds to health and welfare programs increased from \$231,000 in 2002 to \$899,000 in 2003.

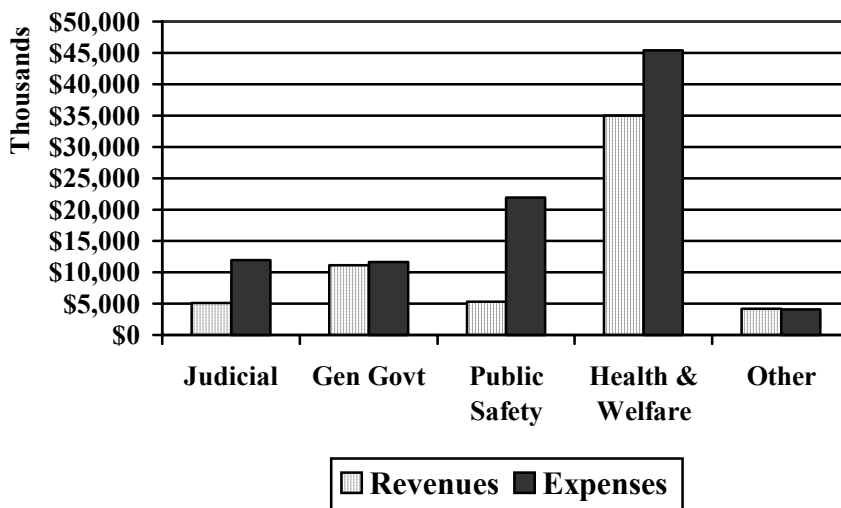
Interest on long-term debt

Since principal balances have decreased, interest has also decreased.

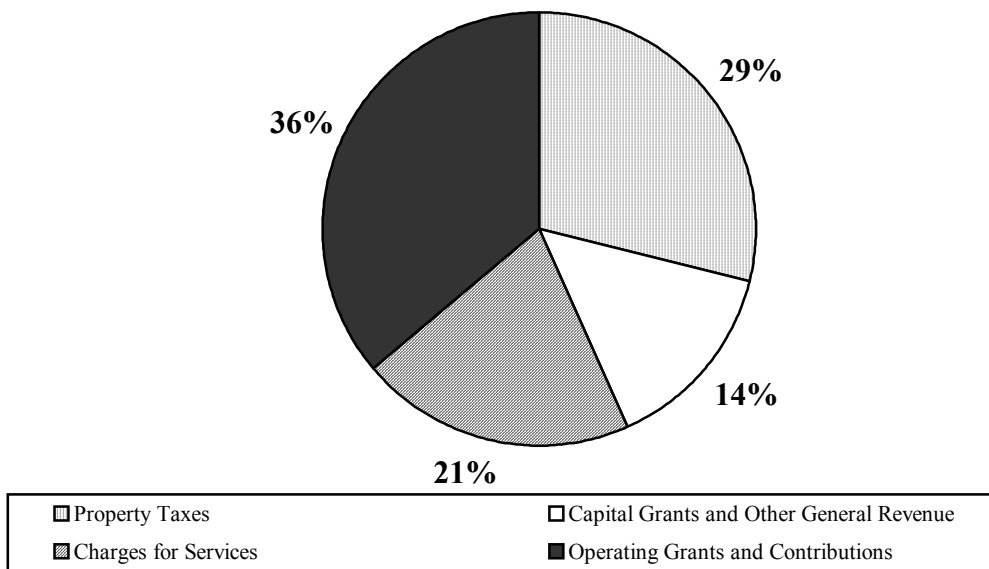
Special items

The special items category represents the transfer of equity to the West Michigan Enforcement Team (WEMET) organization in connection with becoming a separate entity. WEMET is no longer a department operated under the County but does contract with the County for financial services.

Program Revenues and Expenses - Governmental Activities



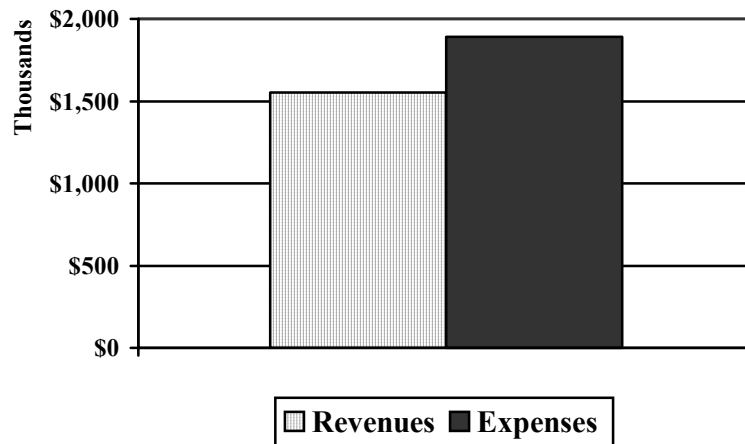
Revenues by Source - Governmental Activities



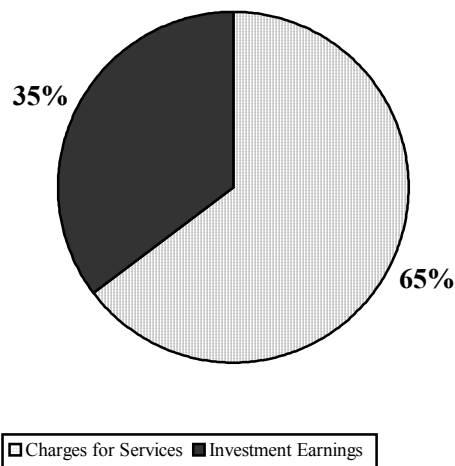
Business-type Activities

Business-type activities decreased the County's net assets by \$916,000. Most of the decrease is in investment earnings because the fair value of several of the County's investments fell due to a harsh financial market. In addition, charges for services revenue fell \$171,000. New legislation accelerated the foreclosure process from three years to two years. Since the interest penalty is greater on delinquencies after the first year, and these delinquencies fell, the revenue also fell.

Program Revenues and Expenses - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Government'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 \$59,012,631, a decrease of \$6,047,278 in comparison with the prior year. Approximately ninety six percent of this total amount (\$56.8 million) 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 1) due to legal restrictions (\$1,268,663), 2) to pay debt service (\$574,806), 3) to generate income to pay for perpetual cemetery care (\$5,770), 4) to provide a long term advance to component units and other funds (\$326,100) or 5) for other restricted purposes (\$35,462).

The General Fund (1010) is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,932,053, while total fund balance was \$14,562,278. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 27 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$2,244,351 during the current fiscal year. There were a number of items that added to the General Fund's fund balance. Exceptional growth in Register of Deeds revenue, unused contingency, unsettled bargaining unit contracts, program reorganization, new funding opportunities and vacant positions are some of the major reasons for the increase.

The Parks and Recreation fund (2081) has a total fund balance of \$6,456,476, which decreased by \$1,915,528. The Parks and Recreation department is undergoing a period of growth and development with the help of a .33 mill approved for park acquisition and development. Accordingly, the fund balance of the fund will vary from year to year with land acquisitions and capital improvement projects. In addition, during 2003, \$965,000 was transferred from the Infrastructure fund to assist with a land purchase. Accordingly, the fund balance of the Infrastructure fund decreased.

The fund balance of the Health fund (2210) decreased \$361,329. A much larger fund balance decrease was anticipated with the annual budget process. During 2003, the Health department underwent a reorganization to address falling State revenues.

The fund balance of the Mental Health fund (2220) decreased \$493,778. The results of activities can vary substantially by year because Mental Health is under a managed care system.

The fund balance of the Public Improvement fund (2450) decreased \$4.7 million due to construction costs associated with the jail expansion.

General Fund Budgetary Highlights

The original revenue and expenditure budgets for the General Fund (1010) were \$51,467,791 and \$51,400,306 respectively. The amended revenue budget was \$51,215,219, and the amended expenditure budget was \$49,319,026.

Amendments to intergovernmental revenue include the reduction of State Revenue Sharing by

\$860,000 due to poor State sales tax collections. Intergovernmental revenue was increased \$200,000 for increases in the State Court Funding distribution and \$258,000 for federally funded equipment grants. In addition, \$111,000 was added to the revenue budget for the completion of Link Michigan and for two new corrections grants. Intergovernmental revenue was reduced by \$333,000 with the move of the Juvenile Treatment and In-Home Care programs to the Child Care fund (2920). Not all of the grants added were spent by year-end, so those accounts were \$174,000 under budget. The adjustment to State Court Funding proved to be too aggressive because the account was \$83,000 under budget. In spite of several downward adjustments, State Revenue Sharing came in \$63,000 under budget. Last, the revenue from contractual Sheriff services was under by \$47,000. Since the bargaining unit contracts for employees working under the contractual arrangements remained unsettled at year end, expenditures were low.

Nearly all of the increase in the charges for services revenue budget were for the Register of Deeds (\$1.8 million). The adjustments were due to increased activity associated with declining interest rates and new construction. In addition, the budget for court filing fees in the District Court increased due to activity (\$88,000). Sentence Work Abatement Program (SWAP) fees increased \$41,000 due primarily to a new fee structure.

The budget for Fines and Forfeits was reduced to reflect a decrease in the number of ordinance misdemeanors.

Interest on investments is always difficult to estimate. In keeping with the County's conservative philosophy, earnings were projected to be quite low. However, a further decline in market value towards the end of the year necessitated an additional adjustment.

The rent budget was reduced to reflect the vacancy created in the Fulton Street facility when the Family Independence Agency moved out. In addition, costs for building operations came in lower than anticipated. Since most of the rental revenue is based on actual expenditures, the rental revenue is under budget.

The budget for Other revenue increased to reflect the proceeds from a land sale.

On the expenditure side, budgeted judicial expenditures fell by \$766,000 to reflect the move of the Juvenile Treatment and In-Home Care programs to the Child Care fund (2920). However, the budget for legal expenditures in the District Court was increased by \$75,000. A new federal court decision requires an appointed attorney for people placed on probation. Previously, an attorney was only required if the sentence involved jail time. Judicial expenditures were under budget in several areas. Vacant positions and unsettled contracts caused \$41,000. Legal expenditures in the Juvenile Court were \$52,000 lower than anticipated; expected activity and rate increases did not materialize.

General government expenditures were under budget in several areas. The Building and Grounds department in total was \$189,000 under budget. Maintenance repairs are difficult to predict and grounds maintenance depends on the weather. For all general government functions, personnel services were \$106,000 under budget, mostly due to vacancies and unsettled labor agreements. Geographic Information Systems (GIS) was \$108,000 under budget, much of it for consultants. As GIS furthers its implementation, it reassesses the need for expanded services and the consultants necessary for those services. Expenditures in the Survey and Remonumentation programs were under budget by \$81,000. The expenditures depend on the progress of the outside contractor used for the program.

The budgets for Public Safety were reduced to reflect the discontinuation of the jail substance abuse

program (\$250,000), unsettled bargaining unit contracts and vacancies (\$330,000), and the move of the Juvenile Intensive Supervision program to the Child Care fund (\$160,000). However, the budget for Emergency Services was increased by \$273,000 to reflect new grants received during 2003 for homeland security. Although salary and fringe benefit budgets were adjusted downward, these expenditures were still under budget by \$218,000 (approximately a 2% variance from the final amended budget). In addition, the account to record changes in the vacation payoff liability is difficult to predict. In fact, in 2003, several public safety departments received credits. Consequently, it was \$103,000 under budget. Last, Emergency Services was \$177,000 under budget due to certain grants crossing fiscal years into 2004.

The public works budget was reduced to reflect the delay of certain drainage projects for which the County had planned to pay a portion.

As adopted, the other functions budget included \$947,912 for Contingency. As this is used, the budget is moved to the correct department. Any remaining amount is rolled into fund balance.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of December 31, 2003, amounted to \$73,135,694 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and park facilities. The total increase in the County's investment in capital assets for the current fiscal year is nearly 29 percent.

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

- Park land situated on the Lake Michigan shoreline was donated from the State of Michigan. It has an estimated value of \$6.1 million. The County also invested an additional \$920,000 to construct boardwalks and to preserve critical dunes.
- Purchased 325 acres in Zeeland Township for the Macatawa Greenway project (\$3.1 million).
- Construction of an additional jail pod (\$4.8 million).
- Various other park improvement projects (\$1.5 million)
- Purchased 10 acres in Holland Township adjacent to existing County owned property (\$674,000).
- Purchased 23 vehicles for various departments (\$563,000).

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

	2003
Land	\$22,221,318
Land improvements	6,362,449
Buildings and improvements	40,665,308
Machinery and equipment	3,886,619
	\$73,135,694

Additional information on the County's capital assets can be found in note III.D on pages 57-60 of this report.

Long-term debt. At the end of the current fiscal year, the County had total general obligation bonds outstanding of \$98,511,536. Of this amount, \$94,911,536 of the bonds are backed by the County's full faith and credit.

County of Ottawa's Outstanding Debt
General Obligation Bonds

	Primary Government	Component Units	Total
General obligation bonds	\$13,685,000	\$43,766,536	\$57,451,536
General obligation bonds – Refunding	4,505,000	36,555,000	41,060,000
Total	\$18,190,000	\$80,321,536	\$98,511,536

The County's total general obligation bonded debt decreased by \$8,816,359 (8.2 percent) during the current fiscal year. There were no new issuances in 2003.

In addition, the County has two land contracts for which it has pledged its full faith and credit. The balance on the land contracts decreased by \$51,461, and no new land contracts were issued.

The Ottawa County Drain Commissioner has notes payable for which the Lloyd's Bayou Special Assessment District has pledged its full faith and credit. The balance on the notes payables increased by \$93,000.

The County has a "AAA" rating from Fitch on general obligation limited tax bonds. Moody's bond rating is "Aa1" for general obligation unlimited and limited tax bonds. Standard and Poor's bond rating is "AA" for general obligation unlimited and limited tax bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is \$915,613,979, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.G on pages 67-70 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2004 fiscal year:

- The deterioration of the State's economy will likely result in additional decreases in state funding. The actual magnitude of the decrease will depend upon the economy's effect on state sales tax collection.
- The unemployment rate for the County was 6.2 percent for 2003, which is an increase from a rate of 5.3 percent a year ago. Still, this compares favorably to the state's average unemployment rate of 7 percent.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the 2004 budget are as follows:

- Reduction in the tax levy of 21% over the maximum allowable levy
- Includes 8 positions with a 2004 cost of \$344,000
- Includes \$1.25 million in new equipment
- Includes contingency of \$1,055,542

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Rosemary A. Zink, Finance Director, 12220 Fillmore Street, Room 331, West Olive, Michigan, 49460.

**County of Ottawa
Statement of Net Assets
December 31, 2003**

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Ottawa County Road Commission	Ottawa County Central Dispatch Authority	Ottawa County Public Utilities System	Ottawa County Drain Commissioner
ASSETS							
Current assets:							
Cash and pooled investments	\$83,033,751	\$22,905,796	\$105,939,547	\$885,733	\$4,130,083	\$5,421,052	\$1,719,705
Investments	16,587,850		16,587,850	1,986,152			
Receivables (net of allowance for estimated uncollectibles):							
Taxes	30,859,954	2,610,380	33,470,334				
Accrued interest and penalties on delinquent taxes		426,484	426,484				
Accounts	911,366	26,752	938,118	304,475		2,041,059	444,048
Accrued interest on investments	771,043		771,043				
Internal balances	(488,082)	548,099	60,017				
Advances to component units	325,000		325,000				
Due from other governmental units	5,956,166		5,956,166	4,704,028	113,348	72,161,269	765,561
Due from component units		81,180	81,180				14,612
Inventory of supplies	165,510		165,510	1,132,907			
Prepaid expenses	494,620		494,620		146,781		
Total current assets	<u>138,617,178</u>	<u>26,598,691</u>	<u>165,215,869</u>	<u>9,013,295</u>	<u>4,390,212</u>	<u>79,623,380</u>	<u>2,943,926</u>
Noncurrent assets:							
Capital assets, net of accumulated depreciation							
Land	22,221,318		22,221,318	1,292,315			
Land improvements	6,362,449		6,362,449				
Buildings	40,651,008		40,651,008	8,530,315	11,920		
Machinery and equipment	3,877,929	8,690	3,886,619	3,774,429	3,727,995		
Infrastructure				32,189,231			7,420,606
Construction in progress	14,300		14,300				
Total noncurrent assets	<u>73,127,004</u>	<u>8,690</u>	<u>73,135,694</u>	<u>45,786,290</u>	<u>3,739,915</u>		<u>7,420,606</u>
Total assets	<u>211,744,182</u>	<u>26,607,381</u>	<u>238,351,563</u>	<u>54,799,585</u>	<u>8,130,127</u>	<u>79,623,380</u>	<u>10,364,532</u>
LIABILITIES							
Current liabilities:							
Accounts payable	18,974,270		18,974,270	2,400,871	155,825	1,948,289	140,478
Interest payable	183,074		183,074		39,549	647,903	5,458
Due to primary government						81,180	
Due to component units				9,692		\$279,288	
Due to other governmental units	4,403,242	29,380	4,432,622				
Notes payable							125,000
Current portion of long-term debt	3,650,447		3,650,447	621,567	920,064	7,267,000	101,000
Advances from primary government						150,000	175,000
Advances from other governmental units	275,133		275,133	477,639			
Deferred revenue	32,441,935		32,441,935			12,190	84,300
Total current liabilities	<u>59,928,101</u>	<u>29,380</u>	<u>59,957,481</u>	<u>3,509,769</u>	<u>1,115,438</u>	<u>10,385,850</u>	<u>631,236</u>
Noncurrent liabilities:							
Bond issuance costs and discount						(585,526)	
Noncurrent portion of long-term obligations	24,200,356		24,200,356	4,373,893	675,625	68,759,536	687,000
Total noncurrent liabilities	<u>24,200,356</u>		<u>24,200,356</u>	<u>4,373,893</u>	<u>675,625</u>	<u>68,174,010</u>	<u>687,000</u>
Total liabilities	<u>84,128,457</u>	<u>29,380</u>	<u>84,157,837</u>	<u>7,883,662</u>	<u>1,791,063</u>	<u>78,559,860</u>	<u>1,318,236</u>
NET ASSETS							
Invested in capital assets, net of related debt	54,652,223	8,690	54,660,913	41,582,658	2,197,668		6,507,606
Restricted for:							
Debt service	391,732		391,732			585,526	1,127,088
Park development	6,456,476		6,456,476				
Public improvement	11,600,442		11,600,442				
Stabilization	6,597,927		6,597,927				
Capital projects							403,389
Cemetery perpetual care	5,926		5,926				
Managed care risk exposure	1,860,710		1,860,710				
Primary and local road construction and maintenance				4,992,777			
Equipment and training					18,874		
Drain maintenance							38,233
Unrestricted	46,050,289	26,569,311	72,619,600	340,488	4,122,522	477,994	969,980
Total net assets	<u>\$127,615,725</u>	<u>\$26,578,001</u>	<u>\$154,193,726</u>	<u>\$46,915,923</u>	<u>\$6,339,064</u>	<u>\$1,063,520</u>	<u>\$9,046,296</u>

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

**County of Ottawa
Statement of Activities
For the Year Ended December 31, 2003**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government						
Governmental activities:						
Legislative	\$481,910	\$3,264			(\$485,174)	
Judicial	10,801,488	1,121,377	\$3,210,168	\$1,895,202	(6,817,495)	
General government	13,563,303	(1,897,325)	8,747,622	2,396,159	(522,197)	
Public safety	21,833,399	78,734	4,139,168	1,189,116	(16,583,849)	
Public works	736,488	6,223	417,582	44,537	(280,592)	
Health and welfare	44,635,211	722,303	2,445,701	32,528,820	(10,382,993)	
Community and economic development	556,128	2,724		51,328	(507,524)	
Culture and recreation	1,323,539	2,658	355,147	40,838	14,435	
Interest on long-term debt	958,283		2,351,754		1,393,471	
Total governmental activities	<u>94,889,749</u>	<u>39,958</u>	<u>21,667,142</u>	<u>38,146,000</u>	<u>944,647</u>	<u>(34,171,918)</u>
Business-type activities:						
Delinquent tax collection	<u>1,892,364</u>		<u>1,004,489</u>			<u>(887,875)</u>
Total primary government	<u>\$96,782,113</u>	<u>\$39,958</u>	<u>\$22,671,631</u>	<u>\$38,146,000</u>	<u>\$944,647</u>	<u>(\$35,059,793)</u>
Component units						
Ottawa County Road Commission	\$14,924,053		\$2,927,874	\$15,197,287	\$7,381,513	\$10,582,621
Ottawa County Central Dispatch Authority	3,356,146		3,451	3,334,347	420,804	402,456
Ottawa County Public Utilities	15,390,207		14,611,340			(778,867)
Ottawa County Drain Commissioner	<u>1,443,167</u>				<u>1,675,677</u>	<u>232,510</u>
Total component units	<u>\$35,113,573</u>		<u>\$17,542,665</u>	<u>\$18,531,634</u>	<u>\$9,477,994</u>	<u>\$10,438,720</u>

(Continued on next page)

**County of Ottawa
Statement of Activities (Concluded)
For the Year Ended December 31, 2003**

	<u>Primary Government</u>			<u>Component Unit:</u>			
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Ottawa County Road Commission</u>	<u>Ottawa County Central Dispatch Authority</u>	<u>Ottawa County Public Utilities</u>	<u>Ottawa County Drain Commissioner</u>
Primary Government							
Changes in net assets:							
Net (expense) revenue	(\$34,171,918)	(\$887,875)	(\$35,059,793)	\$10,582,621	\$402,456	(\$778,867)	\$232,510
General Revenues:							
Property taxes, levied for general purposes	24,874,923		24,874,923				
Property taxes, levied for park development	2,342,755		2,342,755				
Property taxes, levied for debt service	3,260,025		3,260,025				
Grants and contributions not restricted to specific programs	4,236,699		4,236,699	12,250			
Investment earnings	3,622,427	547,099	4,169,526	23,030	44,948	11,213	39,541
Miscellaneous	258,117		258,117	411,498		992,396	
Capital contributions	6,149,100		6,149,100				1,802,512
Transfers - internal activities	746,305	(575,000)	171,305				
Special item: Contribution to West Michigan Enforcement Team for formation	(481,329)		(481,329)				
Total general revenues, transfers and special items	<u>45,009,022</u>	<u>(27,901)</u>	<u>44,981,121</u>	<u>446,778</u>	<u>44,948</u>	<u>1,003,609</u>	<u>1,842,053</u>
Change in net assets	10,837,104	(915,776)	9,921,328	11,029,399	447,404	224,742	2,074,563
Net assets - beginning of year, as restated	<u>116,778,621</u>	<u>27,493,777</u>	<u>144,272,398</u>	<u>35,886,524</u>	<u>5,891,660</u>	<u>838,778</u>	<u>6,971,733</u>
Net assets - end of year	<u>\$127,615,725</u>	<u>\$26,578,001</u>	<u>\$154,193,726</u>	<u>\$46,915,923</u>	<u>\$6,339,064</u>	<u>\$1,063,520</u>	<u>\$9,046,296</u>

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

(Concluded)

**County of Ottawa
Balance Sheet
Governmental Funds
December 31, 2003
(with comparative totals for December 31, 2002)**

	General	Parks and Recreation	Health	Mental Health	Public Improvement	Other Governmental Funds	Total Governmental Funds	
							2003	2002
ASSETS								
Cash and pooled investments	\$15,582,771	\$5,981,440	\$771,223	\$7,434,548	\$12,047,553	\$23,820,896	\$65,638,431	\$70,124,616
Investments						5,770	5,770	5,770
Receivables (net of allowance for estimated uncollectibles):								
Taxes	28,503,695	2,356,259					30,859,954	29,020,384
Accounts	237,926		77,464	431,740		141,544	888,674	974,470
Accrued interest on investments	645,195						645,195	935,967
Due from other funds	10,000	172,965			372,226	335,019	890,210	2,187,362
Interfund receivable	471,478						471,478	679,085
Advances to other funds	1,100						1,100	1,100
Advances to component units	325,000						325,000	325,000
Due from other governmental units	2,926,173	612,497	60,172	77,910		1,982,403	5,659,155	6,846,680
Inventory of supplies	47,913		92,994	3,009		100	144,016	148,891
Prepaid expenditures	35,462	55,665	16,369	204,059			311,555	432,870
Total assets	\$48,786,713	\$9,178,826	\$1,018,222	\$8,151,266	\$12,419,779	\$26,285,732	\$105,840,538	\$111,682,195
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$1,744,962	\$262,101	\$425,222	\$1,969,790	\$819,337	\$1,359,468	\$6,580,880	\$6,031,331
Due to other governmental units			2,453	4,375,730		25,059	4,403,242	3,369,902
Due to other funds	1,789,197					10,000	1,799,197	4,644,602
Due to component units								3,345
Interfund payable						471,478	471,478	679,085
Advances from other governmental units	74,286					200,847	275,133	270,185
Deferred revenue	30,615,990	2,460,249	23,445	390		195,803	33,295,877	31,621,736
Advances from other funds						2,100	2,100	2,100
Total liabilities	34,224,435	2,722,350	451,120	6,345,910	819,337	2,264,755	46,827,907	46,622,286
Fund balances:								
Reserved - General	1,630,225						1,630,225	1,388,523
Reserved - Special Revenue								33,120
Reserved - Debt Service						574,806	574,806	525,974
Reserved - Permanent						5,770	5,770	5,868
Unreserved:								
Designated - General	3,815,898						3,815,898	1,658,900
Designated - Special Revenue		177,789		1,282,455		2,877,369	4,337,613	5,887,725
Designated - Capital Projects								
Undesignated - General	9,116,155						9,116,155	9,270,504
Undesignated - Special Revenue		6,278,687	567,102	522,901	11,600,442	20,563,032	39,532,164	46,289,295
Total fund balances	14,562,278	6,456,476	567,102	1,805,356	11,600,442	24,020,977	59,012,631	65,059,909
Total liabilities and fund balances	\$48,786,713	\$9,178,826	\$1,018,222	\$8,151,266	\$12,419,779	\$26,285,732	\$105,840,538	\$111,682,195

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

County of Ottawa
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2003

Fund balances - total governmental funds	\$59,012,631
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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.

Add: capital assets used in the operation of governmental funds	91,679,271
Subtract: accumulated depreciation	(20,476,092)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds on a cost reimbursement basis. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	24,282,839
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Certain revenue that was earned and accrued in the current period but not received after 60 days is not recognized in the fund statement but recognized under full accrual.	1,150,953
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable	(18,190,000)
Subtract: landfill reclamation	(6,498,653)
Subtract: land contracts	(284,781)
Subtract: compensated absences	(2,877,369)
Subtract: accrued interest payable	(183,074)

Net assets of governmental activities	\$127,615,725
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The accompanying notes are an integral part of the financial statements.

County of Ottawa
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	General	Parks and Recreation	Health	Mental Health	Public Improvement	Other Governmental Funds	Total Governmental Funds	
							2003	2002
Revenues								
Taxes	\$28,134,948	\$2,342,755					\$30,477,703	\$29,108,216
Intergovernmental revenues	8,359,170	962,099	\$2,731,561	\$22,885,113		\$10,653,252	45,591,195	46,857,944
Charges for services	7,595,010	216,500	776,874	832,815		1,376,656	10,797,855	9,335,988
Fines and forfeits	993,792					6,500	1,000,292	1,068,804
Interest on investments	941,249	172,965			\$372,226	340,027	1,826,467	4,442,975
Licenses and permits	292,537		368,796				661,333	545,031
Rental income	2,156,724	35,291	4,050	1,800	694,747	2,351,754	5,244,366	5,504,855
Other	305,311	103,356	88,597	120,391		396,099	1,013,754	1,153,830
Total revenue	48,778,741	3,832,966	3,969,878	23,840,119	1,066,973	15,124,288	96,612,965	98,017,643
Expenditures								
Current expenditures:								
Legislative	480,630						480,630	489,564
Judicial	8,663,444					3,048,628	11,712,072	12,727,750
General government	9,854,313				5,686,430	241,278	15,782,021	10,766,482
Public safety	17,293,342					3,330,353	20,623,695	21,132,434
Public works	127,728					1,221,486	1,349,214	565,778
Health and welfare	579,206		8,300,365	24,810,397		9,616,623	43,306,591	43,103,091
Community and economic development	536,718					19,140	555,858	549,037
Culture and recreation		7,243,494					7,243,494	1,882,841
Other governmental functions	99,322						99,322	60,411
Debt service						2,305,822	2,305,822	2,315,975
Capital projects								4,996
Total expenditures	37,634,703	7,243,494	8,300,365	24,810,397	5,686,430	19,783,330	103,458,719	93,598,359
Revenues over (under) expenditures	11,144,038	(3,410,528)	(4,330,487)	(970,278)	(4,619,457)	(4,659,042)	(6,845,754)	4,419,284
Other financing sources (uses)								
Transfers from other funds	1,178,500	1,495,000	3,986,718	476,500		5,284,256	12,420,974	16,127,216
Transfers to other funds	(10,078,187)		(17,560)		(72,920)	(972,502)	(11,141,169)	(15,527,947)
Total other financing sources (uses)	(8,899,687)	1,495,000	3,969,158	476,500	(72,920)	4,311,754	1,279,805	599,269
Special item:								
Contribution to West Michigan Enforcement Team for formation						(481,329)	(481,329)	
Net change in fund balances	2,244,351	(1,915,528)	(361,329)	(493,778)	(4,692,377)	(828,617)	(6,047,278)	5,018,553
Fund balance, beginning of year, as restated	12,317,927	8,372,004	928,431	2,299,134	16,292,819	24,849,594	65,059,909	60,041,356
Fund balance, end of year	\$14,562,278	\$6,456,476	\$567,102	\$1,805,356	\$11,600,442	\$24,020,977	\$59,012,631	\$65,059,909

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

County of Ottawa
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2003

Net change in fund balances - total governmental funds (\$6,047,278)

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 and reported as depreciation expense.

Add: capital outlay	12,690,583
Subtract: depreciation expense	(2,312,013)
Subtract: loss on the disposal of capital assets	(10,964)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	1,391,461
Subtract: increase in the landfill reclamation liability	(30,765)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in accrued interest payable	7,539
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	209,631
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The capital land contribution is not reported as revenue in the fund.	6,149,100
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Subtract: net loss from governmental activities accounted for in internal service funds	(1,210,190)
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Change in net assets of governmental activities	\$10,837,104
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The accompanying notes are an integral part of the financial statements.

COUNTY OF OTTAWA

**GENERAL FUND (1010) - STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$28,224,093	\$28,148,472	\$28,134,948	(\$13,524)	\$26,910,795
Intergovernmental	9,411,893	8,802,427	8,359,170	(443,257)	9,618,555
Charges for services	5,631,740	7,593,948	7,595,010	1,062	6,461,019
Fines and forfeits	1,215,400	1,003,900	993,792	(10,108)	1,062,304
Interest on investments	2,800,000	1,500,000	941,249	(558,751)	2,342,604
Licenses and permits	309,625	297,625	292,537	(5,088)	304,517
Rental income	2,475,790	2,370,912	2,156,724	(214,188)	2,205,856
Other	220,750	319,435	305,311	(14,124)	247,345
Total revenues	<u>50,289,291</u>	<u>50,036,719</u>	<u>48,778,741</u>	<u>(1,257,978)</u>	<u>49,152,995</u>
Expenditures:					
Current operations:					
Legislative	536,991	493,523	480,630	12,893	489,564
Judicial	9,565,437	8,895,453	8,663,444	232,009	9,118,396
General government	10,454,537	10,539,075	9,854,313	684,762	9,467,753
Public safety	18,439,648	17,933,332	17,293,342	639,990	17,243,403
Public works	275,250	126,750	127,728	(978)	215,222
Health and welfare	524,548	541,209	579,206	(37,997)	477,291
Community and economic development	500,784	585,016	536,718	48,298	481,861
Other governmental functions	1,118,237	99,322	99,322		60,411
Total expenditures	<u>41,415,432</u>	<u>39,213,680</u>	<u>37,634,703</u>	<u>1,578,977</u>	<u>37,553,901</u>
Revenues over expenditures	<u>8,873,859</u>	<u>10,823,039</u>	<u>11,144,038</u>	<u>320,999</u>	<u>11,599,094</u>
Other Financing Sources (Uses):					
Transfers from other funds	1,178,500	1,178,500	1,178,500		776,281
Transfers to other funds	(9,984,874)	(10,105,346)	(10,078,187)	27,159	(15,223,200)
Total other financing sources (uses)	<u>(8,806,374)</u>	<u>(8,926,846)</u>	<u>(8,899,687)</u>	<u>27,159</u>	<u>(14,446,919)</u>
Net change in fund balance	67,485	1,896,193	2,244,351	348,158	(2,847,825)
Fund balance, beginning of year	<u>12,317,927</u>	<u>12,317,927</u>	<u>12,317,927</u>		<u>15,165,752</u>
Fund balance, end of year	<u>\$12,385,412</u>	<u>\$14,214,120</u>	<u>\$14,562,278</u>	<u>\$348,158</u>	<u>\$12,317,927</u>

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

COUNTY OF OTTAWA

**PARKS AND RECREATION SPECIAL REVENUE FUND (2081) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$2,346,965	\$2,350,144	\$2,342,755	(\$7,389)	\$2,197,421
Intergovernmental revenues	1,546,480	933,963	962,099	28,136	412,699
Charges for services	211,000	219,500	216,500	(3,000)	242,192
Interest on investments	250,000	170,500	172,965	2,465	474,749
Rental income	40,100	36,402	35,291	(1,111)	33,693
Other	150,000	105,150	103,356	(1,794)	646
Total revenues	4,544,545	3,815,659	3,832,966	17,307	3,361,400
Expenditures:					
Current operations:					
Personnel services	758,780	741,200	726,525	14,675	692,807
Supplies	129,700	134,550	102,576	31,974	101,185
Other services and charges	257,070	294,972	255,969	39,003	242,436
Capital outlay	3,438,000	6,204,676	6,076,916	127,760	756,157
Debt service	81,511	81,511	81,508	3	90,256
Total expenditures	4,665,061	7,456,909	7,243,494	213,415	1,882,841
Revenues over (under) expenditures	(120,516)	(3,641,250)	(3,410,528)	230,722	1,478,559
Other financing sources (uses):					
Transfers in (out):					
General Fund	530,000	530,000	530,000		530,000
Infrastructure		965,000	965,000		
Total other financing sources (uses)	530,000	1,495,000	1,495,000		530,000
Net change in fund balance	409,484	(2,146,250)	(1,915,528)	230,722	2,008,559
Fund balance, beginning of year	8,372,004	8,372,004	8,372,004		6,363,445
Fund balance, end of year	\$8,781,488	\$6,225,754	\$6,456,476	\$230,722	\$8,372,004

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

COUNTY OF OTTAWA
HEALTH SPECIAL REVENUE FUND (2210) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$2,804,302	\$2,724,639	\$2,731,561	\$6,922	\$2,902,020
Charges for services	832,788	817,287	776,874	(40,413)	705,539
Licenses and permits	288,591	377,648	368,796	(8,852)	240,514
Rental income	4,800	4,800	4,050	(750)	3,850
Other	102,743	110,237	88,597	(21,640)	87,913
Total revenues	4,033,224	4,034,611	3,969,878	(64,733)	3,939,836
Expenditures:					
Current operations:					
Personnel services	5,871,998	5,445,501	5,395,950	49,551	5,334,564
Supplies	664,638	768,848	706,781	62,067	660,380
Other services and charges	2,186,070	2,268,018	2,197,634	70,384	2,299,344
Total expenditures	8,722,706	8,482,367	8,300,365	182,002	8,294,288
Revenues over (under) expenditures	(4,689,482)	(4,447,756)	(4,330,487)	117,269	(4,354,452)
Other financing sources (uses):					
Transfers in (out):					
General Fund	3,957,964	3,986,719	3,986,718	(1)	3,793,131
Public Improvement		(17,560)	(17,560)		(304,747)
Total other financing sources (uses)	3,957,964	3,969,159	3,969,158	(1)	3,488,384
Net change in fund balance	(731,518)	(478,597)	(361,329)	117,268	(866,068)
Fund balance, beginning of year	928,431	928,431	928,431		1,794,499
Fund balance, end of year	<u>\$196,913</u>	<u>\$449,834</u>	<u>\$567,102</u>	<u>\$117,268</u>	<u>\$928,431</u>

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

COUNTY OF OTTAWA

**MENTAL HEALTH SPECIAL REVENUE FUND (2220) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$23,915,710	\$25,211,732	\$22,885,113	(\$2,326,619)	\$23,195,026
Charges for services	752,069	873,454	832,815	(40,639)	756,038
Rental income	10,800	1,800	1,800		11,466
Other	79,400	94,311	120,391	26,080	104,822
Total revenues	24,757,979	26,181,297	23,840,119	(2,341,178)	24,067,352
Expenditures:					
Current operations:					
Personnel services	9,601,338	9,498,174	9,403,002	95,172	8,961,147
Supplies	275,862	511,727	420,275	91,452	619,005
Other services and charges	15,240,062	16,406,566	14,877,257	1,529,309	15,532,170
Capital outlay		116,242	109,863	6,379	249,062
Total expenditures	25,117,262	26,532,709	24,810,397	1,722,312	25,361,384
Revenues over (under) expenditures	(359,283)	(351,412)	(970,278)	(618,866)	(1,294,032)
Other financing sources (uses):					
Transfers in (out):					
General Fund	476,500	476,500	476,500		476,500
Total other financing sources (uses)	476,500	476,500	476,500		476,500
Net change in fund balance	117,217	125,088	(493,778)	(618,866)	(817,532)
Fund balance, beginning of year	2,299,134	2,299,134	2,299,134		3,116,666
Fund balance, end of year	<u>\$2,416,351</u>	<u>\$2,424,222</u>	<u>\$1,805,356</u>	<u>(\$618,866)</u>	<u>\$2,299,134</u>

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

COUNTY OF OTTAWA

**PUBLIC IMPROVEMENT SPECIAL REVENUE FUND (2450) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Interest on investments	\$410,000	\$392,000	\$372,226	(\$19,774)	\$810,538
Rental income	711,316	712,642	694,747	(17,895)	892,472
Other	19,400				25,353
Total revenues	1,140,716	1,104,642	1,066,973	(37,669)	1,728,363
Expenditures:					
Current operations:					
Other services and charges	2,160	3,125	3,124	1	104,956
Capital outlay	8,283,000	8,283,000	5,683,306	2,599,694	770,086
Total expenditures	8,285,160	8,286,125	5,686,430	2,599,695	875,042
Revenues over (under) expenditures	(7,144,444)	(7,181,483)	(4,619,457)	2,562,026	853,321
Other financing sources (uses):					
Transfers in (out):					
General Fund					2,650,000
Health			(72,920)	(72,920)	395,227
Total other financing sources (uses)			(72,920)	(72,920)	3,045,227
Net change in fund balance	(7,144,444)	(7,181,483)	(4,692,377)	2,489,106	3,898,548
Fund balance, beginning of year	16,292,819	16,292,819	16,292,819		12,394,271
Fund balance, end of year	\$9,148,375	\$9,111,336	\$11,600,442	\$2,489,106	\$16,292,819

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

**County of Ottawa
Statement of Net Assets
Proprietary Funds
December 31, 2003**

	Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund	Governmental Activities- Internal Service Funds
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$22,905,796	\$17,395,320
Investments		16,582,080
Receivables:		
Delinquent taxes receivable	2,610,380	
Accrued interest and penalties on delinquent taxes	426,484	
Accounts	26,752	22,692
Accrued interest on investments		125,848
Due from other funds	547,099	4,991,458
Advances to other funds	1,000	
Due from component units	81,180	
Inventory of supplies		21,494
Prepaid expenses		183,065
Total current assets	26,598,691	39,321,957
Noncurrent assets:		
Capital assets:		
Office furniture and equipment	58,443	3,210,320
Copy machines		175,771
Telephone equipment		2,083,912
Vehicles		3,472,597
Less accumulated depreciation	(49,753)	(7,018,775)
Net capital assets	8,690	1,923,825
Total assets	26,607,381	41,245,782
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable		12,393,390
Due to other funds		4,569,553
Due to other governmental units	29,380	
Total current liabilities	29,380	16,962,943
<u>NET ASSETS</u>		
Investment in capital assets	8,690	1,923,825
Restricted for managed care risk exposure		1,860,710
Unrestricted	26,569,311	20,498,304
Total net assets	\$26,578,001	\$24,282,839

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

County of Ottawa
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	<u>Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
Operating revenues:		
Charges for services	\$35,535	\$12,653,016
Penalties and interest in delinquent taxes	968,954	
Other revenue		20,823
Total operating revenues	<u>1,004,489</u>	<u>12,673,839</u>
Operating expenses:		
Personnel services		1,825,677
Contractual services	1,415	2,098,901
Supplies		130,973
Depreciation	1,743	965,889
Building and equipment rental	1,889,206	110,480
Claims and legal		9,710,676
Miscellaneous		350,145
Total operating expenses	<u>1,892,364</u>	<u>15,192,741</u>
Operating loss	<u>(887,875)</u>	<u>(2,518,902)</u>
Nonoperating revenues (expenses):		
Interest on investments	547,099	1,002,375
Net change in the fair value of investments		793,585
Gain on retirement of capital assets		46,252
Total nonoperating revenues	<u>547,099</u>	<u>1,842,212</u>
Loss before transfers	(340,776)	(676,690)
Transfers in (out):		
General fund	(575,000)	(533,500)
Total transfers	<u>(575,000)</u>	<u>(533,500)</u>
Change in net assets	(915,776)	(1,210,190)
Total net assets, beginning of year	27,493,777	25,493,029
Total net assets, end of year	<u>\$26,578,001</u>	<u>\$24,282,839</u>

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

**County of Ottawa
Statement of Cash Flows
Proprietary Funds**

For the Year Ended December 31, 2003

	<u>Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interfund services provided		\$12,693,978
Cash receipts from customers	\$8,957,724	
Cash received from penalties and interest on delinquent taxes	1,140,530	
Cash payments to suppliers for goods and services	(1,892,182)	(2,142,946)
Cash payments for self-funded insurance claims		(7,540,564)
Cash payments to employees for services		(1,825,677)
Purchase of delinquent tax rolls	<u>(8,426,373)</u>	
Net cash provided by (used for) operating activities	<u>(220,301)</u>	<u>1,184,791</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in from other funds		70,000
Transfers out to other funds	<u>(575,000)</u>	<u>(603,500)</u>
Net cash used for noncapital financing activities	<u>(575,000)</u>	<u>(533,500)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets		(770,740)
Proceeds from sale of equipment		56,286
Net cash used for capital and related financing activities		<u>(714,454)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments		(14,293,991)
Interest on investments	1,332,432	1,627,062
Proceeds on sale of investments		13,475,363
Net cash provided by investing activities	<u>1,332,432</u>	<u>808,434</u>
Net increase in cash and pooled investments	537,131	745,271
Cash and pooled investments, beginning of year	<u>22,368,665</u>	<u>16,650,049</u>
Cash and pooled investments, end of year	<u><u>\$22,905,796</u></u>	<u><u>\$17,395,320</u></u>

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

(Continued on next page)

**County of Ottawa
Statement of Cash Flows
Proprietary Funds**

For the Year Ended December 31, 2003

	<u>Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund</u>	<u>Governmental Activities Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	(\$887,875)	(\$2,518,902)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,743	965,889
Change in assets and liabilities not affecting cash provided by (used for) operating activities:		
(Increase) decrease in receivables	701,040	20,205
(Increase) decrease in due from other funds		(97,118)
(Increase) decrease in prepaid expenses		770
Increase (decrease) in unpaid claims liability		2,092,756
Increase (decrease) in accounts payable	(80)	624,073
Increase (decrease) in due to other funds		97,118
Increase (decrease) in due to other governmental units	(35,129)	
Net cash provided by (used for) operating activities	<u>(\$220,301)</u>	<u>\$1,184,791</u>

(Concluded)

Noncash investing activities:

The change in fair value of investments for the internal service funds was \$793,585.

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

COUNTY OF OTTAWA

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2003

(with comparative totals for December 31, 2002)

	Agency Funds	
	<u>2003</u>	<u>2002</u>
ASSETS		
Cash and short-term investments	\$2,667,338	\$3,529,220
Receivables:		
Accounts	14,622	24,078
Due from other governmental units	<u>14,218</u>	<u>12,352</u>
Total assets	<u><u>\$2,696,178</u></u>	<u><u>\$3,565,650</u></u>
LIABILITIES		
Liabilities:		
Due to other governmental units:		
Due to State of Michigan	\$1,331,786	\$1,898,504
Fines and fees due to local libraries	413,632	465,860
Agency deposits	<u>950,760</u>	<u>1,201,286</u>
Total liabilities	<u><u>\$2,696,178</u></u>	<u><u>\$3,565,650</u></u>

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

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Ottawa, Michigan (the "County") was incorporated in 1837 and covers an area of approximately 565 square miles with the County seat located in the City of Grand Haven. The County operates under an elected Board of Commissioners (13 members) and provides services to its estimated 249,391 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

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

A. Reporting entity

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

Blended Component Units

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

The Ottawa County, Michigan Insurance Authority is a separate legal entity organized for the purpose of providing insurance coverage and risk management and related services to public entities in the County of Ottawa, Michigan pursuant to State of Michigan Act No. 36 of the Public Acts of 1988. The governing board consists of one appointed and four elected officials of the County and one appointed official from each other participating public entity. The County and the Building Authority are currently the only participating entities. The Insurance Authority is reported in an internal service fund and has a December 31 year-end.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

Complete financial statements for the Insurance Authority can be obtained from:

Finance Director
Ottawa County
12220 Fillmore Street, Room 331
West Olive, MI 49460

Discretely Presented Component Units

The Ottawa County Road Commission was established pursuant to the County Road Law (MCL 224.1). The governing board is appointed by the Ottawa County Board of Commissioners. The Road Commission deposits receipts with and has investments through the County. It may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy as well as reported in the Road Commission Fund. The Road Commission has a September 30 year-end.

The Ottawa County Public Utilities System's governing board is appointed by the Ottawa County Board of Commissioners. The Public Utilities System deposits receipts with and invests through the County. It is fiscally dependent upon the County because the County Board must approve debt issuances. The Ottawa County Public Utilities System has a December 31 year-end.

Complete financial statements for the Road Commission and the Public Utilities System can be obtained from:

Finance Director
Ottawa County Road Commission
P.O. Box 73938
Grand Haven, MI 49417

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

The Ottawa County Central Dispatch Authority is governed by an eight-member board with two members appointed by the County's Board of Commissioners. It is financially accountable to the County as a result of fiscal dependency. It cannot levy taxes or issue bonded debt without approval of the County. It operates in facilities and with equipment financed through the Building Authority. Additional equipment and software has been financed through lease agreements. The services provided cover all County residents and the County levies a property tax of up to one-half mill to finance the operations of the Dispatch Authority. The Dispatch Authority has a December 31 year-end.

Complete financial statements for the Dispatch Authority can be obtained from:

Director
Ottawa County Central Dispatch Authority
15 North 6th Street
Grand Haven, MI 49417

Ottawa County Drains drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The Drain Commission is considered to be a component unit of the County because the County has the ability to significantly influence operations and has accountability for fiscal matters. The statutory drainage board of Chapter 20 drainage districts consists of the Drain Commissioner, the Chair of the County Board of Commissioners and one other member of the Board of Commissioners. The statutory drainage board of Chapter 21 drainage districts consists of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The Drain Commissioner has sole responsibility to administer the drainage district established pursuant to Chapter 3 and 4 of the Drain Code. The drainage board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district.

Complete financial statements for the Drains can be obtained from:

Finance Director
Ottawa County
12220 Fillmore Street, Room 331
West Olive, MI 49460

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Funds with Other Year Ends

The financial statements of the Friend of the Court, Health, Mental Health, Transportation System, Prosecuting Attorney Grants, COPS Fast-Allendale, Sheriff 9/30 Grant Programs, COPS Universal, Sheriff Road Patrol, Workforce Investment Act - 9/30 Grant Programs, Grant Programs - Pass Thru, Emergency Feeding, Federal Emergency Management Agency, Community Corrections, Community Action Agency, Child Care - Probate and Child Care - Social Services funds (included with Governmental Funds and reflecting total assets and revenues of 10.50% and 36.59%, respectively, of the Governmental Fund totals) and the Protected Self-Funded Insurance-Mental Health Fund (included with Internal Service Funds and reflecting total assets and revenues of 4.51% and 1.47%, respectively, of the related fund type totals) have been included in the accompanying 2003 financial statements using their fiscal year ended September 30, 2003.

The financial statements of the Workforce Investment Act – Administrative Cost Pool, Workforce Investment Act - Youth, Workforce Investment Act – Adult, and Workforce Investment Act - 6/30 Grant Programs funds (included with Governmental Funds and reflecting total assets and revenues of .35% and 1.47%, respectively, of the Governmental Fund totals) have been included in the accompanying 2003 financial statements using their fiscal year ended June 30, 2003.

The financial statements of the Weatherization and the Workforce Investment Act-3/31 Grant Programs funds (included with Governmental Funds and reflecting assets and revenues of .05% and .31%, respectively, of the Governmental Fund totals) has been included in the accompanying 2003 financial statements using their fiscal year ended March 31, 2003.

Interfund balances, due to/from account balances, indirect expense allocations, as well as transfers, do not agree across all funds due to the different year ends reported in these funds.

C. Government-wide and fund financial statements

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

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. The fiduciary fund financial statements are reporting using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when 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. After March 1 of the following year, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, landfill closure costs and compensated absences are recorded only when payment is due.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The County considers these to be available if received within 180 days of year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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 required to be accounted for in another fund.

Parks and Recreation Fund (2081) – This fund was established for the development, maintenance, and operation of Ottawa County parks. Funding is provided by General Fund appropriations, State grants, and user charges. A millage of .33 mills was approved by the County electorate to finance this activity on November 5, 1996 for ten years beginning with the December 1, 1997 levy.

Health Fund (2210) – This fund is used to account for monies received from Federal, State, and local grants and County appropriations. These monies are utilized in providing a variety of health-related services to County residents.

Mental Health Fund (2220) – This fund is used to account for monies to provide mental health services within the County. Monies are provided by Federal, State, and County appropriations, contributions, and charges for services.

Public Improvement Fund (2450) – This fund is used for earmarked revenues set aside for public improvements. Funding is provided from General Fund appropriations and building rentals.

The County reports the following major proprietary fund:

Delinquent Tax Revolving Fund (5160) – This Enterprise Fund is used to pay each local governmental unit, including the County General Fund, the respective amount of taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for revenue from specific revenue sources (other than fiduciary or major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for construction projects of the Building Authority. Currently, the fund has limited activity.

The *Permanent Fund* is used to record the activity of the Cemetery Trust which provides funds for perpetual care of cemetery lots.

Internal Service Funds account for data processing, equipment purchases, and insurance coverage provided to County departments on a cost reimbursement basis.

Agency Funds are used to account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standard do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Delinquent Tax Revolving enterprise fund are interest and penalties on delinquent taxes. The principal operating revenues of the County's internal service funds are charges to County departments for equipment amortization and insurance coverage. Operating expenses for the enterprise fund include depreciation on capital assets and rent payments for certain County facilities

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

designed to pay the debt obligations of the related bond issue. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Assets, liabilities, and net assets or equity

1. Cash and pooled investments

For purposes of the statement of cash flows, the County considers all assets held in the cash and investment pool to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at anytime, similar to a demand deposit account. The County's investments consist primarily of U.S. treasuries, U.S government agency securities, commercial paper, certificates of deposit, local government investment pools, and mutual funds.

Investments of the Insurance Authority consist of U.S. government and U.S. government agency securities and corporate securities. All investments are recorded at fair value.

2. Receivables and payables

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as "due from other funds/component units" or "due to other funds/component units" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

Any residual balances outstanding between the governmental activities and business-type activity are reported in the government-wide financial statements as "internal balances."

Property taxes are levied as of December 1 on property values assessed as of the same date. Since the property taxes levied December 1 are for the operations of the succeeding year, the receivable is offset by deferred revenue. The taxes levied December 1 are due on February 14 of the following year after which the applicable property is subject to lien, and penalties and interest are assessed.

Accounts receivable is shown net of allowance for estimated uncollectibles which is considered immaterial.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

3. *Advances to other funds*

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

4. *Inventories and prepaid items*

Inventories are valued at cost on the first-in / first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

5. *Restricted Assets*

Certain proceeds of the Building Authority's general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In addition, the net assets of the Parks and Recreation Fund (Special Revenue Fund 2081) are comprised mainly of unused revenue from a specially designated tax levy. Hence, it is restricted. Under Act 136, Public Acts of 1956 (Sections 141.261-141.263, Compiled Laws of 1979), the net assets of the Public Improvement Fund (Special Revenue Fund 2450) are restricted for statutory Public Improvement. Under Act 30, Public Acts of 1978, the use of the net assets of the Stabilization Fund (Special Revenue Fund 2570) are restricted to 1) cover a deficit, 2) prevent a reduction in the level of public services or number of employees in the current or next fiscal year, or 3) cover expenses arising from a natural disaster.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

The net assets of the Ottawa County Building Authority debt service fund are restricted in compliance with the bond covenant.

The use of the net assets of the Cemetery Trust are restricted to the perpetual care of certain cemetery lots.

The net assets of the Protected Self-Funded Insurance – Mental Health (6782) are restricted for mental health programs.

It is the County's policy to spend restricted resources first if it meets the criteria of the restricted net asset and use unrestricted resources when the restricted funds are depleted.

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. For the County, infrastructure exists in the Road Commission and the Drain Commissioner component units. The capitalization threshold ranges from \$1,000 - \$25,000. Capital assets are defined by the primary government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes assets added beginning in 2001.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	25
Buildings	25 - 30
Office furniture and equipment	5 - 20
Vehicles	3 - 10
Public domain infrastructure	50
System infrastructure	30

7. *Self-insurance claims incurred but not reported*

At December 31, 2003 the County has several Internal Service funds which account for various uninsured risks. The County is self-insured up to certain limits, which vary by type of risk, and purchases reinsurance to cover claims in excess of those limits. The County records estimates of self-insurance claims incurred but not reported as of December 31 based on historical trend information and claims reported subsequent to year-end. Such estimates are included in accounts payable.

8. *Compensated absences*

Substantially all County employees are granted vacation and sick leave in varying amounts based on length of service. Vacation pay is fully vested when earned and accrued in the government-wide financial statements. Employees are granted varying amounts of sick days annually and may accumulate up to a maximum of 15 days. Unused sick leave accumulated under the current plan is forfeited upon termination or retirement. Therefore, no liability for unpaid accumulated sick leave is recorded. All employees except judges and elected officials are covered under short and long-term disability benefits if an illness lasts longer than 10 working days or six months, respectively.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

Employees who accumulated sick days under the County's prior sick leave policy before moving into the current plan have been allowed to bank up to 120 hours of their sick days accumulated under the prior plan in a holding account at the pay rate in effect when they entered the current plan. Employees' accounts earn interest annually at the average rate earned by the County Treasurer. Employees with at least ten years of continuous service are paid for accumulated sick days in full upon death or retirement and at the rate of 50% of accumulated benefits upon termination for reasons other than death or retirement.

A liability for this amount is accrued and reported in the government-wide financial statements. The County estimates that the maximum liability for unpaid and unused sick leave would be approximately \$1,109,655 at December 31, 2003 if all employees who accumulated sick leave under the prior plan retired. An actuarial estimate of the amount payable to employees upon retirement at December 31, 2003 is \$1,076,116 and is funded in the Compensated Absences Fund, a Special Revenue Fund, with a corresponding designated fund balance.

The County has fully funded the vacation liability. The vacation expenditure/expense was recorded in each fund, and this amount was transferred and recorded in the Compensated Absences Fund, a Special Revenue Fund, with a corresponding designated fund balance. An adjustment was made at December 31, 2003 to reflect the change in the balance to \$1,801,253.

Compensated absences for the Road Commission discrete component unit payable out of expendable available resources in the general operating fund is accrued for the fund financial statement (general fund balance sheet and general fund revenues, expenditures and changes in fund balance) and the long-term portion is recorded as an adjustment to the fund financial statements which results in the government-wide statements including both short and long-term portions of this liability. Vacation leave is payable upon termination up to specific limits while 25% of sick leave is payable upon retirement up to a maximum of 25% of 1,120 hours.

The Dispatch Authority's accumulated unpaid vacation is recorded as a liability in the general fund of the Authority, as it is expected to be paid with current financial resources. Accumulated unpaid sick pay is not recorded in the financial statements as it does not vest.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

9. *Deferred compensation plan*

The County, the Road Commission and the Dispatch Authority offer to its employees several different deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to County and Dispatch Authority employees with various options depending on which bargaining unit the employee is a member. All plans permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County employee contributions for 2003 were \$1,282,369 and the County match was \$256,463.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

Investments are managed by the plans' trustees, under one of several investment options, or combination thereof. The choice of the investment option(s) is made by the participants or the investment manager at the option of the employee. As the assets of the trust are managed by the plans trustees, the plan assets are not recorded in the financial statements of the County.

10. *Employee Retirement Plan*

The County, the Road Commission and the Dispatch Authority have contributory pension plans covering substantially all of their employees. The plans are funded through annual contributions to the Michigan Municipal Employees' Retirement System in amounts sufficient to fund the normal cost of the plan and to amortize prior service cost over 30 years.

11. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

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

12. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Details on these reservations and designations follow:

	General Fund	Parks and Recreation Fund	Mental Health Fund	Non-major Governmental Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reserved:				
Long-term advances to other funds and component units	\$326,100			
Prepaid expenditures	35,462			
Convention facilities tax monies	1,268,663			
Debt service				\$574,806
Perpetual care				5,770
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$1,630,225</u>			<u>\$580,576</u>
Designated:				
Voting machines	\$34,491			
Planning	227,347			
Grants	165,005			
Mental Health – expansion	518,178		\$1,282,455	
Aerial survey	585,604			
Building improvements	2,221,593			
Computer technology	63,680			
Park/open space land		\$177,789		
Compensated absences				\$2,877,369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$3,815,898</u>	<u>\$177,789</u>	<u>\$1,282,455</u>	<u>\$2,877,369</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

13. Comparative data/reclassifications

Presentation of comparative total data for the prior year have been presented when available in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds are under formal budgetary control.

Formal budgetary integration is employed as a management control device during the year for governmental funds. Formal budgetary integration is not employed for other funds; however, informational summaries are prepared and presented to the Board for consideration for proprietary fund types. The County adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget. Budgets, as presented for these funds in the accompanying financial statements, were prepared on the modified accrual basis of accounting. The County does not use encumbrances in its accounting system.

Budgets for the succeeding fiscal year are presented to the County Administrator for review each July. The Administrator meets with the various department heads submitting budgets to discuss the content and revenue/expenditure levels contained in their budgets. During September, the Administrator submits the budgets with recommendations to the Finance Committee of the County Board of Commissioners. The Finance Committee then makes a budget recommendation to the

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary information (continued)

County Board of Commissioners in October. A public hearing is held in October to provide any County resident the opportunity to discuss the budget with the Board. The budget, and an appropriation ordinance implementing it, is then adopted in October. A separate budget report is then made available to the public.

Budgets for the current year are continually reviewed for any required revisions of original estimates. Proposed increases or reductions in appropriations are presented to the Finance Committee and the Board for their action. The Board amends the general appropriation act as soon as it becomes apparent this action is necessary. The budgetary information as presented herein has been amended by official actions of the Finance Committee and/or County Board of Commissioners. For the County's major funds, the only significant change from the adopted budget was in the Parks and Recreation fund. During the year, the capital outlay budget was increased by \$2.8 million to accommodate land purchases and capital development projects. Transfers of any unexpended balance, or any portion thereof, to any other appropriation account may not be made without approval by the Finance Committee, except that transfers within a fund may be made by the Administrator and Finance Director if the amount to be transferred does not exceed \$50,000.

Budgetary control over expenditures is maintained on a line item basis by department, which is the legal level of control. A separate budgetary report is prepared which demonstrates compliance at the legal level of control and is available to the public in the County Clerk's office. Expenditures may not legally exceed budgeted amounts and certain Special Revenue Funds expenditures must be in accordance with the respective agreements with Federal and State grantor agencies.

All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken.

B. Excess of expenditures over appropriations

There were no funds with an excess of expenditures over appropriations.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

Deposits made by the County with financial institutions consist of interest and noninterest bearing checking accounts, savings accounts, and certificates of deposit. The County maintains a pooled general checking account and a pooled payroll checking account which are shared by various County funds and component units.

At year end, the carrying amount of the County's deposits was \$16,308,849. The carrying amount of deposits for discretely presented component units was \$4,529,339. The bank balance of the pooled accounts which includes component units was \$19,321,757. Of the bank balance, \$815,323 was insured and \$18,506,434 was uninsured and uncollateralized.

B. Investments

Michigan statutes authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptance of U.S. banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

The Ottawa County Insurance Authority is authorized to invest in investment grade fixed income securities and common stock of U.S. companies in addition to the above authorized investments.

Investments are categorized as either (1) insured or registered, or securities held by the County or its agent in the County's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name, or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (continued)

The County's investment balances at year end, which were all in category 1 or not subject to categorization, were as follows:

	<u>Fair Value</u>
U.S. Government securities	\$ 87,188,249
Investments held by the Insurance Authority	<u>16,582,080</u>
	103,770,329
Investments not subject to categorization:	
Mutual funds	<u>5,115,457</u>
Total investments	<u>\$108,885,786</u>

The discretely presented component units' investment balances at year end were as follows:

	<u>Fair Value</u>
Investments not subject to categorization:	
Mutual funds	<u>\$9,613,386</u>
Total investments	<u>\$9,613,386</u>

During 2003, the County invested in mutual funds which hold investments authorized by Michigan State statutes. These investments are not subject to credit risk categorization as they are not evidenced by securities that exist in physical or book entry form.

The investments of the Insurance Authority (a Blended Component Unit) comply with the requirements of the Michigan Insurance Bureau. At year end the Insurance Authority's cash in the amount of \$1,134 was uninsured. Its short-term investments in money market mutual funds amounting to \$662,189 are not subject to risk categorization. The Authority's remaining investments were all in category 1.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (continued)

The amortized cost and estimated fair values of the Insurance Authority's investments in fixed income and equity securities are as follows:

<u>2003</u>	<u>Cost</u>	<u>Unrealized</u>		<u>Fair</u>
		<u>Gains</u>	<u>Losses</u>	<u>Value</u>
Debt securities:				
U.S. Government	\$3,542,669	\$18,556	\$22,037	\$3,539,188
Mortgage-backed	1,291,881	126,101	2,281	1,415,701
Corporate	341,097	6,156		347,253
Equity Securities:				
Common Stocks	<u>4,835,107</u>	<u>1,072,436</u>	<u>65,047</u>	<u>5,842,496</u>
Totals	<u>\$10,010,754</u>	<u>\$1,223,249</u>	<u>\$89,365</u>	<u>\$11,144,638</u>

The cost and fair value of the fixed income securities of the Insurance Authority at December 31, 2003, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>2003</u>	
<u>Due:</u>	<u>Cost</u>	<u>Fair</u>
		<u>Value</u>
One year or less	\$ 1,537,247	\$ 1,519,628
One through five years	1,542,105	1,564,775
Five through ten years	<u>804,414</u>	<u>802,038</u>
	3,883,766	3,886,441
Mortgage-backed securities	<u>1,291,881</u>	<u>1,415,701</u>
Total fixed income securities	<u>\$5,175,647</u>	<u>\$5,302,142</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (continued)

Proceeds from sales and redemptions of investments during 2003 were \$13,475,363. A net loss of \$41,185 was realized on those sales in 2003.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year were included as part of the change in the fair value of investments reported in the prior year(s) and the current year.

During 2003, to comply with Michigan Insurance Bureau regulations, the Authority transferred certain investments it had previously held to the Michigan Department of Treasury. The State Treasurer is holding these investments as of December 31, 2003 as summarized below, as security for the benefit of the Authority's policyholders:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Fair Value</u>
U.S. Treasury Notes	02/15/2007	6.250%	\$ 485,000	\$ 540,775
U.S. Treasury Notes	05/15/2007	4.375%	1,400,000	1,482,740
U.S. Treasury Notes	08/15/2007	6.125%	1,675,000	1,874,995
U.S. Treasury Notes	11/15/2008	4.750%	1,100,000	1,178,430
U.S. Treasury Notes	02/15/2012	4.875%	340,000	360,502
			<u>\$5,000,000</u>	<u>\$5,437,442</u>

C. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. The governmental activities column of the statement of net assets reports deferred revenue for resources that have been received, but not yet earned as well as property taxes which have been levied as of year end for use in the next fiscal year.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets

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

Primary Government				
Governmental activities:	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets, not being depreciated:				
Land	\$11,731,500	\$10,489,818		\$22,221,318
Construction in progress		14,300		14,300
Total capital assets, not being depreciated	<u>11,731,500</u>	<u>10,504,118</u>		<u>22,235,618</u>
Capital assets, being depreciated:				
Land improvements	6,260,832	2,912,203		9,173,035
Buildings	45,801,121	5,222,195		51,023,316
Machinery and equipment	17,651,551	1,052,135	(\$513,784)	18,189,902
Total capital assets, being depreciated	<u>69,713,504</u>	<u>9,186,533</u>	<u>(513,784)</u>	<u>78,386,253</u>
Less accumulated depreciation for:				
Land improvements	(2,370,909)	(439,677)		(2,810,586)
Buildings	(9,088,348)	(1,283,960)		(10,372,308)
Machinery and equipment	(13,250,494)	(1,554,265)	492,786	(14,311,973)
Total accumulated depreciation	<u>(24,709,751)</u>	<u>(3,277,902)</u>	<u>492,786</u>	<u>(27,494,867)</u>
Net capital assets, being depreciated	<u>45,003,753</u>	<u>5,908,631</u>	<u>(20,998)</u>	<u>50,891,386</u>
Net governmental activities capital assets	<u>\$56,735,253</u>	<u>\$16,412,749</u>	<u>(\$20,998)</u>	<u>\$73,127,004</u>
Business-type activities:	<u>Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets, being depreciated:				
Machinery and equipment	\$58,443			\$58,443
Less accumulated depreciation for:				
Machinery and equipment	(48,010)	(\$1,743)		(49,753)
Net business-type activities capital assets	<u>\$10,433</u>	<u>(\$1,743)</u>		<u>\$8,690</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets (continued)

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

Governmental activities:

Judicial	\$17,975
General government	1,375,962
Public safety	195,482
Public works	32,761
Health and welfare	345,444
Culture and recreation	344,389

Capital assets held by the government's internal service funds
are charged to the various functions based on their usage
of the assets

965,889

Total depreciation expense – governmental activities

\$3,277,902

Business-type activities:

Delinquent tax collection

\$1,743

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets (continued)

Discretely Presented Component Units

Activity for the capital assets of the component units for the various years ended were as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets, not being depreciated:				
Land and improvements	\$1,257,671	\$34,644		\$1,292,315
Construction in progress	5,491,199		\$5,491,199	
Total capital assets, not being depreciated	<u>6,748,870</u>	<u>34,644</u>	<u>5,491,199</u>	<u>1,292,315</u>
Capital assets, being depreciated:				
Buildings	4,866,018	5,695,085		10,561,103
Machinery and equipment	21,138,134	2,408,495	2,041,204	21,505,425
Infrastructure	27,338,281	14,298,752		41,637,033
Total capital assets, being depreciated	<u>53,342,433</u>	<u>22,402,332</u>	<u>2,041,204</u>	<u>73,703,561</u>
Less accumulated depreciation for:				
Buildings	(1,738,065)	(280,803)		(2,018,868)
Machinery and equipment	(13,883,678)	(2,104,016)	1,984,693	(14,003,001)
Infrastructure	(877,607)	(1,149,589)		(2,027,196)
Total accumulated depreciation	<u>(16,499,350)</u>	<u>(3,534,408)</u>	<u>1,984,693</u>	<u>(18,049,065)</u>
Net capital assets, being depreciated	<u>36,843,083</u>	<u>18,867,924</u>	<u>56,511</u>	<u>55,654,496</u>
Net component unit capital assets	<u>\$43,591,953</u>	<u>\$18,902,568</u>	<u>\$5,547,710</u>	<u>\$56,946,811</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets (continued)

Commitments

At December 31, 2003, the County has \$255,000 in commitments for various capital improvement projects at County parks. The County is also committed for \$2.6 million of building projects, primarily for the jail addition and the Holland District Court building. \$214,000 is committed for the purchase of a fully-equipped dental services motor home. Last, \$195,000 is committed for the construction of four resource recovery service centers in 2004.

The Ottawa County Public Utilities discrete component unit has commitments for various construction projects totaling approximately \$656,000. These commitments are being funded from bond proceeds issued in prior years.

As of September 30, 2003, the Ottawa County Road Commission had entered into contracts for construction of various projects for approximately \$1.54 million.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2003, is as follows:

<u>Due to and from Other Funds:</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Primary Government:		
Major Governmental Funds:		
General Fund	\$10,000	\$1,789,197
Parks and Recreation	172,965	
Health		
Mental Health		
Public Improvement	372,226	
Major Enterprise Fund:		
Delinquent Tax Revolving	547,099	
Non-major Governmental Funds	335,019	10,000
Internal Service Funds	<u>4,991,458</u>	<u>4,569,553</u>
 Total Primary Government	 \$6,428,767	 \$6,368,750
 September 30 due from paid before December 31 year end		 60,017
 Total	 <u><u>\$6,428,767</u></u>	 <u><u>\$6,428,767</u></u>

Interfund balances primarily reflect the interest on investments that will be allocated from the General Fund.

Also, included in the Internal Service Funds is \$4,550,172 which represents funds from the Worker's Compensation program that are invested by the Ottawa County Insurance Authority. There are no plans to pay off this liability within the next year.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund receivables, payables, and transfers (continued)

Due to and from Primary Government and Component Units

	<u>Due from Component Units</u>	<u>Due to Primary Government</u>
Primary Government:		
Major Enterprise Fund:		
Delinquent Tax Revolving	\$81,180	
Component Units:		
Ottawa County Public Utilities System		\$81,180
Total	<u>\$81,180</u>	<u>\$81,180</u>

Due to and from Other Component Units

	<u>Due from Other Component Units</u>	<u>Due to Other Component Units</u>
Ottawa County Road Commission		\$9,692
Ottawa County Drains	\$14,612	
December 31 due from paid after September 30 year end		4,920
Total	<u>\$14,612</u>	<u>\$14,612</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund receivables, payables, and transfers (continued)

Interfund Receivables and Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$471,478	
Non-major Governmental Funds		\$471,478
Total	<u>\$471,478</u>	<u>\$471,478</u>

Advances to and from Other Funds

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major Governmental Funds:		
General Fund	\$ 1,100	
Non-major Governmental Funds:		
Ottawa County Building Authority		\$2,100
Major Enterprise Fund:		
Delinquent Tax Revolving	<u>1,000</u>	
Total	<u>\$2,100</u>	<u>\$2,100</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund receivables, payables, and transfers (continued)

Advances to and from Primary Government and Component Units

	Advances to Component Units	Advances from Primary Government
Primary Government:		
Major Governmental Funds:		
General Fund	\$325,000	
Component Units:		
Ottawa County Public Utilities		\$150,000
Ottawa County Drain Commissioner		175,000
Total	\$325,000	\$325,000

Interfund Transfers within the Primary Government

	<u>In (Out)</u>
Major Governmental Funds:	
General Fund	\$(8,899,687)
Parks and Recreation	1,495,000
Health	3,969,158
Mental Health	476,500
Public Improvement	(72,920)
Major Enterprise Fund:	
Delinquent Tax Revolving	(575,000)
Non-major Governmental Funds	4,311,754
Internal Service Funds	(533,500)
September 30, 2003 transfer in received prior to December 31, 2002 year end	(261,785)
September 30, 2003 transfer out made prior to December 31, 2002 year end	90,480
Total	None

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund receivables, payables, and transfers (continued)

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

F. Leases

Operating Leases

The County is committed under various leases for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended December 31, 2003 amounted to \$387,815. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2004	\$248,037
2005	151,319
2006	103,497
2007	57,720
2008	<u>31,562</u>
Total	<u>\$592,135</u>

In addition, the County is a lessor under various operating lease agreements for office space and marinas. The original cost of these assets was \$11,750,702 and the accumulated depreciation totals \$2,725,259 leaving a carrying value of \$9,025,443.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases (continued)

Lease revenue for the year ending December 31, 2003 was \$1,243,236. Future lease revenues for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2004	\$793,644
2005	754,308
2006	636,300
2007	636,300
2008	636,300
2009 – 2013	3,181,500
2014	<u>636,300</u>
 Total	 <u>\$7,274,652</u>

For the Community Mental Health lease agreements, these amounts are for fixed rent charges only. The variable portion is not determinable.

Capital Leases

The Ottawa County Central Dispatch Authority, a component unit, has entered into a capital lease agreement for the purchase and installation of a mobile data system. The agreement provided financing of \$3,200,000 for this project. As of December 31, 2003, capital assets of approximately \$2,900,000 were included on the statement of net assets which were financed through this lease agreement. Terms for this agreement include annual payments ranging from \$358,742 to \$929,901 including interest at 4.07% through 2006.

Changes in debt for the year are as follows:

	<u>Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End Of Year</u>	<u>Due in One Year</u>
Leases Payable	<u>\$2,374,713</u>	<u>\$ - 0 -</u>	<u>\$832,466</u>	<u>\$1,542,247</u>	<u>\$866,622</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases (continued)

Future minimum lease payments under capital lease agreements are as follows:

	Principal	Interest
2004	\$ 866,622	\$ 63,279
2005	331,021	27,721
2006	344,604	14,139
Total	<u>\$1,542,247</u>	<u>\$105,139</u>

G. Long-term debt

The County issues general obligation bonds to provide funds for the construction of water and sewage disposal systems, drains and buildings and to refund previously issued bonds. General obligations have been issued only for governmental activities. The bonds are being repaid generally from funds received from local municipalities in the County, from drain assessments levied, and from lease revenues received by the Building Authority. Under the terms of the bond agreements, the local municipalities have pledged their full faith and credit to pay the County, each year, amounts sufficient to make principal and interest payments on the bonds.

In addition, the County has pledged its full faith and credit for payment on the bonds. The County has not established a reserve or sinking fund to cover defaults by property owners or local units. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year.

The original issue amount of the primary government's bonds is \$26,410,000. The original issue amount of the Drain Commissioner's and Ottawa County Public Utilities' bonds are \$1,350,000 and \$101,466,000 respectively.

In November 2001, the Ottawa County Road Commission issued \$4,500,000 in Public Act 143 bonds for the purpose of constructing a maintenance facility in Holland. The borrowing will be paid from State revenue allocated to the County Road Commission for road purposes. The County did not pledge its full faith and credit for these bonds.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-term debt (continued)

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Primary Government	Component Units			Total Ottawa County
			Ottawa County Drain Commissioner	Ottawa County Public Utilities System	Ottawa County Road Commission	
Governmental activities	2.00 – 8.25%	\$13,685,000	\$695,000	\$39,471,536	\$3,600,000	\$57,451,536
Governmental activities – refunding	2.0 – 7.6%	4,505,000		36,555,000		41,060,000
Total		\$18,190,000	\$695,000	\$76,026,536	\$3,600,000	\$98,511,536

The annual debt service requirements (to maturity) for the bonds outstanding at year-end follow. Interest is payable on all bond obligations semi-annually. Principal payments are made annually.

Year Ending December 31	Government Activities			
	Primary Government		Component Units	
	Principal	Interest	Principal	Interest
2004	\$1,395,000	\$902,900	\$7,787,000	\$3,351,400
2005	1,460,000	840,450	6,842,000	3,052,222
2006	1,420,000	776,116	7,317,000	2,798,059
2007	1,515,000	710,535	6,812,000	2,517,539
2008	1,590,000	635,335	6,982,000	2,257,712
2009 – 2013	6,370,000	2,037,661	23,633,000	7,636,105
2014 – 2018	4,440,000	595,597	14,927,000	3,274,375
2019 – 2023			5,641,536	625,302
2024 – 2028			145,000	79,310
2029 – 2033			165,000	39,848
2034 – 2036			70,000	3,588
	\$18,190,000	\$6,498,594	\$80,321,536	\$25,635,460

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-term debt (continued)

Parks and Recreation Land Contracts. The Parks and Recreation department has engaged in two land contracts for the purpose of acquiring land for park development. The initial issuance amount was \$525,000. The interest rates range from 8.0% to 9.25%. Principal and interest requirements are as follows:

Year Ending December 31	Principal	Interest
2004	\$56,044	\$25,464
2005	61,034	20,473
2006	66,471	15,037
2007	72,392	9,117
2008	28,840	2,668
	<u>\$284,781</u>	<u>\$72,759</u>

Prior Years Advance Refundings. In prior years, the Building Authority advance refunded certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The advance refunding resulted in a defeasance of the bonds. As a result of these advance refundings, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At December 31, 2003, \$4,350,000 of bonds are considered defeased for the Building Authority.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-term debt (continued)

Changes in Long-Term Liabilities. Long-term liability activity for the year ended December 31, 2003 was as follows:

Primary Government	<u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$19,530,000		\$1,340,000	\$18,190,000	\$1,395,000
Landfill reclamation	6,467,888	\$30,765		6,498,653	398,150
Compensated absences	2,877,369			2,877,369	1,801,253
Parks & Recreation land contracts	336,242		51,461	284,781	56,044
	<u>\$29,211,499</u>	<u>\$30,765</u>	<u>\$1,391,461</u>	<u>\$27,850,803</u>	<u>\$3,650,447</u>
Total					

The reporting entity's legal debt margin at December 31, 2003 is \$822,522,008.

For the governmental activities, compensated absences are generally liquidated by the Compensated Absences Special Revenue fund. Future payments for the land contracts are paid out of the Parks and Recreation Special Revenue fund.

Discretely Presented Component Units

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$87,797,895	\$160,641	\$7,637,000	\$80,321,536	\$7,787,000
Notes payable		93,000		93,000	31,000
Claims payable	172,343		44,770	127,573	
Compensated absences	625,609	92,088		717,697	163,460
Capital leases/Installment Purchases	2,374,713	620,754	849,588	2,145,879	928,171
	<u>\$90,970,560</u>	<u>\$966,483</u>	<u>\$8,531,358</u>	<u>\$83,405,685</u>	<u>\$8,909,631</u>
Total					

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Short-term debt

Short-term debt activity consisting of issuance and payment on notes for drain projects is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Drain project notes	<u>\$85,000</u>	<u>\$140,000</u>	<u>\$100,000</u>	<u>\$125,000</u>

I. Landfill reclamation

The County owns the Southwest Ottawa County Refuse Disposal Center ("SOCRDC") otherwise known as the Southwest Ottawa County Landfill. Waste Management operated the landfill from the early 1970's until it was closed in 1981. The landfill was closed per the terms of the "1981 closure agreement" between the County and the Department of Natural Resources (DNR). The agreement outlined a plan to cap the landfill and install a pump and carbon filtration system. Waste Management installed the cap in the mid 1980's, the pump and carbon filtration system was built by the County in 1987, as per the terms of the closure agreement. The County has been operating the pump and filter system 24 hours a day, 7 days a week since beginning operation in 1987.

The pump and filter system has not been effective in containing the plume of contaminants in the groundwater down gradient from the landfill. As a result, contaminants have escaped past the outer purge wells and are migrating southwest towards Lake Michigan. The County has been in negotiation with the Michigan Department of Environmental Quality (MDEQ), formerly known as the DNR, over how best to move forward with this cleanup effort. Even though the contaminated water meets drinking water standards, the County has proposed bringing municipal water to the property owners in the path of the plume, and to work with the local unit of government to place institutional controls on future users moving into the area. In addition, the County is proposing a redesign of the pump and filter system in an effort to enhance the effectiveness of the system. Also under discussion is the recapping of the entire 40-acre landfill. The cost of these enhancements could well exceed \$4.8 million dollars.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Landfill reclamation (continued)

The County's estimate of annual operating and maintenance costs and capital improvements for the purge system is as follows:

<u>Estimated Cost</u>	<u>Year Ending</u>
2004	\$ 398,150
2005	4,448,503
2006	173,000
2007	219,500
2008	200,000
2009 – 2012	<u>1,059,500</u>
	<u>\$6,498,653</u>

IV. OTHER INFORMATION

A. Defined benefit pension plan

1. *Plan Description.* The County of Ottawa, the Ottawa County Road Commission and the Ottawa County Central Dispatch Authority have defined benefit pension plans which provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County of Ottawa, the Ottawa County Road Commission and the Ottawa County Central Dispatch Authority participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan, 48917 or by calling (800) 767-6377.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

2. *Funding Policy.*

County of Ottawa:

The County is required to contribute at an actuarially determined rate; the current rate ranges from 3.43% to 24.99% as a percentage of annual covered payroll and varies by participating division. Certain employee groups are currently required to contribute to the Plan that ranges from 1% to 6.99% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

Ottawa County Road Commission:

The Road Commission is required to contribute at an actuarially determined rate of 6.65% to 9.43% as a percentage of annual covered payroll and varies by participating division. Employees are currently not required to contribute to the plan. The contribution requirements of the Road Commission are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission, depending on the MERS contribution program adopted by the Road Commission.

Ottawa County Central Dispatch Authority:

The Dispatch Authority is required to contribute at an actuarially determined rate; the current rate ranges from 5.66% to 9.09% as a percentage of annual covered payroll and varies by participating division. Employees do not currently contribute to the plan. The contribution requirements of the Dispatch Authority are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members, if any, are established and may be amended by the Dispatch Authority, depending on the MERS contribution program adopted by the Dispatch Authority.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Annual Pension Cost - County of Ottawa:

For the year ended December 31, 2003, the County's annual pension cost of \$2,897,672 was greater than the County's required contribution of \$2,840,007. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit.

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and included an adjustment to reflect market value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on an open basis. The remaining amortization period at December 31, 2002, the date of the latest actuarial valuation, was 30 years.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Asset
12/31/01	\$2,535,946	98%	\$2,246,160
12/31/02	2,723,523	98	2,186,933
12/31/03	2,897,672	98	2,129,268

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/00	\$72,063,781	\$74,713,813	\$2,650,032	96%	\$28,259,287	9%
12/31/01	78,249,013	83,294,598	5,045,585	94	30,661,558	16
12/31/02	82,390,079	94,625,203	12,235,124	87	33,412,998	37

The County's Annual Pension Cost and Net Pension Asset for the current year are as follows:

Actuarially determined contribution	\$2,840,007
Interest on Net Pension Asset	174,955
Adjustment to actuarially determined contribution	<u>(117,290)</u>
Annual pension cost	2,897,672
Contributions made	<u>2,840,007</u>
Decrease in Net Pension Asset	(57,665)
Net Pension Asset beginning of year	<u>2,186,933</u>
Net Pension Asset at end of year	<u>\$2,129,268</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Ottawa County Road Commission:

For the year ended September 30, 2003, the Road Commission's annual pension cost of \$458,375 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and included an adjustment to reflect market value. The Road Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on an open basis. The remaining amortization period at December 31, 2002, the date of the latest actuarial valuation, was 30 years.

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2001	\$656,752	100%	\$ - 0 -
2002	118,486	100	- 0 -
2003	458,375	100	- 0 -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/00	\$26,957,808	\$27,591,978	\$634,170	98%	\$5,809,691	11%
12/31/01	28,000,821	28,783,338	782,517	97	5,791,419	14
12/31/02	27,392,001	30,418,765	3,026,764	90	6,025,239	50

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Ottawa County Central Dispatch Authority:

For the year ended December 31, 2003, the Dispatch Authority's annual pension expense of \$61,766 for MERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and included an adjustment to reflect market value. The Dispatch Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on an open basis. The remaining amortization period at December 31, 2002, the date of the latest actuarial valuation, was 30 years.

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/01	\$49,547	100%	\$ - 0 -
12/31/02	42,760	100	- 0 -
12/31/03	61,766	100	- 0 -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/00	\$731,998	\$781,688	\$49,690	94%	\$1,026,396	5%
12/31/01	784,633	806,480	21,847	97	723,538	3
12/31/02	867,934	896,328	28,394	97	705,310	4

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

B. Defined Contribution Pension Plan

The Ottawa County Central Dispatch Authority's defined contribution pension plan provides pension benefits for employees hired after January 1, 2000 who work 30 or more hours per week and those hired before January 1, 2000 electing participation in the 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 immediately upon employment. The Authority contributes 2% of each participant's base salary to the plan. The Authority also matches employee contributions up to a total Authority contribution of 5%. Employees are required to contribute a minimum of 2% of base pay to the plans. The Authority's contributions are vested 100% upon hire. The plan provisions and contribution amounts were established by the Authority Board and may be amended by the Authority Board. The plan is administered by MERS and the ICMA.

The Authority and member contributions were \$34,026 and \$64,972, respectively for the year ended December 31, 2003.

Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are excluded from this report as the fiduciary responsibility rests with MERS and the ICMA.

C. Self-insurance

The County is self-funded for liability, worker's compensation, health insurance, unemployment, dental insurance and vision insurance. The claims liabilities reported at December 31, 2003 are based on the requirements of Statement No. 10 of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The Ottawa County, Michigan Insurance Authority (the "Insurance Authority") blended component unit accounts for the self-insurance program for municipal excess liability, law enforcement liability, professional liability, and property liability. The Insurance Authority's participating members include the County of Ottawa and the Ottawa County Building Authority blended component unit. The Insurance Authority purchases municipal excess liability, auto liability, professional liability and property coverage. Property coverage carries a \$50,000 self-insured retention ("SIR"), and the liability coverages attach above a \$500,000 SIR for automobile liability, and \$1 million for all other coverages. The liability policies in total provide layers of coverage of up to \$12 million which is equal to the coverage from the prior year for property protection. The property coverage is \$77,126,345, which is \$5,417,446, higher than the prior year. Coverage was increased to reflect inflation and remodeling and construction projects that have been recently completed.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

The revenues for this fund's operation are reimbursements from various funds. The funds are charged based on the number of full time equivalents, number of vehicles and other pertinent information. Losses, damages and administrative expenses are all paid from this fund. Administrative expenses are first paid from Internal Service fund 6770, Protected Self-Funded Insurance Programs and then invoiced to the Authority. The claim liability for known claims and incurred but not reported claims are determined by an actuary. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in the history of the self-insurance program.

The changes in the claims liability for the years ended December 31, 2002 and 2003 as recorded in the Insurance Authority blended component unit are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	End of Year <u>Liability</u>
2002	\$6,777,385	\$1,790,002	\$296,860	\$ 8,270,527
2003	8,270,527	2,351,239	258,483	10,363,283

The County's self-insured worker's compensation program provides Michigan statutorily required coverage for worker's compensation claims. It also provides employer's liability coverage of \$13 million excess above the \$500,000 self-insured retention. An independent third party administrator administers the program for an annual fee.

The self-insurance program for health insurance including prescription coverage is accounted for in the Protected Self-Funded Health fund (Internal Service fund 6771). An independent administrator is contracted to process the daily claims. The County is responsible for claims up to \$150,000 per individual, and purchases specific excess reinsurance to a lifetime maximum of \$2 million. There is no aggregate limit on the claims for which the county is responsible. There were no changes in insurance coverage from the prior year. The County is also responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are reimbursements from various funds, employee withholdings, and retiree co-payments. The liability at the end of the year is based on claims already incurred and not reported.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

Settled claims have not exceeded insurance coverage in the history of the self-insurance program. The changes in the claims liability for the years ended December 31, 2002 and 2003 are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2002	\$487,132	\$5,417,844	\$5,504,961	\$400,015
2003	400,015	6,146,190	6,050,936	495,269

The self-insurance programs for unemployment, dental insurance and vision insurance are accounted for in the Protected Self-Funded Unemployment fund, Protected Self-Funded Dental Insurance fund and Protected Self-Funded Vision Insurance fund (Internal Service funds 6772, 6776, and 6777, respectively). Unemployment claims are reimbursed to the Michigan Employment Security Commission based on actual claims annually. An independent administrator is contracted to process the daily dental and vision claims. Benefits for the dental program are capped at \$1,000 per person annually, and vision is capped at various dollar limits per person every two years for eye exams, frames, and lenses. There were no changes in these benefits. The County is also responsible for paying administrative charges which are included in this fund. The revenues for these fund's operations are reimbursements from various funds, employee withholdings, and retiree co-payments. The liabilities at the end of the year are based on claims already incurred and reported. Settled claims have not exceeded insurance coverage in the history of the self-insurance program.

The changes in the claims liabilities for the years ended December 31, 2002 and 2003 are as follows:

	Beginning Of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2002	\$50,311	\$554,817	\$534,375	\$70,753
2003	70,753	590,837	598,037	63,553

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

Discretely Presented Component Units:

The Ottawa County Road Commission is exposed to lawsuits and claims made by individuals. In response to this exposure, the Ottawa County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool (MCRCSIP). Participation in the MCRCSIP requires payment of premiums to the pool. The pool purchases commercial reinsurance on behalf of its members.

Due to the Road Commission's participation in this pool, the liability of the Ottawa County Road Commission relative to claims covered by the pool is limited to \$25,000 per occurrence.

The Road Commission's self-funded workers' compensation program contains stop-loss and coverage of \$300,000 per incident. This limits the Commissions' responsibility for payment to \$300,000 per workers' compensation claim.

Settled claims for the Road Commission have not exceeded coverage during the past three years. There have been no significant reductions in insurance coverage during the past year.

The Road Commission's self-funded insurance claims that have been incurred through the end of the year include both those claims that have been reported as well as those that have not been reported.

These estimates are recorded in the government-wide statements as they are not expected to be liquidated with available financial resources. Changes in the estimates are as follows:

	<u>MCRCSIP Liability Plan</u>	<u>Workers' Compensation Plan</u>	<u>Total</u>
Estimated liability – October 1, 2002	\$62,098	\$110,245	\$172,343
Estimated claims incurred including changes in estimates and re-insurance	(6,640)	84,250	77,610
Claims and premiums paid	<u>(32,931)</u>	<u>(89,449)</u>	<u>(122,380)</u>
Estimated liability – September 30, 2003	<u>\$22,527</u>	<u>\$105,046</u>	<u>\$127,573</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

The Ottawa County Central Dispatch Authority is exposed to various risks of loss related to property loss, torts, errors and missions, and employee injuries, as well as medical benefits provided to employees. The Authority has purchased commercial insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

Ottawa County Public Utilities System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. In order to minimize its exposure to these risks, Ottawa County Public Utility System participates in the Michigan County Road Commission Self-Insurance Pool. Settled claims relating to participation in Michigan County Road Commission Self-Insurance Pool have not exceeded the amount of insurance coverage in any of the past three fiscal years.

D. Litigation

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although some actions have been brought, the County has not experienced significant losses or costs. The County administration is of the opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

E. Other post-employment benefits

In addition to the pension benefits described in Note IV. A., the County provides post retirement health care benefits to the Police Officers Association of Michigan and the Command Officers Association of Michigan in accordance with their contracts in which the County will credit the retiree \$4 - \$8 for each year of service, to a maximum of \$100 - \$200 per month, to be applied toward health coverage through the County for the retiree and spouse until age 65. Currently, eighteen retirees meet the eligibility requirements. A credit against the retiree's insurance premium is given each month that a retiree and or spouse qualify for the benefit. During the year, the County's expense for such credits given to retirees for health care benefits was \$27,964.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

F. Related party transactions

The County (primary government) collects taxes related to a .4429 millage property tax to provide an operating grant to the Ottawa County Central Dispatch Authority. At December 31, 2003, the County's financial statements included cash of \$144,738, taxes receivable of \$3,283,092 and deferred revenue of \$3,427,831 relating to such millage, which was levied for use in 2004. In addition, during the year ended December 31, 2003, Ottawa County provided operating grants of \$3,121,681 to the Ottawa County Central Dispatch Authority.

The Drains assess the Ottawa County Road Commission (a component unit of Ottawa County) and Ottawa County (the primary government of which the Drain Commissioner is a component unit) for drain projects. During 2003, the following assessments were paid to the Drain Commissioner by:

Ottawa County	<u>\$115,479</u>
Ottawa County Road Commission	<u>\$159,184</u>

G. Restatements

For the year ended December 31, 2003, the County made a prior period adjustment based on Governmental Accounting Standards Board Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* and Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*.

As a result of this prior period adjustment, for the fiscal year ended December 31, 2003, the following restatements were made to beginning net asset accounts:

Governmental net assets, December 31, 2002	\$116,481,610
Add: Prior period adjustment to reflect sales tax collected before 12/31/02, but distributed to the County in 2003	<u>297,011</u>
Governmental net assets, restated, as of December 31, 2002	<u>\$116,778,621</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2003

IV. OTHER INFORMATION (CONTINUED)

G. Restatements (continued)

In addition, the following adjustments were made to the beginning fund balances of the governmental funds:

Fund balances of governmental funds as of December 31, 2002	\$62,001,390
Reclassify compensated absences as a long-term liability, and record it as designated fund balance in the governmental fund statements	2,877,369
Reclassify landfill cleanup expenditures as long term liabilities	<u>181,150</u>
	<u>\$65,059,909</u>

H. Special items

During 2003, the West Michigan Enforcement Team (WEMET) became a separate legal entity with a separate board. Since the agency no longer meets the requirements to be a County agency or component unit, the special item shows the transfer of WEMET fund equity to the new entity.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

Friend of the Court Fund (2160) - This Fund accounts for the operations of the Friend of the Court including the Co-op Reimbursement Grant, the Medical Support Enforcement Grant, and the 3% Friend of the Court incentive payments established under Act 297 of 1982, Section 2530.

Solid Waste Clean-Up Fund (2271) - This Fund was established to account for monies received from settlement of a claim. The monies are to be used exclusively for the clean-up of the Southwest Ottawa Landfill.

Landfill Tipping Fees Fund (2272) - This Fund was established to account for the County's share of the tipping fee surcharge of Ottawa County Farms landfill starting in 1991 in accordance with an agreement between Ottawa County, Sunset Waste System, Inc., and the Township of Polkton. The monies are to be used for implementation of the Solid Waste Management Plan.

Transportation System Fund (2320) - This Fund is used to account for a grant from the Michigan Department of Transportation to provide public transportation in concentrated areas for persons who are handicapped or who are sixty-five years of age or older.

Planning Commission Fund (2420) - This Fund was established by the County Board under MCLA 125. A planning commission was created to prepare and oversee a County Development Plan relative to the economic, social and physical development of the County.

Infrastructure Fund (2444) - This fund was established by the County Board to provide financial assistance to local units of government for water, sewer, road and bridge projects that are especially unique, non-routine, and out-of-the ordinary.

Register of Deeds Technology Fund (2560) – This Fund was established under Public Act 698 of 2002 to account for newly authorized additional recording fees effective March 31, 2003. The revenue collected is to be spent on technology upgrades.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL REVENUE FUNDS (CONTINUED)

Stabilization Fund (2570) - This Fund was established to assure the continued solid financial condition of the County in case of an emergency.

Prosecuting Attorney Grants Fund (2601) - This Fund is used to account for monies granted to the County by the State for prosecution against drug offenders.

Community Oriented Policing Services (C.O.P.S.) Funds (2605, 2606, 2608 and 2610) - These Funds account for Federal monies granted to the townships who contract with the County to improve the long-term ability of local law enforcement agencies public safety through innovative crime prevention, including community policing.

Sheriff 9/30 Grant Programs Fund (2609) - This Fund accounts for miscellaneous grant revenue received by the Sheriff's department from the State for special purpose programs.

Emergency Medical Technician ("EMT") Holland-Park Township Fund (2640) - This Fund is used to account for monies received under contractual agreements with Holland and Park Townships. Ottawa County agrees to provide police protection and emergency medical services to the Townships on a cost-reimbursement basis.

Emergency Medical Technician ("EMT") Georgetown Township Fund (2650) - This Fund is used to account for monies received under contractual agreement with Georgetown Township. The County agrees to provide police protection and emergency medical services to the Township on a cost-reimbursement basis.

Sheriff Road Patrol Fund (2661) - This Fund accounts for monies granted to the County by the State for the purpose of providing additional police supervision of traffic safety and additional patrol of the roads and parks as described in Public Act 416 of 1978.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL REVENUE FUNDS (CONTINUED)

Law Library Fund (2690) - This Fund is used to account for monies received from the Library Penal Fine Fund in accordance with Public Act 18 of 1982 and appropriations from the County for the purpose of maintaining the County's law library.

Workforce Investment Act Funds (2740, 2741, 2742, 2743, 2744, 2748, and 2749) - These Funds are used to account for Federal funds which are received by the County under the Workforce Investment Act. These Funds are targeted for training and employment programs for the under employed and economically disadvantaged citizens.

Grant Programs - Pass Thru Fund (2750) - This Fund is used to account for monies received from State and Federal grants which are passed on to outside agencies through contractual agreements to carry out the grants intended purpose.

Emergency Feeding Fund (2800) - This Fund is used to account for monies received from the State for the purpose of distributing surplus food to the impoverished residents of the County.

Federal Emergency Management Agency Fund (2810) - This Fund is used to account for monies received through the Emergency Food and Shelter National Board program for utility payments to prevent utility disconnection or heating source loss in households that have exhausted all other resources and do not qualify for other Community Action emergency funds.

Community Corrections Fund (2850) - This Fund is used to account for State monies and fees received to enhance the delivery of adult probation services in the County. This fund also receives money from the County for a Domestic Violence Intervention Program.

Community Action Agency Fund (2870) - This Fund is used to account for monies received from the State to be applied to various community programs for the impoverished residents of the County.

Weatherization Fund (2890) - This Fund is used to account for monies received through a State grant which aids in weatherizing homes of the disadvantaged, the elderly and people in the poverty zone.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL REVENUE FUNDS (CONTINUED)

Family Independence Agency Fund (2900) - This Fund is used primarily to account for monies from State and local funding sources and to assist with the welfare program which offers aid to disadvantaged individuals of Ottawa County.

Child Care Funds (2920 and 2921) - These Funds are used to account for foster child care in the County. This encompasses the Ottawa County Detention Center, which is a facility that houses juveniles on a short-term basis. The primary funding comes from the State and a County appropriation which is used to aid children who require placement outside of their home.

Soldiers' and Sailors' Relief Fund (2930) - This Fund is used to account for monies earmarked for indigent veterans and is mandated by State Law.

Veterans Trust Fund (2940) - This fund was established under Section 35.607 of the Compiled laws of 1970. It is used to account for monies received by the State and distributed to needy veterans.

Compensated Absences Fund (2980) - This Fund is used to account for future payments of accumulated sick pay of County employees under the sick days/short and long-term disability plan. This fund is also used to accrue vacation pay.

DEBT SERVICE FUND

Building Authority Fund (5690-5693) - This Fund was established to account for the accumulation of resources for payment of principal and interest on bonds issued to finance building projects for the County of Ottawa. Bonds have been issued for the following projects: 1985-Life Consultation Center; 1990-Ottawa County Central Dispatch Authority; 1992-Probate Court/Jail Complex; 1997-Jail addition and Sheriff and Administrative Annex. A portion of the 1985 and 1990 bonds were refunded during 1993. A portion of the 1992 bonds were refunded during 1997. Financing is provided by cash rental payments pursuant to lease agreements with the County of Ottawa.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

CAPITAL PROJECTS FUND

Building Authority Fund (5690-5693) - This Fund was established to account for construction projects of the building authority. Financing is provided by bond proceeds, interest income, and occasionally State grants. This Fund records only those projects funded with bond proceeds. Other capital construction projects funded with cash are reported primarily in the Public Improvement Fund (Special Revenue Fund 2450). Projects at County park facilities are reported in the Parks and Recreation Fund (Special Revenue Fund 2081).

PERMANENT FUND

Cemetery Trust Fund (1500) - This Fund was established under State statute to care for cemetery plots of specific individuals who have willed monies in trust to the County for perpetual care of their gravesites.

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2003

(with comparative totals for December 31, 2002)

	Special Revenue					Infrastructure (2444)
	Friend of the Court (2160)	Solid Waste Clean-Up (2271)	Landfill Tipping Fees (2272)	Transpor- tation System (2320)	Planning Commission (2420)	
ASSETS						
Cash and pooled investments	\$1,000	\$7,554,030	\$1,219,161	\$25,787	\$54,141	\$2,692,934
Investments						
Receivables (net of allowance for estimated uncollectibles):						
Accounts	689		73,081			
Due from other funds		187,187				65,956
Due from other governmental units	295,739					
Inventory of supplies						
Prepaid expenditures						
Total assets	\$297,428	\$7,741,217	\$1,292,242	\$25,787	\$54,141	\$2,758,890
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$81,304	\$55,347	\$264,697		\$1,001	
Due to other funds						
Due to other governmental units						
Interfund payable	216,124					
Advances from other governmental units						
Deferred revenue						
Advances from other funds						
Total liabilities	297,428	55,347	264,697		1,001	
Fund balances:						
Reserved for prepaid expenditures						
Reserved for debt service						
Reserved for perpetual care						
Unreserved:						
Designated for compensated absences						
Undesignated		7,685,870	1,027,545	\$25,787	53,140	\$2,758,890
Total fund balances		7,685,870	1,027,545	25,787	53,140	2,758,890
Total liabilities and fund balances	\$297,428	\$7,741,217	\$1,292,242	\$25,787	\$54,141	\$2,758,890

Special Revenue

Register of Deeds Technology (2560)	Stabilization (2570)	Prosecuting Attorney Grants (2601)	WEMET (2602)	COPS Ahead (2605)	COPS Fast- Georgetown (2606)	COPS Fast- Allendale (2608)
\$394,330	\$6,597,927	\$8,472				\$4,205
		25,310				6,164
<u>\$394,330</u>	<u>\$6,597,927</u>	<u>\$33,782</u>	<u>Closed</u>	<u>None</u>	<u>None</u>	<u>\$10,369</u>
\$39,258		\$5,876				\$3,569
						6,800
<u>39,258</u>		<u>5,876</u>				<u>10,369</u>
<u>355,072</u>	<u>\$6,597,927</u>	<u>27,906</u>				
<u>355,072</u>	<u>6,597,927</u>	<u>27,906</u>				
<u>\$394,330</u>	<u>\$6,597,927</u>	<u>\$33,782</u>	<u>Closed</u>	<u>None</u>	<u>None</u>	<u>\$10,369</u>

(Continued on next page)

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2003

(with comparative totals for December 31, 2002)

	Special Revenue						
	Sheriff 9/30 Grant Programs (2609)	COPS Universal (2610)	EMT Holland - Park Township (2640)	EMT Georgetown Township (2650)	Sheriff Road Patrol (2661)	Law Library (2690)	Workforce Investment Act - ACP (2740)
ASSETS							
Cash and short-term investments			\$20,195			\$27,165	
Investments							
Receivables (net of allowance for estimated uncollectibles):							
Accounts		\$23,485					
Due from other funds							
Due from other governmental units	\$8,309	98,205	64,385	\$96,727	\$65,252		\$3,905
Inventory of supplies							
Prepaid expenditures							
Total assets	\$8,309	\$121,690	\$84,580	\$96,727	\$65,252	\$27,165	\$3,905
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$4,945	\$57,625	\$23,694	\$16,706	\$9,756	\$4,051	\$487
Due to other funds							
Due to other governmental units							
Interfund payable	3,364	27,608		32,199	55,496		3,118
Advances from other governmental units		35,339	60,886	47,822			
Deferred revenue							
Advances from other funds							
Total liabilities	8,309	120,572	84,580	96,727	65,252	4,051	3,605
Fund balances:							
Reserved for prepaid expenditures							
Reserved for debt service							
Reserved for perpetual care							
Unreserved:							
Designated for compensated absences							
Undesignated		1,118				23,114	300
Total fund balances		1,118				23,114	300
Total liabilities and fund balances	\$8,309	\$121,690	\$84,580	\$96,727	\$65,252	\$27,165	\$3,905

Special Revenue					
Workforce Investment Act - Youth (2741)	Workforce Investment Act - Adult (2742)	Workforce Investment Act - 6/30 Grant Programs (2743)	Workforce Investment Act - 12/31 Grant Programs (2744)	Workforce Investment Act- 9/30 Grant Programs (2748)	Workforce Investment Act- 3/31 Grant Programs (2749)
				\$14,530	
		\$254	\$3,129		
\$65,035	\$33,292	268,119 100	81,752	257,473	\$3,986
<u>\$65,035</u>	<u>\$33,292</u>	<u>\$268,473</u>	<u>\$84,881</u>	<u>\$272,003</u>	<u>\$3,986</u>
\$36,604	\$24,071	\$129,391	\$6,162 10,000	\$197,618	\$799
28,431	8,710	20,036	41,466		1,933
		93,445	26,352	74,385	1,254
<u>65,035</u>	<u>32,781</u>	<u>242,872</u>	<u>83,980</u>	<u>272,003</u>	<u>3,986</u>
	511	25,601	901		
	511	25,601	901		
<u>\$65,035</u>	<u>\$33,292</u>	<u>\$268,473</u>	<u>\$84,881</u>	<u>\$272,003</u>	<u>\$3,986</u>

(Continued on next page)

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2003
(with comparative totals for December 31, 2002)

	Special Revenue					Weather- ization (2890)
	Grant Programs - Pass Thru (2750)	Emergency Feeding (2800)	Federal Emergency Management Agency (2810)	Community Corrections (2850)	Community Action Agency (2870)	
ASSETS						
Cash and short-term investments	\$5,182			\$325,425	\$123,679	
Investments						
Receivables (net of allowance for estimated uncollectibles):						
Accounts				35,432		\$455
Due from other funds						
Due from other governmental units	112,194	\$6,875		88,230	1,759	49,252
Inventory of supplies						
Prepaid expenditures						
Total assets	\$117,376	\$6,875	None	\$449,087	\$125,438	\$49,707
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$97,009	\$21		\$36,542	\$12,698	\$21,928
Due to other funds						
Due to other governmental units	\$20,000	1,472			3,587	
Interfund payable		5,382				27,611
Advances from other governmental units						
Deferred revenue	367					
Advances from other funds						
Total liabilities	117,376	6,875		36,542	16,285	49,539
Fund balances:						
Reserved for prepaid expenditures						
Reserved for debt service						
Reserved for perpetual care						
Unreserved:						
Designated for compensated absences						
Undesignated				412,545	109,153	168
Total fund balances				412,545	109,153	168
Total liabilities and fund balances	\$117,376	\$6,875	None	\$449,087	\$125,438	\$49,707

Special Revenue							Debt Service
Family Independence Agency (2900)	Child Care - Probate (2920)	Child Care - Social Services (2921)	Soldiers' and Sailors' Relief (2930)	Veterans Trust (2940)	Compensated Absences (2980)	Total	Ottawa County Building Authority (5690-5693)
\$551,170	\$42,482	\$60,125	\$271	\$1,043	\$3,520,580	\$23,243,834	\$576,906
2,170	2,849				81,876	141,544 335,019	
41,514	307,517	1,409				1,982,403 100	
<u>\$594,854</u>	<u>\$352,848</u>	<u>\$61,534</u>	<u>\$271</u>	<u>\$1,043</u>	<u>\$3,602,456</u>	<u>\$25,702,900</u>	<u>\$576,906</u>
\$21,363	\$206,440		\$271	\$235		\$1,359,468 10,000 25,059 471,478	
50,000						200,847 195,803	\$2,100
<u>71,363</u>	<u>206,440</u>		<u>271</u>	<u>235</u>		<u>2,262,655</u>	<u>2,100</u>
							574,806
523,491	146,408	\$61,534		808	\$2,877,369 725,087	2,877,369 20,562,876	
<u>523,491</u>	<u>146,408</u>	<u>61,534</u>		<u>808</u>	<u>3,602,456</u>	<u>23,440,245</u>	<u>574,806</u>
<u>\$594,854</u>	<u>\$352,848</u>	<u>\$61,534</u>	<u>\$271</u>	<u>\$1,043</u>	<u>\$3,602,456</u>	<u>\$25,702,900</u>	<u>\$576,906</u>

(Continued on next page)

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2003

(with comparative totals for December 31, 2002)

	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>	
	Ottawa County Building Authority (5690-5693)	Cemetary Trust (1500)	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>				
Cash and short-term investments		\$156	\$23,820,896	\$24,758,678
Investments		5,770	5,770	5,770
Receivables (net of allowance for estimated uncollectibles):				
Accounts			141,544	256,204
Due from other funds			335,019	811,595
Due from other governmental units			1,982,403	1,799,824
Inventory of supplies			100	521
Prepaid expenditures				33,120
			<hr/>	<hr/>
Total assets	<u>None</u>	<u>\$5,926</u>	<u>\$26,285,732</u>	<u>\$27,665,712</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable			\$1,359,468	\$1,510,320
Due to other funds			10,000	
Due to other governmental units			25,059	139,941
Interfund payable			471,478	679,085
Advances from other governmental units			200,847	196,178
Deferred revenue			195,803	288,494
Advances from other funds			2,100	2,100
			<hr/>	<hr/>
Total liabilities			<u>2,264,755</u>	<u>2,816,118</u>
Fund balances:				
Reserved for prepaid expenditures				33,120
Reserved for debt service			574,806	525,974
Reserved for perpetual care		\$5,770	5,770	5,868
Unreserved:				
Designated for compensated absences			2,877,369	2,912,753
Undesignated		156	20,563,032	21,371,879
			<hr/>	<hr/>
Total fund balances		<u>5,926</u>	<u>24,020,977</u>	<u>24,849,594</u>
Total liabilities and fund balances	<u>None</u>	<u>\$5,926</u>	<u>\$26,285,732</u>	<u>\$27,665,712</u>

(Concluded)

COUNTY OF OTTAWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	Special Revenue					Infrastructure (2444)
	Friend of the Court (2160)	Solid Waste Clean-Up (2271)	Landfill Tipping Fees (2272)	Transpor- tation System (2320)	Planning Commission (2420)	
Revenues:						
Intergovernmental revenues	\$1,348,826			\$44,537		
Charges for services	172,979		\$417,582			\$75,025
Fines and forfeits						
Interest on investments		\$187,187				65,956
Rental income						
Other			4,588		\$876	
Total revenues	<u>1,521,805</u>	<u>187,187</u>	<u>422,170</u>	<u>44,537</u>	<u>876</u>	<u>140,981</u>
Expenditures:						
Current operations:						
Judicial	2,100,040					
General government						
Public safety						
Public works		405,368	771,581	44,537		
Health and welfare						
Community and Economic Development					19,140	
Debt service						
Capital projects						
Total expenditures	<u>2,100,040</u>	<u>405,368</u>	<u>771,581</u>	<u>44,537</u>	<u>19,140</u>	
Revenues over (under) expenditures	<u>(578,235)</u>	<u>(218,181)</u>	<u>(349,411)</u>		<u>(18,264)</u>	<u>140,981</u>
Other financing sources (uses):						
Transfers in (out):						
General Fund	578,235				14,314	
Parks and Recreation						(965,000)
Total other financing sources (uses)	<u>578,235</u>				<u>14,314</u>	<u>(965,000)</u>
Special item:						
Contribution to West Michigan Enforcement Team for formation						
Net change in fund balances		(218,181)	(349,411)		(3,950)	(824,019)
Fund balances, beginning of year, as restated		7,904,051	1,376,956	25,787	57,090	3,582,909
Fund balances, end of year	<u>None</u>	<u>\$7,685,870</u>	<u>\$1,027,545</u>	<u>\$25,787</u>	<u>\$53,140</u>	<u>\$2,758,890</u>

Special Revenue

Register of Deeds Technology (2560)	Stabilization (2570)	Prosecuting Attorney Grants (2601)	WEMET (2602)	COPS Ahead (2605)	COPS Fast- Georgetown (2606)	COPS Fast- Allendale (2608)
\$418,287		\$132,300				\$84,339
<u>418,287</u>		<u>132,704</u>				<u>84,339</u>
63,215		142,189				84,339
<u>63,215</u>		<u>142,189</u>				<u>84,339</u>
355,072		(9,485)				
	\$366,828	9,487				
	<u>366,828</u>	<u>9,487</u>				
355,072	366,828	2	(\$481,329)			
	<u>6,231,099</u>	<u>27,904</u>	<u>481,329</u>			
<u>\$355,072</u>	<u>\$6,597,927</u>	<u>\$27,906</u>	<u>Closed</u>	<u>None</u>	<u>None</u>	<u>None</u>

(Continued on next page)

COUNTY OF OTTAWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	Special Revenue				
	Sheriff 9/30 Grant Programs (2609)	COPS Universal (2610)	EMT Holland - Park Township (2640)	EMT Georgetown Township (2650)	Sheriff Road Patrol (2661)
Revenues:					
Intergovernmental revenues	\$156,249	\$1,190,118	\$704,295	\$553,846	\$233,987
Charges for services					
Fines and forfeits					
Interest on investments	2,050				
Rental income					
Other		44			
Total revenues	158,299	1,190,162	704,295	553,846	233,987
Expenditures:					
Current operations:					
Judicial					
General government					
Public safety	165,477	1,302,752	704,295	553,846	233,987
Public works					
Health and welfare					
Community and Economic Development					
Debt service					
Capital projects					
Total expenditures	165,477	1,302,752	704,295	553,846	233,987
Revenues over (under) expenditures	(7,178)	(112,590)			
Other financing sources (uses):					
Transfers in (out):					
General Fund	7,178	108,116			
Parks and Recreation					
Total other financing sources (uses)	7,178	108,116			
Special item:					
Contribution to West Michigan Enforcement Team for formation					
Net change in fund balances		(4,474)			
Fund balances, beginning of year, as restated		5,592			
Fund balances, end of year	None	\$1,118	None	None	None

	Special Revenue						
Law Library (2690)	Workforce Investment Act - ACP (2740)	Workforce Investment Act - Youth (2741)	Workforce Investment Act - Adult (2742)	Workforce Investment Act - 6/30 Grant Programs (2743)	Workforce Investment Act - 12/31 Grant Programs (2744)	Workforce Investment Act - 9/30 Grant Programs (2748)	Workforce Investment Act - 3/31 Grant Programs (2749)
	\$69,106	\$191,440	\$131,149	\$1,032,199	\$400,051 15,727	\$1,318,758	\$28,505
\$6,500							
	300				92,995		
6,500	69,406	191,440	131,149	1,032,199	508,773	1,318,758	28,505
30,109							
	69,406	191,440	131,170	1,023,405	500,370	1,319,401	28,505
30,109	69,406	191,440	131,170	1,023,405	500,370	1,319,401	28,505
(23,609)			(21)	8,794	8,403	(643)	
26,500					(7,502)	643	
26,500					(7,502)	643	
2,891			(21)	8,794	901		
20,223	300		532	16,807			
\$23,114	\$300	None	\$511	\$25,601	\$901	None	None

(Continued on next page)

COUNTY OF OTTAWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	Special Revenue					Weather- ization (2890)
	Grant Programs - Pass Thru (2750)	Emergency Feeding (2800)	Federal Emergency Management Agency (2810)	Community Corrections (2850)	Community Action Agency (2870)	
Revenues:						
Intergovernmental revenues	\$404,402	\$34,436		\$260,155	\$279,524	\$269,229
Charges for services				246,630		
Fines and forfeits						
Interest on investments						
Rental income						
Other				13,016	11,299	455
Total revenues	404,402	34,436		519,801	290,823	269,684
Expenditures:						
Current operations:						
Judicial	83,030			835,449		
General government						
Public safety	285,657					
Public works						
Health and welfare	41,854	34,436			306,258	269,684
Community and Economic Development						
Debt service						
Capital projects						
Total expenditures	410,541	34,436		835,449	306,258	269,684
Revenues over (under) expenditures	(6,139)			(315,648)	(15,435)	
Other financing sources (uses):						
Transfers in (out):						
General Fund	6,139			357,494	29,000	
Parks and Recreation						
Total other financing sources (uses)	6,139			357,494	29,000	
Special item:						
Contribution to West Michigan Enforcement Team for formation						
Net change in fund balances				41,846	13,565	
Fund balances, beginning of year, as restated				370,699	95,588	168
Fund balances, end of year	None	None	None	\$412,545	\$109,153	\$168

Special Revenue							Debt Service
Family Independence Agency (2900)	Child Care - Probate (2920)	Child Care - Social Services (2921)	Soldiers' and Sailors' Relief (2930)	Veterans Trust (2940)	Compensated Absences (2980)	Total	Ottawa County Building Authority (5690-5693)
\$430,172 30,426	\$1,321,803	\$16,802		\$17,024		\$10,653,252 1,376,656 6,500 337,069	\$2,900 2,351,754
822	271,300					396,099	
<u>461,420</u>	<u>1,593,103</u>	<u>16,802</u>		<u>17,024</u>	<u>81,876</u>	<u>12,769,576</u>	<u>2,354,654</u>
						3,048,628 241,278 3,330,353 1,221,486 9,616,623 19,140	
1,069,806	4,532,244	34,358	\$47,312	16,974	35,874		2,305,822
<u>1,069,806</u>	<u>4,532,244</u>	<u>34,358</u>	<u>47,312</u>	<u>16,974</u>	<u>35,874</u>	<u>17,477,508</u>	<u>2,305,822</u>
<u>(608,386)</u>	<u>(2,939,141)</u>	<u>(17,556)</u>	<u>(47,312)</u>	<u>50</u>	<u>46,002</u>	<u>(4,707,932)</u>	<u>48,832</u>
656,258	3,085,549	22,250	16,265			5,276,754 (965,000)	
<u>656,258</u>	<u>3,085,549</u>	<u>22,250</u>	<u>16,265</u>			<u>4,311,754</u>	
						(481,329)	
47,872	146,408	4,694	(31,047)	50	46,002	(877,507)	48,832
<u>475,619</u>		<u>56,840</u>	<u>31,047</u>	<u>758</u>	<u>3,556,454</u>	<u>24,317,752</u>	<u>525,974</u>
<u>\$523,491</u>	<u>\$146,408</u>	<u>\$61,534</u>	<u>None</u>	<u>\$808</u>	<u>\$3,602,456</u>	<u>\$23,440,245</u>	<u>\$574,806</u>

(Continued on next page)

COUNTY OF OTTAWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Nonmajor</u>	
	Ottawa County Building Authority (5690-5693)	Cemetary Trust (1500)	Governmental Funds	
			<u>2003</u>	<u>2002</u>
Revenues:				
Intergovernmental revenues			\$10,653,252	\$10,729,644
Charges for services			1,376,656	1,171,200
Fines and forfeits			6,500	6,500
Interest on investments		\$58	340,027	815,084
Rental income			2,351,754	2,357,518
Other			396,099	687,751
Total revenues		<u>58</u>	<u>15,124,288</u>	<u>15,767,697</u>
Expenditures:				
Current operations:				
Judicial			3,048,628	3,609,354
General government			241,278	423,687
Public safety			3,330,353	3,889,031
Public works			1,221,486	350,556
Health and welfare			9,616,623	8,970,128
Community and Economic Development			19,140	67,176
Debt service			2,305,822	2,315,975
Capital projects				4,996
Total expenditures			<u>19,783,330</u>	<u>19,630,903</u>
Revenues over (under) expenditures		<u>58</u>	<u>(4,659,042)</u>	<u>(3,863,206)</u>
Other financing sources (uses):				
Transfers in (out):				
General Fund			5,276,754	7,506,077
Parks and Recreation			(965,000)	
Total other financing sources (uses)			<u>4,311,754</u>	<u>7,506,077</u>
Special item:				
Contribution to West Michigan Enforcement Team for formation			(481,329)	
Net change in fund balances		58	(828,617)	3,642,871
Fund balances, beginning of year, as restated		<u>5,868</u>	<u>24,849,594</u>	<u>21,206,723</u>
Fund balances, end of year	<u>None</u>	<u>\$5,926</u>	<u>\$24,020,977</u>	<u>\$24,849,594</u>

(Concluded)

COUNTY OF OTTAWA

**FRIEND OF THE COURT SPECIAL REVENUE FUND (2160) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				
	Original Budget	Final Amended Budget	Actual	Variance	2002 Actual
Revenues:					
Intergovernmental revenues	\$1,621,800	\$1,522,954	\$1,348,826	(\$174,128)	\$1,585,760
Charges for services	184,750	184,750	172,979	(11,771)	150,646
Interest on investments	20	20		(20)	
Licenses and permits					
Rental income					
Other					
Total revenues	1,806,570	1,707,724	1,521,805	(185,919)	1,736,406
Expenditures:					
Current operations:					
Personnel services	1,751,608	1,734,691	1,700,516	34,175	1,611,918
Supplies	194,650	205,450	118,075	87,375	168,013
Other services and charges	316,463	293,032	281,449	11,583	326,272
Capital outlay					
Total expenditures	2,262,721	2,233,173	2,100,040	133,133	2,106,203
Revenues over (under) expenditures	(456,151)	(525,449)	(578,235)	(52,786)	(369,797)
Other financing sources (uses):					
Transfers in (out):					
General Fund	456,151	525,449	578,235	52,786	369,797
Total other financing sources (uses)	456,151	525,449	578,235	52,786	369,797
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**SOLID WASTE CLEAN-UP SPECIAL REVENUE FUND (2271) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					\$78,301
Charges for services					
Interest on investments	\$235,442	\$194,000	\$187,187	(\$6,813)	403,545
Licenses and permits					
Rental income					
Other					
Total revenues	<u>235,442</u>	<u>194,000</u>	<u>187,187</u>	<u>(6,813)</u>	<u>481,846</u>
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	211,500	178,500	171,791	6,709	5,286
Capital outlay	2,260,000	309,926	233,577	76,349	
Total expenditures	<u>2,471,500</u>	<u>488,426</u>	<u>405,368</u>	<u>83,058</u>	<u>5,286</u>
Revenues over (under) expenditures	<u>(2,236,058)</u>	<u>(294,426)</u>	<u>(218,181)</u>	<u>76,245</u>	<u>476,560</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund					1,650,000
Total other financing sources (uses)					<u>1,650,000</u>
Net change in fund balance	(2,236,058)	(294,426)	(218,181)	76,245	2,126,560
Fund balance, beginning of year, as restated	7,904,051	7,904,051	7,904,051		5,777,491
Fund balance, end of year	<u><u>\$5,667,993</u></u>	<u><u>\$7,609,625</u></u>	<u><u>\$7,685,870</u></u>	<u><u>\$76,245</u></u>	<u><u>\$7,904,051</u></u>

COUNTY OF OTTAWA

**LANDFILL TIPPING FEES SPECIAL REVENUE FUND (2272) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$450,000	\$349,026	\$417,582	\$68,556	\$445,492
Interest on investments					
Licenses and permits					
Rental income					
Other		4,588	4,588		
Total revenues	450,000	353,614	422,170	68,556	445,492
Expenditures:					
Current operations:					
Personnel services	136,496	136,709	128,542	8,167	101,689
Supplies	18,550	13,897	10,864	3,033	9,050
Other services and charges	226,504	235,920	193,970	41,950	189,994
Capital outlay		599,990	438,205	161,785	
Total expenditures	381,550	986,516	771,581	214,935	300,733
Revenues over (under) expenditures	68,450	(632,902)	(349,411)	283,491	144,759
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	68,450	(632,902)	(349,411)	283,491	144,759
Fund balance, beginning of year	1,376,956	1,376,956	1,376,956		1,232,197
Fund balance, end of year	<u>\$1,445,406</u>	<u>\$744,054</u>	<u>\$1,027,545</u>	<u>\$283,491</u>	<u>\$1,376,956</u>

COUNTY OF OTTAWA

**TRANSPORTATION SYSTEM SPECIAL REVENUE FUND (2320) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$44,537	\$44,537	\$44,537		\$44,537
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>44,537</u>	<u>44,537</u>	<u>44,537</u>		<u>44,537</u>
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	44,537	44,537	44,537		44,537
Capital outlay					
Total expenditures	<u>44,537</u>	<u>44,537</u>	<u>44,537</u>		<u>44,537</u>
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year	<u>25,787</u>	<u>25,787</u>	<u>25,787</u>		<u>25,787</u>
Fund balance, end of year	<u>\$25,787</u>	<u>\$25,787</u>	<u>\$25,787</u>	None	<u>\$25,787</u>

COUNTY OF OTTAWA

**PLANNING COMMISSION SPECIAL REVENUE FUND (2420) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					\$8,737
Charges for services	\$800	\$800		(\$800)	
Interest on investments					
Licenses and permits					
Rental income					
Other		844	\$876	32	72
Total revenues	800	1,644	876	(768)	8,809
Expenditures:					
Current operations:					
Personnel services	1,102	1,102	732	370	669
Supplies	5,991	10,358	9,188	1,170	3,586
Other services and charges	8,021	9,096	9,220	(124)	62,921
Capital outlay					
Total expenditures	15,114	20,556	19,140	1,416	67,176
Revenues over (under) expenditures	(14,314)	(18,912)	(18,264)	648	(58,367)
Other financing sources (uses):					
Transfers in (out):					
General Fund	14,314	14,314	14,314		18,411
Total other financing sources (uses)	14,314	14,314	14,314		18,411
Net change in fund balance		(4,598)	(3,950)	648	(39,956)
Fund balance, beginning of year	57,090	57,090	57,090		97,046
Fund balance, end of year	\$57,090	\$52,492	\$53,140	\$648	\$57,090

COUNTY OF OTTAWA

**INFRASTRUCTURE SPECIAL REVENUE FUND (2444) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$35,025	\$75,025	\$75,025		\$36,322
Interest on investments	113,907	68,407	65,956	(\$2,451)	181,850
Licenses and permits					
Rental income					
Other					
Total revenues	148,932	143,432	140,981	(2,451)	218,172
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	965,000				238,880
Capital outlay					
Total expenditures	965,000				238,880
Revenues over (under) expenditures	(816,068)	143,432	140,981	(2,451)	(20,708)
Other financing sources (uses):					
Transfers in (out):					
General Fund					1,066,934
Infrastructure			(965,000)	(965,000)	
Total other financing sources (uses)			(965,000)	(965,000)	1,066,934
Net change in fund balance	(816,068)	143,432	(824,019)	(967,451)	1,046,226
Fund balance, beginning of year	3,582,909	3,582,909	3,582,909		2,536,683
Fund balance, end of year	\$2,766,841	\$3,726,341	\$2,758,890	(\$967,451)	\$3,582,909

COUNTY OF OTTAWA

**REGISTER OF DEEDS TECHNOLOGY SPECIAL REVENUE FUND (2560) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services		\$435,000	\$418,287	(\$16,713)	
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues		435,000	418,287	(16,713)	
Expenditures:					
Personnel services					
Supplies					
Other services and charges		140,000	63,215	76,785	
Capital outlay					
Total expenditures		140,000	63,215	76,785	
Revenues over (under) expenditures		295,000	355,072	60,072	
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance		295,000	355,072	60,072	
Fund balance, beginning of year					
Fund balance, end of year	None	\$295,000	\$355,072	\$60,072	None

COUNTY OF OTTAWA

**STABILIZATION SPECIAL REVENUE FUND (2570) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003			2002 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues				
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues				
Expenditures:				
Current operations:				
Personnel services				
Supplies				
Other services and charges				
Capital outlay				
Total expenditures				
Revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out):				
General Fund	\$366,828	\$366,828	\$366,828	\$290,809
Total other financing sources (uses)	366,828	366,828	366,828	290,809
Net change in fund balance	366,828	366,828	366,828	290,809
Fund balance, beginning of year	6,231,099	6,231,099	6,231,099	5,940,290
Fund balance, end of year	<u>\$6,597,927</u>	<u>\$6,597,927</u>	<u>\$6,597,927</u>	<u>\$6,231,099</u>

COUNTY OF OTTAWA

**PROSECUTING ATTORNEY GRANTS SPECIAL REVENUE FUND (2601) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$132,300	\$132,300	\$132,300		\$109,800
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	425	425	404	(\$21)	644
Total revenues	132,725	132,725	132,704	(21)	110,444
Expenditures:					
Current operations:					
Personnel services	130,811	130,811	125,835	4,976	101,845
Supplies	12,529	12,629	11,491	1,138	11,813
Other services and charges	6,387	6,287	4,863	1,424	5,790
Capital outlay					
Total expenditures	149,727	149,727	142,189	7,538	119,448
Revenues over (under) expenditures	(17,002)	(17,002)	(9,485)	7,517	(9,004)
Other financing sources (uses):					
Transfers in (out):					
General Fund	17,002	17,002	9,487	(7,515)	9,004
Total other financing sources (uses)	17,002	17,002	9,487	(7,515)	9,004
Net change in fund balance			2	2	
Fund balance, beginning of year	27,904	27,904	27,904		27,904
Fund balance, end of year	<u>\$27,904</u>	<u>\$27,904</u>	<u>\$27,906</u>	<u>\$2</u>	<u>\$27,904</u>

COUNTY OF OTTAWA

**WEMET
WEMET SPECIAL REVENUE FUND (2602) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003			2002 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues				\$17,446
Charges for services				
Interest on investments				24,323
Licenses and permits				
Rental income				
Other				275,479
Total revenues				317,248
Expenditures:				
Current operations:				
Personnel services				
Supplies				23,166
Other services and charges				318,875
Capital outlay				
Debt service				
Total expenditures				342,041
Revenues over (under) expenditures				(24,793)
Special item:				
Contribution to West Michigan Enforcement Team for formation			(\$481,329)	(\$481,329)
Revenues and special item over (under) expenditures			(481,329)	(481,329)
Fund balance, beginning of year	\$481,329	\$481,329	481,329	506,122
Fund balance, end of year	<u>\$481,329</u>	<u>\$481,329</u>	<u>Closed</u>	<u>\$481,329</u>

COUNTY OF OTTAWA

**COPS AHEAD SPECIAL REVENUE FUND (2605) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003			2002 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues				\$15,927
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues				15,927
Expenditures:				
Current operations:				
Personnel services				13,961
Supplies				533
Other services and charges				1,433
Capital outlay				
Total expenditures				15,927
Revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out):				
General Fund				
Total other financing sources (uses)				
Net change in fund balance				
Fund balance, beginning of year				
Fund balance, end of year	None	None	None	None

COUNTY OF OTTAWA

**COPS FAST - GEORGETOWN SPECIAL REVENUE FUND (2606) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					\$16,010
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues					16,010
Expenditures:					
Current operations:					
Personnel services					14,823
Supplies					300
Other services and charges					887
Capital outlay					
Total expenditures					16,010
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**COPS FAST - ALLENDALE SPECIAL REVENUE FUND (2608) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$80,693	\$90,332	\$84,339	(\$5,993)	\$75,705
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	80,693	90,332	84,339	(5,993)	75,705
Expenditures:					
Current operations:					
Personnel services	65,725	70,738	68,372	2,366	64,942
Supplies	1,823	4,873	3,702	1,171	2,026
Other services and charges	13,145	14,721	12,265	2,456	8,737
Capital outlay					
Total expenditures	80,693	90,332	84,339	5,993	75,705
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**SHERIFF 9/30 GRANT PROGRAMS SPECIAL REVENUE FUND (2609) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$97,873	\$173,411	\$156,249	(\$17,162)	\$190,637
Charges for services					
Interest on investments		2,051	2,050	(1)	
Licenses and permits					
Rental income					
Other					
Total revenues	97,873	175,462	158,299	(17,163)	190,637
Expenditures:					
Current operations:					
Personnel services	25,641	39,476	24,773	14,703	16,570
Supplies	58,286	73,391	72,919	472	74,136
Other services and charges	19,775	22,170	20,382	1,788	23,821
Capital outlay		47,403	47,403		81,615
Total expenditures	103,702	182,440	165,477	16,963	196,142
Revenues over (under) expenditures	(5,829)	(6,978)	(7,178)	(200)	(5,505)
Other financing sources (uses):					
Transfers in (out):					
General Fund	5,829	6,978	7,178	200	5,505
Total other financing sources (uses)	5,829	6,978	7,178	200	5,505
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**COPS UNIVERSAL SPECIAL REVENUE FUND (2610) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,337,520	\$1,275,607	\$1,190,118	(\$85,489)	\$1,199,371
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	5,000	5,000	44	(4,956)	20
Total revenues	1,342,520	1,280,607	1,190,162	(90,445)	1,199,391
Expenditures:					
Current operations:					
Personnel services	1,179,056	1,154,648	1,081,520	73,128	1,069,629
Supplies	50,414	40,356	23,599	16,757	40,189
Other services and charges	206,061	231,554	197,633	33,921	198,974
Capital outlay					
Total expenditures	1,435,531	1,426,558	1,302,752	123,806	1,308,792
Revenues over (under) expenditures	(93,011)	(145,951)	(112,590)	33,361	(109,401)
Other financing sources (uses):					
Transfers in (out):					
General Fund	93,011	145,951	108,116	(37,835)	102,628
Total other financing sources (uses)	93,011	145,951	108,116	(37,835)	102,628
Net change in fund balance			(4,474)	(4,474)	(6,773)
Fund balance, beginning of year	5,592	5,592	5,592		12,365
Fund balance, end of year	\$5,592	\$5,592	\$1,118	(\$4,474)	\$5,592

COUNTY OF OTTAWA

**EMT HOLLAND-PARK TOWNSHIP SPECIAL REVENUE FUND (2640) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$730,631	\$739,497	\$704,295	(\$35,202)	\$739,788
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>730,631</u>	<u>739,497</u>	<u>704,295</u>	<u>(35,202)</u>	<u>739,788</u>
Expenditures:					
Current operations:					
Personnel services	653,187	658,382	628,152	30,230	660,283
Supplies	12,407	10,425	7,935	2,490	12,804
Other services and charges	65,037	70,690	68,208	2,482	66,701
Capital outlay					
Total expenditures	<u>730,631</u>	<u>739,497</u>	<u>704,295</u>	<u>35,202</u>	<u>739,788</u>
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**EMT GEORGETOWN TOWNSHIP SPECIAL REVENUE FUND (2650) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$565,294	\$584,442	\$553,846	(\$30,596)	\$574,292
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	565,294	584,442	553,846	(30,596)	574,292
Expenditures:					
Current operations:					
Personnel services	493,275	493,275	476,950	16,325	503,479
Supplies	14,420	14,920	12,729	2,191	20,291
Other services and charges	57,599	76,247	64,167	12,080	50,522
Capital outlay					
Total expenditures	565,294	584,442	553,846	30,596	574,292
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**SHERIFF ROAD PATROL SPECIAL REVENUE FUND (2661) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$226,933	\$236,193	\$233,987	(\$2,206)	\$236,193
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>226,933</u>	<u>236,193</u>	<u>233,987</u>	<u>(2,206)</u>	<u>236,193</u>
Expenditures:					
Current operations:					
Personnel services	194,832	204,693	204,145	\$548	198,799
Supplies	1,950	1,950	1,737	213	5,032
Other services and charges	30,151	29,550	28,105	1,445	32,362
Capital outlay					
Total expenditures	<u>226,933</u>	<u>236,193</u>	<u>233,987</u>	<u>2,206</u>	<u>236,193</u>
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**LAW LIBRARY SPECIAL REVENUE FUND (2690) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Fines and forfeits	\$6,500	\$6,500	\$6,500		\$6,500
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	6,500	6,500	6,500		6,500
Expenditures:					
Current operations:					
Personnel services					
Supplies	33,000	33,000	30,109	\$2,891	21,174
Other services and charges					
Capital outlay					
Total expenditures	33,000	33,000	30,109	2,891	21,174
Revenues over (under) expenditures	(26,500)	(26,500)	(23,609)	2,891	(14,674)
Other financing sources (uses):					
Transfers in (out):					
General Fund	26,500	26,500	26,500		26,500
Total other financing sources (uses)	26,500	26,500	26,500		26,500
Net change in fund balance			2,891	2,891	11,826
Fund balance, beginning of year	20,223	20,223	20,223		8,397
Fund balance, end of year	<u>\$20,223</u>	<u>\$20,223</u>	<u>\$23,114</u>	<u>\$2,891</u>	<u>\$20,223</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - ADMINISTRATIVE COST POOL SPECIAL REVENUE FUND (2740) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2003
(with comparative actual amounts for the year ended June 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$66,132	\$80,281	\$69,106	(\$11,175)	\$60,704
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other		300	300		300
Total revenues	66,132	80,581	69,406	(11,175)	61,004
Expenditures:					
Current operations:					
Personnel services	46,949	54,956	49,430	5,526	36,324
Supplies	2,896	4,964	3,685	1,279	3,198
Other services and charges	18,764	23,138	16,291	6,847	21,182
Capital outlay					
Total expenditures	68,609	83,058	69,406	13,652	60,704
Revenues over (under) expenditures	(2,477)	(2,477)		2,477	300
Other financing sources (uses):					
Transfers in (out):					
General Fund	2,477	2,477		(2,477)	
Total other financing sources (uses)	2,477	2,477		(2,477)	
Net change in fund balance					300
Fund balance, beginning of year	300	300	300		
Fund balance, end of year	<u>\$300</u>	<u>\$300</u>	<u>\$300</u>	<u>None</u>	<u>\$300</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - YOUTH SPECIAL REVENUE FUND (2741) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2003
(with comparative actual amounts for the year ended June 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$176,629	\$202,959	\$191,440	(\$11,519)	\$148,610
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	176,629	202,959	191,440	(11,519)	148,610
Expenditures:					
Current operations:					
Personnel services	22,019	22,860	21,814	1,046	10,463
Supplies	1,085	820	271	549	205
Other services and charges	153,525	179,279	169,355	9,924	137,942
Capital outlay					
Total expenditures	176,629	202,959	191,440	11,519	148,610
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - ADULT SPECIAL REVENUE FUND (2742) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2003
(with comparative actual amounts for the year ended June 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$140,649	\$149,039	\$131,149	(\$17,890)	\$123,579
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	140,649	149,039	131,149	(17,890)	123,579
Expenditures:					
Current operations:					
Personnel services	17,718	22,753	15,913	6,840	10,658
Supplies	1,086	1,071	184	887	719
Other services and charges	121,845	125,215	115,073	10,142	112,755
Capital outlay					
Total expenditures	140,649	149,039	131,170	17,869	124,132
Revenues over (under) expenditures			(21)	(21)	(553)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			(21)	(21)	(553)
Fund balance, beginning of year	532	532	532		1,085
Fund balance, end of year	<u>\$532</u>	<u>\$532</u>	<u>\$511</u>	<u>(\$21)</u>	<u>\$532</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - 6/30 GRANT PROGRAMS
SPECIAL REVENUE FUND (2743) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2003
(with comparative actual amounts for the year ended June 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,221,038	\$1,391,416	\$1,032,199	(\$359,217)	\$889,316
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>1,221,038</u>	<u>1,391,416</u>	<u>1,032,199</u>	<u>(359,217)</u>	<u>889,316</u>
Expenditures:					
Current operations:					
Personnel services	186,648	173,041	92,785	80,256	54,013
Supplies	48,259	26,800	14,262	12,538	7,929
Other services and charges	986,131	1,191,575	916,358	275,217	810,567
Total expenditures	<u>1,221,038</u>	<u>1,391,416</u>	<u>1,023,405</u>	<u>368,011</u>	<u>872,509</u>
Revenues over (under) expenditures			<u>8,794</u>	<u>8,794</u>	<u>16,807</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			8,794	8,794	16,807
Fund balance, beginning of year	<u>16,807</u>	<u>16,807</u>	<u>16,807</u>		
Fund balance, end of year	<u>\$16,807</u>	<u>\$16,807</u>	<u>\$25,601</u>	<u>\$8,794</u>	<u>\$16,807</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - 12/31 GRANT PROGRAMS
SPECIAL REVENUE FUND (2744) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$523,500	\$574,714	\$400,051	(\$174,663)	\$274,819
Charges for services	45,000	45,000	15,727	(29,273)	16,229
Interest on investments					
Licenses and permits					
Rental income					
Other	51,000	116,319	92,995	(23,324)	21,820
Total revenues	619,500	736,033	508,773	(227,260)	312,868
Expenditures:					
Current operations:					
Personnel services	58,371	82,358	67,229	15,129	42,342
Supplies	3,259	13,756	9,910	3,846	4,492
Other services and charges	561,311	648,360	423,231	225,129	301,034
Total expenditures	622,941	744,474	500,370	244,104	347,868
Revenues over (under) expenditures	(3,441)	(8,441)	8,403	16,844	(35,000)
Other financing sources (uses):					
Transfers in (out):		8,441	(7,502)	(15,943)	35,000
Total other financing sources (uses)		8,441	(7,502)	(15,943)	35,000
Net change in fund balance	(3,441)		901	901	
Fund balance, beginning of year					
Fund balance, end of year	<u>(\$3,441)</u>	<u>None</u>	<u>\$901</u>	<u>\$901</u>	<u>None</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT-9/30 GRANT PROGRAMS
SPECIAL REVENUE FUND (2748) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$485,344	\$1,593,941	\$1,318,758	(\$275,183)	\$1,044,783
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	485,344	1,593,941	1,318,758	(275,183)	1,044,783
Expenditures:					
Current operations:					
Personnel services	102,180	188,397	148,702	39,695	102,958
Supplies	4,972	89,331	70,013	19,318	33,168
Other services and charges	380,923	1,318,944	1,100,686	218,258	908,657
Capital outlay					
Total expenditures	488,075	1,596,672	1,319,401	277,271	1,044,783
Revenues over (under) expenditures	(2,731)	(2,731)	(643)	2,088	
Other financing sources (uses):					
Transfers in (out):					
General Fund	2,731	2,731	643	(2,088)	
Total other financing sources (uses)	2,731	2,731	643	(2,088)	
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT-3/31 GRANT PROGRAMS
SPECIAL REVENUE FUND (2749) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended March 31, 2003
(with comparative actual amounts for the year ended March 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$30,650	\$35,650	\$28,505	(\$7,145)	\$350,525
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					10,985
Total revenues	30,650	35,650	28,505	(7,145)	361,510
Expenditures:					
Current operations:					
Personnel services					35,990
Supplies		5,000	97	4,903	2,177
Other services and charges	30,650	30,650	28,408	2,242	344,229
Capital outlay					
Total expenditures	30,650	35,650	28,505	7,145	382,396
Revenues over (under) expenditures					(20,886)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					(20,886)
Fund balance, beginning of year					20,886
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**GRANT PROGRAMS - PASS THRU SPECIAL REVENUE FUND (2750)-
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$400,571	\$723,471	\$404,402	(\$319,069)	\$496,524
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	2,000	2,000		(2,000)	
Total revenues	402,571	725,471	404,402	(321,069)	496,524
Expenditures:					
Current operations:					
Personnel services	63,589	63,589	61,917	1,672	58,571
Supplies	4,186	3,986	1,711	2,275	1,529
Other services and charges	334,796	666,346	346,913	319,433	448,925
Capital outlay					
Total expenditures	402,571	733,921	410,541	323,380	509,025
Revenues over (under) expenditures		(8,450)	(6,139)	2,311	(12,501)
Other financing sources (uses):					
Transfers in (out):					
General Fund		8,450	6,139	(2,311)	
Total other financing sources (uses)		8,450	6,139	(2,311)	
Net change in fund balance					(12,501)
Fund balance, beginning of year					12,501
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**EMERGENCY FEEDING SPECIAL REVENUE FUND (2800) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$22,500	\$36,530	\$34,436	(\$2,094)	\$22,187
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	22,500	36,530	34,436	(2,094)	22,187
Expenditures:					
Current operations:					
Personnel services	6,489	14,829	14,740	89	2,400
Supplies	361	3,302	2,765	537	7,063
Other services and charges	16,436	19,185	16,931	2,254	14,044
Capital outlay					
Total expenditures	23,286	37,316	34,436	2,880	23,507
Revenues over (under) expenditures	(786)	(786)		786	(1,320)
Other financing sources (uses):					
Transfers in (out):					
General Fund	786	786		(786)	1,320
Total other financing sources (uses)	786	786		(786)	1,320
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**FEDERAL EMERGENCY MANAGEMENT AGENCY SPECIAL REVENUE FUND (2810) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					\$6,500
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues					6,500
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges					6,500
Capital outlay					
Total expenditures					6,500
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**COMMUNITY CORRECTIONS SPECIAL REVENUE FUND (2850) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$291,545	\$260,155	\$260,155		\$289,223
Charges for services	253,920	253,722	246,630	(\$7,092)	489,403
Interest on investments					
Licenses and permits					
Rental income					
Other	10,250	13,700	13,016	(684)	8,156
Total revenues	555,715	527,577	519,801	(7,776)	786,782
Expenditures:					
Current operations:					
Personnel services	751,572	572,475	561,182	11,293	980,423
Supplies	23,465	31,565	29,193	2,372	19,432
Other services and charges	293,514	244,819	245,074	(255)	399,092
Capital outlay					
Total expenditures	1,068,551	848,859	835,449	13,410	1,398,947
Revenues over (under) expenditures	(512,836)	(321,282)	(315,648)	5,634	(612,165)
Other financing sources (uses):					
Transfers in (out):					
General Fund	512,836	357,494	357,494		758,949
Total other financing sources (uses)	512,836	357,494	357,494		758,949
Net change in fund balance		36,212	41,846	5,634	146,784
Fund balance, beginning of year	370,699	370,699	370,699		223,915
Fund balance, end of year	<u>\$370,699</u>	<u>\$406,911</u>	<u>\$412,545</u>	<u>\$5,634</u>	<u>\$370,699</u>

COUNTY OF OTTAWA

**COMMUNITY ACTION AGENCY SPECIAL REVENUE FUND (2870) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$298,555	\$383,159	\$279,524	(\$103,635)	\$343,091
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	17,500	20,699	11,299	(9,400)	50,703
Total revenues	316,055	403,858	290,823	(113,035)	393,794
Expenditures:					
Current operations:					
Personnel services	214,745	181,693	136,367	45,326	207,777
Supplies	15,849	20,404	16,043	4,361	20,581
Other services and charges	117,542	247,009	153,848	93,161	190,384
Capital outlay					
Total expenditures	348,136	449,106	306,258	142,848	418,742
Revenues over (under) expenditures	(32,081)	(45,248)	(15,435)	29,813	(24,948)
Other financing sources (uses):					
Transfers in (out):					
General Fund	32,081	32,081	29,000	(3,081)	29,000
Total other financing sources (uses)	32,081	32,081	29,000	(3,081)	29,000
Net change in fund balance		(13,167)	13,565	26,732	4,052
Fund balance, beginning of year	95,588	95,588	95,588		91,536
Fund balance, end of year	<u>\$95,588</u>	<u>\$82,421</u>	<u>\$109,153</u>	<u>\$26,732</u>	<u>\$95,588</u>

COUNTY OF OTTAWA

**WEATHERIZATION SPECIAL REVENUE FUND (2890) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended March 31, 2003
(with comparative actual amounts for the year ended March 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$272,007	\$382,649	\$269,229	(\$113,420)	\$213,480
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other			455	455	
Total revenues	272,007	382,649	269,684	(112,965)	213,480
Expenditures:					
Current operations:					
Personnel services	55,805	74,517	63,019	11,498	56,161
Supplies	113,382	158,632	104,765	53,867	84,412
Other services and charges	106,128	152,808	101,900	50,908	72,907
Capital outlay					
Total expenditures	275,315	385,957	269,684	116,273	213,480
Revenues over (under) expenditures	(3,308)	(3,308)		3,308	
Other financing sources (uses):					
Transfers in (out):					
General Fund	3,308	3,308		(3,308)	
Total other financing sources (uses)	3,308	3,308		(3,308)	
Net change in fund balance					
Fund balance, beginning of year	168	168	168		168
Fund balance, end of year	\$168	\$168	\$168	None	\$168

COUNTY OF OTTAWA

**FAMILY INDEPENDENCE AGENCY SPECIAL REVENUE FUND (2900) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$570,000	\$480,000	\$430,172	(\$49,828)	\$487,330
Charges for services	31,000	31,000	30,426	(574)	33,108
Interest on investments					
Licenses and permits					
Rental income					
Other	1,000	1,835	822	(1,013)	755
Total revenues	602,000	512,835	461,420	(51,415)	521,193
Expenditures:					
Current operations:					
Personnel services	585,099	567,761	559,560	8,201	523,928
Supplies	561,664	473,099	413,879	59,220	474,152
Other services and charges	111,495	110,395	96,367	14,028	106,929
Capital outlay					
Total expenditures	1,258,258	1,151,255	1,069,806	81,449	1,105,009
Revenues over (under) expenditures	(656,258)	(638,420)	(608,386)	30,034	(583,816)
Other financing sources (uses):					
Transfers in (out):					
General Fund	656,258	656,258	656,258		635,498
Total other financing sources (uses)	656,258	656,258	656,258		635,498
Net change in fund balance		17,838	47,872	30,034	51,682
Fund balance, beginning of year	475,619	475,619	475,619		423,937
Fund balance, end of year	<u>\$475,619</u>	<u>\$493,457</u>	<u>\$523,491</u>	<u>\$30,034</u>	<u>\$475,619</u>

COUNTY OF OTTAWA

**CHILD CARE - PROBATE SPECIAL REVENUE FUND (2920) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,316,862	\$1,543,999	\$1,321,803	(\$222,196)	\$1,037,028
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	273,000	265,000	271,300	6,300	318,817
Total revenues	1,589,862	1,808,999	1,593,103	(215,896)	1,355,845
Expenditures:					
Current operations:					
Personnel services	1,466,848	1,813,251	1,786,286	26,965	1,344,022
Supplies	197,929	205,767	181,552	24,215	142,941
Other services and charges	2,706,450	2,732,613	2,564,406	168,207	2,605,988
Capital outlay					
Total expenditures	4,371,227	4,751,631	4,532,244	219,387	4,092,951
Revenues over (under) expenditures	(2,781,365)	(2,942,632)	(2,939,141)	3,491	(2,737,106)
Other financing sources (uses):					
Transfers in (out):					
General Fund	2,781,365	3,085,549	3,085,549		2,474,410
Total other financing sources (uses)	2,781,365	3,085,549	3,085,549		2,474,410
Net change in fund balance		142,917	146,408	3,491	(262,696)
Fund balance, beginning of year					262,696
Fund balance, end of year	None	\$142,917	\$146,408	\$3,491	None

COUNTY OF OTTAWA

**CHILD CARE - SOCIAL SERVICES SPECIAL REVENUE FUND (2921) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2003
(with comparative actual amounts for the year ended September 30, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$18,750	\$18,750	\$16,802	(\$1,948)	\$16,771
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>18,750</u>	<u>18,750</u>	<u>16,802</u>	<u>(1,948)</u>	<u>16,771</u>
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	41,000	41,000	34,358	6,642	36,604
Capital outlay					
Total expenditures	<u>41,000</u>	<u>41,000</u>	<u>34,358</u>	<u>6,642</u>	<u>36,604</u>
Revenues over (under) expenditures	<u>(22,250)</u>	<u>(22,250)</u>	<u>(17,556)</u>	<u>4,694</u>	<u>(19,833)</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund	22,250	22,250	22,250		22,312
Total other financing sources (uses)	<u>22,250</u>	<u>22,250</u>	<u>22,250</u>		<u>22,312</u>
Net change in fund balance			4,694	4,694	2,479
Fund balance, beginning of year	<u>56,840</u>	<u>56,840</u>	<u>56,840</u>		<u>54,361</u>
Fund balance, end of year	<u>\$56,840</u>	<u>\$56,840</u>	<u>\$61,534</u>	<u>\$4,694</u>	<u>\$56,840</u>

COUNTY OF OTTAWA

**SOLDIERS' AND SAILORS' RELIEF SPECIAL REVENUE FUND (2930) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues					
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	\$15,000	\$51,045	\$47,312	\$3,733	\$18,510
Capital outlay					
Total expenditures	15,000	51,045	47,312	3,733	18,510
Revenues over (under) expenditures	(15,000)	(51,045)	(47,312)	3,733	(18,510)
Other financing sources (uses):					
Transfers in (out):					
General Fund	15,000	20,000	16,265	(3,735)	10,000
Total other financing sources (uses)	15,000	20,000	16,265	(3,735)	10,000
Net change in fund balance		(31,045)	(31,047)	(2)	(8,510)
Fund balance, beginning of year	31,047	31,047	31,047		39,557
Fund balance, end of year	<u>\$31,047</u>	<u>\$2</u>	<u>None</u>	<u>(\$2)</u>	<u>\$31,047</u>

COUNTY OF OTTAWA

**VETERANS TRUST SPECIAL REVENUE FUND (2940) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$19,000	\$19,000	\$17,024	(\$1,976)	\$32,670
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	19,000	19,000	17,024	(1,976)	32,670
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	19,000	19,000	16,974	2,026	31,969
Capital outlay					
Total expenditures	19,000	19,000	16,974	2,026	31,969
Revenues over (under) expenditures			50	50	701
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			50	50	701
Fund balance, beginning of year	758	758	758		57
Fund balance, end of year	\$758	\$758	\$808	\$50	\$758

COUNTY OF OTTAWA

**COMPENSATED ABSENCES SPECIAL REVENUE FUND (2980) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Interest on investments	\$133,500	\$230,000	\$81,876	(\$148,124)	\$201,877
Licenses and permits					
Rental income					
Other					
Total revenues	133,500	230,000	81,876	(148,124)	201,877
Expenditures:					
Current operations:					
Personnel services	218,150	227,000	35,874	191,126	63,555
Supplies					
Other services and charges					
Capital outlay					
Total expenditures	218,150	227,000	35,874	191,126	63,555
Revenues over (under) expenditures	(84,650)	3,000	46,002	43,002	138,322
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	(84,650)	3,000	46,002	43,002	138,322
Fund balance, beginning of year, as restated	3,556,454	3,556,454	3,556,454		3,418,132
Fund balance, end of year	<u>\$3,471,804</u>	<u>\$3,559,454</u>	<u>\$3,602,456</u>	<u>\$43,002</u>	<u>\$3,556,454</u>

COUNTY OF OTTAWA

**OTTAWA COUNTY BUILDING AUTHORITY DEBT SERVICE FUND (5690 - 5693) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Interest on investments	\$5,500	\$5,657	\$2,900	(\$2,757)	\$3,391
Rental income	2,351,367	2,351,755	2,351,754	(1)	2,357,518
Total revenues	2,356,867	2,357,412	2,354,654	(2,758)	2,360,909
Expenditures:					
Principal retirement	1,340,000	1,340,000	1,340,000		1,295,000
Interest and fiscal charges	965,832	965,833	965,822	11	1,020,975
Total expenditures	2,305,832	2,305,833	2,305,822	11	2,315,975
Revenues over (under) expenditures	51,035	51,579	48,832	(2,747)	44,934
Other financing sources (uses):					
Transfers in (out) General Fund					
Total other financing sources (uses)					
Net change in fund balance	51,035	51,579	48,832	(2,747)	44,934
Fund balances, beginning of year	525,974	525,974	525,974		481,040
Fund balances, end of year	<u>\$577,009</u>	<u>\$577,553</u>	<u>\$574,806</u>	<u>(\$2,747)</u>	<u>\$525,974</u>

COUNTY OF OTTAWA

**OTTAWA COUNTY BUILDING AUTHORITY CAPITAL PROJECTS FUND (5690 - 5693) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Interest on investments					
Total revenues					
Expenditures:					
Construction contracts					\$4,996
Total expenditures					4,996
Revenues over (under) expenditures					(4,996)
Other financing sources (uses):					
General obligation bond proceeds					
Total other financing sources (uses)					
Net change in fund balance					(4,996)
Fund balances, beginning of year					4,996
Fund balances, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**CEMETARY TRUST PERMANENT FUND (1500)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2003
(with comparative actual amounts for the year ended December 31, 2002)

	2003				2002 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Interest on investments	\$400	\$400	\$58	(\$342)	\$98
Licenses and permits					
Rental income					
Other					
Total revenues	<u>400</u>	<u>400</u>	<u>58</u>	<u>(342)</u>	<u>98</u>
Expenditures:					
Personnel services					
Supplies					
Other services and charges					1,804
Capital outlay					
Other					
Total expenditures					<u>1,804</u>
Revenues over (under) expenditures	<u>400</u>	<u>400</u>	<u>58</u>	<u>(342)</u>	<u>(1,706)</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	400	400	58	(342)	(1,706)
Fund balance, beginning of year	\$5,868	5,868	5,868		7,574
Fund balance, end of year	<u>\$6,268</u>	<u>\$6,268</u>	<u>\$5,926</u>	<u>(\$342)</u>	<u>\$5,868</u>

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of the governmental unit on a cost-reimbursement basis.

Management Information Services Fund (6360) - The Management Information Services Fund is used to account for revenues collected from user departments for service charges to cover the costs incurred in the operation of the department including computer processing time and programming time.

Duplicating Fund (6450) - The Duplicating Fund is used to account for revenues received from user departments and expenses incurred in providing copier services.

Telecommunications Fund (6550) - The Telecommunications Fund is used to account for revenues received from user departments and expenses incurred in providing telephone service.

Equipment Pool Fund (6641) - The Equipment Pool Fund is used to account for revenues collected from user departments for the equipment rental charges to cover the costs incurred to administer the equipment pool fund and depreciation of the equipment.

Protected Self-Funded Insurance Programs Fund (6770) - The Protected Self-Funded Insurance Programs Fund is used to account for the administrative costs associated with managing the self-insured portion of the vehicle protection program, the workers' compensation program, the liability protection program and the property and fire protection program.

Protected Self-Funded Health Fund (6771) - The Protected Self-Funded Health Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded health insurance program, third party administrative expenses and actual health claims paid.

Protected Self-Funded Unemployment Fund (6772) - The protected Self-Funded Unemployment Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded unemployment insurance program, third party administrative expenses and actual unemployment claims paid.

Long-Term Disability Insurance Fund (6775) - The Long-term Disability Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the long-term disability insurance program and insurance premiums paid.

COUNTY OF OTTAWA

INTERNAL SERVICE FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003

Protected Self-Funded Dental Insurance Fund (6776) - The Protected Self-Funded Dental Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded dental insurance program, third party administrative expenses and actual dental claims paid.

Protected Self-Funded Vision Insurance Fund (6777) - The Protected Self-Funded Vision Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded dental insurance program, third party administrative expenses and actual vision claims paid.

Ottawa County, Michigan Insurance Authority Fund (6780) - The Ottawa County, Michigan Insurance Authority Fund is used to account for insurance coverage and risk management related services to participating public entities pursuant to State of Michigan Act No. 36 of the Public Acts of 1988.

Protected Self-Funded Insurance - Mental Health Fund (6782) - The Protected Self-Funded Insurance - Mental Health Fund is used to account for funds covering risk exposure under the Managed Care Specialty Services Program.

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2003
(with comparative totals for December 31, 2002)**

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Current assets:			
Cash and pooled investments	\$2,770,842	\$491,397	\$3,406,339
Investments			
Accounts receivable	8,789		13,903
Accrued interest on investments			
Due from other funds	64,687	12,703	78,085
Inventory of supplies	21,494		
Prepaid expenses	48,892		10,400
	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>2,914,704</u>	<u>504,100</u>	<u>3,508,727</u>
Noncurrent assets:			
Capital assets:			
Office furniture and equipment	43,000		
Copy machines		175,771	
Telephone equipment			2,083,912
Vehicles			
Less accumulated depreciation	(43,000)	(83,314)	(1,870,098)
	<u> </u>	<u> </u>	<u> </u>
Net capital assets		<u>92,457</u>	<u>213,814</u>
Total assets	<u>2,914,704</u>	<u>596,557</u>	<u>3,722,541</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	49,598	3,311	10,741
Due to other funds			
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	<u>49,598</u>	<u>3,311</u>	<u>10,741</u>
<u>NET ASSETS</u>			
Investment in capital assets		92,457	213,814
Restricted for managed care risk exposure			
Unrestricted	2,865,106	500,789	3,497,986
	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>\$2,865,106</u>	<u>\$593,246</u>	<u>\$3,711,800</u>

<u>Equipment Pool (6641)</u>	<u>Protected Self-Funded Insurance Programs (6770)</u>	<u>Protected Self-Funded Health (6771)</u>	<u>Protected Self-Funded Unemployment (6772)</u>	<u>Long-Term Disability Insurance (6775)</u>	<u>Protected Self-Funded Dental Insurance (6776)</u>	<u>Protected Self-Funded Vision Insurance (6777)</u>
\$3,956,024	\$1,037,909	\$1,496,355	\$1,556,354	\$135,832	\$73,454	\$6,798
91,565	4,596,918	42,851	37,910	3,109	3,162	451
			200			8,100
<u>4,047,589</u>	<u>5,634,827</u>	<u>1,539,206</u>	<u>1,594,464</u>	<u>138,941</u>	<u>76,616</u>	<u>15,349</u>
3,158,588	8,732					
3,472,597 (5,013,631)	(8,732)					
<u>1,617,554</u>						
<u>5,665,143</u>	<u>5,634,827</u>	<u>1,539,206</u>	<u>1,594,464</u>	<u>138,941</u>	<u>76,616</u>	<u>15,349</u>
91,383	1,264,248	498,784	49,450	22,645	30,310	9,637
<u>91,383</u>	<u>1,264,248</u>	<u>498,784</u>	<u>49,450</u>	<u>22,645</u>	<u>30,310</u>	<u>9,637</u>
1,617,554						
<u>3,956,206</u>	<u>4,370,579</u>	<u>1,040,422</u>	<u>1,545,014</u>	<u>116,296</u>	<u>46,306</u>	<u>5,712</u>
<u>\$5,573,760</u>	<u>\$4,370,579</u>	<u>\$1,040,422</u>	<u>\$1,545,014</u>	<u>\$116,296</u>	<u>\$46,306</u>	<u>\$5,712</u>

(Continued on next page)

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2003
(with comparative totals for December 31, 2002)**

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2003	2002
<u>ASSETS</u>				
Current assets:				
Cash and pooled investments	\$663,323	\$1,800,693	\$17,395,320	\$16,650,049
Investments	16,582,080		16,582,080	14,969,867
Accounts receivable			22,692	42,897
Accrued interest on investments	125,848		125,848	154,101
Due from other funds		60,017	4,991,458	5,490,774
Inventory of supplies			21,494	
Prepaid expenses	115,473		183,065	205,329
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	17,486,724	1,860,710	39,321,957	37,513,017
Noncurrent assets:				
Capital assets:				
Office furniture and equipment			3,210,320	2,992,882
Copy machines			175,771	203,904
Telephone equipment			2,083,912	2,036,885
Vehicles			3,472,597	3,185,233
Less accumulated depreciation			(7,018,775)	(6,370,124)
			<hr/>	<hr/>
Net capital assets			1,923,825	2,048,780
Total assets	17,486,724	1,860,710	41,245,782	39,561,797
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	10,363,283		12,393,390	9,596,333
Due to other funds	4,569,553		4,569,553	4,472,435
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	14,932,836		16,962,943	14,068,768
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET ASSETS</u>				
Investment in capital assets			1,923,825	2,048,780
Restricted for managed care risk exposure		1,860,710	1,860,710	1,835,372
Unrestricted	2,553,888		20,498,304	21,608,877
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	\$2,553,888	\$1,860,710	\$24,282,839	\$25,493,029
	<hr/>	<hr/>	<hr/>	<hr/>

(Concluded)

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS**

For the Year Ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$2,083,274	\$128,084	\$864,644
Other revenue			
Total operating revenues	<u>2,083,274</u>	<u>128,084</u>	<u>864,644</u>
Operating expenses:			
Personnel services	1,364,144	5,185	115,607
Contractual services	247,578	50,516	301,253
Supplies	28,643	79,866	5,976
Depreciation		31,545	184,404
Building and equipment rental	110,480		
Claims and legal			
Miscellaneous	212,681	6,834	15,950
Total operating expenses	<u>1,963,526</u>	<u>173,946</u>	<u>623,190</u>
Operating income (loss)	<u>119,748</u>	<u>(45,862)</u>	<u>241,454</u>
Nonoperating revenues (expenses):			
Interest on investments	64,687	12,703	78,085
Net change in the fair value of investments			
Gain (loss) on retirement of capital assets		<u>(10,075)</u>	
Total nonoperating revenues (expenses)	<u>64,687</u>	<u>2,628</u>	<u>78,085</u>
Income (loss) before operating transfers	184,435	(43,234)	319,539
Transfers in (out):			
General fund	70,000		
Total transfers	<u>70,000</u>		
Change in net assets	254,435	(43,234)	319,539
Total net assets, beginning of year	2,610,671	636,480	3,392,261
Total net assets, end of year	<u><u>\$2,865,106</u></u>	<u><u>\$593,246</u></u>	<u><u>\$3,711,800</u></u>

<u>Equipment Pool (6641)</u>	<u>Protected Self-Funded Insurance Programs (6770)</u>	<u>Protected Self-Funded Health (6771)</u>	<u>Protected Self-Funded Unemployment (6772)</u>	<u>Long-Term Disability Insurance (6775)</u>	<u>Protected Self-Funded Dental Insurance (6776)</u>	<u>Protected Self-Funded Vision Insurance (6777)</u>
\$789,088	\$330,038	\$6,332,604	\$88,726	\$123,814	\$386,073	\$103,144
<u>789,088</u>	<u>330,038</u>	<u>6,332,604</u>	<u>88,726</u>	<u>123,814</u>	<u>386,073</u>	<u>103,144</u>
27,333	151,002	85,028	38,187	2,929	18,133	18,129
15	54,227	516,174	13,040	123,996	31,629	15,906
749,940	346	16,127				
	630,822	6,146,190	24,858		477,610	88,369
13,274	784	8,106	84,577	2,431	3,144	2,364
<u>790,562</u>	<u>837,181</u>	<u>6,771,625</u>	<u>160,662</u>	<u>129,356</u>	<u>530,516</u>	<u>124,768</u>
<u>(1,474)</u>	<u>(507,143)</u>	<u>(439,021)</u>	<u>(71,936)</u>	<u>(5,542)</u>	<u>(144,443)</u>	<u>(21,624)</u>
91,565	145,537	42,851	37,910	3,109	3,162	451
<u>56,327</u>						
<u>147,892</u>	<u>145,537</u>	<u>42,851</u>	<u>37,910</u>	<u>3,109</u>	<u>3,162</u>	<u>451</u>
146,418	(361,606)	(396,170)	(34,026)	(2,433)	(141,281)	(21,173)
<u>146,418</u>	<u>(361,606)</u>	<u>(396,170)</u>	<u>(34,026)</u>	<u>(2,433)</u>	<u>(141,281)</u>	<u>(21,173)</u>
5,427,342	4,732,185	1,436,592	1,579,040	118,729	187,587	26,885
<u>\$5,573,760</u>	<u>\$4,370,579</u>	<u>\$1,040,422</u>	<u>\$1,545,014</u>	<u>\$116,296</u>	<u>\$46,306</u>	<u>\$5,712</u>

(Continued on next page)

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS**

For the Year Ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			<u>2003</u>	<u>2002</u>
Operating revenues:				
Charges for services	\$1,423,527		\$12,653,016	\$12,069,282
Other revenue	\$20,823		20,823	30,590
Total operating revenues	<u>1,444,350</u>		<u>12,673,839</u>	<u>12,099,872</u>
Operating expenses:				
Personnel services			1,825,677	1,675,535
Contractual services	744,582		2,098,901	2,051,293
Supplies			130,973	166,846
Depreciation			965,889	1,026,088
Building and equipment rental			110,480	117,514
Claims and legal	\$2,308,148	\$34,679	9,710,676	7,671,743
Miscellaneous			350,145	323,372
Total operating expenses	<u>3,052,730</u>	<u>34,679</u>	<u>15,192,741</u>	<u>13,032,391</u>
Operating income (loss)	<u>(1,608,380)</u>	<u>(34,679)</u>	<u>(2,518,902)</u>	<u>(932,519)</u>
Nonoperating revenues (expenses):				
Interest on investments	462,298	60,017	1,002,375	1,660,688
Net change in the fair value of investments	793,585		793,585	(1,207,063)
Gain (loss) on retirement of capital assets			46,252	(27,568)
Total nonoperating revenues (expenses)	<u>1,255,883</u>	<u>60,017</u>	<u>1,842,212</u>	<u>426,057</u>
Income (loss) before operating transfers	(352,497)	25,338	(676,690)	(506,462)
Transfers in (out):				
General fund	(603,500)		(533,500)	(156,281)
Total transfers	<u>(603,500)</u>		<u>(533,500)</u>	<u>(156,281)</u>
Change in net assets	(955,997)	25,338	(1,210,190)	(662,743)
Total net assets, beginning of year	3,509,885	1,835,372	25,493,029	26,155,772
Total net assets, end of year	<u>\$2,553,888</u>	<u>\$1,860,710</u>	<u>\$24,282,839</u>	<u>\$25,493,029</u>

Concluded

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
Cash flows from operating activities:			
Cash received from interfund services provided	\$2,079,748	\$128,084	\$877,229
Cash payments to suppliers for goods and services	(610,439)	(139,873)	(323,229)
Cash payments for self-funded insurance claims			
Cash payments to employees for services	<u>(1,364,144)</u>	<u>(5,185)</u>	<u>(115,607)</u>
Net cash provided by (used for) operating activities	<u>105,165</u>	<u>(16,974)</u>	<u>438,393</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	70,000		
Transfers out to other funds			
Net cash provided by (used for) noncapital financing activities	<u>70,000</u>		
Cash flows from capital and related financing activities:			
Acquisition of capital assets		(43,310)	(47,027)
Proceeds from sale of equipment			
Net cash provided by (used for) capital and related financing activities		<u>(43,310)</u>	<u>(47,027)</u>
Cash flows from investing activities:			
Purchase of investments			
Interest on investments	226,756	30,821	156,273
Proceeds on sale of investments			
Net cash provided by (used for) investing activities	<u>226,756</u>	<u>30,821</u>	<u>156,273</u>
Net increase (decrease) in cash and pooled investments	401,921	(29,463)	547,639
Cash and pooled investments, beginning of year	<u>2,368,921</u>	<u>520,860</u>	<u>2,858,700</u>
Cash and pooled investments, end of year	<u><u>\$2,770,842</u></u>	<u><u>\$491,397</u></u>	<u><u>\$3,406,339</u></u>

Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Protected Self-Funded Health (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)	Protected Self-Funded Dental Insurance (6776)	Protected Self-Funded Vision Insurance (6777)
\$789,088	\$232,920	\$6,343,750	\$88,726	\$123,814	\$386,073	\$103,144
(13,289)	(55,357)	(540,407)	(97,617)	(113,352)	(34,773)	(18,270)
(27,333)	(101,729)	(6,049,585)	(32,885)		(468,523)	(93,014)
	(151,002)	(85,028)	(38,187)	(2,929)	(18,133)	(18,129)
<u>748,466</u>	<u>(75,168)</u>	<u>(331,270)</u>	<u>(79,963)</u>	<u>7,533</u>	<u>(135,356)</u>	<u>(26,269)</u>
(680,403)						
56,286						
<u>(624,117)</u>						
208,043	180,678	135,293	92,167	7,102	12,837	3,066
<u>208,043</u>	<u>180,678</u>	<u>135,293</u>	<u>92,167</u>	<u>7,102</u>	<u>12,837</u>	<u>3,066</u>
332,392	105,510	(195,977)	12,204	14,635	(122,519)	(23,203)
3,623,632	932,399	1,692,332	1,544,150	121,197	195,973	30,001
<u>\$3,956,024</u>	<u>\$1,037,909</u>	<u>\$1,496,355</u>	<u>\$1,556,354</u>	<u>\$135,832</u>	<u>\$73,454</u>	<u>\$6,798</u>

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2003	2002
Cash flows from operating activities:				
Cash received from interfund services provided	\$1,541,402		\$12,693,978	\$12,102,212
Cash payments to suppliers for goods and services	(196,340)		(2,142,946)	(2,195,318)
Cash payments for self-funded insurance claims	(760,149)	(\$34,679)	(7,540,564)	(7,005,968)
Cash payments to employees for services			(1,825,677)	(1,675,535)
Net cash provided by (used for) operating activities	<u>584,913</u>	<u>(34,679)</u>	<u>1,184,791</u>	<u>1,225,391</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds			70,000	70,000
Transfers out to other funds	(603,500)		(603,500)	(226,281)
Net cash provided by (used for) noncapital financing activities	<u>(603,500)</u>		<u>(533,500)</u>	<u>(156,281)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets			(770,740)	(907,876)
Proceeds from sale of equipment			56,286	10,465
Net cash provided by (used for) capital and related financing activities			<u>(714,454)</u>	<u>(897,411)</u>
Cash flows from investing activities:				
Purchase of investments	(14,293,991)		(14,293,991)	(13,312,722)
Interest on investments	490,551	83,475	1,627,062	1,710,676
Proceeds on sale of investments	13,475,363		13,475,363	12,698,673
Net cash provided by (used for) investing activities	<u>(328,077)</u>	<u>83,475</u>	<u>808,434</u>	<u>1,096,627</u>
Net increase (decrease) in cash and pooled investments	(346,664)	48,796	745,271	1,268,326
Cash and short-term investments, beginning of year	1,009,987	1,751,897	16,650,049	15,381,723
Cash and short-term investments, end of year	<u>\$663,323</u>	<u>\$1,800,693</u>	<u>\$17,395,320</u>	<u>\$16,650,049</u>

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003
(with comparative totals for the year ended December 31, 2002)

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$119,748	(\$45,862)	\$241,454
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		31,545	184,404
Change in assets and liabilities not affecting cash provided by (used for) operating activities:			
(Increase) decrease in receivables	(3,526)		12,585
(Increase) decrease in due from other funds			
(Increase) decrease in prepaid expenses	(2,649)		
Increase (decrease) in unpaid claims liability			
Increase (decrease) in accounts payable	(8,408)	(2,657)	(50)
Increase (decrease) in due to other funds			
	<hr/>	<hr/>	<hr/>
Net cash provided by (used for) operating activities	<u>\$105,165</u>	<u>(\$16,974)</u>	<u>\$438,393</u>

Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Protected Self-Funded Health (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)	Protected Self-Funded Dental Insurance (6776)	Protected Self-Funded Vision Insurance (6777)
(\$1,474)	(\$507,143)	(\$439,021)	(\$71,936)	(\$5,542)	(\$144,443)	(\$21,624)
749,940		11,146				
	(97,118)					
	529,093	96,605	(8,027)	13,075	9,087	(4,645)
<u>\$748,466</u>	<u>(\$75,168)</u>	<u>(\$331,270)</u>	<u>(\$79,963)</u>	<u>\$7,533</u>	<u>(\$135,356)</u>	<u>(\$26,269)</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2003

(with comparative totals for the year ended December 31, 2002)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2003	2002
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	(\$1,608,380)	(\$34,679)	(\$2,518,902)	(\$932,519)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			965,889	1,026,088
Change in assets and liabilities not affecting cash provided by (used for) operating activities:				
(Increase) decrease in receivables			20,205	7,518
(Increase) decrease in due from other funds			(97,118)	(410,125)
(Increase) decrease in prepaid expenses	3,419		770	(74,372)
Increase (decrease) in unpaid claims liability	2,092,756		2,092,756	1,493,142
Increase (decrease) in accounts payable			624,073	(174,485)
Increase (decrease) in due to other funds	97,118		97,118	290,144
	<u>97,118</u>	<u> </u>	<u>97,118</u>	<u>290,144</u>
Net cash provided by (used for) operating activities	<u>\$584,913</u>	<u>(\$34,679)</u>	<u>\$1,184,791</u>	<u>\$1,225,391</u>

(Concluded)

COUNTY OF OTTAWA

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2003

Fiduciary Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

AGENCY FUNDS

Trust and Agency Fund (7010) - This Fund was established to account for monies received by the County for later distribution to other agencies or persons.

Library Penal Fine Fund (7210) - This Fund was established under Act 236, Section 4351 to account for monies received from District Court fines which are allocated annually for operations of the County's libraries.

Imprest Payroll Fund (7500) - This Fund was established to account for the salaries and fringes of the County employees payroll. Money is disbursed from the Imprest Payroll Fund after being reimbursed by the benefiting funds.

COUNTY OF OTTAWA

**FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

December 31, 2003
(with comparative totals for December 31, 2002)

	Agency Funds			Total	
	Trust and Agency 7010	Library Penal Fine 7210	Imprest Payroll 7500	2003	2002
ASSETS					
Cash and short-term investments	\$2,034,267	\$413,632	\$219,439	\$2,667,338	\$3,529,220
Receivables:					
Accounts	14,622			14,622	24,078
Due from other governmental units	14,218			14,218	12,352
Total assets	\$2,063,107	\$413,632	\$219,439	\$2,696,178	\$3,565,650
LIABILITIES					
Liabilities:					
Due to other governmental units:					
Due to State of Michigan	\$1,215,898		\$115,888	\$1,331,786	\$1,898,504
Fines and fees due to local libraries		\$413,632		413,632	465,860
Agency deposits	847,209		103,551	950,760	1,201,286
Total liabilities	\$2,063,107	\$413,632	\$219,439	\$2,696,178	\$3,565,650

**COUNTY OF OTTAWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	Balances January 1, 2003	Additions	Deductions	Balances December 31, 2003
<u>TRUST AND AGENCY FUND (7010)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$2,845,739	\$115,652,944	\$116,464,416	\$2,034,267
Accounts receivable	24,078	438,150	\$447,606	14,622
Due from other governmental units	12,352	100,177	\$98,311	14,218
Total assets	<u>\$2,882,169</u>	<u>\$116,191,271</u>	<u>\$117,010,333</u>	<u>\$2,063,107</u>
<u>LIABILITIES</u>				
Due to other taxing units		\$29,483,671	\$29,483,671	
Due to State of Michigan	\$1,778,937	61,057,702	61,620,741	\$1,215,898
Agency deposits	1,103,232	121,967,480	122,223,503	847,209
Total liabilities	<u>\$2,882,169</u>	<u>\$212,508,853</u>	<u>\$213,327,915</u>	<u>\$2,063,107</u>

LIBRARY PENAL FINE FUND (7210)

ASSETS

Cash and pooled investments	\$465,860	\$875,324	\$927,552	\$413,632
Total assets	<u>\$465,860</u>	<u>\$875,324</u>	<u>\$927,552</u>	<u>\$413,632</u>

LIABILITIES

Fines and fees due to local libraries	\$465,860	\$875,324	\$927,552	\$413,632
Agency deposits		908,642	908,642	
Total liabilities	<u>\$465,860</u>	<u>\$1,783,966</u>	<u>\$1,836,194</u>	<u>\$413,632</u>

(Continued on next page)

**COUNTY OF OTTAWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	Balances January 1, 2003	Additions	Deductions	Balances December 31, 2003
<u>IMPREST PAYROLL FUND (7040)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$217,621	\$50,860,669	\$50,858,851	\$219,439
Accounts receivable		48,798,714	48,798,714	
Total assets	<u>\$217,621</u>	<u>\$99,659,383</u>	<u>\$99,657,565</u>	<u>\$219,439</u>
<u>LIABILITIES</u>				
Due to State of Michigan	\$119,567	\$1,465,979	\$1,469,658	\$115,888
Agency deposits	98,054	52,207,327	52,201,830	103,551
Total liabilities	<u>\$217,621</u>	<u>\$53,673,306</u>	<u>\$53,671,488</u>	<u>\$219,439</u>
<u>TOTALS - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$3,529,220	\$167,388,937	\$168,250,819	\$2,667,338
Accounts receivable	24,078	49,236,864	49,246,320	14,622
Due from other governmental units	12,352	100,177	98,311	14,218
Total assets	<u>\$3,565,650</u>	<u>\$216,725,978</u>	<u>\$217,595,450</u>	<u>\$2,696,178</u>
<u>LIABILITIES</u>				
Due to other taxing units		\$29,483,671	\$29,483,671	
Due to State of Michigan	\$1,898,504	62,523,681	63,090,399	\$1,331,786
Fines and fees due to local libraries	465,860	875,324	927,552	413,632
Agency deposits	1,201,286	175,083,449	175,333,975	950,760
Total liabilities	<u>\$3,565,650</u>	<u>\$267,966,125</u>	<u>\$268,835,597</u>	<u>\$2,696,178</u>

(Concluded)

COUNTY OF OTTAWA

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source

December 31, 2003

(with comparative totals for December 31, 2002)

	<u>2003</u>	<u>2002</u>
Governmental funds capital assets:		
Land and improvements	\$31,394,353	\$17,992,332
Buildings	51,037,616	45,801,121
Machinery and equipment	<u>9,247,302</u>	<u>9,232,647</u>
Total governmental funds capital assets	<u><u>\$91,679,271</u></u>	<u><u>\$73,026,100</u></u>
Investments in governmental funds capital assets by source:		
General Fund	\$10,943,332	\$10,842,235
Special Revenue Funds	49,039,210	30,487,354
Capital Projects Funds	<u>31,696,729</u>	<u>31,696,511</u>
Total governmental funds capital assets	<u><u>\$91,679,271</u></u>	<u><u>\$73,026,100</u></u>

COUNTY OF OTTAWA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity

December 31, 2003

<u>Function/Activity</u>	Governmental Funds Capital Assets <u>12/31/2003</u>	<u>Land</u>	Land Improvements	<u>Buildings</u>	Machinery and Equipment <u>Equipment</u>
Judicial:					
Courts	\$361,387		\$25,201	\$38,452	\$297,734
Total Judicial	<u>361,387</u>		<u>25,201</u>	<u>38,452</u>	<u>297,734</u>
General Government:					
Elections	686,865				686,865
Other general government	53,273,883	\$2,249,135	1,776,665	47,980,364	1,267,719
Total general government	<u>53,960,748</u>	<u>2,249,135</u>	<u>1,776,665</u>	<u>47,980,364</u>	<u>1,954,584</u>
Public safety:					
Sheriff	586,517				586,517
Central dispatch	3,800,172	85,912	8,610	478,873	3,226,777
Marine Safety	292,309				292,309
Total public safety	<u>4,678,998</u>	<u>85,912</u>	<u>8,610</u>	<u>478,873</u>	<u>4,105,603</u>
Public works	1,006,135	91,000	686,172	228,963	
Health and welfare	4,550,166			1,660,785	2,889,381
Culture and recreation	27,107,537	19,795,271	6,676,387	635,879	
Construction in progress	14,300			14,300	
Total governmental funds capital assets	<u>\$91,679,271</u>	<u>\$22,221,318</u>	<u>\$9,173,035</u>	<u>\$51,037,616</u>	<u>\$9,247,302</u>

COUNTY OF OTTAWA
Capital Assets Used in the Operation Governmental Funds
Schedule of Changes by Function and Activity

FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Function/Activity</u>	Governmental Funds Capital Assets January 1, 2003	Additions	Deductions	Transfers In (Out)	Governmental Funds Capital Assets December 31, 2003
Judicial:					
Courts	\$366,811	\$10,645	\$16,069		\$361,387
Total Judicial	366,811	10,645	16,069		361,387
General Government:					
Elections	693,009			(\$6,144)	686,865
Other general government	47,313,968	5,736,566		223,349	53,273,883
Total general government	48,006,977	5,736,566		217,205	53,960,748
Public safety:					
Sheriff	789,646	84,811	69,840	(218,100)	586,517
Central dispatch	3,800,172				3,800,172
Marine safety	276,534			15,775	292,309
Total public safety	4,866,352	84,811	69,840	(202,325)	4,678,998
Public works	348,653	657,482			1,006,135
Health and welfare	4,744,950	109,863	100,603	(204,044)	4,550,166
Culture and recreation	14,692,357	12,226,016		189,164	27,107,537
Construction in progress		14,300			14,300
Total governmental funds capital assets	<u>\$73,026,100</u>	<u>\$18,839,683</u>	<u>\$186,512</u>	<u>None</u>	<u>\$91,679,271</u>

COUNTY OF OTTAWA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Legislative</u>	<u>Judicial</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community and Economic Development</u>
1994	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$492,308	\$11,870,542	\$8,686,499	\$18,290,754	\$549,657	N/A
2001	475,045	12,314,531	9,462,268	19,734,031	4,567,437	N/A
2002	495,502	12,742,673	11,048,540	21,868,754	26,442	\$549,037
2003	485,174	11,922,865	11,665,978	21,912,133	742,711	558,852

<u>Year Ended December 31</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Interest on Long-term Debt</u>	<u>Business- type Activities</u>	<u>Total</u>
1993	N/A	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A
2000	\$38,534,629	\$1,150,464	\$1,120,902	\$1,882,086	\$82,577,841
2001	39,924,234	1,324,736	1,274,567	1,884,112	90,960,961
2002	43,436,806	1,310,229	1,009,585	1,893,669	94,381,237
2003	45,357,514	1,326,197	958,283	1,892,364	96,822,071 (1)

N/A - Information not available

(1) In 2003, there was a contribution of \$481,329 to the West Michigan Enforcement Team (WEMET) for the organization's formation.

**GOVERNMENT-WIDE REVENUES
FOR THE LAST TEN FISCAL YEARS**

PROGRAM REVENUES				GENERAL REVENUES				
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	Total
Governmental activities:								
1994	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$17,104,352	\$37,362,996	\$815,479	\$26,228,129	\$4,063,864	\$6,891,430	\$228,759	\$92,695,009
2001	19,049,448	38,045,513	613,085	27,635,964	5,456,975	5,974,915	629,538	97,405,438
2002	20,334,073	39,075,902	412,699	29,108,216	5,056,875	4,896,600	413,552	99,297,917
2003	21,667,142	38,146,000	944,647	30,477,703	4,236,699	3,622,427	258,117	99,352,735 (1)
Business-type activities:								
1994	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$1,157,093	N/A	N/A	N/A	N/A	\$1,699,367	N/A	\$2,856,460
2001	1,234,332	N/A	N/A	N/A	N/A	1,421,743	N/A	2,656,075
2002	1,175,605	N/A	N/A	N/A	N/A	1,332,432	N/A	2,508,037
2003	1,004,489	N/A	N/A	N/A	N/A	547,099	N/A	1,551,588

N/A - Information not available

(1) In 2003, there were capital contributions of \$6,149,100

COUNTY OF OTTAWA
GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
FOR THE LAST TEN FISCAL YEARS

Year Ended December 31	Legislative	Judicial	General Government	Public Safety	Public Works	Community and Economic Development
1994	\$268,700	\$7,027,425	\$6,730,457	\$8,189,470	\$517,739	N/A
1995	276,489	8,606,115	7,094,867	9,851,996	641,678	N/A
1996	340,006	9,219,395	7,439,802	10,593,218	564,276	N/A
1997	310,415	10,036,066	6,749,058	11,344,348	623,611	N/A
1998	302,595	9,961,093	7,988,605	12,118,515	474,062	N/A
1999	364,344	10,603,396	11,703,261	13,321,138	552,978	N/A
2000	483,042	11,682,651	9,135,010	15,061,039	536,191	N/A
2001	469,478	12,190,228	8,667,703	19,101,304	637,981	N/A
2002	489,564	12,727,750	10,766,482	21,132,434	565,778	\$549,037
2003	480,630	11,712,072	15,782,021	20,623,695	1,349,214	555,858

Year Ended December 31	Health and Welfare	Culture and Recreation	Other	Capital Projects	Debt Service	Total
1994	\$29,183,409	\$1,256,158	\$126,205	\$3,754,107	\$1,121,023	\$58,174,693
1995	31,228,108	775,458	230,973	0	1,087,508	59,793,192
1996	32,216,765	990,346	212,176	60,891	1,072,701	62,709,576
1997	31,652,991	1,789,688	266,668	4,743,808	1,218,795	68,735,448
1998	33,273,749	1,737,166	1,249,406	10,218,191	2,102,246	79,425,628
1999	35,212,144	5,759,894	1,070,854	1,280,767	2,300,832	82,169,608
2000	39,744,250	2,919,619	54,464	431,414	2,320,902	82,368,582
2001	41,006,221	2,736,808	49,341	50,081	2,317,564	87,226,709
2002	43,103,091	1,882,841	60,411	4,996	2,315,975	93,598,359
2003	43,306,591	7,243,494	99,322	0	2,305,822	103,458,719

(1) Includes the primary government only

COUNTY OF OTTAWA
GOVERNMENTAL REVENUES BY SOURCE (1)
FOR THE LAST TEN FISCAL YEARS

Year Ended December 31	Taxes	Inter- governmental	Charges for Services	Fines and Forfeits	Interest on Investments
1994	\$18,487,065	\$26,978,368	\$5,543,918	\$665,768	\$1,323,697
1995	21,248,295	30,344,231	6,540,599	759,036	1,938,323
1996	22,523,670	30,510,621	6,966,214	747,738	2,116,625
1997	23,118,765	32,807,225	6,937,263	1,030,815	2,784,431
1998	24,745,645	35,147,772	7,353,232	1,154,175	3,588,694
1999	25,332,297	38,846,726	7,432,594	1,101,646	1,257,425
2000	26,228,129	43,826,796	7,636,824	1,016,413	3,811,029
2001	27,635,964	46,792,519	8,468,512	1,083,225	4,804,119
2002	29,108,216	46,857,944	9,335,988	1,068,804	4,442,975
2003	30,477,703	45,591,195	10,797,855	1,000,292	1,826,467

Year Ended December 31	Licenses and Permits	Rental Income	Other	Total
1994	\$430,499	\$2,593,993	\$1,579,025	\$57,602,333
1995	416,043	3,107,180	1,006,935	65,360,642
1996	465,587	3,220,210	1,014,986	67,565,651
1997	465,312	3,519,740	888,626	71,552,177
1998	452,160	4,611,609	1,036,065	78,089,352
1999	454,486	4,622,025	3,830,534	82,877,733
2000	478,711	5,028,340	2,811,400	90,837,642
2001	533,326	5,424,089	1,378,215	96,119,969
2002	545,031	5,504,855	1,153,830	98,017,643
2003	661,333	5,244,366	1,013,754	96,612,965

(1) Includes the primary government only

COUNTY OF OTTAWA
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Total Tax Levy</u>	<u>Collections To March 1 Each Year</u>	<u>Percent of Levy Collected</u>
1994	\$ 20,824,859	\$ 19,409,328	93.20 %
1995	22,017,775	20,544,412	93.31
1996	22,619,335	21,165,873	93.57
1997	24,156,828	22,534,035	93.28
1998	24,700,201	23,347,405	94.52
1999	25,572,191	24,145,161	94.42
2000	27,099,572	25,426,821	93.83
2001	28,526,575	26,691,849	93.57
2002	29,917,491	28,073,617	93.84
2003	31,476,092	29,615,425	94.09

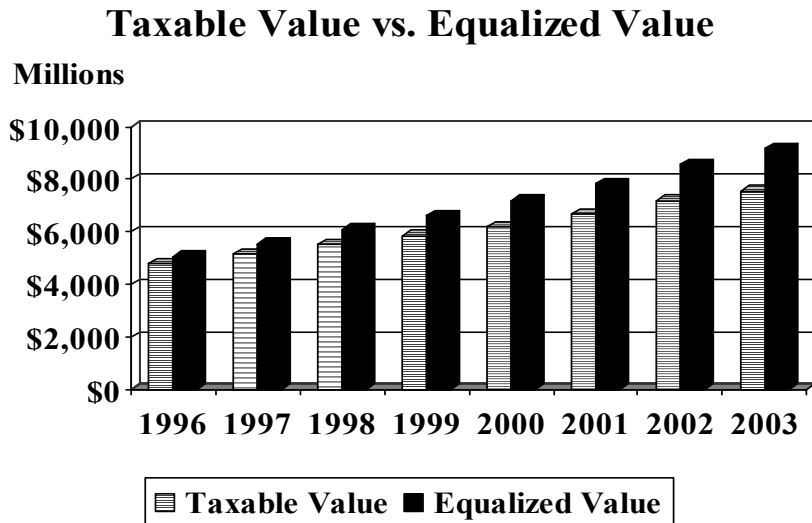
NOTE: Ottawa County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1, of each year. Said fund pays all local units, school districts, villages, townships and the County General Fund for the full amount of taxes levied against real property. Uncollected personal property taxes must be collected by the local treasurers and are negligible.

COUNTY OF OTTAWA
ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN FISCAL YEARS

Year Ended December 31	Real Property		Personal Property Assessed and Equalized	Total Equalized Value (1)	Total Taxable Value (2)	Percent of Taxable Value to Equalized Value
	Assessed	Equalized				
1994	\$3,883,315,020	\$3,886,214,829	\$364,624,738	\$4,250,839,567	N/A	N/A
1995	4,167,161,932	4,166,447,879	411,534,920	4,577,982,799	\$4,494,340,630	98.17 %
1996	4,605,467,319	4,605,319,221	441,260,446	5,046,579,667	4,795,788,161	95.03
1997	5,075,360,797	5,076,464,019	467,067,035	5,543,531,054	5,141,390,896	92.75
1998	5,612,414,569	5,611,433,129	500,332,186	6,111,765,315	5,512,945,217	90.20
1999	6,091,633,150	6,091,633,150	531,823,269	6,623,456,419	5,836,800,522	88.12
2000	6,634,673,417	6,634,673,417	546,677,934	7,181,351,351	6,192,771,645	86.23
2001	7,242,481,898	7,242,481,898	595,338,563	7,837,820,461	6,677,256,800	85.19
2002	7,932,800,572	7,932,800,572	623,836,771	8,556,637,343	7,179,278,659	83.90
2003	8,546,034,713	8,546,034,713	610,105,073	9,156,139,786	7,564,368,026	82.62

- (1) The Michigan Constitution and Statutes provide that property is to be assessed and equalized at 50% of its fair market value.
- (2) Sweeping and complex changes have been made in the property tax system by the constitutional amendment adopted March 15, 1994 and the implementing legislation. The entire system of assessing and equalization remains in place and is required by law. However, a "capped value" is now required to be computed for each and every parcel and the lower of the capped value or SEV will be that parcel's "Taxable Value." The graph below illustrates the gap between equalized and taxable value.

N/A - Not applicable



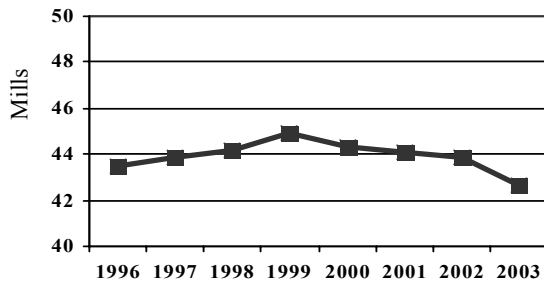
COUNTY OF OTTAWA
PROPERTY TAX RATES AND TAX LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>City and Villages</u>	<u>School Districts Intermediate and State Education</u>	<u>County</u>	<u>Township</u>	<u>Total</u>
Tax rates: (Per \$1,000 of equalized value)					
1994	12.93	21.44	4.8990	3.14	42.4090
1995	12.93	21.20	4.8990	3.35	42.3790
1996	12.86	22.27	4.7165	3.67	43.5165
1997	13.12	22.12	4.6985	3.92	43.8585
1998	13.66	22.15	4.4804	3.85	44.1404
1999	13.53	23.14	4.3812	3.91	44.9612
2000	13.30	22.90	4.3760	3.77	44.3460
2001	13.11	22.95	4.2722	3.74	44.0722
2002	12.80	23.16	4.1672	3.75	43.8772
2003	12.76	22.05	4.1611	3.70	42.6711

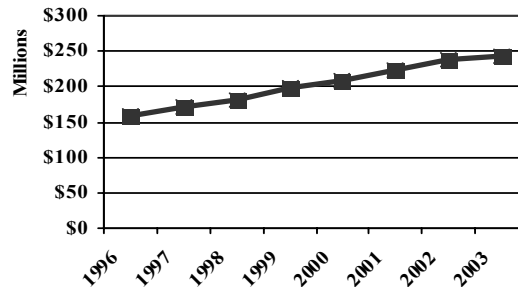
Tax levies:

1994	\$14,920,664	\$91,136,116	\$20,824,859	\$9,737,877	\$136,619,516
1995	15,523,858	95,284,011	22,017,775	11,029,842	143,855,486
1996	16,243,941	106,815,016	22,619,335	12,971,476	158,649,768
1997	17,475,933	113,735,411	24,156,828	14,921,871	170,290,043
1998	19,268,296	122,107,518	24,700,201	16,028,410	182,104,425
1999	19,924,977	135,040,922	25,572,191	17,083,227	197,621,317
2000	20,299,326	141,827,081	27,099,572	17,867,187	207,093,166
2001	21,381,983	153,211,397	28,526,575	19,161,496	222,281,451
2002	21,838,093	166,247,083	29,917,491	20,820,560	238,823,227
2003	22,688,296	166,784,668	31,476,089	21,728,568	242,677,621

Total Tax Levies



Total Tax Levy Collections



COUNTY OF OTTAWA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Billed and Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
1994	\$4,843,971	\$4,843,971	100 %	\$95,798,000
1995	5,188,000	5,188,000	100	94,275,000
1996	6,732,962	6,732,962	100	92,271,000
1997	10,392,500	10,392,500	100	86,308,050
1998	24,742,620	24,742,620	100	85,403,862
1999	7,153,310	7,153,310	100	93,049,023
2000	7,855,810	7,855,810	100	88,420,291
2001	19,348,810	19,348,810	100	83,313,521
2002	21,387,500	21,387,500	100	84,883,021
2003	7,187,000	7,187,000	100	76,939,536

COUNTY OF OTTAWA

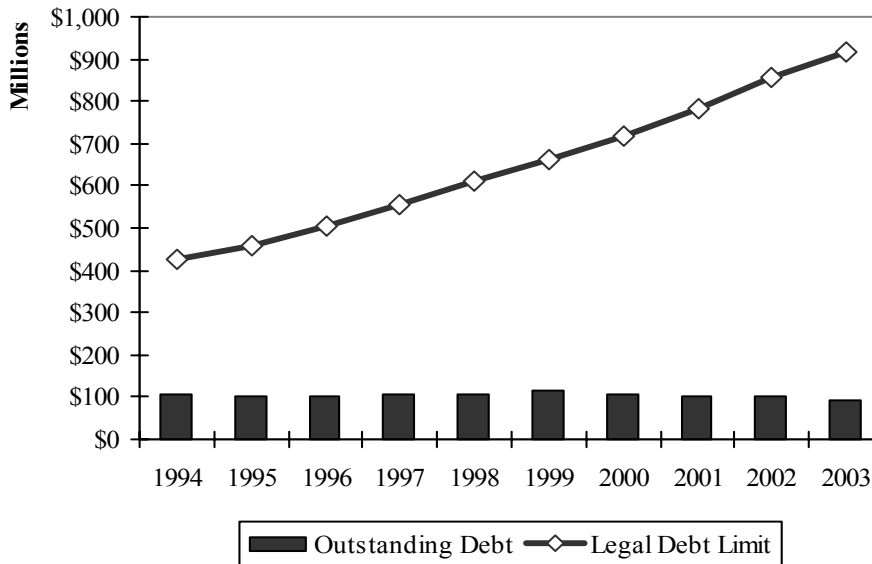
COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2003

State equalized value	<u>\$9,156,139,786</u>
Debt limit 10 percent of equalized value	<u>915,613,979</u>
Amount of debt applicable to debt limit:	
Total bonded debt (1)	94,911,536
Other debt	<u>284,781</u>
Total	95,196,317
Less:	
Assets available for debt retirement	<u>2,104,346</u>
Total amount of debt applicable to debt limit	<u>93,091,971</u>
Legal debt margin	<u><u>\$822,522,008</u></u>

(1) Total bonded debt does not include the Road Commission Bonds because the County does not guarantee them.

County of Ottawa Legal Debt Limit and Debt Outstanding



COUNTY OF OTTAWA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To County of Ottawa</u>	<u>Amount Applicable To County of Ottawa</u>
Direct:			
County at large	\$18,190,000	100 %	\$18,190,000
Townships (1)	<u>74,967,463</u>	100	<u>74,967,463</u>
Total Direct	<u>\$93,157,463</u>		<u>\$93,157,463</u>
Overlapping:			
School districts	\$719,513,110	78.0	\$560,767,978
Cities and villages (1)	70,201,845	74.5	52,288,988
Grand Rapids Community College	62,745,000	1.3	809,411
Warner Baird District Library	<u>4,310,000</u>	100.0	<u>4,310,000</u>
Total Overlapping	<u>\$856,769,955</u>		<u>\$618,176,377</u>
Grand Total	<u><u>\$949,927,418</u></u>		<u><u>\$711,333,840</u></u>

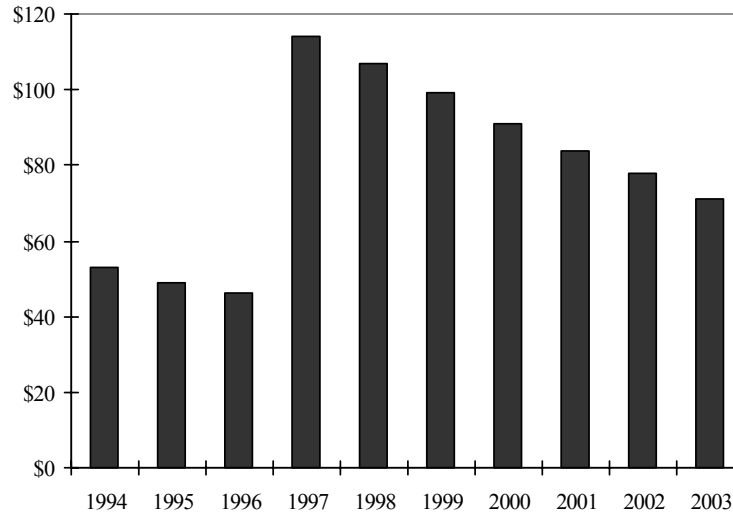
(1) Includes county-issued bonds paid by local municipalities

COUNTY OF OTTAWA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Equalized Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Less Amount Available for Debt Retirement</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1994	205,333	\$4,250,839,567	\$10,815,000	\$0	\$10,815,000	0.25 %	\$53
1995	210,389	4,577,982,799	10,345,000	82,032	10,262,968	0.22	49
1996	212,163	5,046,579,667	9,855,000	171,825	9,683,175	0.19	46
1997	220,403	5,543,531,054	25,305,000	266,486	25,038,514	0.45	114
1998	224,357	6,111,765,315	24,405,000	321,630	24,083,370	0.39	107
1999	230,261	6,623,456,419	23,270,000	377,083	22,892,917	0.35	99
2000	238,314	7,181,351,351	22,070,000	429,452	21,640,548	0.30	91
2001	243,571	7,837,820,461	20,825,000	481,040	20,343,960	0.26	84
2002	245,913	8,556,637,343	19,530,000	335,361	19,194,639	0.22	78
2003	249,391	9,156,139,786	18,190,000	391,732	17,798,268	0.19	71

- (1) U.S. Department of Commerce, Grand Valley State University - Small Business Development Center, Census Bureau
- (2) Gross Bonded Debt for the reporting entity includes general obligation building authority bonds.

Net Bonded Debt per Capita



COUNTY OF OTTAWA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT
TO TOTAL GOVERNMENTAL EXPENDITURES**

FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1994	\$500,000	\$621,023	\$1,121,023	\$58,174,693	1.93 %
1995	470,000	617,508	1,087,508	59,793,192	1.82
1996	490,000	582,701	1,072,701	62,709,576	1.71
1997	520,000	698,795	1,218,795	68,735,448	1.77
1998	900,000	1,202,246	2,102,246	79,425,628	2.65
1999	1,135,000	1,165,832	2,300,832	82,169,608	2.80
2000	1,200,000	1,120,902	2,320,902	82,368,582	2.82
2001	1,245,000	1,072,564	2,317,564	87,226,709	2.66
2002	1,295,000	1,020,975	2,315,975	93,598,359	2.47
2003	1,340,000	965,822	2,305,822	103,458,719	2.23

(1) Total Debt Service includes general obligation building authority bonds.

COUNTY OF OTTAWA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	New Commercial Construction Value (2)	New Industrial Construction Value (2)	New Residential Construction Value (2)	Bank Deposits (In Thousands) (1)	State Equalized Value (2)
1994	\$19,439,048	\$16,207,540	\$103,492,988	\$1,964,645	\$4,250,839,567
1995	20,209,848	19,706,440	103,954,788	1,948,341	4,577,982,799
1996	28,581,244	28,322,428	120,724,945	2,035,368	5,046,579,667
1997	35,250,928	21,935,338	143,850,569	2,326,481	5,543,531,054
1998	39,174,671	21,768,524	151,610,405	2,454,482	6,111,765,315
1999	32,030,685	17,399,761	134,832,545	2,577,071	6,623,456,419
2000	31,443,044	20,744,786	158,526,668	2,595,070	7,181,351,351
2001	28,875,814	30,548,584	145,741,768	2,658,663	7,837,820,461
2002	27,227,024	33,701,351	153,455,833	2,875,000	8,556,637,343
2003	51,094,877	21,802,045	159,109,038	3,170,000	9,156,139,786

(1) Source: FDIC, BANKS AND BRANCHES, Summary of deposits in all commercial and savings banks, Table 8. Figures are as of 6/30.

(2) Ottawa County Equalization Department

COUNTY OF OTTAWA
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1994	205,333	\$22,697	46,749	3.8 %
1995	210,389	23,776	48,799	3.2
1996	212,163	24,858	50,183	3.1
1997	220,403	25,689	51,152	2.7
1998	224,357	26,676	51,823	2.5
1999	230,261	27,285	53,213	2.7
2000	238,314	28,033	54,068	2.4
2001	243,514	28,114	54,620	4.0
2002	246,294	n/a	55,293	5.3
2003	249,391	n/a	55,060	6.2

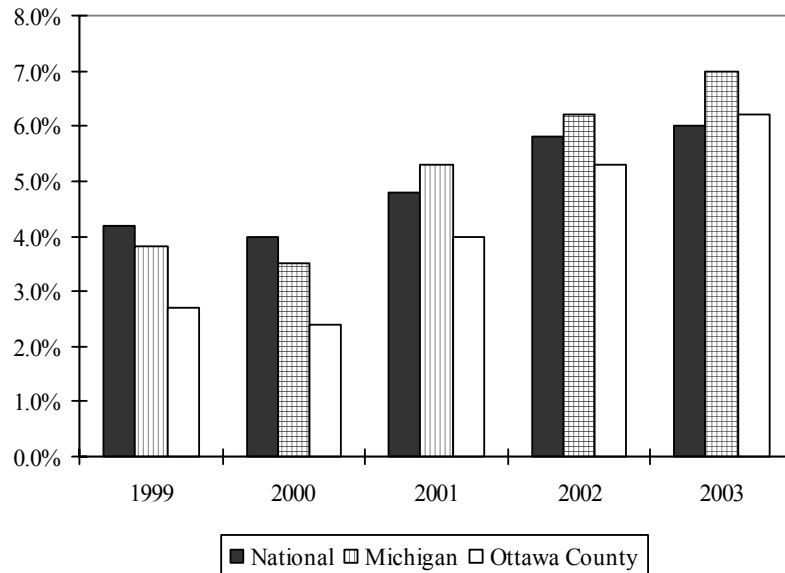
Median ages of individuals residing within Ottawa County for years 2000 and 1990 were 32.3 and 30.3, respectively.

n/a: Information is unavailable.

Sources:

- (1) U.S. Department of Commerce, Grand Valley State University - Small Business Development Center, Census Bureau
- (2) Grand Valley State University Seidman Business Services, U.S. Dept of Commerce
- (3) Fourth Friday Count, Ottawa Area Intermediate School District
- (4) Michigan Employment Security Commission

National, State and County Unemployment Rates



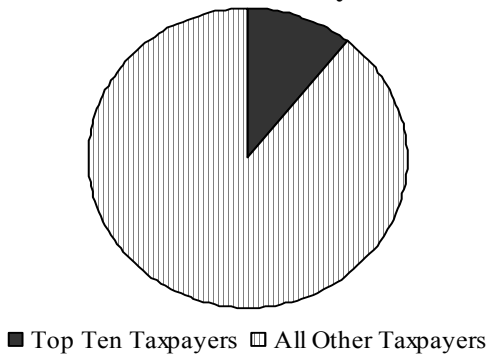
COUNTY OF OTTAWA
PRINCIPAL TAXPAYERS

DECEMBER 31, 2003

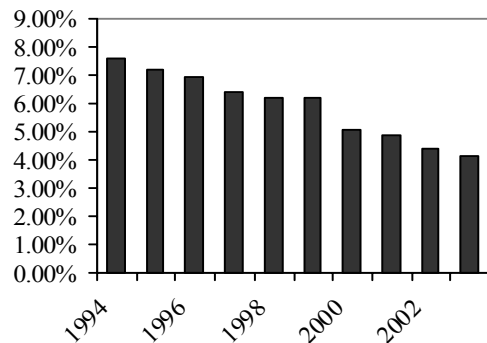
Taxpayer	Type of Business	Taxable Valuation (1)	Percent of Valuation
Consumers Energy	Utility	\$312,343,620	4.13 %
Mirant Michigan Investments	Utility	161,344,817	2.13
Herman Miller	Office Furniture	78,539,928	1.04
Parke-Davis Co.	Pharmaceutical	50,180,828	0.66
Magna Donnelly	Automotive Components	41,377,293	0.55
Johnson Controls	Automotive Components	40,636,932	0.54
Delphi Automotive Systems	Automotive Components	36,597,288	0.48
Bil Mar Foods Inc.	Food Products	32,548,508	0.43
Shape Corp.	Metal Extrusion	32,412,122	0.43
Meijer, Inc.	Retail Stores	23,541,096	0.31
		<u>\$809,522,432</u>	<u>10.70 %</u>

(1) Ottawa County Equalization Department. The 2003 total Taxable Value was \$7,564,368,026.

Concentration of Taxpayers in Ottawa County



Consumers Energy as a Percentage of Tax Base



COUNTY OF OTTAWA
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond*</u>
Mary Richardson - Treasurer	\$64,636	\$1,000,000
Gary Rosema - Sheriff	85,144	1,000,000
Daniel C. Krueger - Clerk	74,073	1,000,000
Gary Scholten - Register of Deeds	64,636	1,000,000
Paul Geerlings - Drain Commissioner	58,962	1,000,000
Ronald Frantz - Prosecutor	102,318	1,000,000

*The Public Employee Blanket Bond covers for Honesty and Faithful Performance by Position. (Bond No. 81 BPEAK 1415)

COUNTY OF OTTAWA

LABOR AGREEMENTS

DECEMBER 31, 2003

<u>Name of Contract</u>	<u>Number of Employees December 31, 2003</u>	<u>Expiration</u>
Command Officers Association (P.A. 312 Eligible)	20	December 31, 2002 ¹
Command Officers Association (P.A. 312 Non-Eligible)	7	December 31, 2002 ¹
Police Officers Association of Michigan (P.A. 312 Eligible)	97	December 31, 2002 ¹
Police Officers Association of Michigan (P.A. 312 Non-Eligible)	78	December 31, 2002 ¹
Local 4014 Ottawa County Michigan Friend of the Court	28	December 31, 2005
Michigan Nurses Association	35	December 31, 2005
Probate/Juvenile Association	52	December 31, 2005
58th District Court Association	<u>48</u>	December 31, 2006
Total employees covered by labor agreements	365	
Employees not covered by labor agreements ²	<u>562</u>	
Total employees	<u>927</u>	

¹ *In negotiations*

² *In May of 2004, Teamsters Local 214 withdrew its representation of 347 employees.*

COUNTY OF OTTAWA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2003

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy</u> <u>Number</u>	<u>Term</u>	<u>Annual</u> <u>Premium</u>	<u>Details of Coverage</u>
<u>Property</u>				
Federal Insurance Co.	3579-42-48	04/01/03 04/01/04	\$60,341	Blanket Buildings & Contents
<u>Limits:</u>				
\$57,072,051	- Blanket Buildings at Scheduled Premises			Boiler & Machinery Perils Included
\$20,054,294	- Blanket Personal Property at Scheduled Premises			Replacement Cost Valuation
\$1,000,000	- Blanket Extra Expense at Scheduled Premises			Extra Expense with No Monthly
\$50,000	- Personal Property at Any Other Premises			Limitation
<u>Sub-Limits:</u>				<u>Deductible:</u>
\$95,000,000	- Earthquake, Policy Year Aggregate			\$50,000 - Property Damage
\$5,000,000	- Flood, Policy Year Aggregate			
<u>Automobile</u>				
Scottsdale Indemnity Insurance Company	WAI0000375	04/01/03 04/01/04	\$138,216	Automobile Liability, Michigan Personal Injury Protection and Michigan Property Protection
<u>Limits:</u>				<u>Deductibles:</u>
\$500,000	- Liability			\$25,000 - Liability
Statutory	- Personal Injury Protection			\$300 - Personal Injury Protection
\$1,000,000	- Property Protection			\$300 - Property Protection
<u>Crime Policy</u>				
Hartford Fire Insurance Co.	81BPEAK1415	04/01/00 Until Cancelled	\$8,235	Public Employee Theft and Faithful Performance, Forgery or Alteration, Theft, Disappearance and Destruction
<u>Limits:</u>				<u>Deductibles:</u>
\$1,000,000	- Faithful Performance			\$5,000 - Public Employee Theft and
\$100,000	- Forgery or Alteration			Faithful Performance, Theft,
\$100,000	- Theft, Disappearance, and Destruction			Disappearance, and Destruction
				\$1,000 - All Other Loss

COUNTY OF OTTAWA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2003

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy</u> <u>Number</u>	<u>Term</u>	<u>Annual</u> <u>Premium</u>	<u>Details of Coverage</u>
<u>Municipal Excess Liability</u>				
International Insurance Co. of Hannover	XSR 39306238	04/01/03 04/01/04	\$129,715*	Excess General Liability Including Public Officials, Errors and Omissions, Law Enforcement Liability, Auto Liability, and Employee Benefits Liability Occurrence Basis <u>Self-Insured Retention:</u> \$ 500,000 – Automobile Liability \$1,000,000 – All Other Liability
<u>Limits:</u>				
\$1,000,000	- Each Occurrence or Wrongful Act and Aggregate			
\$1,000,000	- Employee Benefits Liability Aggregate			
<u>Excess Liability – First Layer</u>				
International Insurance Co. of Hannover	XLX 39306239	04/01/03 04/01/04	95,563*	Liability in Excess of Underlying Insurance <u>Underlying Insurance:</u> International Insurance Co. of Hannover XSR 39306238
<u>Limits:</u>				
\$5,000,000	- Each Occurrence			
\$5,000,000	- Aggregate			
<u>Excess Liability – Second Layer</u>				
Interstate Indemnity Co.	FFX6100027	04/01/03 04/01/04	62,300*	Liability in Excess of Underlying Insurance <u>Underlying Insurance:</u> International Insurance Co. of Hannover XLX 39306239
<u>Limits:</u>				
\$5,000,000	- Each Occurrence			
\$5,000,000	- Aggregate			

*Plus Surplus Lines Tax

COUNTY OF OTTAWA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2003

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy</u> <u>Number</u>	<u>Term</u>	<u>Annual</u> <u>Premium</u>	<u>Details of Coverage</u>
<u>Excess Workers' Compensation</u>				
Safety National Casualty Co.	SP-6608-MI	02/01/03 02/01/04	\$15,605	Specific Excess Workers' Compensation and Employers' Liability
<u>Limits:</u>				
Statutory	- Workers' Compensation			<u>Retentions:</u>
\$1,000,000	- Employers' Liability			\$500,000 – Each Accident
				\$500,000 – Each Employee, Injury by Disease

Faithful Performance
Scheduled Position Bond

Hartford Fire Insurance	81-BSB-AG1646	09/17/99 Until Cancelled	\$100	Public Official Bond Magistrate Bond
<u>Limits:</u>				
\$20,000	- Scheduled Position			

Group Health Insurance

SAFCO Life		01/01/03 12/31/03	\$10.06 – Single \$23.02 - Family Per Month	Specific Stop Loss Reinsurance <u>Deductible:</u> \$150,000 – Per Individual
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COUNTY OF OTTAWA

MISCELLANEOUS STATISTICAL DATA

DECEMBER 31, 2003

Date of Incorporation: December 29, 1837

Form of Government: The County's legislative body is a thirteen-member Board of Commissioners which is elected from single-member districts, determined by population, on a partisan basis for two-year terms. The Board annually elects from within its ranks a Chairman and Vice-Chairman by majority vote.

Location and Description: The County is located in the west-central part of Michigan's lower peninsula, having over 30 miles of Lake Michigan shoreline. The County is bordered by the City of Muskegon on its northwesterly boundary and the City of Grand Rapids on approximately half of its easterly boundary.

The topography of the County is flat to gently rolling, with approximately half of its land area being devoted to agricultural purposes. The County enjoys a healthy mix of tourism, industrial, commercial, and agricultural uses within its confines.

Area: 565 square miles

Police Protection:

Number of Employees	184
Vehicular Patrol Units	130
Correctional Facility:	
Jail/Work Release	369

Education: Higher educational opportunities are available to County residents at: Grand Valley State University in Allendale; Aquinas College, Calvin College, Calvin Theological Seminary, Cornerstone University, Davenport College, Grace Bible College, Grand Rapids Community College, ITT Technical Institute, Kendall College of Art and Design, and Reformed Bible College in Grand Rapids; Career Line Tech Center, Hope College, and Western Theological Seminary in Holland; Baker College and Muskegon Community College in Muskegon.

**COUNTY OF OTTAWA
MISCELLANEOUS STATISTICAL DATA**

DECEMBER 31, 2003

CHARACTERISTICS

Industrial: The County's major industrial employers are located throughout the County with, major concentrations in the Grand Haven, Holland, and Zeeland areas, and produce a wide variety of products including furniture, processed foods, motors, metal, die castings, drugs, boats, automobile parts and accessories, lifesavers, foundry parts, printing equipment, leather tanning, plastic parts, bakery products, musical instruments, pneumatic tools and hydraulic presses.

Residential: According to the 2000 U.S. Census, there are 86,856 housing units in Ottawa County; of these, 81,662 or 94% are occupied. Residential development is concentrated around the incorporated cities, with the bulk of the County's population located in and around Holland, Grand Haven, and Georgetown Township. Occupancy statistics are as follows:

Owner-occupied	80.7%
Renter-occupied	19.3%

Equalized Value: \$9,156,139,786

<u>By Use:</u>		<u>By Class:</u>	
Residential	68.26%	Real property	93.34%
Commercial	13.98	Personal property	6.66
Industrial	11.07		
Agricultural	5.05		
Other	1.64		

Ten (10) largest employers in Ottawa County in terms of employment:

<u>Company</u>	<u>Business</u>	<u>Approximate Number Employees</u>
Johnson Controls (1)	Automotive Components	5,015
Herman Miller (2)	Office Furniture	4,460
Magna Donnelly (1)	Automotive Windows & Mirrors	2,670
Haworth (1)	Office Furniture	2,500
Grand Valley State University	Higher Education	2,222
Gentex Corporation	Automotive Mirrors	1,943
Holland Community Hospital	Health Care	1,544
Meijer, Inc.	Retail Stores	1,466
Holland Public Schools	Education	1,334
County of Ottawa	Government	1,151

SOURCE: Ottawa County Economic Development Office, Inc.
 (1) Facilities located within Ottawa County and/or the City of Holland portion of Allegan County
 (2) Includes all subsidiaries