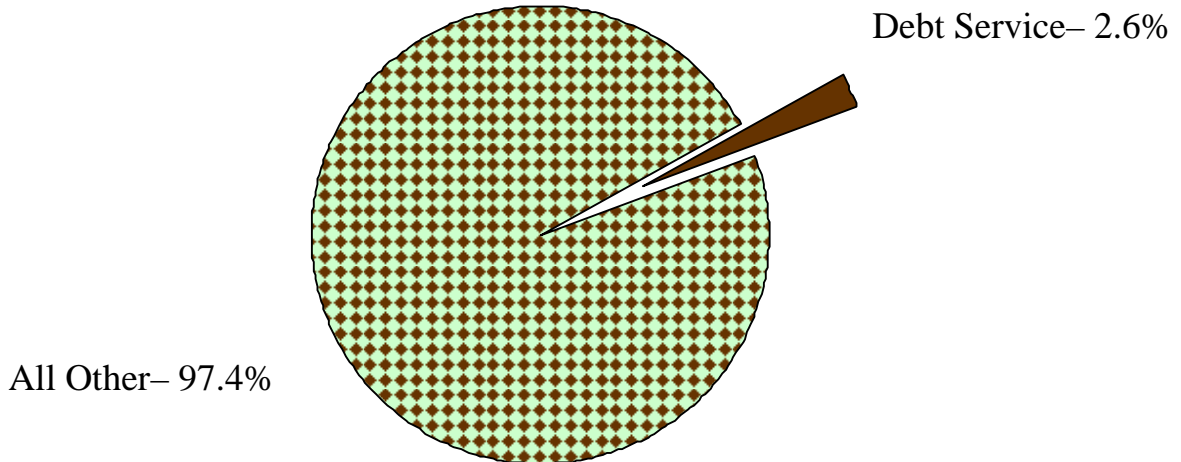


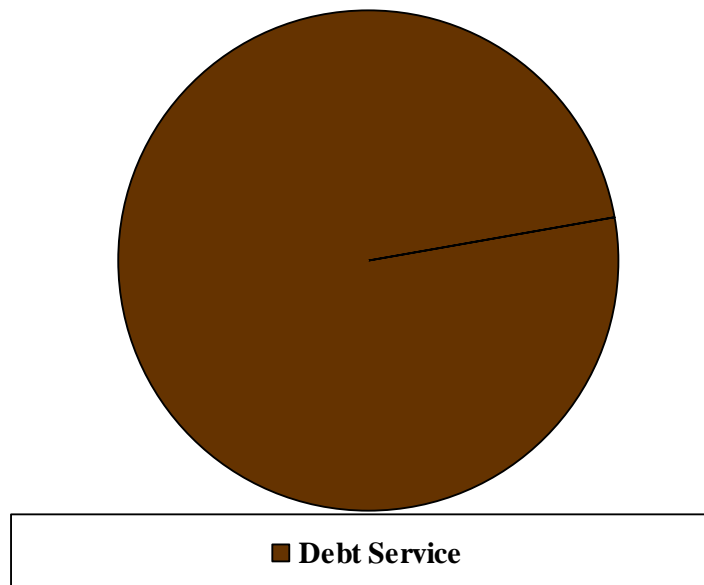
Debt Service Functions

Total County Budget Perspective *



* Graph does not reflect operating transfers out since these expenditures are already reflected in the other expenditure categories

Debt Service Expenditures by Fund Type



**COUNTY OF OTTAWA
DEBT SERVICE FUND (5690-5695)**

Building Authority Fund (5690-5695) - 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: 1990-Ottawa County Central Dispatch Authority; 1992-Probate Court/Jail Complex; 1997-Jail addition and Sheriff Administrative Annex; 2005-Holland District Court Building; 2007-Grand Haven Courthouse and Fillmore Street Addition. The 1990 bonds were refunded during 2003 and 2005, and a portion of the 1992 bonds was refinanced during 2006. A portion of the 1997 bonds was refunded during 2005. Financing is provided by cash rental payments pursuant to lease agreements with the County of Ottawa or other identified payment mechanisms.

Resources

Personnel

No personnel has been allocated to this department.

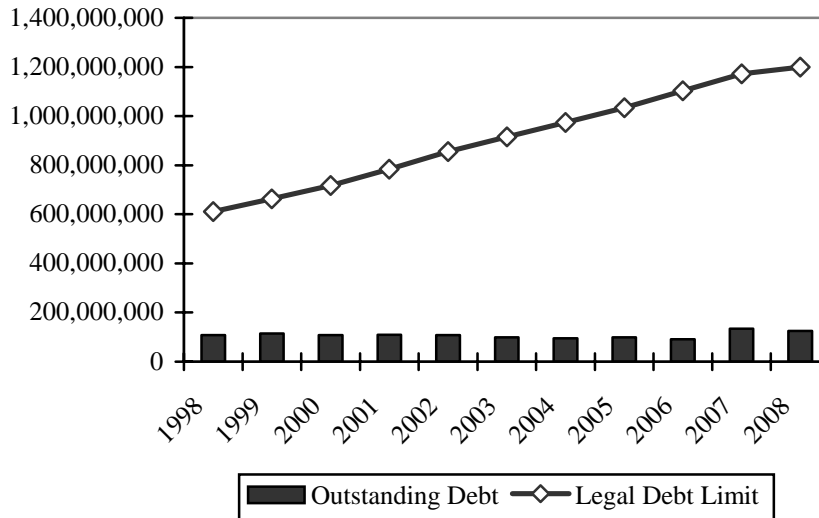
Funding

	2005 Actual	2006 Actual	2007 Actual	2008 Current Year Estimated	2009 Adopted by Board
Revenues					
Charges for Services					
Interest and Rents	\$13,975	\$7,539	\$95	\$5,300	
Rents	\$2,008,656	\$2,439,503	\$2,769,438	\$2,775,923	\$2,781,272
Other Revenue					
Other Financing Sources	\$10,433,980	\$10,562,974	\$325	\$763,713	\$762,875
Total Revenues	\$12,456,611	\$13,010,016	\$2,769,858	\$3,544,936	\$3,544,147
Expenditures					
Debt Service	\$12,595,277	\$2,299,621	\$2,769,438	\$3,539,636	\$3,544,147
Other Financing Uses		\$10,792,190			
Total Expenditures	\$12,595,277	\$13,091,811	\$2,769,438	\$3,539,636	\$3,544,147

County of Ottawa Debt Information

The County of Ottawa assumes debt to provide funding for the construction of water and sewage disposal systems, drains, buildings, and to refund previously issued bonds. Under the State of Michigan Constitution of 1963, Article VII, Section 11, “No County shall incur indebtedness which shall increase its total debt beyond 10% of its assessed valuation.” Consequently, Ottawa County, with a 2008 assessed value of \$11,997,727,095 is limited to no more than \$1,199,772,709 of debt. The County’s total debt at the statement date is \$124,552,866 or approximately 1% of the assessed value - well below the legal limit. The graph below illustrates the additional legal debt capacity of the County of Ottawa.

County of Ottawa Legal Debt Limit and Debt Outstanding



Effect of Debt Payments on County Operations

None of the County’s general operating levy is used for debt payments. Instead, separate revenue streams were identified for repayment before the bonds were issued. The table below identifies the County’s direct debt and the payment source for the issues:

Project	2009 Debt	
	Service Payment	Funding Source
E-911 Central Dispatch	\$398,475	Separate, dedicated millage
Probate Court/Jail Facility	561,527	Delinquent Tax Revolving Fund
Administrative Annex	1,224,838	Delinquent Tax Revolving Fund
Holland District Court Building	594,531	Delinquent Tax Revolving Fund
Grand Haven/Fillmore St	761,875	Revenues/Fund Equity of Select Funds
	\$3,541,246	

Tax collections for the E-911 Central Dispatch operation come directly to the County. The County subtracts the amount needed per the debt payment schedule and transfers the remaining tax collections to the Ottawa County Central Dispatch Authority (a component unit).

The Delinquent Tax Revolving Fund (an Enterprise fund) had been allowed to build equity for several years. As of 12/31/07, the fund had equity of \$24.4 million. Although total equity is projected to decrease through 2011, equity is projected to grow steadily after 2011. The Appendix of this document includes projections on this fund and the other Financing Tools.

Funding for the debt payments of the Grand Haven/Fillmore Street issue is coming from the following sources:

- Ottawa County, Michigan Insurance Authority - 20%, up to \$150,000/yr
- Telecommunications - 20%, up to \$150,000/yr
- Delinquent Tax Revolving Fund - 20%, up to \$150,000/yr
- Infrastructure - 17%, up to \$125,000/yr
- Public Improvement - 23%, remainder of payment

Payments began in 2008 and continue for 20 years. Although the payments are not anticipated to affect the function of these funds, investment income will be impacted.

The remaining debt is paid by the benefiting municipalities.

Bonds:

The County principally uses general obligation bonds to provide funds for these projects. The majority of the general obligation bonds, \$95,316,533, were issued by the Ottawa County Public Utilities System, a component unit of Ottawa County, for water and sewer projects. The principal and interest payments on these water and sewer project issues are repaid generally from funds received from local municipalities in the County. The interest rate on these issues ranges from 2.5% to 7.6% percent.

In addition, \$295,733 is estimated for inter-county drainage projects. Principal and interest is paid from drain assessments levied. The interest rate on these issues ranges from 4.39% to 7.0% percent.

Last, \$27,445,000 is estimated debt outstanding at 12/31/08 for the five Ottawa County Building Authority projects mentioned previously. The E-911 issue was refunded during 1993. The Probate Court/Jail facility was refunded in 1997 in conjunction with the issue for the Sheriff and Administrative Annex and additional Jail pod. The unrefunded portion of the E-911 bonds and the Sheriff and Administrative Annex and additional jail pod were refunded during 2005. The Building Authority makes the principal and interest payments with revenues collected from lease agreements with the County. The interest rate on these issues ranges from 3.0% to 5.05% percent.

The County has pledged its full faith and credit for payment on the above obligations. Ottawa County has obtained 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.

Other Bonds:

In November 2001, the Ottawa County Road Commission issued Public Act 143 bonds for the purpose of constructing a maintenance facility in Holland. The estimated balance of these bonds at 12/31/08 is \$1,350,000. The borrowing will be paid from State revenues allocated to the County Road Commission for road purposes. The County did not pledge its full faith and credit for these bonds.

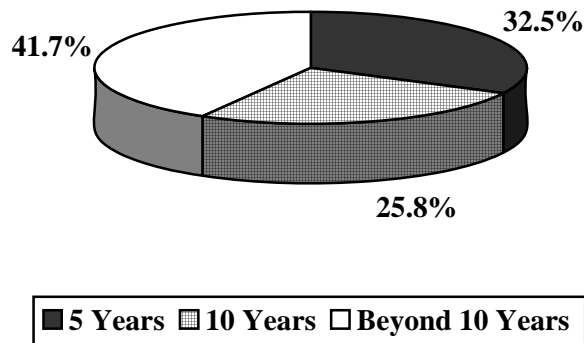
Notes Payable:

The Drain Commissioner has issued two small notes to provide funding for drainage projects in Ottawa County. The notes total \$145,600, and the County did not pledge its full faith and credit for the above notes.

Debt Retirements:

The percentage of debt to be retired in five, ten, and beyond ten years indicates how fast the County is retiring its debt. Rating agencies expect 50% of the debt to be retired within ten years. The graph that follows shows that Ottawa County, scheduled to retire 58.3% of its debt within ten years, is retiring debt within established standards.

County of Ottawa Debt Retirements



Debt per Capita

Ottawa County has experienced high growth in the last several years. Consequently, debt has been issued to fund the required infrastructure and some of the facilities needed. Listed below is the debt per capita information for the last ten years.

Year	Population	Net Bonded Debt per Capita (Direct Debt)	Net Bonded Debt per Capita (Total Debt)
1998	224,357	\$107	\$479
1999	230,261	99	496
2000	238,314	91	463
2001	243,571	84	429
2002	245,913	78	421
2003	249,391	71	382
2004	252,351	65	365
2005	255,406	91	378
2006	257,671	84	349
2007	259,206	106	507

The schedule that follows details the principal and interest payments by year.

County of Ottawa Schedule of Debt Service Requirements

OTTAWA COUNTY - PRIMARY GOVERNMENT					OTTAWA COUNTY - COMPONENT UNITS				REPORTING ENTITY
Budget Year	Amount Outstanding Beginning of Year	Principal Retirements	Interest Requirements	Total Requirements	Amount Outstanding Beginning of Year	Principal Retirements	Interest Requirements	Total Requirements	Total Requirements
General Obligation Bonds (Non-major Funds):					General Obligation Bonds:				
2009	\$27,445,000	\$2,335,000	\$1,206,246	\$3,541,246	\$96,962,266	\$6,693,767	\$4,089,202	\$10,782,969	\$14,324,215
2010	25,110,000	2,035,000	1,114,332	3,149,332	90,268,499	7,321,767	3,828,327	11,150,094	14,299,426
2011	23,075,000	2,110,000	1,033,868	3,143,868	82,946,732	5,796,767	3,562,138	9,358,905	12,502,773
2012	20,965,000	1,635,000	949,794	2,584,794	77,149,965	5,303,767	3,335,938	8,639,705	11,224,499
2013	19,330,000	1,690,000	887,519	2,577,519	71,846,198	5,450,766	3,117,648	8,568,414	11,145,933
2014	17,640,000	1,775,000	807,019	2,582,019	66,395,432	5,406,766	2,890,364	8,297,130	10,879,149
2015	15,865,000	1,860,000	722,419	2,582,419	60,988,666	4,373,767	2,686,419	7,060,186	9,642,605
2016	14,005,000	1,950,000	629,419	2,579,419	56,614,899	4,573,767	2,500,742	7,074,509	9,653,928
2017	12,055,000	2,045,000	536,469	2,581,469	52,041,132	4,790,767	2,311,082	7,101,849	9,683,318
2018	10,010,000	920,000	437,844	1,357,844	47,250,365	4,405,766	2,116,260	6,522,026	7,879,870
2019-2023	9,090,000	5,245,000	1,562,296	6,807,296	42,844,599	16,999,599	8,155,625	25,155,224	31,962,520
2024-2028	3,845,000	3,845,000	393,114	4,238,114	25,845,000	13,885,000	4,742,572	18,627,572	22,865,686
2029-2033					11,960,000	11,890,000	1,399,741	13,289,741	13,289,741
2034-2037					70,000	70,000	3,588	73,588	73,588
					Notes Payable*:				
2009					145,600	107,600	6,467	114,067	114,067
2010					38,000	7,600	1,737	9,337	9,337
2011					30,400	7,600	1,389	8,989	8,989
2012					22,800	7,600	1,045	8,645	8,645
2013					15,200	7,600	695	8,295	8,295
2014					7,600	7,600	347	7,947	7,947
2015									
		<u>\$27,445,000</u>	<u>\$10,280,339</u>	<u>\$37,725,339</u>		<u>\$97,107,866</u>	<u>\$44,751,325</u>	<u>\$141,859,191</u>	<u>\$179,584,530</u>

All figures are as of 11/21/08. Schedule does not include capital leases.

*Notes payable of the component unit are not guaranteed by the County.