

**County of Ottawa
Grand Haven, Michigan**



**2012 Comprehensive Annual
Financial Report**
Year Ended December 31, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

COUNTY OF OTTAWA

Grand Haven, Michigan

For the Year Ended December 31, 2012

BOARD OF COMMISSIONERS

2012

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COUNTY OF OTTAWA
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2012

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County of Ottawa

Administrator's Office

Alan G. Vanderberg
County Administrator

12220 Fillmore Street, Room 310, West Olive, Michigan 49460!

West Olive (616) 738-4068

Fax (616) 738-4888

Grand Haven (616) 846-8295

Grand Rapids (616) 662-3100

e-mail: avanderberg@miottawa.org

June 28, 2013

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, 2012, is submitted herewith. The financial statements included in this report have been audited by Vredeveld Haefner LLC, 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 2012 population is 269,099. 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 seventeen townships. Ottawa County is the eighth largest county in Michigan in terms of total population. The County is bordered by the City of Muskegon to the Northwest and the City of Grand Rapids to the East.

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, 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 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 separately in the government-wide 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, the Ottawa County Land Bank Authority and the Ottawa County Office of the Water Resources Commissioner are reported as discretely presented component units.

ECONOMIC CONDITION AND OUTLOOK

The news is good! To reiterate what W.E. Upjohn Institute for Employment Research economist George A. Erickcek stated at the top of his January 8, 2013, presentation entitled

2013-2014 Forecast for Ottawa County, “2012 was a great year!” All indications are that this trend in Ottawa County will likely continue into the future.

Employment

State

Michigan unemployment continues to improve. Michigan’s annual average unemployment rate (not seasonally adjusted) has been declining each year since its most recent peak of 13.4 percent in 2009. For 2012, the national average unemployment rate was 8.1 percent. Michigan’s 2012 rate was 9.1 percent which represents a decrease of 1.3 percent. There were nine states with higher rates of unemployment than Michigan. In 2012, Michigan had the eighth largest decrease in unemployment in the country.

Ottawa County

Ottawa County’s annual average unemployment rate in 2012 was 6.8 percent. This rate was considerably lower than both the national and State unemployment rates of 8.1 percent and 9.1 percent, respectively. Ottawa County’s 2012 unemployment rate was about half of what it was during the Great Recession (12.1 percent in 2009). As of March 2013, Ottawa County’s unemployment rate is 6.2 percent. Of the 17 labor market areas which comprise the State of Michigan, Ottawa County’s rate is tied (with Kent County’s) for the second lowest unemployment rate in Michigan. This rate is 2.6 percentage points below the State average and 1.4 percentage points below the national average.

Specifically, the annual average employment which bottomed out at 100,700 in 2009 has steadily improved and has surpassed levels before the Great Recession:

Ottawa County’s Total Employment 2007-2013 (Non-Farm, Not Seasonally Adjusted)			
<i>Year</i>	<i>Annual Average total Non-Farm Employment</i>	<i>Change</i>	<i>% Change</i>
2007	112,900		
2008	110,100	(2,800)	(2.5%)
2009	100,700	(9,400)	(8.5%)
2010	103,500	2,800	2.8%
2011	109,400	5,900	5.7%
2012	111,800	2,400	2.2%
2013 (April)	114,400	2,600	2.3%

Looking ahead, in the Upjohn Institute’s 2013-14 Forecast, Ottawa County’s total employment is expected to continue to increase by 2.3 percent in 2013 and 2.0 percent in 2014. The goods producing sector (manufacturing) is expected to contribute the most new jobs in 2013. The private services sector should add the most jobs in 2014. The number of government jobs in Ottawa County will likely increase by one percent or less during each of the next two years.

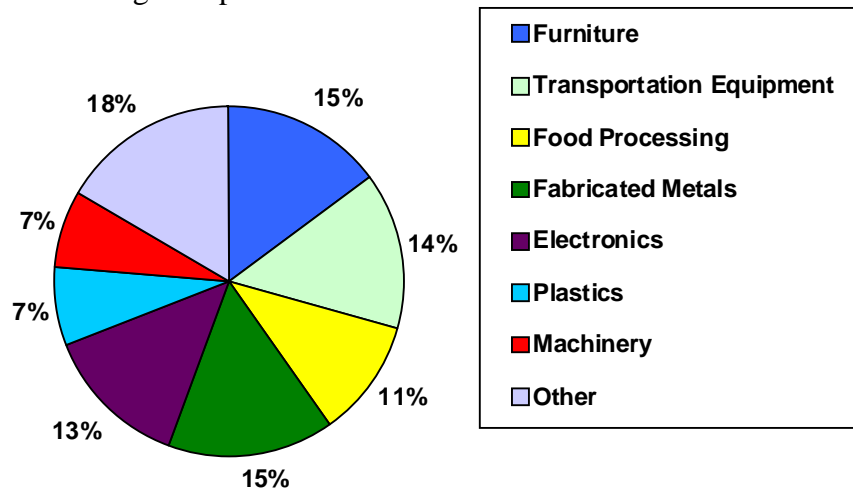
Composition of the Ottawa County Workforce

An economic attribute of Ottawa County, which especially distinguishes the County from other counties, is having a large share of its workforce engaged in manufacturing. This characteristic hurt the County during the grip of the Great Recession when the purchases of durable goods slowed to a crawl. That concentration of manufacturing employment is now *helping* the County since growing consumer demand for durable goods is returning. Ottawa County’s manufacturing dominance has again become an asset. In 2012, employment in the manufacturing sector has recovered to and in fact is slightly above the pre-recession level of 33,100 in 2008.

In 2012, manufacturing employment in Ottawa County comprised about 29.2 percent of the total employment (private and government). By comparison, manufacturing employment for the entire State of Michigan comprised about 13.3 percent of the total employment. Ottawa County, therefore, had more than twice the share of manufacturing employment in the local economy as did the State’s economy. In Ottawa County, the ten largest manufacturing employers collectively accounted for about 58 percent of the total manufacturing employment. Among those top ten firms, five different industry groups were represented, which indicates a relative diversification within that economic sector.

Within manufacturing, employment is rather diversified with seven industry groups collectively constituting about eighty three percent of Ottawa County’s manufacturing base:

Ottawa County Manufacturing Composition



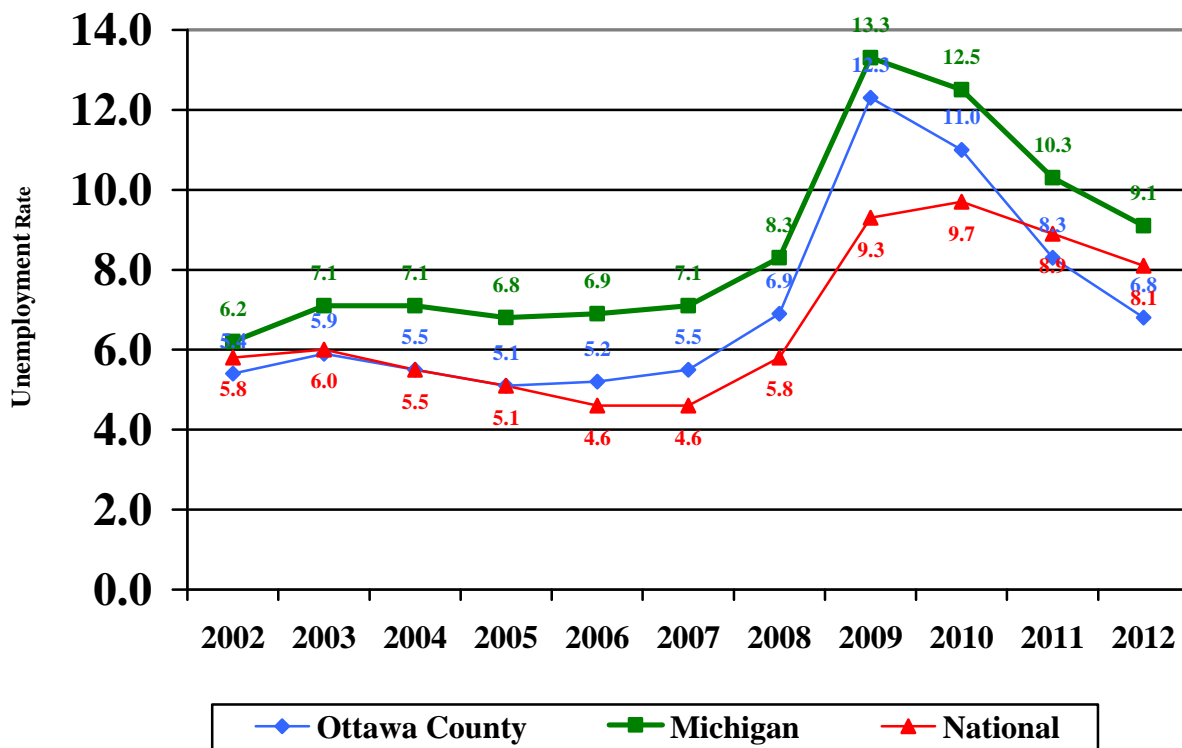
It is important to note that employment in the largest group (fabricated metals) accounts for no more than 15 percent of the total manufacturing employment.

Current Unemployment Statistics

Ottawa County experienced a steady rise in annual average unemployment rates for the last several years with the sharpest increase occurring between 2008 and 2009. Notably, the unemployment rate in Ottawa County declined in 2010 from 12.3 percent to 11.2 percent in 2009. This same pattern was true with the State’s unemployment rate which decreased to 12.5

percent in 2010 from 13.3 percent in 2009. In contrast, the national rate continued to increase in 2010 to 9.7 percent from 9.3 percent in 2009.

Annual Unemployment Rates (2002-2012)



Source: Michigan Labor Market Information (Michigan Department of Energy, Labor and Economic Growth)

Employment Outlook

State

According to the Michigan House Fiscal Agency’s most recent forecast (May 2013), “Michigan’s wage and salary employment grew in CY 2012, and is forecast to continue growing through 2015, albeit at declining rates. As a result, the unemployment rate is expected to continue declining. Michigan’s unemployment rate was 10.4% in CY 2011 and 9.1% in CY 2012; it is expected to decrease to 8.6% in CY 2013, 8.0% in CY 2014 and 7.5% in CY2015.”

Recent Trends and Projections in the Automotive Industry

In 2012, transportation equipment was the third largest industry group by employment in Ottawa County. Employment in this group is expected to continually increase over the next several years. The Center for Automotive Research (CAR) at the University of Michigan estimates that U.S. light vehicle sales will be 14.9 million units in 2013 and continue to rise to 15.2, 15.4 and 15.7 million units in 2014 through 2016. Overall, “an estimated 90,000 new jobs will be added by the auto industry by 2016. Two-thirds of these new jobs will come from parts manufacturers.”

The newest industry to emerge within the local economy is the manufacture of advanced energy systems for hybrid & plug-in electric powered vehicles. LG Chem - South Korea’s new \$300

million lithium-ion battery manufacturing plant in the City of Holland was built in 2012, but has not yet become operational. Battery production is expected to begin this summer. Johnson Control, Inc.'s lithium-ion battery cell manufacturing plant in Holland is in production. There are approximately 130 employees at that operation.

Recent Trends and Projections in the Furniture Industry

The largest employer in Ottawa County is Herman Miller, Inc. whose corporate office is located in the City of Zeeland. At the beginning of 2013, Herman Miller's total employment in the County for all operations combined was 3,739. The fourth largest manufacturing employer with 1,970 employees in the Holland area is Haworth, Inc., also a leader in office furniture manufacturing. Late last year, Haworth was awarded a long-term, multi-year (through 2016) contract with the U.S. Communities Government Purchasing Alliance worth approximately \$40 million in sales per year. Also last year, Herman Miller was awarded a multi-year contract with Exxon Mobil to supply office furniture beginning in 2014 to its new corporate campus under construction near Houston, Texas. The complex will eventually house about 10,000 of the oil company's employees and is one of the largest projects in Herman Miller's history.

Overall, the office furniture industry according to the Business and Institutional Furniture Manufacturers Association (BIFMA) is forecasting a 2.1 percent increase in the value of production of U.S. office furniture in 2013 over 2012. For 2014, production is expected to be even larger at \$ 10.3 billion which represents a 9.0 percent increase over this year's estimate.

Ottawa County

The relative good health of Ottawa County's economy has been recognized in national research reports. Most recently, in a report prepared by NewGeography, all 398 Metropolitan Statistical Areas (MSA) within the United States were ranked by their short to long-term employment performance. In the "Small Sized Cities" category, the Holland-Grand Haven MSA (Ottawa County) was ranked the #1 MSA in 2013 for job growth in the State of Michigan. Nationwide, Ottawa County was ranked #25 among all of the 241 "Small Sized Cities" MSAs and #39 among all of the 398 MSAs (Small, Medium and Large Sized Cities).

Ottawa County Tax Base

The above employment forecast does not take into account the specific information associated with several large, recently identified manufacturing expansion projects which will significantly boost the number of manufacturing jobs in Ottawa County (and the local tax base).

Currently, there are a number of significant capital expenditure/job creating projects underway in Ottawa County, including projects for Gentex Corporation, Request Foods, Fair Oaks Farms Brands, Magna Mirrors, Perrigo, Challenge Manufacturing and J.R. Automation Technologies.

Last year, the Gentex Corporation's began constructing the North Riley Campus in Zeeland Township. The Campus is located on a 140-acre parcel of property in the northwest corner of Riley Street and 88th Avenue. Eventually, four manufacturing/distribution centers and a central power plant on that property will be constructed. All of the required overhead electric utility relocations, underground water and sanitary sewer utility infrastructure and on-site private roadway have been completed. Currently, a portion of the existing 88th Avenue, north of its

intersection with Riley Street, is being re-constructed into an all-seasons, four lane industrial class road to serve this new private industrial park. The construction of Gentex's facilities will be phased-in over about a ten-year period. At build-out, it is anticipated that these new facilities will comprise about one million square feet of manufacturing space, represent a private investment of approximately \$ 465 million and will be occupied by an estimated 2,928 Gentex employees.

In Holland Township, a recently built 250,000 square foot Greenly Street food processing facility for Request Foods is already at capacity. Last fall, the company began constructing an approximate 80,000 square foot building addition. To support its operations, Request Foods has also constructed a \$4.1 million wastewater pretreatment system. Combined, the private expenditure for these new facilities was over \$82.5 million. At least 128 new jobs have been created as a result of these projects.

The construction of the new \$127 million Fair Oaks Farms Brands milk products bottling plant located in the City of Coopersville is currently about halfway completed. When it becomes operational at the end of this year, the plant will employ approximately 133 workers. To support this new bottling plant, a second segment of Randall Street will be reconstructed, likely in 2014.

Magna Mirrors of America, a manufacturer of automotive glass, is expanding its sealing and glass systems operation in Holland Township with an investment of about \$ 10.1 million in personal property. The project will initially create about 177 jobs over the next three years. The machinery and equipment is for a new shading technology of the glass in roofing systems.

Perrigo's existing pharmaceutical manufacturing plant (formerly J.B. Laboratories) in Holland Township will be expanded with an approximately 100,000 square foot building addition and the acquisition of new machinery and equipment at a cost of about \$192 million. This expansion project will create an estimated 400 jobs.

Challenge Manufacturing, a metal stamping operation in the City of Holland, is implementing a \$ 10.3 million expansion project which will add approximately 140 jobs. The total employment at this plant, makes the firm one of the County's top ten manufacturing employers.

J.R. Automation Technologies, based in Olive Township, has recently purchased an existing approximate 93,000 square foot building in Holland Township. JR Automation is an established manufacturer of custom automated machinery and equipment. This is the company's 3rd facility located in the Holland area. The company has experienced steady growth and anticipates creating about 90 jobs and investing approximately \$4.1 million into building improvements and new personal property acquisitions in its Holland and Olive Township plants over the next three years.

Other recently known industrial expansion projects (building additions and renovations and/or internal expansions- acquisitions of new machinery and equipment) that have started construction or will likely start yet this year, include the following:

Company	Community	Preliminary Cost
AllRout	Zeeland Township	\$212,239
C-Plastics *	Crockery Township	\$175,000
DeWys Manufacturing	Wright Township	\$2,000,000
ICW Panels	Zeeland Township	\$1,129,070
Imperial Laser	Tallmadge Township	\$1,595,315
Ranger Die *	City of Coopersville	\$3,500,000
SoundOff Signal	Jamestown Township	\$2,155,314
SpeedWrench	Jamestown Township	\$1,662,500
Superior Cutting *	Holland Township	\$400,000
Van Hydraulics *	Chester Township	\$200,000
	Total:	\$13,029,438

**Preliminary estimate*

Another indicator of manufacturing recovery is Public Act 198 industrial facilities tax exemption activity. Almost all of the industrial development projects in Ottawa County apply for and receive P.A. 198 industrial facilities (property tax) exemptions on the investments in new and expanded facilities; and the acquisitions of new machinery, equipment, furniture and fixtures. In 2012, the State Tax Commission issued a total of 54 certificates to firms in Ottawa County. Collectively, these manufacturers are investing \$ 277 million over the next two years. While the number of certificates issued in 2012 is less than the number issued in the previous year, the collective value of the investments last year is much larger than the total value in 2011 (\$227.5 million).

The investment totals in 2012 were the highest annual figures over the past 5 years, as shown below.

<u>Year</u>	<u>Number of Exemptions</u>	<u>Total Exemption Amount</u>	<u>Estimated Job Creation</u>
2008	49	\$206,900,000	842
2009	37	\$178,500,000	656
2010	34	\$82,400,000	357
2011	63	\$227,500,000	1,009
2012	54	\$277,000,000	N/A

Ottawa County ranked second of 83 counties in Michigan in terms of the number of certificates issued and the sixth county in terms of total investments for 2011 (2012 activity is not yet available). This level of expansion activity in Ottawa County's manufacturing sector is further proof that the manufacturing sector is back to its pre-Great Recession level.

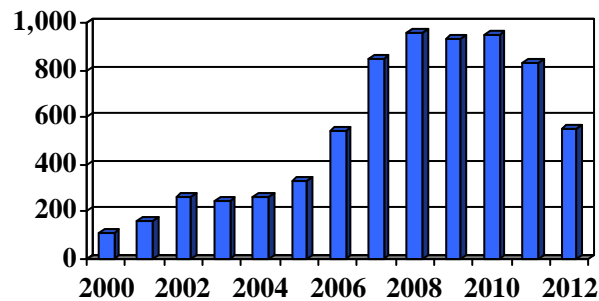
Major State Funded Road Construction Project in Ottawa County

In addition to private sector investment, a significant public infrastructure (road) project recently began construction in the northwestern portion of Ottawa County. The Michigan Department of Transportation is building a new bridge over the Grand River at a location near 120th Avenue between Crockery and Robinson Townships. This bridge is one segment of a multiple phase State highway project to build M-231, a north/south by-pass to U.S. 31. When the initial road segment is completed, it will connect I-96 with M-45. Construction workers will be on-site in northwestern Ottawa County for a number of years.

Housing

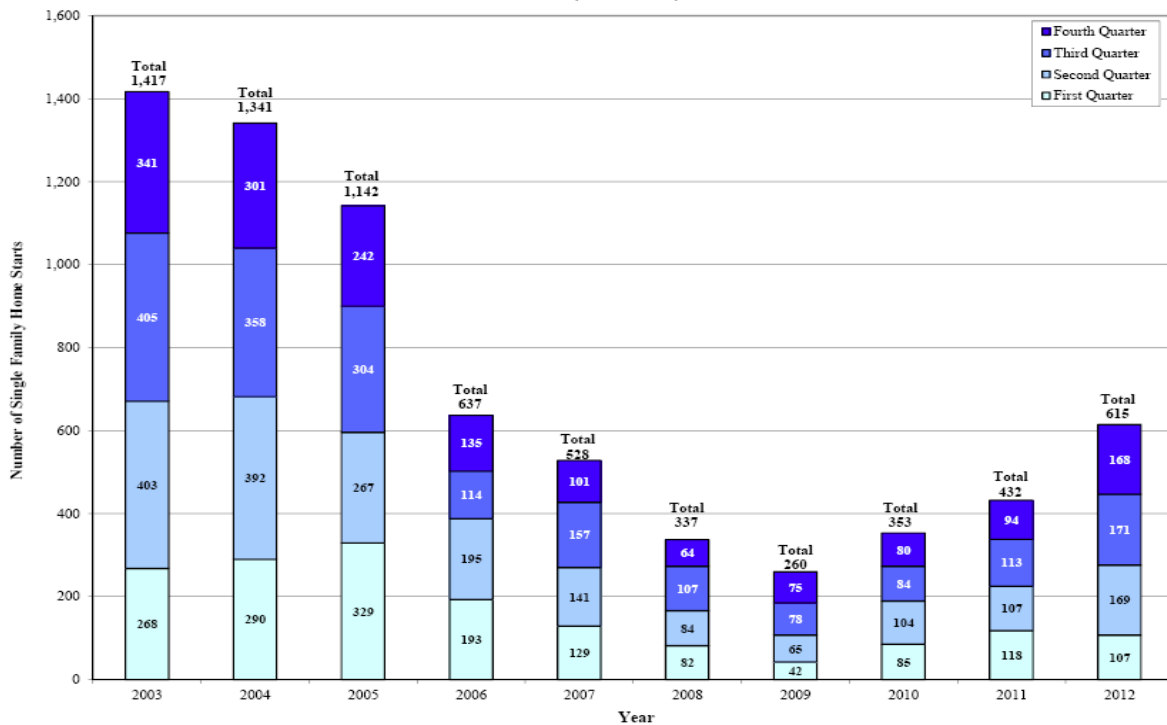
The recession has been marked by record high home foreclosures throughout the country. Michigan had been among the top states with the highest amount of foreclosure activity. In Ottawa County, home foreclosures began rising in 2007 to 850 filings for that year (which was 57 percent higher than the 2006 total of 540). High annual levels of foreclosure filings were experienced for the last three years: 957 in 2008, 933 in 2009 and 953 in 2010. The good news is that 2011 saw fewer home foreclosures, and the number dropped by 33% in 2012 :

Ottawa County Mortgage Foreclosures



Though housing starts remain low, the County is starting to see an upward trend:

Residential Single Family Home Starts in Ottawa County* (2003-2012)



* Data for 2003 through 2009 was obtained from Builder Track Reports, while 2010 through 2012 data was collected by the PPI Department from local units of government

Source: Builder Track Reports (2003-2009 data); PPI collected data (2010-2012 data)
Prepared by: Planning and Performance Improvement Department (06/17/13)

Housing construction in Ottawa County has also begun to experience a rebound. During the Great Recession, the number of single family building permits issued dropped to a low of 260

in 2009. Since then, the total has risen each year. In 2012, a total of 615 permits were issued in Ottawa County which represented about a 137 percent increase over the low in 2009. Building permits issued for multi-family units in Ottawa County were also up sharply in 2012 over 2011. The 41 permits in 2012 represented about a 52 percent increase over the 27 permits issued the previous year. The improved housing construction activity is occurring due in part to the reduced number of houses available through foreclosures and the continued historic low interest rates on home mortgages offered by lenders. In 2012, there were 552 home foreclosures in Ottawa County. This figure represented about a 40 to 42 percent reduction from the highs of over 900 units foreclosed each year from 2008 to 2010.

Another negative impact of this recession has been a reduction in existing property values. Several local units of government in Ottawa County continued experiencing decreases in taxable property values based on the 2012 and 2013 Equalization reports. The County overall experienced a decrease in taxable value of .96 percent in 2012 and an increase of 1.44 percent in 2013, further proof that the recovery is underway. In 2013, only 3 of 23 local units of government reported decreases in taxable property values. The range of changes in taxable value was (5.87%) to +4.35%. However, County wide, the total 2013 taxable value is still 5.7% less than the high experienced in 2009 and is slightly less than the 2007 County-wide taxable value. These reduced taxable values (in the absence of any millage rate increases) result in substantially less tax revenues for local, county and State taxing authorities. This may impact the ability of governments to provide continued levels of municipal programs and services.

Income

According to the U.S. Census Bureau, Ottawa County has consistently had a higher median household income than both the State and national averages. Ottawa County experienced substantially less of a drop in median household income due to the Great Recession (between 2007 and 2009) than did the State or nation. Over the five-year term represented, only the U.S. median household income figure entirely rebounded.

Median Household Incomes, 2007- 2011

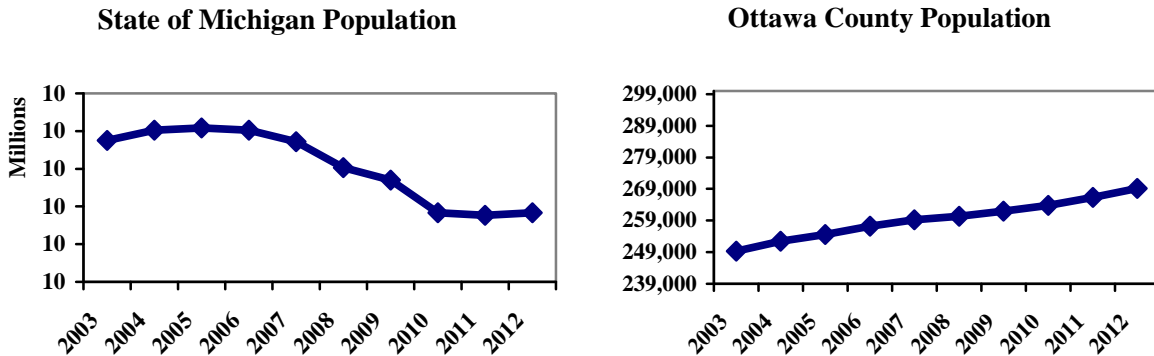
<u>Year</u>	<u>Ottawa County</u>	<u>Michigan</u>	<u>United States</u>
2011	\$ 54,461	\$ 45,931	\$ 50,502
2010	53,454	45,354	50,046
2009	52,107	45,254	50,221
2008	56,208	49,788	50,303
2007	55,088	49,370	50,233

Population

Along with the growth in jobs within Ottawa County, the total population of Ottawa County has continued to increase year after year during the last decade. Michigan was the only state in the nation to experience a net loss (-0.6 percent) in total population between 2000 and 2010. In contrast, Ottawa County’s total population grew by 10.7 percent over that ten-year period. The Census Bureau estimated Ottawa County’s 2012 population to be 269,099 which is 5,298 persons or 2 percent more than the last 10-year figure. Ottawa County is one of several

Michigan counties which experienced a large percentage increase in population. The increase is due both to births exceeding deaths as well as in-migration of persons into the County. The creation of new job opportunities in Ottawa County is a draw for job seekers.

The graphs below show the different population trends between Ottawa County and the State of Michigan.



Legislative Initiatives

There are several factors in Ottawa County’s favor for a continued healthy local economy. In addition to the above, the recent passage of several pieces of State legislation should also prove helpful. In December 2012, legislation was passed in Michigan to initially exempt the commercial and industrial personal property tax (PPT) for firms with year-end (2013) taxable values under \$40,000 and eventually exempting all PPT (in phases) upon the passage of a statewide referendum in August 2014 which would allow for the reimbursement of lost PPT revenues to local units of government utilizing the State’s use tax revenues.

Another hallmark event that occurred late last year, was the passage of Freedom-To-Work legislation. Effective as of March 28, 2013, Michigan became the 24th “right-to-work” state in the nation. This business climate change will make the State of Michigan much more competitive to major corporations conducting site selections for new operations with sizable workforces.

Last, the entrepreneurial spirit, favorable local business climate and extensive business support network are all embedded in the fabric of Ottawa County. The County is confident that the quality and work ethic of its workforce, the many amenities associated with living in Ottawa County as well as the new initiatives being pursued will result in the expansion of existing businesses and attraction of new investments and job opportunities.

Long Term Financial Planning/ Financial Policies

In addition to the local economy, the actions the County Board takes also affect the financial outlook for the County. The County has compiled information on both the discretionary and mandated services the County provides. From the information, the Board establishes priorities and funding mechanisms which allow the County to respond to local and regional economic trauma, changes in service requirements, changes in State and Federal priorities and funding as they affect the County's residents. Currently, County services have been categorized as mandatory, discretionary but necessary, or discretionary. Beginning in 2008, the County Board

has ranked the discretionary items to establish the priorities twice per year. In January of 2010, the Board also ranked a listing of all County functions. The study of mandatory services will continue in order to determine minimum service levels for these services. The above strategies as well as other operating budget and fiscal policies guided the 2012 budget and, by extension, the financial results for 2012.

As a part of its budget process, the County projects financial results for five years for the General Fund. Beginning with the 2005 budget cycle, the projections showed that expenditures would continue to outpace revenues, eating up the County's fund balance rather quickly. It became clear that some of the negative revenue trends were not just temporary setbacks, but were permanent operating deficits. The Ottawa County Operating Budget Policy requires that the operating budget be supported by ongoing, recurring operating revenues, rather than through bonds or one-time dollars. This protects the County from fluctuating service levels and avoids crisis when one-time revenues are reduced or removed.

In addition, the County's fund balance policy directs the County to establish an unassigned fund balance in the General Fund to pay expenditures caused by unforeseen emergencies, for cash short-falls caused by revenue declines and to eliminate any short-term borrowing. The unassigned fund balance shall be maintained at an amount which represents a minimum of 10% and up to 15% of the General Fund actual expenditures for the most recently completed audit but not more than the equivalent of three months of operations of the planned budget year. This policy results in a target unassigned fund balance range of \$5.7 million to \$8.6 million. In accordance with the General Fund Budget Surplus Policy, the excess assigned fund balance will be used to provide a funding source for new initiatives, provide additional funds for the 2014 budget, and provide future funding for building projects.

One key policy is that the County will strive to fully fund the County's financing tools. The financing tools are a set of funds established (in some cases) as far back as 20 years ago. These funds address a variety of ongoing costs by providing alternate funding sources. Costs addressed by the financing tools include debt service, landfill clean-up, equipment replacement, and capital improvements. The County estimates that over the next five years, the financing tools will be covering an average of \$6.4 million in costs each year.

With financial forecasting, the creation of long-term financing tools, and strict adherence to budget and fiscal policies, the County has positively impacted all future financial decisions and the County's financial stability. These tools have permitted the County to maintain low property tax rates, lower costs to departments, and provide services needed by County citizens. Maintaining these practices will be critical in addressing the new financial challenges before us.

MAJOR INITIATIVES

The Ottawa County Board of Commissioners initiated and/or completed a number of major initiatives in 2012 designed to enhance Ottawa County residents' quality of life and increase the effectiveness of County government. The following identifies the major initiative areas and the specific initiatives started, continued, or completed in each area.

Board/Administration

DEFINED BENEFIT/DEFINED CONTRIBUTION TRANSITION

Ottawa County historically had a defined benefit pension plan with the Michigan Employees Retirement System (MERS) that provided employees with a monthly stipend based on final average compensation and years of service. A study was completed to identify both the short and long-term cost ramifications of changing retirement plans for new employees, estimating the change if made for all employee classifications could save \$30 million over 30 years. The County Board approved a series of resolutions that moved new County employees in a majority of job classifications from a defined benefit pension to a defined contribution pension effective January 1, 2012. It is anticipated that during 2013 the Board will further approve moving new employees in the remainder of job classifications into a defined contribution system.

HEALTH MANAGEMENT PROGRAM

Following aggressive changes to the health plans offered to employees in 2011, the County implemented a comprehensive health management plan in 2012 that has been described as industry leading by Priority Health. The long-term goal of the program is to improve the health of employees and spouses which will help to further contain the cost of health insurance into the future by lowering health claims.

“FOUR C’S” INITIATIVE

The County has begun the "Four C's" initiative, which is aimed to further improve the culture and performance of the County workforce. Specific programs within the initiative include Communication, Continuous Improvement, Customer Service and Cultural Intelligence. A communications position, shared with Parks in 2013, has been made available to all county departments as a resource to improve communications with citizens and other stakeholders. A group of 90 leaders from across the county participated in "The Disney Way" training at the end of 2012, establishing a basis and beginning for a common standard of customer service and training for all County employees. The Board of Commissioners received a "Business Case for Diversity and Inclusion" from the Lakeshore Ethnic Diversity Alliance, suggesting the importance of this issue for the future financial health and success of our community and how the County can be part of this discussion. Continuous Improvement will focus on training employees to incorporate strategies to continually improve our processes and services.

CLERK/REGISTER OF DEEDS OFFICE -

Combination of the Clerk and Register of Deeds Office – The two offices worked closely with one another throughout 2012 to begin the process of merging the offices into one which went into effect January 1, 2013.

Economic Development and Land Use Planning

WATER RESOURCES STUDY

In November 2012, the Michigan State University Institute of Water Research (MSU IWR) publically presented the results of a comprehensive water resources study commissioned by the County in 2011. The study identified a number of concerns for future groundwater usage in the County. According to the Study, it appears that deep “bedrock” stores of fresh groundwater are being “mined,” with water stores being utilized faster than they can be replenished. At the

same time, it appears that water with high concentrations of sodium chloride is “upwelling” from even deeper bedrock areas and leading to issues with drinking water and irrigation. As a result, the County is working with MSU to conduct a second study to provide a more concrete timeframe for the sustainability of our groundwater supply and to recommend policy options to help preserve traditional groundwater reserves.

Technology

COUNTYWIDE WIRELESS BROADBAND INITIATIVE

In October 2012, AT&T’s wireless broadband service was activated on the County’s new Robinson Township tower. The Robinson Township tower is the second such tower constructed by the County; the first tower, constructed in 2009, is located at the County’s Fillmore Street Complex in Olive Township. The County has built towers in those underserved areas in which the private-sector has not committed to constructing towers themselves.



IMPLEMENTATION OF NEW FINANCIAL AND HUMAN RESOURCES SOFTWARE

Ottawa County selected an Enterprise Resource Planning (ERP) software package for financial and human resources in late 2011 (MUNIS Systems, a division of Tyler Technologies). The new ERP system is windows based with web capabilities. Implementation of the new ERP system began in December, 2011, and went live with the financials on October 1, 2012. The Payroll module went live on January 1, 2013 for the first payroll of the year. Additional modules will be implemented in mid-2013.

SOFTWARE IMPLEMENTATION

The IT Department completed several software implementations during 2012. The implementation of the Many Integrated County Applications (MICA) system included completion of the Payroll Hours Entry (PHE) module with over 1,200 authorized users. During 2012, the IT Department made major revisions to the PHE module in order to support integration with the MUNIS Enterprise Resource Planning (ERP) Payroll system. The installation of the Judicial Docket, Juvenile Daily Activity Reporting and Sheriff’s Daily Activity Reporting systems were also completed in 2012.

INFORMATION TECHNOLOGY STUDY

The County engaged Plante & Moran, PLLC to conduct an objective analysis of the current structure of Information Technology (IT) across the organization. The analysis included a complete organizational review and evaluation of the County’s IT service delivery and organizational structure which supports the core business functions of the County, the personnel/staffing requirements necessary for the support of systems, development of a gap analysis that will enable the County to create a roadmap to a more effective model of IT for the County, creation of a Strategic Plan around emerging technologies, and a review of the governance structure employed to support the operational mission of Information Technology. A comparison of the County’s IT function and operations to other local governments of similar scope and complexity was conducted. The study concluded with an IT assessment of the

current organization, a plan for future governance of IT, a strategic plan of emerging technologies, and a tactical IT plan to improve the technology offerings of Ottawa County. This plan was completed in December 2012.

Quality of Life

RECREATION – PARK IMPROVEMENT PROJECTS

- *New Lake Michigan Park Completed* – The Parks Commission completed a \$630,000 project to develop the new Olive Shores County Park on Lake Michigan in Port Sheldon Township with assistance from a



\$315,000 grant from the Michigan Natural Resources Trust Fund. Park improvements were completed in time for Memorial Day, 2012 and the summer season. Olive Shores is a 20.5 acre site with beautiful forested dunes and 738 feet of Lake Michigan beach. Improvements include dune stairs, trails and boardwalk providing access to Lake Michigan. A 50 car parking lot, modern restrooms, picnic

facilities, interpretive signs and a connecting bike path are also available.

- *Connor Bayou Opens* – Connor Bayou, a new county park located on the Grand River in Robinson Township, opened in mid-summer following completion of a \$655,000 millage funded improvement project. The new park features extensive hiking trails with river overlooks, picnic areas, canoe/kayak landing, fishing dock, and the Woodland Cabin which is available for group rentals.



View of Woodland Cabin looking north



Bayou overlook deck

Criminal Justice

Ottawa County Courts have renewed their emphasis on the collection of court fees and restitution:

58TH DISTRICT COURT COLLECTION EFFORTS

The 58th District Court was the top District Court in the state of Michigan in collecting assessed fees on civil infractions, misdemeanor traffic/drunk driving cases and misdemeanor cases achieving an overall average collection rate of close to 95% on all outstanding assessments. The Court's continued successful collection rates are in part due to increased emphasis on timely and consistently issuing orders to show cause for failure to pay court assessed fees as well as increasing the number of mandatory wage assignments processed by the Court.

JUVENILE SERVICES COLLECTIONS

The Reimbursement Team focused on the implementation of best practices for the collection of attorney fees and placement costs. A 70% increase was realized in the collection of attorney fees (100% retained by the General Fund), as well as a 25% increase in the collection of placement costs (50% retained by the Child Care Fund).

“COMPROMISE ARREARS IN RETURN FOR ON-TIME SUPPORT” PROGRAM

The Friend of the Court was chosen as a pilot county for the State of Michigan's new arrears management strategy known as the “Compromise Arrears in Return for On-time Support” (CAROTS) program. The CAROTS program allows for a discharge of State-owed arrears in return for consistent child support payments for a term of two years.

TRIAL DIVISION COLLECTIONS

The Trial Division continued to make strides on felony collections, surpassing the \$1 million mark for the first time in 2012. A substantial portion of the collections (\$574,137.14) was returned to Ottawa County crime victims in the form of restitution payments. In addition, 988 Writs to Intercept State of Michigan Income Tax Returns were prepared and delivered to the Department of Treasury. To date, more than \$100,000 had been collected from these tax intercepts.

Health and Welfare

MICHIGAN WORKS!/COMMUNITY ACTION AGENCY

Major Initiatives from the Michigan Works! and Community Action Agency (CAA) include:

- *Direct Service Implementation* – Ottawa County Michigan Works undertook a major shift in staffing in 2012 by moving from a subcontractor staffing model to a direct service staffing model. Michigan Works! worked with County Administration and Human Resources to hire approximately 22 full time staff members into Ottawa County. These new county staff members are now the frontline service delivery staff for Ottawa County Michigan Works. The transition took place between November 2011, when the Workforce Development Agency revised state policy to allow direct service and October 1, 2012 when the staffing change was completed.

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, 2011. The County has received this prestigious award for twenty nine consecutive years.

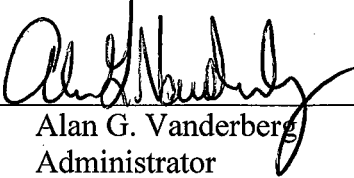
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable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




David Carpenter
Interim Fiscal Services Director

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

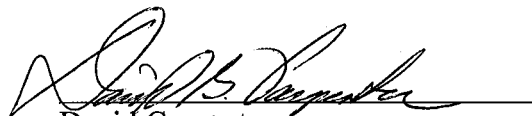
Responsibility for the integrity of the financial data presented rests with the County. We believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to county government and State statutes.

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

Vredeveld Haefner, 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. Vredeveld Haefner's report is included in the financial section of this report.



Alan G. Vanderberg
Administrator



David Carpenter
Interim Fiscal Services 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, 2011

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.



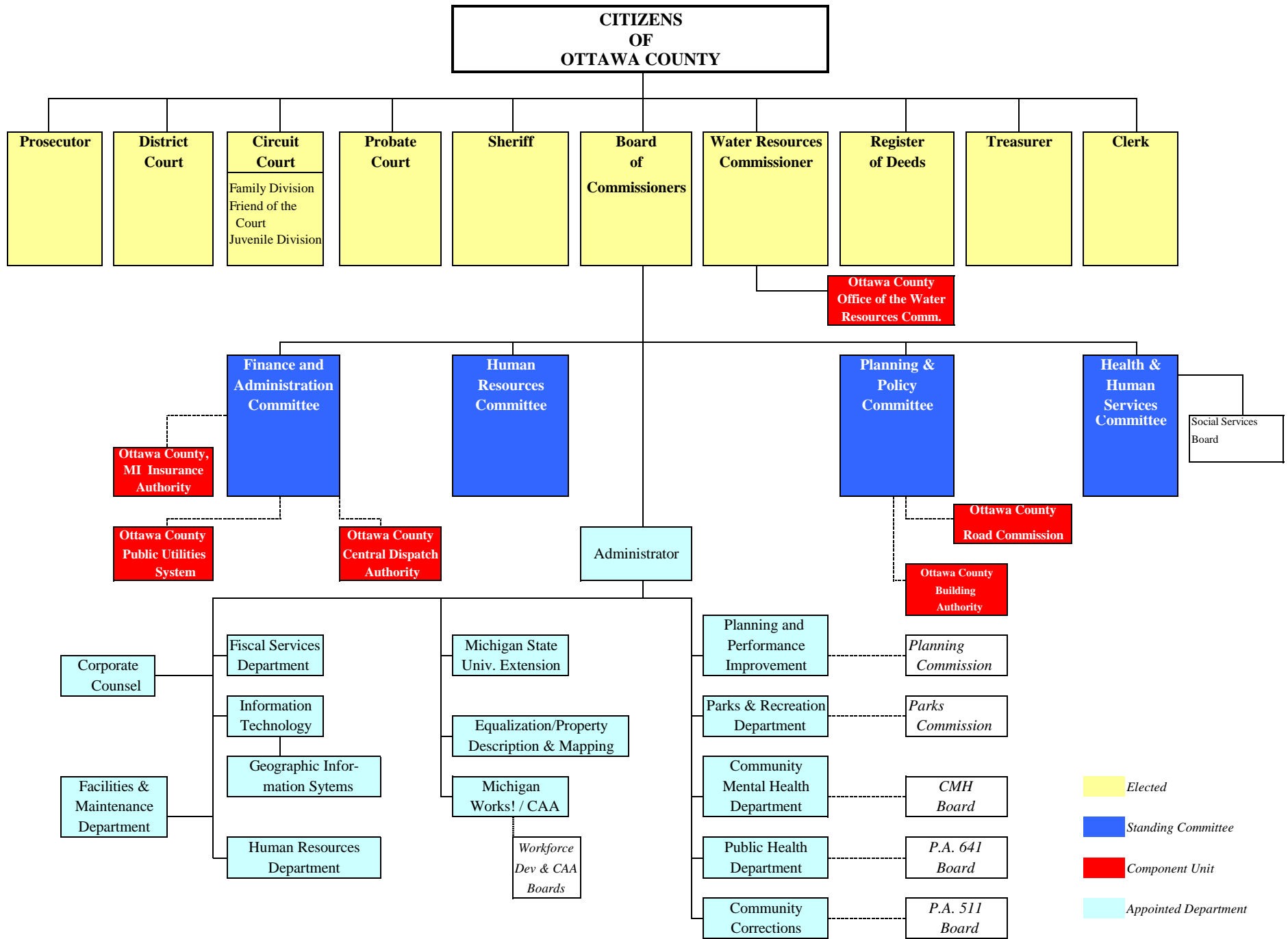
Christopher P. Moivell

President

Jeffrey R. Emer

Executive Director

2012 ORGANIZATIONAL CHART



- Elected
- Standing Committee
- Component Unit
- Appointed Department



Vredeveld Haefner LLC

CPA's and Consultants

4001 Granada Ct.

Grand Rapids, MI 49534

FAX (616) 828-0307

Douglas J. Vredeveld, CPA

(616) 446-7474

Peter S. Haefner, CPA

(616) 460-9388

INDEPENDENT AUDITORS' REPORT

June 21, 2013

County of Ottawa
Board of County Commissioners
West Olive, Michigan

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mental Health Special Revenue fund, which is a major fund, or the Protected Self-Funded Insurance – Mental Health Internal Service fund. These represent 3.0 percent, 1.2 percent, and 26.5 percent, respectively, of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mental Health Funds, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ottawa County, Michigan, as of December 31, 2012, and the respective changes in financial position, and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 28-42 and the information on pages 119-126 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Ottawa, Michigan's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 21, 2013, on our consideration of the County of Ottawa, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Ottawa, Michigan's internal control over financial reporting and compliance.

Uredaxeld Haefner LLC

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, 2012. 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 5 -23 of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$225,104,357 (*net position*). Of this amount, \$92,148,801 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,344,552.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$56,020,693, an increase of \$2,200,920 in comparison with the prior year. 78.5 percent of the ending fund balances, \$43,965,570, are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. 21.6 percent of this total amount, \$12,055,123, is available for spending at the government's discretion only (General Fund unassigned fund balance)
- The General Fund had a net increase in fund balance of \$1,973,163 for 2012. At the end of the year, total fund balance for the General Fund was \$47,738,947, or approximately 84.0 percent of total General Fund expenditures (including transfers).
- The County's total bonded debt (including component units) decreased by \$7,094,696 during the current fiscal year. Ottawa County Public Utilities, component unit, issued \$1,524,071 of debt for the construction of water/sewer systems.

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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed

during the most recent fiscal year. All changes in net position 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 collection system.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also five legally separate entities: Ottawa County Road Commission, Ottawa County Central Dispatch Authority (911), Ottawa County Land Bank Authority, Ottawa County Public Utilities, and the Ottawa County Office of the Water Resources Commission. Financial information for the *component units* is 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.

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 the government-wide financial statements which facilitates comparison between *governmental funds* and *governmental activities*.

The County maintains 37 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, and the Mental Health,

funds, each of which is considered to be a major fund. Data from the other 33 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.

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 10 internal service funds to account for the following functions: information technology services, duplicating, telecommunications, equipment pool, employee insurances, and protected self-funded liability, unemployment and worker's compensation insurances. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. The required supplementary information includes major fund budget to actual schedules and provides multi year trend information on the funding progress of the County's defined benefit pension plan and other post employment benefits.

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.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. In the case of the County of Ottawa, assets exceeded liabilities by \$225,104,357 at the close of the most recent fiscal year.

County of Ottawa's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$120,576,591	\$117,170,758	\$24,026,297	\$24,032,783	\$144,602,888	\$141,203,541
Capital assets	132,235,099	132,817,460			132,235,099	132,817,460
Total assets	252,811,690	249,988,218	24,026,297	24,032,783	276,837,987	274,021,001
Long-term liabilities						
outstanding	30,487,631	23,878,484			30,487,631	23,878,484
Other liabilities	21,228,904	31,373,406	17,095	9,306	21,245,999	31,382,712
Total liabilities	51,716,535	55,251,890	17,095	9,306	51,733,630	55,261,196
Net position:						
Invested in capital assets, net of related debt	113,151,478	112,014,491			113,151,478	112,014,491
Restricted	19,273,135	17,801,312	530,943	447,167	19,804,078	18,248,479
Unrestricted	68,670,542	64,920,525	23,478,259	23,576,310	92,148,801	88,496,835
Total net position	\$201,095,155	\$194,736,328	\$24,009,202	\$24,023,477	\$225,104,357	\$218,759,805

The County's net position increased by over \$6.3 million in 2012. A large portion of the County's net position (41 percent) is unrestricted. *Unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

Capital assets, representing 50 percent of total net position, 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. Capital assets increased slightly in 2012 due to land and land improvement purchases by Parks and Recreation. However, depreciation reduced the book value of existing capital assets.

In addition to the net position invested in capital assets, net of debt, certain other restrictions on the use of net position apply due primarily to legal guidelines. This restricted net position total \$19,804,078. The 2012 balance is higher due to increases in the amount for stabilization as allowed by the State of Michigan.

County of Ottawa's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenue:						
Charges for services	\$25,758,463	\$23,692,255	\$2,064,177	\$2,307,223	\$27,822,640	\$25,999,478
Operating grants and contributions	62,917,831	61,739,527			62,917,831	61,739,527
Capital grants and contributions	2,293,472	1,653,505			2,293,472	1,653,505
General revenues:						
Property taxes	40,693,219	41,220,281			40,693,219	41,220,281
Grants and contributions not Restricted to specific programs	3,659,304	6,003,393			3,659,304	6,003,393
Investment earnings	3,233,155	1,362,564	160,201	159,838	3,393,356	1,522,402
Other	1,113,633	701,587			1,113,633	701,587
Total revenues	139,669,077	136,373,112	2,224,378	2,467,061	141,893,455	138,840,173
Expenses:						
Legislative	459,777	428,578			459,777	428,578
Judicial	15,783,718	14,502,573			15,783,718	14,502,573
General government	13,580,523	15,447,894			13,580,523	15,447,894
Public safety	30,932,957	28,476,232			30,932,957	28,476,232
Public works	300,235	2,446,691			300,235	2,446,691
Health and welfare	67,599,332	63,874,693			67,599,332	63,874,693
Community and economic development	742,845	621,591			742,845	621,591
Culture and recreation	3,103,891	3,218,940			3,103,891	3,218,940
Interest on long-term debt	959,132	1,039,869			959,132	1,039,869
Business-type activities			2,088,653	2,565,380	2,088,653	2,565,380
Total expenses	133,462,410	130,057,061	2,088,653	2,565,380	135,551,063	132,622,441
Increase in net position before transfers to other funds	6,206,667	6,316,051	135,725	(98,319)	6,342,392	6,217,732
Transfers	152,160	163,448	(150,000)	(150,000)	2,160	13,448
Increase (decrease) in net position	6,358,827	6,479,499	(14,275)	(248,319)	6,344,552	6,231,180
Net position, beginning of year	194,736,328	188,256,829	24,023,477	24,271,796	218,759,805	212,528,625
Net position, end of year	\$201,095,155	\$194,736,328	\$24,009,202	\$24,023,477	\$225,104,357	\$218,759,805

*Expenses include indirect expense allocation

The preceding table shows that the primary government's net position increased by \$6.3 million during 2012. Activity affecting net position is as follows:

Category	Effect on Net Position
Increase in Net Position of Internal Service Funds	2,852,461
Decrease in Landfill liability	1,078,000
Unanticipated personnel vacancies	665,000
Higher than anticipated Register of Deeds revenue	541,000
Unused (project delayed) drain assessment budget	450,000
Lower employee insurance costs/vacancies/insurance opt outs	406,000
Lower expenses in the Parks fund (net of capital outlay)	323,000
Medicaid Cost Settlement for Prior Years	300,000
Additional Out of County Jail Housing Revenue	273,000
Unused Contingency	258,000
Higher than anticipated Health License & Permit/other revenue	238,000
Additional Convention Facility Tax revenue	208,000
Depreciation less capital asset purchases (Governmental Funds only)	(1,414,000)
	\$6,178,461

There are several contributors to the increase in the net position. The net position of the Ottawa County, Michigan Insurance Authority, an internal service fund, increased due primarily to lower claim activity and higher investment returns. Capital improvements made in 2012 and to be completed in 2013 will result in lower treatment costs for the landfill in the long-term. The Child Care and the Health fund had significant personnel vacancies during 2012 which were not anticipated.

Revenue in the Register of Deeds office increased 24% in 2012. The County had not anticipated this level of increase in 2012. The County's share of the Park West drain assessment was delayed to 2013. Health insurance contract adjustments made after the 2012 budget figures were finalized resulted in additional savings as did unanticipated vacancies and fluctuations in the number of employees opting out of insurance. Tax and intergovernmental revenue in the Parks fund is used to cover Park operational costs as well as capital outlay for new park development. At the government-wide level, capital outlays are subtracted out of expenses, so the fund shows an increase in net position.

In addition, prior years of Medicaid cost settlement data were resolved in the County's favor at the federal level. Due to lower jail census numbers, the County took more State inmates in our jail during 2012. For the first six months of 2012, the average number of inmates housed by Ottawa County was 437; for the last six months of 2012, the average number increased to 1,367. Only a portion of the amount budgeted for contingency was used in 2012.

In addition to higher Register of Deeds revenue, the improvements in the housing industry have also positively impacted the Environmental Health division of the Health fund. Sewage permits increased in number and some of the fees charges for these permits were also increased. The County also received more Convention Facility tax revenue than originally projected by the State. 50% of the revenue is required to be used for substance abuse, but the remaining amount is for General County purposes.

Governmental funds are budgeted on a modified accrual basis which means depreciation is not budgeted in the funds and capital expenditures are budgeted. On the government-wide statement, capital asset amounts are recorded as assets and depreciation expense is added. In 2012, the County made fewer capital purchases in the governmental funds than in 2011 (particularly in the Parks fund). Consequently, the difference between the capital assets added in governmental funds and depreciation incurred in governmental funds is (\$1,414,000).

Revenues:

Revenues increased by 2.2% in 2012. There are several revenue sources with variances.

Program charges for services:

Program charges for services increased \$2.1 million in total. As mentioned earlier, Register of Deeds revenue increased \$541,000 due to an improving housing market and out of county inmate housing revenue increased \$273,000 due to the County housing more State prisoners. In addition, the County has consolidated certain funds which has resulted in more than 12 months of activity for certain activities on the 2012 statement. Specifically, fund 2610, Sheriff Contracts, was closed as of 9/30/12 and was consolidated into fund 2630 for the period 10/1/2012 – 12/31/2012. Revenue from this activity increased by \$1.83 million overall.

However, there were some reductions in program charges for services. The Debt Service fund records the amounts transferred to the fund to cover debt service payments as program charges for services because there are formal lease agreements for the buildings the debt was issued for. In 2011, one of the debt issues was paid off, resulting in less revenue coming into the fund in 2012 (\$533,000).

Program operating grants and contributions:

Program grant revenue increased \$1.2 million or 1.9% overall. Revenue in the Mental Health fund increased \$1.8 million due to increases in Medicaid rates and the number Medicaid clients served. In 2011, Public Health received \$930,000 more in Medicaid Cost Settlement dollars than in 2012. Other Health program grants also declined for a total decrease of \$1.37 million in 2012. The County received \$563,000 more in Convention Facility Tax revenue in 2012 than in 2011. The fund consolidation mentioned under program charges for services also affected program grants and contributions. Various Michigan Works! and Community Action Agency funds were combined into two funds, 2745 (Michigan Works!) and 2746 (Community Action Agency) when the fund change was made. As a result, program charges for services is \$593,000 higher for these funds in 2012.

Program capital grants and contributions

These revenues vary depending on the number /and scope of capital improvement projects. In 2012, the County received \$416,000 primarily for emergency communication equipment and \$455,000 for the purchase of boats/boat engine for the Marine division with Homeland Security funds.

Property taxes

Taxes decreased by \$527,000 or 1.3% which is consistent with the decrease in taxable value of .96%. The percentage decrease of actual revenue is larger than the percentage decrease in taxable value because the levy for E-911 and Parks was based on the 2011 taxable value which was 2.15%

lower than the previous year.

Grants and Contributions Not Restricted to Specific Programs

In 2011, State revenue sharing payment (\$5.9 million) were resumed. The 2011 payment was larger for the first year because the County's year end is December 31; the State's fiscal year end is September 30. 2011 revenues reflected revenues from the State's fiscal beginning of 10/1/10 through payments earned through 12/31/11. Consequently, 2012 revenue is \$2.35 million less.

Investment Earnings

The increase in investment earnings can be attributed to the Ottawa County, Michigan Insurance Authority. In 2011, the Authority recorded a modest gain of \$61,000 in the fair value of investments. The market did well in 2012, and the County recorded \$1.99 million as the change in the fair value of investments.

Expenses:

Expenses as a whole increased \$3.4 million or 2.6%.

Judicial

The totals on page 32 include indirect expense allocation. For the County, indirect cost allocations for a given year are based on actual activity of two years prior, in this case, 2010. During 2009, the County opened a new facility in Grand Haven to replace the old, fully depreciation facility. The indirect cost charge increased significantly to reflect the depreciation charges on the new, larger facility. 2012 reflects a full year of these additional charges. In total, indirect expense allocation to judicial functions increased \$1.2 million in 2012.

General government

As discussed under judicial expenses, indirect expense allocations are included in the amounts on page 32. Indirect costs charged for a given year are based on data from two years ago. As a result, each year, the indirect cost study includes a carry forward adjustment to capture the difference between what was charged (which was based on two year old data) and what the actual costs were. In 2012, there were significant carry forward adjustments (\$1.1 million) mostly due to depreciation on the Grand Haven facility that was not charged through the indirect cost study in 2010. On the government-wide statements, the amounts charged to departments (which includes the carry forward adjustment) are subtracted from General government costs. Consequently, General government expenses show a decrease over 2011. In addition, the 2011 expenses included \$401,000 more under the Energy Efficiency and Conservation Block Grant than in 2012 (the grant ended in 2012).

Public safety

Public safety expenses increased \$2.5 million or 8.6%. As mentioned under program charges for services, the County has consolidated certain funds which has resulted in more than 12 months of activity for certain activities on the 2012 statement. Specifically, fund 2610, Sheriff Contracts and fund 2661, Sheriff Road Patrol, were closed as of 9/30/12 and consolidated into fund 2630 for the period 10/1/2012 – 12/31/2012. As a result, 2012 expenditures are \$2.1 million higher. The remaining variances are due to fluctuations in non capital grants (\$341,000).

Public works

These expenses can vary significantly by year. In 2011, the long-term liability for the landfill

increased by \$1.2 million. Projections increased due to more intensive groundwater restoration activity and requirements by the State of Michigan. However, capital improvements made in 2012 and to be completed in 2013 will result in lower treatment costs for the landfill in the long term, effectively lowering the liability by \$1.08 million.

Health and Welfare

Health and welfare expenses increased \$3.7 million, or 5.8%. Mental Health expenses increased by \$2.4 million – 6.7%. For Mental Health employees, a wage study was implemented that affected 119 positions, nine positions were added during 2012, and there were several positions in 2011 that were vacant. Personnel costs increased by \$1.3 million overall. In addition, client care expenditures increased due mainly to increased demand for services. As discussed under program grants and contributions, the fund consolidation for various Michigan Works! and Community Action Agency funds were combined into two funds, 2745 (Michigan Works!) and 2746 (Community Action Agency) when the fund change was made. As a result, expense are \$526,000 higher for these funds in 2012.

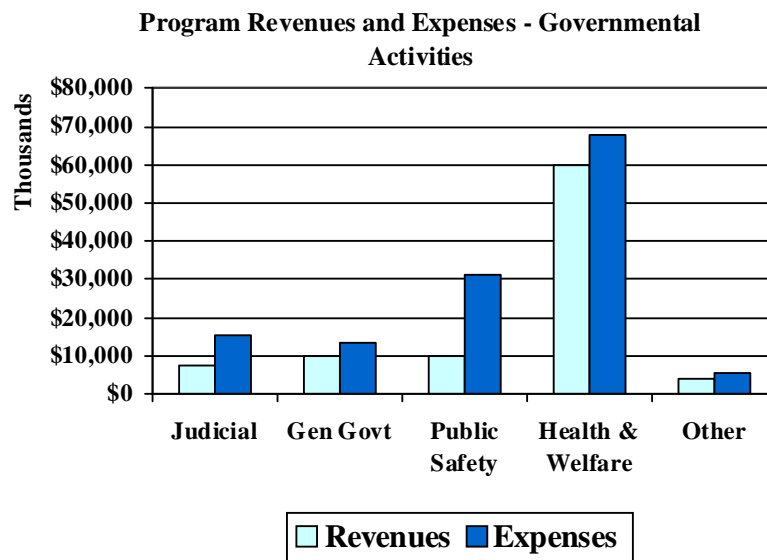
Culture and Recreation

Expenses for Culture and Recreation decreased slightly. In 2011, the County paid \$200,000 towards improvements on the Fred Meijer Kenowa Train (a regional trail not owned by the County).

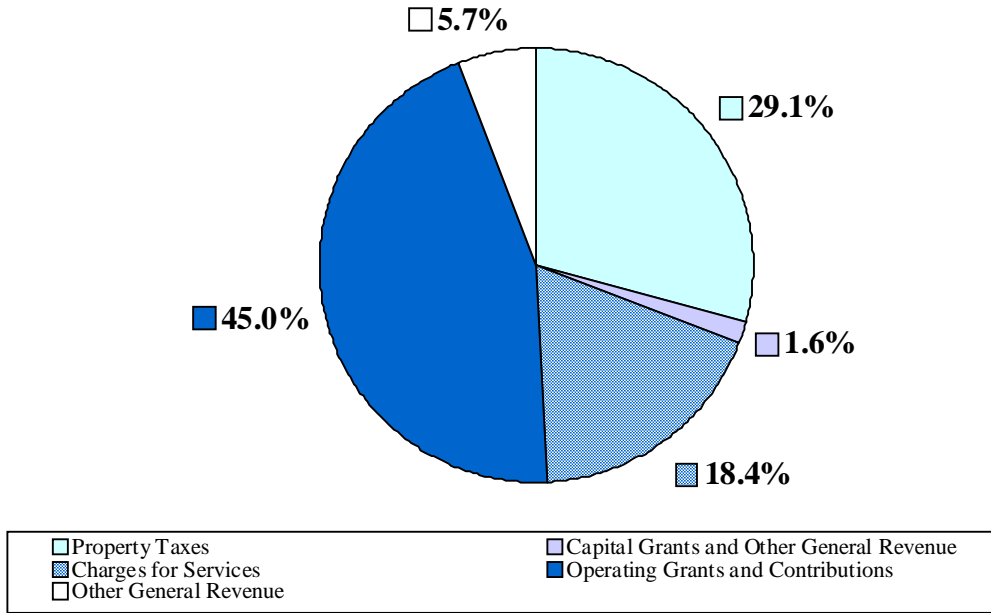
Interest on long-term debt

Interest on long-term debt decreased 7.8%. Interest payments decline over time with principal payments. In 2011, one of the debt issues was paid off, resulting in lower interest costs in the fund in 2012.

The graph below summarizes revenues and expenses by category.



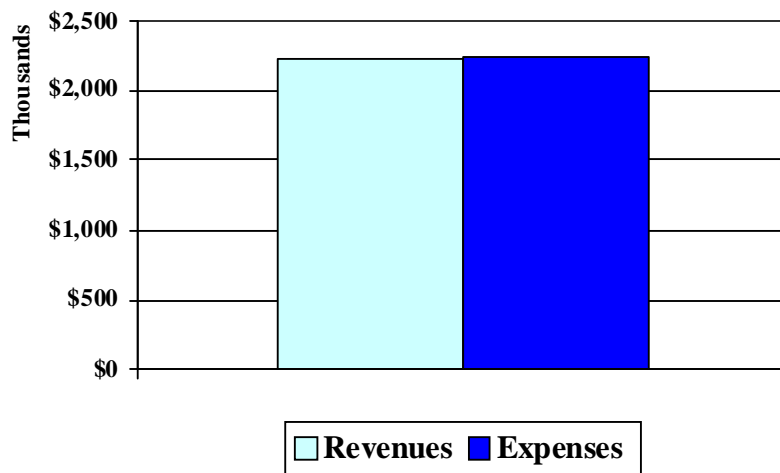
Revenues by Source - Governmental Activities



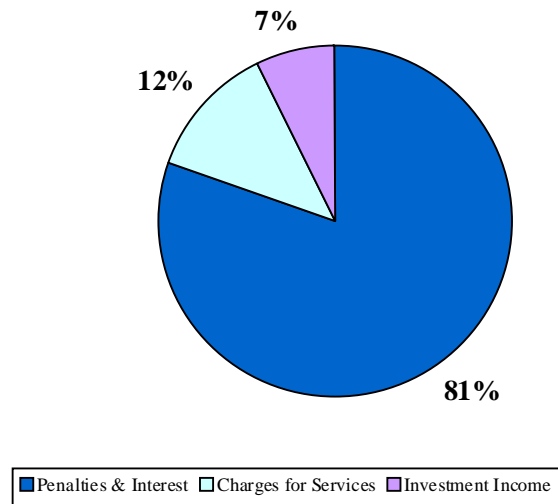
Business-type Activities

Business-type activities decreased the County’s net position by \$14,275 which was expected. The revenues for the business-type activities are penalties and interest on delinquent taxes, proceeds from tax sales, and investment income. Since the amount of delinquencies is decreasing, the penalties and interest earned is also decreasing. The majority of the expenses represent rent payments to the Ottawa County Building Authority (blended component unit). These payments cover principal and interest payments on several bond issues.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$56,020,693, an increase of \$2.2 million in comparison with the prior year.

Approximately 65% percent of this total amount (\$36.2 million) constitutes *spendable, non-restricted fund balance*. The remainder of fund balance is considered *non spendable* or *restricted* to indicate that it is not available for new spending because it is 1) not in a spendable form such as inventory or loans (\$1628,489), 2) unavailable as it provides a long-term advance to component units and other funds (\$325,000) or 3) unavailable due to legal restrictions (\$18,135,003). Of the \$36.2 million, \$18.1 million has been committed by the Board of Commissioners for specific projects/spending, and \$6.1 million has been assigned by the County Administrator for specific projects/spending. The remaining \$12.0 million in unassigned fund balance which is available for spending at the County's discretion.

The General Fund (1010) is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12,055,123, while total fund balance was \$47,738,947. As a measure of the General Fund's liquidity, it may be useful to compare spendable, non-restricted or committed fund balance to total fund expenditures and transfers. Spendable, non-restricted or committed fund balance represents 21 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1.9 million during 2012 . This was mostly due to higher revenues than anticipated in housing related areas, Medicaid cost settlements,

inmate housing fees, and Convention Facility tax as well as lower expenditures for vacancies, health care costs savings, and the delay of a major drain project.

The Parks and Recreation fund (2081) has a total fund balance of \$3.87 million, which is an increase of \$323,000. The Parks and Recreation department is undergoing a period of growth and development with the help of a .33 property tax millage 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 2012, the department made \$2.0 million in land purchases and capital improvements to County parks, some of these were partially grant funded.

The fund balance of the Health fund (2210) remained steady since the unused operating transfer is now returned to the General Fund. The fund balance of the Mental Health fund (2220) showed a small decrease.

General Fund Budgetary Highlights

The original revenue and expenditure budgets (including transfers in/out) for the General Fund (1010) were \$57,492,137 and \$58,844,479 respectively. The amended revenue budget was \$58,128,180, and the amended expenditure budget was \$59,337,050.

The revenue budget increased overall by \$636,000 or 1.1 percent during the year. The budget for Convention Facility tax was increased by \$107,000 during the year to reflect the higher payments, and an additional \$290,000 from grants received during the year. Budgeted revenues in the Register of Deed's office were increased by \$492,000. Budgeted revenues for inmate housing fees were increased by \$250,000. Operating transfers in decreased \$500,000 when it became clear the transfer from another fund was not needed. In comparing the amended budget to the actual results, there were two significant fluctuations. Convention Facility Tax came in \$309,000 over the revised budget; the final payment accrued comes after year end. After reviewing the financial results, it was clear the \$625,000 operating transfer from the Delinquent Tax Revolving fund would also not be needed for 2012.

The budget for General Fund expenditures increased \$493,000 in total, and expenditures as a whole were \$313,000 under budget. Transfers to other funds increased \$1.87 million to reflect transfers to the Solid Waste Clean-up fund and the Stabilization fund. Both of these funds are combined with the General Fund for reporting purposes pursuant to GASB Statement No. 54. The budget for health insurance was reduced by \$358,000 due to policy adjustments and plan selection results. The budget for the Park West drain assessment was taken out when it became clear the project would not advance in 2012 (\$450,000). The budget for the transfer to the Health fund was reduced by \$839,000 for the reasons discussed earlier. However, the budget for salaries was increased to reflect the move of certain budgets previously in non major Special Revenue funds to the General Fund and for the results of a wage study. In comparing the amended budget to actual result, the budget for Public Safety was inadequate due to equipment received under the Homeland Security Equipment Grant. However, the transfer required for the Community Corrections fund (Special Revenue fund 2850) came in \$107,000 below budget. The remaining budget to actual variances are spread across several functions and objects.

Capital Asset and Debt Administration

Capital assets. The County's (primary government) investment in capital assets as of December 31, 2012, amounted to \$132,235,099 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and

park facilities. The County's total investment in capital assets for the current fiscal year remained essentially steady as additions approximated depreciation.

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

- Through grants, the County purchased \$550,000 in marine equipment and E crash software. A 27' Boston Whaler was purchased as well as thermal cameras and a new truck for the marine division.
- Approximately \$2 million was spent on various land acquisition and park improvement projects for the Park system. Of this amount, approximately \$1.7 million was spent on land improvements. The two largest projects of the Parks system for 2012 was Holland Country Club Wetlands Restoration (\$593,000) and Connor Bayou improvements (\$452,000).
- A new cell tower was constructed in Robinson Township (\$133,000).
- The telephone and voicemail system was replaced (\$415,000).
- The County replaced 37 vehicles, mostly in Public Safety.

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

	2011			2012		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
Land	\$48,954,789	\$1,367,182	\$50,321,971	\$49,024,337	\$1,367,182	\$50,391,519
Construction in progress		641,196	641,196		920,359	920,359
Land improvements	10,756,621		10,756,621	11,747,273		11,747,273
Buildings and improvements	67,700,163	11,307,136	79,007,299	65,171,192	11,371,699	76,542,891
Machinery and equipment	5,405,887	3,436,618	8,842,505	6,292,297	3,186,580	9,478,877
Infrastructure		185,623,454	185,623,454		195,186,132	195,186,132
Total	\$132,817,460	\$202,375,586	\$335,193,046	\$132,235,099	\$212,031,952	\$344,267,051

Additional information on the County's capital assets can be found in note III.C on pages 89-92 of this report.

Long-term debt. At the end of the current fiscal year, the County had total general obligation bonds outstanding of \$135,292,237. Of this amount, \$135,234,572 of the bonds are backed by the County's full faith and credit.

County of Ottawa's Outstanding Debt
General Obligation Bonds

	2011			2012		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
General obligation bonds	\$14,750,000	\$102,066,933	\$116,816,933	\$14,040,000	\$98,157,237	\$112,197,237
General obligation bonds - Refunding	6,215,000	19,355,000	25,570,000	5,290,000	17,805,000	23,095,000
Total	\$20,965,000	\$121,421,933	\$142,386,933	\$19,330,000	\$115,962,237	\$135,292,237

The County's total general obligation bonded debt decreased by \$7.1 million (5.0 percent). Debt from prior issues was reduced by \$8.6 million as planned. Ottawa County Public Utilities (component unit) issued \$1.5 million in new debt during 2012.

The Ottawa County Drain Commissioner has various notes payable for which the benefiting drainage district has pledged its full faith and credit. During 2012, the Drain Commissioner issued \$944,000 in long term notes payable and \$105,000 in short term notes payable. The Drain Commissioner also reduced existing notes by \$850,300.

The County has a "AAA" rating from Fitch on general obligation limited tax bonds. Moody's bond rating is "Aaa" 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 (2012) debt limitation for the County is \$1,026,101,097, 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.F on pages 97-101 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 2012 fiscal year:

- The County's tax base has noticed some improvement as the rate of decrease is lessening. The change in taxable value went from (4.05%) in 2010, (2.15%) in 2011, (.96%) in 2012 and is a positive 1.44% for 2013. The County anticipates taxable value to increase by 2.5% in 2014.
- On the positive side, the County's operating levy is 3.6 mills which is the same rate as last year. More impressive, the County's millage rate is one of the lowest county millages in the State of Michigan. In fact, the County does not levy its maximum authorized levy to alleviate taxpayer burden. The County still has a cushion of .665 mills which provides an additional \$6.3 million the County may access with a vote of the Board of Commissioners.
- The unemployment rate for the County was 6.4% for 2012 which is significantly lower than 2011 (8.3%). The preliminary rate for April of 2013 is 5.9%. Clearly, the County is headed

in the right direction. Industry initiatives discussed in the transmittal letter have improved the employment outlook for the County.

- Between 2000 and 2010 Ottawa County had an annual average population growth rate of 1.04%, higher than the state or the nation.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the 2013 budget are as follows:

- Reduction in the tax levy of 16% over the maximum allowable levy
- The budget reflects a net increase of 6 full time equivalents, three of which are grant funded
- Includes \$2.3 million in new equipment
- Includes contingency of \$524,970
- The budget does include a fund balance use for operations. However, the County will continue to meet its financial goal of maintaining a General Fund (fund 1010 only) unassigned fund balance that is at least 10% of the prior year's audited expenditures.

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: Fiscal Services Director, 12220 Fillmore Street, Room 331, West Olive, Michigan, 49460.

**County of Ottawa
Statement of Net Position
December 31, 2012**

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<u>ASSETS</u>				
Current assets:				
Cash and pooled investments	\$64,254,744	\$18,238,957	\$82,493,701	\$20,463,539
Investments	28,323,398		28,323,398	
Receivables (net of allowance for estimated uncollectibles):				
Taxes	7,337,356	4,695,457	12,032,813	
Accrued interest and penalties on delinquent taxes		846,116	846,116	
Accounts	1,540,856		1,540,856	3,224,192
Accrued interest on investments	302,809		302,809	
Internal balances	(122,226)	160,201	37,975	
Advances to component units	325,000		325,000	
Due from other governments: due within one year	14,030,179		14,030,179	8,536,451
Due from primary government				1,565
Due from component units		81,486	81,486	
Inventory of supplies	454,100		454,100	1,398,346
Land inventory				306
Prepaid items	833,072	4,080	837,152	458,753
Total current assets	<u>117,279,288</u>	<u>24,026,297</u>	<u>141,305,585</u>	<u>34,083,152</u>
Noncurrent assets:				
Net pension asset	1,697,689		1,697,689	150,000
Net other post employment benefits asset	463,350		463,350	
Due from other governments: due after one year	516,067		516,067	112,318,073
Unamortized bond issuance and deferred refunding costs	620,197		620,197	1,727,228
Capital assets not being depreciated	49,024,337		49,024,337	2,287,541
Capital assets being depreciated, net	83,210,762		83,210,762	209,744,411
Total noncurrent assets	<u>135,532,402</u>		<u>135,532,402</u>	<u>326,227,253</u>
Total assets	<u>252,811,690</u>	<u>24,026,297</u>	<u>276,837,987</u>	<u>360,310,405</u>
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable	15,237,718	14,075	15,251,793	8,027,059
Interest payable	147,920		147,920	1,379,962
Due to primary government				81,486
Due to component units	1,565		1,565	308,450
Due to other governments	2,501,460	3,020	2,504,480	5,526
Notes payable				855,000
Current portion of long-term debt	4,750,844		4,750,844	6,639,000
Advances from primary government				325,000
Advances from other governments	441,856		441,856	465,327
Unearned revenue	7,406,268		7,406,268	4,519
Total current liabilities	<u>30,487,631</u>	<u>17,095</u>	<u>30,504,726</u>	<u>18,091,329</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	21,228,904		21,228,904	115,505,598
Total noncurrent liabilities	<u>21,228,904</u>		<u>21,228,904</u>	<u>115,505,598</u>
Total liabilities	<u>51,716,535</u>	<u>17,095</u>	<u>51,733,630</u>	<u>133,596,927</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	113,151,478		113,151,478	208,837,687
Restricted for:				
Debt Service				641,976
Capital projects	7,472,623		7,472,623	2,819,687
State of Michigan public act restrictions	9,718,750	530,943	10,249,693	20,751
Infrastructure maintenance				586,017
Managed care self-insurance pool	2,075,992		2,075,992	
Cemetery trust:				
Nonexpendable	5,770		5,770	
Unrestricted	<u>68,670,542</u>	<u>23,478,259</u>	<u>92,148,801</u>	<u>13,807,360</u>
Total net position	<u>\$201,095,155</u>	<u>\$24,009,202</u>	<u>\$225,104,357</u>	<u>\$226,713,478</u>

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

**County of Ottawa
Statement of Activities
For the Year Ended December 31, 2012**

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	\$458,996	\$781			(\$459,777)	
Judicial	12,527,899	3,255,819	\$4,428,208	\$2,920,766	(8,434,744)	
General government	22,722,125	(9,141,602)	7,936,150	1,846,165	(3,798,208)	
Public safety	29,687,349	1,245,608	7,833,957	887,874	\$1,028,532	(21,182,594)
Public works	289,682	10,553	363,870	157,569		221,204
Health and welfare	64,889,746	2,709,586	2,910,475	56,963,404		(7,725,453)
Community and economic development	742,184	661	2,873	91,545		(648,427)
Culture and recreation	3,102,413	1,478	460,470	50,508	1,264,940	(1,327,973)
Interest on long-term debt	959,132		1,822,460			863,328
Total governmental activities	<u>135,379,526</u>	<u>(1,917,116)</u>	<u>25,758,463</u>	<u>62,917,831</u>	<u>2,293,472</u>	<u>(42,492,644)</u>
Business-type activities:						
Delinquent tax collection	187,636	1,901,017	2,064,177			(24,476)
Total primary government	<u>\$135,567,162</u>	<u>(\$16,099)</u>	<u>\$27,822,640</u>	<u>\$62,917,831</u>	<u>\$2,293,472</u>	<u>(\$42,517,120)</u>
Component units	<u>\$55,907,155</u>		<u>\$33,655,804</u>	<u>\$21,114,105</u>	<u>\$8,709,552</u>	<u>\$7,572,306</u>

(Continued on next page)

County of Ottawa
Statement of Activities (Concluded)
For the Year Ended December 31, 2012

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	
Primary Government:				
Changes in net position:				
Net (expense) revenue	(\$42,492,644)	(\$24,476)	(\$42,517,120)	\$7,572,306
General Revenues:				
Property taxes, levied for general purposes	33,595,781		33,595,781	
Property taxes, levied for park development	2,969,262		2,969,262	
Property taxes, levied for E-911 Central Dispatch	4,128,176		4,128,176	
Grants and contributions not restricted to specific programs	3,659,304		3,659,304	
Investment earnings	3,233,155	160,201	3,393,356	229,189
Miscellaneous	1,113,633		1,113,633	504,393
Transfers - internal activities	152,160	(150,000)	2,160	-
Total general revenues and transfers	48,851,471	10,201	48,861,672	733,582
Change in net position	6,358,827	(14,275)	6,344,552	8,305,888
Net position - beginning of year	194,736,328	24,023,477	218,759,805	218,407,590
Net position - end of year	<u>\$201,095,155</u>	<u>\$24,009,202</u>	<u>\$225,104,357</u>	<u>\$226,713,478</u>

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

**County of Ottawa
Balance Sheet
Governmental Funds
December 31, 2012
(with comparative totals for December 31, 2011)**

	General	Parks and Recreation	Health	Mental Health	Other Governmental Funds	Total Governmental Funds	
						2012	2011
<u>ASSETS</u>							
Cash and pooled investments	\$41,031,827	\$4,073,790	\$697,238	\$2,957,826	\$1,734,834	\$50,495,515	\$56,187,510
Investments							5,770
Receivables (net of allowance for estimated uncollectibles):							
Taxes	4,621,356	2,716,000				7,337,356	7,605,275
Accounts	934,994	2,964	126,324	295,471	476,047	1,835,800	2,400,275
Accrued interest on investments	177,183					177,183	203,865
Due from other funds		52,202		46,507	5,694	104,403	111,301
Interfund receivable	5,136,726					5,136,726	1,178,225
Advances to component units	325,000					325,000	325,000
Due from other governmental units	3,416,263	152,770	282,856	1,730,030	8,448,260	14,030,179	7,322,183
Inventory of supplies	54,896	10,094	257,087	47,504	28,693	398,274	344,267
Prepaid expenditures	89,534	6,590	9,644	215,434	94,780	415,982	210,286
Total assets	\$55,787,779	\$7,014,410	\$1,373,149	\$5,292,772	\$10,788,308	\$80,256,418	\$75,893,957
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$1,515,870	\$146,527	\$265,833	\$2,686,928	\$2,331,996	\$6,947,154	\$7,569,990
Due to other governmental units			42,514	2,192,922	91,608	2,327,044	2,733,851
Due to other funds	327,210					327,210	845,592
Due to component units	1,565					1,565	115,800
Interfund payable					4,678,785	4,678,785	826,795
Advances from other governmental units					441,856	441,856	332,351
Unearned revenue	6,204,187	3,002,702	112,226		192,996	9,512,111	9,649,805
Total liabilities	8,048,832	3,149,229	420,573	4,879,850	7,737,241	24,235,725	22,074,184
Fund balances:							
Non spendable	952,893	16,684	266,731	262,938	129,243	1,628,489	1,543,357
Restricted	13,484,895	3,848,497		149,984	651,627	18,135,003	8,481,345
Committed	18,143,143				1,871	18,145,014	24,209,798
Assigned	3,102,893		685,845		2,268,326	6,057,064	5,879,283
Unassigned	12,055,123					12,055,123	13,705,990
Total fund balances	47,738,947	3,865,181	952,576	412,922	3,051,067	56,020,693	53,819,773
Total liabilities and fund balances	\$55,787,779	\$7,014,410	\$1,373,149	\$5,292,772	\$10,788,308	\$80,256,418	\$75,893,957

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

**Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position
of Governmental Activities on the Statement of Net Position
December 31, 2012**

Fund balances - total governmental funds	\$56,020,693
Amounts reported for governmental activities in the statement of net position 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	177,619,809
Subtract: accumulated depreciation	(48,203,135)
The net pension asset, a long-term asset, is not recorded in the funds.	1,697,689
The net other post employment benefits asset, a long-term asset, is not recorded in the funds.	463,350
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 internal service funds are included in governmental activities in the statement of net position.	
Add: net position of governmental activities accounted for in internal service funds	36,898,377
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.	2,105,843
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	(19,330,000)
Subtract: landfill reclamation	(3,397,000)
Subtract: compensated absences	(2,878,930)
Subtract: accrued interest payable	(147,920)
Amortization of bond issue costs and premiums are not recorded in the governmental funds, but are netted against long-term liabilities on the statement of net position	
Subtract: unamortized bond premium	(373,818)
Add: unamortized bond issuance costs	620,197
Net position of governmental activities	\$201,095,155

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, 2012
(with comparative totals for the year ended December 31, 2011)

	General	Parks and Recreation	Health	Mental Health	Other Governmental Funds	Total Governmental Funds 2012	2011
Revenues							
Taxes	\$37,712,537	\$2,969,262			\$11,420	\$40,693,219	\$41,220,280
Intergovernmental revenues	7,916,622	1,270,495	\$3,881,638	\$35,962,769	26,606,712	75,638,236	73,502,034
Charges for services	8,405,330	427,988	671,925	358,477	1,295,143	11,158,863	9,416,373
Fines and forfeits	79,085					79,085	1,094,561
Interest on investments	436,453	52,202		46,507	5,739	540,901	565,297
Licenses and permits	352,601		691,093			1,043,694	923,264
Rental income	3,388,675	31,442		18,213	1,822,460	5,260,790	5,776,717
Other	505,767	66,712	197,529	617,397	1,255,868	2,643,273	3,059,623
Total revenue	58,797,070	4,818,101	5,442,185	37,003,363	30,997,342	137,058,061	135,558,149
Expenditures							
Current operations:							
Legislative	453,693					453,693	424,362
Judicial	11,177,851				4,565,760	15,743,611	14,564,187
General government	10,207,286				573,651	10,780,937	12,360,596
Public safety	23,195,229				8,456,256	31,651,485	28,967,731
Public works	755,807				464,217	1,220,024	1,131,288
Health and welfare	754,679		8,620,769	37,656,706	20,479,451	67,511,605	64,416,226
Community and economic development	737,947					737,947	619,453
Culture and recreation		4,494,793				4,494,793	6,799,039
Other governmental functions	129,846					129,846	176,388
Debt service					2,585,360	2,585,360	3,144,730
Total expenditures	47,412,338	4,494,793	8,620,769	37,656,706	37,124,695	135,309,301	132,604,000
Revenues over (under) expenditures	11,384,732	323,308	(3,178,584)	(653,343)	(6,127,353)	1,748,760	2,954,149
Other financing sources (uses)							
Transfers from other funds	7,172		3,178,586	563,108	6,451,711	10,200,577	9,016,885
Transfers to other funds	(9,418,741)				(329,676)	(9,748,417)	(8,153,437)
Land contract issued							91,500
Total other financing sources (uses)	(9,411,569)		3,178,586	563,108	6,122,035	452,160	954,948
Net change in fund balances	1,973,163	323,308	2	(90,235)	(5,318)	2,200,920	3,909,097
Fund balance, beginning of year,	45,765,784	3,541,873	952,574	503,157	3,056,385	53,819,773	49,910,676
Fund balance, end of year	\$47,738,947	\$3,865,181	\$952,576	\$412,922	\$3,051,067	\$56,020,693	\$53,819,773

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, 2012

Net change in fund balances - total governmental funds \$2,200,920

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	3,106,518
Subtract: depreciation expense	(4,519,724)
Subtract: net book value of disposed capital assets in governmental funds	(501)

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

Add: principal payments on long-term liabilities	1,738,499
Add: decrease in landfill reclamation liability	1,077,805
Add: decrease in compensated absences liability	35,776

Accrued interest expense on bonds and the amortization of bond issuance costs, premiums, and deferred losses are not recorded by governmental funds, but are reported as interest and fiscal charges for government-wide financial statements.

Add: decrease in accrued interest payable	10,379
Subtract: amortization of bond issue costs and deferred refunding loss	(75,392)
Add: amortization of premiums on bonds	56,241

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements, but rather are deferred to the following fiscal year

Subtract: net change in Health Department revenues	(82,766)
Add: net change in receivable for Community Corrections programs	6,002
Subtract: net change in receivables for the Survey and Remonumentation expedited program	(4,474)

Changes in the net pension and other post employment benefits assets are not recorded in the fund statements

Subtract: decrease in the net pension asset	(39,696)
Subtract: decrease in the net other post employment benefits asset	(3,221)

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 internal service funds is reported with governmental activities.

Add: net increase in net position from the governmental activities accounted for in internal service funds	2,852,461
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Change in net position of governmental activities	\$6,358,827
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The accompanying notes are an integral part of the financial statements.

**County of Ottawa
Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-type Activities- Enterprise Funds	Governmental Activities- Internal Service Funds
	Delinquent Tax Revolving Fund	Service Funds
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$18,238,957	\$13,759,229
Investments		28,323,398
Receivables:		
Delinquent taxes receivable	4,695,457	
Accrued interest and penalties on delinquent taxes	846,116	
Accounts		221,123
Accrued interest on investments		125,626
Due from other funds	160,201	4,801,743
Due from component units	81,486	
Inventory of supplies		55,826
Prepaid expenses	4,080	417,090
Total current assets	24,026,297	47,704,035
Noncurrent assets:		
Capital assets:		
Office furniture and equipment		4,736,358
Copy machines		173,466
Telephone equipment		2,208,087
Vehicles		4,713,781
Less accumulated depreciation		(9,013,267)
Net capital assets		2,818,425
Total assets	24,026,297	50,522,460
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	14,075	8,290,564
Interfund payable		457,941
Due to other funds		4,701,162
Due to other governmental units	3,020	174,416
Unearned revenue		
Total current liabilities	17,095	13,624,083
<u>NET POSITION</u>		
Invested in capital assets		2,818,425
Restricted for managed care risk exposure		2,075,992
Restricted for land foreclosure	530,943	
Unrestricted	23,478,259	32,003,960
Total net position	\$24,009,202	\$36,898,377

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

County of Ottawa
Statement of Revenue, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund	Governmental Activities- Internal Service Funds
Operating revenues:		
Charges for services	\$273,321	\$15,896,496
Penalties and interest in delinquent taxes	1,788,556	
Other revenue	2,300	31,973
Total operating revenues	2,064,177	15,928,469
Operating expenses:		
Personnel services	85,458	2,074,378
Contractual services	79,970	642,264
Supplies	22,208	88,510
Depreciation		882,395
Building and equipment rental	1,901,017	86,493
Claims and legal		306,282
Miscellaneous		11,424,661
Total operating expenses	2,088,653	15,504,983
Operating income (loss)	(24,476)	423,486
Nonoperating revenues (expenses):		
Interest on investments	160,201	703,919
Net change in the fair value of investments		1,988,335
Gain on retirement of capital assets		36,721
Total nonoperating revenues	160,201	2,728,975
Income before transfers	135,725	3,152,461
Transfers in (out):		
Ottawa County Building Authority - Debt Service	(150,000)	(300,000)
Total transfers	(150,000)	(300,000)
Change in net position	(14,275)	2,852,461
Total net position, beginning of year	24,023,477	34,045,916
Total net position, end of year	\$24,009,202	\$36,898,377

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, 2012**

	<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		\$16,531,532
Cash receipts from customers	\$13,053,356	
Cash received from penalties and interest on delinquent taxes	2,631,173	
Cash payments to suppliers for goods and services	(1,994,006)	(11,848,796)
Cash payments for self-funded insurance claims		(1,045,511)
Cash payments to employees for services	(85,458)	(2,045,070)
Purchase of delinquent tax rolls	<u>(10,108,937)</u>	
Net cash provided by (used for) operating activities	<u>3,496,128</u>	<u>1,592,155</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in from other funds		106,511
Transfers out to other funds	<u>(150,000)</u>	<u>(300,000)</u>
Net cash used for noncapital financing activities	<u>(150,000)</u>	<u>(193,489)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets		(1,728,503)
Proceeds from sale of equipment		51,482
Net cash used for capital and related financing activities		<u>(1,677,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments		(12,670,606)
Interest on investments	159,532	598,673
Proceeds from sale of investments		<u>11,870,189</u>
Net cash provided by investing activities	<u>159,532</u>	<u>(201,744)</u>
Net decrease in cash and pooled investments	3,505,660	(480,099)
Cash and pooled investments, beginning of year	<u>14,733,297</u>	<u>14,239,328</u>
Cash and pooled investments, end of year	<u><u>\$18,238,957</u></u>	<u><u>\$13,759,229</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, 2012**

	<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)	(\$24,476)	\$423,486
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		882,395
Change in assets and liabilities not affecting cash provided by (used for) operating activities:		
(Increase) decrease in receivables	3,516,896	(9,857)
(Increase) decrease in due from other funds		499,192
(Increase) decrease in inventory		(7,225)
(Increase) decrease in prepaid expenses	(4,080)	(16,500)
Increase (decrease) in unpaid claims liability		(250,252)
Increase (decrease) in unearned revenue		(11,460)
Increase (decrease) in accounts payable	10,308	2,278
Increase (decrease) in due to other funds		100,739
Increase (decrease) in due to other governmental units	(2,520)	(20,641)
Net cash provided by (used for) operating activities	<u>\$3,496,128</u>	<u>\$1,592,155</u>

(Concluded)

Noncash investing activities:

The change in fair value of investments for the internal service funds was \$1,988,335.

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

COUNTY OF OTTAWA

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2012

(with comparative totals for December 31, 2011)

	<u>Other Post Employment Benefit Plan</u>		<u>Agency Funds</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
ASSETS				
Cash and pooled investments			\$3,328,585	\$4,258,371
U.S. Government securities	\$15,427	\$15,693		
U.S. Government agencies	219,363	423,024		
Corporate Bonds	587,784	624,338		
Mutual funds				
Money Market Mutual Funds	308,504	235,629		
Fixed income	190,331			
Domestic Equity	2,396,948	1,954,110		
International Equity	107,631	273,849		
Receivables:				
Accounts			435,422	532,726
Due from other governmental units			159,328	345,029
Total assets	<u>3,825,988</u>	<u>3,526,643</u>	<u>\$3,923,335</u>	<u>\$5,136,126</u>
LIABILITIES				
Liabilities:				
Claims payable		\$119,330		
Due to other governmental units:				
Due to State of Michigan			\$1,204,510	\$991,257
Fines and fees due to local libraries			438,088	434,476
Agency deposits			2,280,737	3,710,393
Total liabilities		\$119,330	<u>\$3,923,335</u>	<u>\$5,136,126</u>
Net Position held in trust for other post employee benefits	<u>\$3,825,988</u>	<u>\$3,407,313</u>		

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

County of Ottawa
Statement of Changes in Plan Net Position
Fiduciary Funds
For the Year Ended December 31, 2012

	Other Post Employment Benefit Plan	
	2012	2011
Additions		
Contributions:		
Employer	\$215,465	\$866,087
Plan member	372,620	344,607
Investment income (loss)	353,472	(65,989)
Total Additions	941,557	1,144,705
Deductions		
Administrative expense	45,292	63,029
Premiums	477,590	434,385
Claims		1,635
Total Deductions	522,882	499,049
Total Net increase	418,675	645,656
Net Position held in trust for other post employee benefits		
Beginning of year	3,407,313	2,761,657
End of Year	\$3,825,988	\$3,407,313

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

**County of Ottawa
Component Units
Combining Statement of Net Position
December 31, 2012**

	Component Units					Total
	Ottawa County Road Commission	Ottawa County Central Dispatch Authority	Ottawa County Public Utilities System	Ottawa County Land Bank Authority	Ottawa County Office of the Water Resources Commissioner	
ASSETS						
Current assets:						
Cash and pooled investments	\$2,903,510	\$7,594,077	\$8,559,427		\$1,406,525	\$20,463,539
Receivables (net of allowance for estimated uncollectibles):						
Accounts	52,375		3,171,817			3,224,192
Due from other governments: due within one year	7,564,555	284,935			686,961	8,536,451
Due from primary government		1,565				1,565
Due from component units						
Inventory of supplies	1,398,346					1,398,346
Prepaid items	209,673	249,080				458,753
Land inventory				\$306		306
Total current assets	<u>12,128,459</u>	<u>8,129,657</u>	<u>11,731,244</u>	<u>306</u>	<u>2,093,486</u>	<u>34,083,152</u>
Noncurrent assets:						
Net pension asset	150,000					150,000
Due from other governments: due after one year			109,579,720		2,738,353	112,318,073
Unamortized bond issuance and deferred refunding costs			1,727,228			1,727,228
Capital assets not being depreciated	2,287,541					2,287,541
Capital assets being depreciated, net	178,511,296	5,174,507			26,058,608	209,744,411
Total noncurrent assets	<u>180,948,837</u>	<u>5,174,507</u>	<u>111,306,948</u>		<u>28,796,961</u>	<u>326,227,253</u>
Total assets	<u>193,077,296</u>	<u>13,304,164</u>	<u>123,038,192</u>	<u>306</u>	<u>30,890,447</u>	<u>360,310,405</u>
LIABILITIES						
Current liabilities						
Accounts payable	4,411,371	130,059	3,351,737		133,892	8,027,059
Interest payable			1,338,262		41,700	1,379,962
Due to primary government			81,180	306		81,486
Due to component units	31,460		276,990			308,450
Due to other governments		5,526				5,526
Notes payable					855,000	855,000
Current portion of long-term debt	235,633		5,825,000		578,367	6,639,000
Advances from primary government			150,000		175,000	325,000
Advances from other governments	465,327					465,327
Unearned revenue			4,519			4,519
Total current liabilities	<u>5,143,791</u>	<u>135,585</u>	<u>11,027,688</u>	<u>306</u>	<u>1,783,959</u>	<u>18,091,329</u>
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	2,176,043	90,376	111,478,281		1,760,898	115,505,598
Total noncurrent liabilities	<u>2,176,043</u>	<u>90,376</u>	<u>111,478,281</u>		<u>1,760,898</u>	<u>115,505,598</u>
Total liabilities	<u>7,319,834</u>	<u>225,961</u>	<u>122,505,969</u>	<u>306</u>	<u>3,544,857</u>	<u>133,596,927</u>
NET POSITION						
Invested in capital assets, net of related debt	180,798,837	5,174,507			22,864,343	208,837,687
Restricted for:						
Debt Service					641,976	641,976
Capital projects	2,163,497				656,190	2,819,687
State of Michigan public act restrictions		20,751				20,751
Infrastructure maintenance			530,733		55,284	586,017
Unrestricted	2,795,128	7,882,945	1,490		3,127,797	13,807,360
Total net position	<u>\$185,757,462</u>	<u>\$13,078,203</u>	<u>\$532,223</u>		<u>\$27,345,590</u>	<u>\$226,713,478</u>

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

**County of Ottawa
Component Units
Combining Statement of Activities
For the Year Ended December 31, 2012**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Component units						
Ottawa County Road Commission	\$25,288,348		\$9,677,493	\$16,383,903	\$6,448,814	\$7,221,862
Ottawa County Central Dispatch Authority	4,711,750		133,340	4,730,202		151,792
Ottawa County Public Utilities	23,833,435		23,844,971			11,536
Ottawa County Land Bank Authority						
Ottawa County Office of the Water Resources Commissioner	2,073,622				2,260,738	187,116
Total component units	\$55,907,155		\$33,655,804	\$21,114,105	\$8,709,552	\$7,572,306

(Continued on next page)

**County of Ottawa
Component Units
Combining Statement of Activities (Concluded)
For the Year Ended December 31, 2012**

	Component Units					Total
	Ottawa County Road Commission	Ottawa County Central Dispatch Authority	Ottawa County Public Utilities	Ottawa County Land Bank Authority	Ottawa County Office of the Water Resources Commissioner	
Primary Government:						
Changes in net position:						
Net (expense) revenue	\$7,221,862	\$151,792	\$11,536	-	\$187,116	\$7,572,306
General Revenues:						
Investment earnings	230,532	(21,193)	5,355		14,495	229,189
Miscellaneous	504,393					504,393
Total general revenues and transfers	734,925	(21,193)	5,355	-	14,495	733,582
Change in net position	7,956,787	130,599	16,891	-	201,611	8,305,888
Net position - beginning of year	177,800,675	12,947,604	515,332		27,143,979	218,407,590
Net position - end of year	<u>\$185,757,462</u>	<u>\$13,078,203</u>	<u>\$532,223</u>		<u>\$27,345,590</u>	<u>\$226,713,478</u>

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

(Concluded)

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

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 (11 members) and provides services to its estimated 269,099 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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

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.

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

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

Fiscal Services 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. 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 of Public Act 342 bonds. 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 73932
Grand Haven, MI 49417

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. 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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

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

Director
Ottawa County Central Dispatch Authority
12101 Stanton Street
West Olive, MI 49460

Ottawa County Office of the Water Resources Commissioner 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 Office of the Water Resources Commissioner 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. Specifically, the County Board of Commissioners formally approves the Water Resources Commissioner's budget and all financial management functions are performed by the County. The statutory drainage board of Chapter 20 drainage districts consists of the Water Resources Commissioner, the Chair of the County Board of Commissioners and one other member of the Board of Commissioners. The statutory drainage board of Chapter 6 and 21 drainage districts consists of the State Director of Agriculture and the Water Resources Commissioner of each county involved in the project. The Water Resources Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapter 4 and 8 of the Drain Code. The drainage board or Water Resources 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 Office of the Water Resources Commissioner can be obtained from:

Fiscal Services 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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

The Ottawa County Land Bank Authority was established pursuant to the Michigan Land Bank Fast Track Act, 2003 P.A. 258, 124.751 and the intergovernmental agreement by and between the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Ottawa. The governing board consists of the Treasurer of the County of Ottawa and eight additional members appointed by the Ottawa County Board of Commissioners. The Authority has the power to contract, to sue and be sued, to hold, manage and dispose of property, etc. Although funding for the Authority is designed to come from the eventual sale of properties, the County Board has enabled the Authority to borrow up to \$50,000 from the County's Delinquent Tax Revolving fund as needed, interest free. The Land Bank Authority has a December 31 year-end. A separate report is not prepared for the Ottawa County Land Bank Authority.

The Economic Development Corporation of the County of Ottawa (EDC) was established pursuant to the Economic Development Corporations Act (Act 338, Public Acts of 1974, as amended) and is a separate legal entity. The EDC's governing board is appointed by the Ottawa County Board of Commissioners. The County was required to hold a public hearing and approve the bonds issued in 2011 in compliance with the Internal Revenue Code. Neither the EDC nor the County is obligated in any way for the payment of these bonds. The EDC has a June 30 year-end, but no financial activity occurred during 2012.

B. Funds with Other Year Ends

The financial statements of the Friend of the Court, 9/30 Judicial Grants, Health, Mental Health, Transportation System, Prosecuting Attorney Grants, Sheriff 9/30 Grant Programs, Sheriff Contracts, 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, Department of Human Services, and Child Care – Circuit Court, Childcare – Social Services funds, and Veterans Trust – 9/30 (included with Governmental Funds and reflecting total assets and revenues of 14.51% and 44.78%, 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 4.3% and 0.0%, respectively, of the related fund type totals) have been included in the accompanying 2012 financial statements using their fiscal year ended September 30, 2012.

At September 30, 2012 the 9/30 Judicial Grants, Transportation System, Prosecuting Attorney Grants, Sheriff 9/30 Grant Programs, Sheriff Contracts, Sheriff Road Patrol, Workforce Investment Act – 9/30 Grant Program, Grant Programs Pass Thru, Emergency Feeding, Federal Emergency Management Agency, Community Corrections, Community Action Agency, Childcare – Social Services, and Veterans Trust funds were closed.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Funds with Other Year Ends (continued)

Activity subsequent to September 30, 2012 for the 9/30 Judicial Grants, Transportation System, and Veterans Trust funds was recorded in the Other Governmental Grants Funds which is reported using its fiscal year ended December 31, 2012. Activity Subsequent to September 30, 2012 for the Community Corrections and Prosecuting Attorney Grants funds was recorded in the General Fund which is reported using its fiscal year ended December 31, 2012. Activity Subsequent to September 30, 2012 for the remaining closed funds was recorded in the Michigan Works and Community Action Agency funds which are reported using their fiscal year ended December 31, 2012.

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 0.39% and 2.62%, respectively, of the Governmental Fund totals) have been included in the accompanying 2012 financial statements using their fiscal year ended June 30, 2012.

At June 30, 2012 these funds were closed and activity subsequent to June 30, 2012 was recorded in the Michigan Works and Community Action Agency funds which are reported using their fiscal year ended December 31, 2012.

The financial statements of the Weatherization and Workforce Investment Act – 3/31 Grant Programs funds (included with Governmental Funds and reflecting total assets and revenues of 0.15% and 1.08%, respectively, of the Governmental Fund totals) have been included in the accompanying 2012 financial statements using their fiscal year end March 31, 2012.

At March 31, 2012 these funds were closed and activity subsequent to March 31, 2012 was recorded in the Michigan Works and Community Action Agency funds which are reported using their fiscal year ended December 31, 2012.

The remaining funds have been included in the accompanying financial statements using their fiscal year ended December 31, 2012.

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 financial statements.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position 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. However, exceptions to this general rule are charges between enterprise functions and other various functions of the government and interfund balances remaining due to the different year ends reported in the funds. Elimination of these charges would distort costs and program revenues for the various functions concerned. *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. 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.

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 reported using the *accrual basis of accounting* and the *economic resources measurement focus* (agency funds do not utilize a measurement focus). 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 real 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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Intergovernmental revenue, charges for services, grants 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. With the implementation of GASB statement # 54, Fund Balance Reporting and Governmental Fund Type Definitions, certain funds which had been Special Revenue funds have been combined with the General Fund. These funds include:

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

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.

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.

DB/DC Conversion Fund (2970) - The fund was established by the County Board to set aside funds needed for startup costs associated with moving new hires to a defined contribution retirement system.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

Parks and Recreation Fund (2081) – This fund was established for the development, maintenance, and operation of Ottawa County parks. Funding is provided by State grants and user charges. A millage of .33 mills to support this fund was re-approved by the County electorate during 2006 for ten years and expires in 2016.

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.

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 delinquent taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

The *OPEB Trust Fund* is used to account for the activity of the County's other post employment benefits program.

Agency Funds are used to account for assets held on behalf of outside parties, including other governments. The majority of the balances in the Agency funds represent payments collected on behalf of the State of Michigan and other governmental agencies.

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 costs associated with the collection of delinquent taxes and rent payments for certain County facilities designed to pay the debt obligations of the related bond issue. Operating expenses for the internal service funds include the cost of services (including premiums and 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 position 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 investments of the County investment pool 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 and Other Post Employment Benefit Plan trust consist of U.S. government and U.S. government agency securities and corporate securities. All investments are recorded at fair value.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. *Receivables, payables and due from other governments*

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 activities are reported in the government-wide financial statements as "internal balances."

Property taxes for general County operations are levied as of July 1 (lien date) on property values assessed as of the same date. Property taxes for Parks and the Ottawa County Central Dispatch Authority are levied December 1 (lien date) on property values assessed as of the same date. The taxes levied December 1 are due on February 14 of the following year and taxes levied July 1 are due on September 14 after which the applicable property is subject to penalties and interest.

Other accounts receivable is shown net of the allowance for estimated uncollectibles. For the Mental Health receivables, an allowance of \$45,611 has been established. For the jail and inmate housing receivable and various other receivables an allowance of \$787,939 has been established.

Due from other governments due after one year consist of the long-term portion of loans made to local units. During 2012, no new loans were issued. However, during 2006, the County provided \$500,000 to Coopersville Township for infrastructure projects out of the County's Infrastructure Revolving Loan Fund Program. This loan will be repaid over 10 years, at 3% interest, with the Township's obligated funds for major roads.

During 2005, the County provided \$950,000 to Tallmadge Township for infrastructure projects out of the County's Infrastructure Revolving Loan Fund Program. This loan will be repaid over 10 years, at 3% interest, with the Township's Water and Sewer Fund dollars.

These loans are recorded in the Infrastructure fund which is consolidated with the General Fund for financial reporting purposes. As of December 31, 2012, the gross amount of these outstanding loans reported in governmental funds was \$516,067. No allowance has been established for these loans.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net position 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 prepaids*

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 in both government-wide and fund financial statements.

5. *Restricted Net Position*

Under Act 30, Public Acts of 1978, the use of the fund balance of the Stabilization Fund (consolidated with the General Fund) in the amount of \$9,155,839 is 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. In addition, Under Act 136, Public Acts of 1956 (Sections 141.261-141.263, Compiled Laws of 1979), the fund balance of the Public Improvement Fund (consolidated with the General Fund) in the amount of \$3,607,442 is restricted for statutory Public Improvement.

The fund balance of the Parks and Recreation Fund (Special Revenue Fund 2081) is comprised mainly of unused revenue from a specially designated tax levy. Hence, the entire \$3,865,181 is restricted.

The fund balance of the ROD Technology Fund (Special Revenue Fund 2560) in the amount of \$513,556 is restricted for technology upgrades under Act 698, Public Acts of 2002.

The fund balance of the Homestead property tax fund (Special Revenue Fund 2550) in the amount of \$49,356 is restricted for administration of the program Under Act 105, Public Acts of 2003.

The use of the \$5,770 in fund balance of the Cemetery Trust is restricted to the perpetual care of certain cemetery lots.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. *Restricted Net Position (continued)*

The net position of the Protected Self-Funded Insurance – Mental Health (Internal Service Fund 6782) is restricted for mental health programs \$2,075,992.

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

The discretely presented component units also have certain restrictions on net position. Specifically, the Ottawa County Road Commission has restricted \$2,163,497, for primary and local road construction and maintenance. The Water Resources Commissioner has restricted \$641,976 for debt service, \$656,190 for capital projects, and \$55,284 for general drain maintenance. Last, Ottawa County Public Utilities has restricted \$530,733 for operations and maintenance.

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 Commission 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 exists. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes assets acquired or constructed since 1980. 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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital assets (continued)

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds. Depreciation of the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	25
Buildings	25 - 50
Office furniture and equipment	3 - 20
Vehicles	3 - 10
Infrastructure	30

7. Self-insurance claims incurred but not reported

At December 31, 2012 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, claims reported subsequent to year end, actuarial valuations and/or professional judgment. 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 12 to 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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. *Compensated absences (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 \$260,899 at December 31, 2012 if all employees who accumulated sick leave under the prior plan retired. Only the portion of this liability that has matured is recognized as a current liability. An actuarial estimate of the amount payable to employees upon retirement at December 31, 2012 is \$260,086 and is funded in General Fund with corresponding committed and assigned fund balance. On the government-wide statements, however, the liability for compensated absences is included in the non-current portion of long-term obligations.

The County has fully funded its vacation pay liability. The vacation pay expenditure/expense was recorded in each fund, and this amount was transferred and recorded in the General Fund with corresponding committed and assigned fund balance. An adjustment was made at December 31, 2012 to reflect the change in the accumulated balance to \$2,618,844.

Under the Road Commission's personnel policy and contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick leave under formulas and conditions specified in the policy and contracts. Accumulated leave of the general fund is recorded on the statement of net position and not on the general fund balance sheet because it is not expected to be liquidated with expendable available financial resources.

The Central Dispatch Authority's personnel policy and employment agreements provide employees a vested right to receive payments for unused vacation leave under formulas and conditions specified in the policy and agreements. Accumulated leave of the general fund is recorded on the statement of net position and not on the general fund balance sheet because it is not expected to be liquidated with expendable available financial resources.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. *Deferred compensation plan*

The County, the Road Commission and the Central Dispatch Authority offer to their 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 and employer contribution requirements 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 Central Dispatch Authority employee contributions were \$42,427 and Authority match was \$9,060 for the current year. The County employee contributions for 2012 were \$2,065,945 and the County match was \$315,060.

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, and the County does not have fiduciary responsibility. The plan assets are not recorded in the financial statements of the County.

10. *Employee Retirement Plans*

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 plans and to amortize prior service cost.

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 position. 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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Long-term obligations (continued)

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

12. Fund equity

The County implemented the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in the 2011 financial statements. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In the fund financial statements, governmental funds report fund balance in five categories:

1. Non spendable fund balance cannot be spent because it is either a) not in spendable form or b) legally or contractually required to be maintained intact
2. Restricted fund balance can only be spent for specific purposes due to a) externally imposed by grantors, creditors, contributors, of laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation
3. Committed fund balance can only be spent for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
4. Assigned fund balance is constrained by the government's intent to be used for specific purposes but has not been formally committed by Board action or restricted in any way. Through the County's fund balance policy, the Board has delegated the authority to assign fund balance to the County Administrator.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund equity (continued)

5. Unassigned fund balance is the residual classification for the General Fund. Except for funds with negative fund balance, only the General Fund has assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

In addition, it is the County's policy to maintain a fund balance in the General Fund of not less than 10% and not more than 15% of the most recently audited General Fund expenditures and transfers out for cash flow and flexibility purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Details on the County's fund balance amounts follow:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund equity (continued)

	General Fund	Parks and Recreation Fund	Health Fund	Mental Health Fund	Other Governmental Funds
Nonspendable:					
Inventory and prepaid expenditures	\$111,826	\$16,684	\$266,731	\$262,938	\$123,473
Perpetual cemetery care- corpus portion					5,770
Long-term advances to other funds and component units	325,000				
Infrastructure loans	516,067				
Total Nonspendable	\$952,893	\$16,684	\$266,731	\$262,938	\$129,243
Restricted:					
Jail booking fees	\$310,922				
Marriage counseling	35,505				
Donations	43,452				
Grant restrictions	34,810				
Stabilization	9,155,838				
Substance abuse	296,926				
Veterans affairs					\$17,578
Classroom fees					1,611
Cemetery trust					44
Parks & recreation levy		\$3,848,497			
Mental health				\$149,984	
Public improvement - State restrictions	3,607,442				
Homestead property tax - State restrictions					49,356
Register of deeds technology - State restrictions					513,556
Michigan Works!/Community Action Agency - program income					69,482
Total Restricted	\$13,484,895	\$3,848,497		\$149,984	\$651,627
Committed:					
Aerial survey	\$867,274				
Voting machines	139,953				
Substance abuse	799,480				
Building improvements	1,765,296				
Veterans' affairs	29,050				
Red pine timber sales	243,893				
Mental health programs	581,275				
Technology improvements	171,540				
Solid waste clean-up	4,628,648				
Infrastructure	1,376,337				
DB/DC conversion	4,661,467				
Farmland preservation					\$1,000
Brownfield redevelopment					871
Compensated absences	2,878,930				
Total Committed	\$18,143,143				\$1,871

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund equity (continued)

	General Fund	Parks and Recreation Fund	Health Fund	Mental Health Fund	Other Governmental Funds
Assigned:					
Law library	\$24,746				
Succeeding year's budget budget deficit	1,000,000				
Water quality forum	1,225				
Strategic planning fees	500				
Hope College bond issue reimbursemt-admin fees	18,500				
Planning commission	168,888				
Other post employment benefits	894,142				
ERP project	39,436				
Circuit Court strategic planning	347				
Local police academy	1,524				
Compensated absences	566,346				
4 C program	277,402				
Energy Rebates	3,143				
Public health			\$685,845		
Landfill tipping fees					\$1,073,068
Community corrections	106,696				
Dept of Human Services					23,165
Child Care - Circuit Court					1,172,093
Total Assigned	\$3,102,895		\$685,845		\$2,268,326

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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

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.

The Fiscal Services Director presents the budget requests for the succeeding fiscal year to the County Administrator in August. The Administrator, Fiscal Services Director, and Budget/Audit Manager meet with all department heads during August to review and discuss the requested revenue and expenditures levels. The Fiscal Services Director presents initial budget information to the Board of Commissioners at a work session following the second Board Meeting in August. A proposed budget with balancing options, if required, is presented at the Board of Commissioners Work Session following the first board meeting in September. The preliminary budgets for all funds are presented to the Finance Committee in September and the Board of Commissioners Work Session following the second board meeting in September. A public hearing and formal budget presentation is held at the first Board Meeting in October to provide any county resident with an opportunity to discuss the budget with the Board prior to approval. The budget, and an appropriation ordinance implementing it, is approved by the Finance Committee and forwarded to the Board for approval at the second Board Meeting 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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary information (continued)

Transfers of any unexpended budget balance, or any portion thereof, to any other appropriation account may not be made without approval by the Finance Committee with certain exceptions. The Board has delegated authority to the Administrator and Fiscal Services Director to approve budget transfers within a fund if the amount to be transferred does not exceed \$50,000.

Budgetary control over expenditures is maintained on a departmental basis with a handful of exceptions, 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

Certain funds experienced overages where expenditures exceeded budget amounts. These expenditures were permitted either because the County was assured of reimbursement from an outside party (grants) or because the funds had sufficient fund balance to cover the overage. In the General Fund, health and welfare expenditures were over budget due to year end work completed but not billed before the last budget adjustment was made. Public Safety expenditures were over budget due to an equipment grant for which the County received the equipment directly. Since the payment from the granting agency and payment to the vendor did not flow through the County's financial system at the time of receipt, a budget adjustment was not made before year end.

In the Other Governmental Grants fund (2180), a new fund effective 10/1/2012, a budget adjustment was not made for activity for October through December that was in a different fund before 10/1/12, resulting in the fund being over budget.

In the Landfill Tipping Fees fund (2272), several invoices came in after year end that were not anticipated by the budget. The Emergency Feeding fund (2800) was over budget due to food commodities received in excess of budgeted amounts. New staff were not aware a budget adjustment was needed before year end.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposit and investment balances at year end are as follows:

	Primary Government	Component Units	Total
Cash on hand	\$17,753	\$260	\$18,013
Carrying amount of checking and savings accounts	9,850,679	14,998,548	24,849,227
Carrying amount of certificates of deposit	33,264,971	0	33,264,971
Carrying amount of investments	42,688,882	5,464,731	48,153,613
Carrying amount of investments - Ottawa County Other Post Employment Benefit Plan	3,825,988		3,825,988
Carrying amount of investments - Ottawa County Insurance Authority	28,323,399		28,323,399
Total	\$117,971,672	\$20,463,539	\$138,435,211
Statement of net position			
Cash and pooled investments	\$82,493,701	\$20,463,539	\$102,957,240
Investments	28,323,398		28,323,398
Statement of fiduciary net position			
Cash and pooled investments	3,328,585		3,328,585
Investments	3,825,988		3,825,988
Total	\$117,971,672	\$20,463,539	\$138,435,211

The County's investments, as well as the investments of Ottawa County Public Utilities handled by the County, are stated at fair value which is determined as follows: (a) securities are priced by FTI, an on-line pricing service, as of the end of each business day and (b) investments that do not have established market values are reported at estimated fair value.

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' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. The County's investment policy, last amended in November of 2010, allows for all of these types of investments.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

The Ottawa County Other Post Employment Benefit Plan can utilize all investment options allowed for the County as well as equity, corporate securities, and foreign investment. The Ottawa County Insurance Authority investment policy allows for all of the investment types authorized for the County as well as investment grade fixed income securities, common stock of U.S. companies, and foreign investment.

Investments are stated at fair value which is determined as follows: (a) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates and (b) investments that do not have established market values are reported at estimated fair value.

The majority of the County departments participate in the internal investment pool. However, the following programs/organizations also maintain separate cash and/or investments:

Ottawa County Insurance Authority
Ottawa County Road Commission
Ottawa County Public Utilities System
Ottawa County Central Dispatch Authority
Ottawa County Building Authority
Ottawa County Water Resources Commissioner Munn Drain Debt Service and Capital Projects
Ottawa County Water Resources Commissioner Nunica Drain Debt Service
Ottawa County Other Post Employment Benefit Plan

The County chooses to disclose its investments by Weighted Average Maturity. As of December 31, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (years)</u>
Money Market Fund (MMF)	\$2,401,110	N/A
Commercial Paper	3,997,371	0.4039
Municipal Bonds	8,142,761	3.6478
Agency - FFCB	4,621,173	4.5622
Agency - FNMA	4,159,057	3.3962
Agency - FHLB	3,012,020	3.7032
Treasury Note	16,355,390	2.9905
	<u>\$42,688,882</u>	
Portfolio Weighted Average Maturity (excluding MMF)		3.1331

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

Cash and investments held by the County for these component units consist of the following at year end:

	Ottawa County Public Utilities System	Office of the Water Resources Commissioner	Ottawa County Road Commission
Checking/Deposit	\$8,559,427		\$2,903,510
Savings		\$119,363	
Certificates of Deposit			
Money market			
Ottawa County Investment Pool			
Investments		1,287,162	
	<u>\$8,559,427</u>	<u>\$1,406,525</u>	<u>\$2,903,510</u>

The amount invested by the County's investment pool for the Office of the Water Resources Commissioner consists of money market mutual funds and certificates of deposit which are unrated.

The Ottawa County Central Dispatch Authority, also a discretely presented component unit, includes \$3,416,248 in checking/deposit accounts, \$260 in petty cash and \$4,177,569 in investments. The Authority chooses to disclose its investments by specifically identifying them:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rate</u>	<u>Rating</u>	<u>Source</u>
Money Markets	n/a	\$757,776		unrated	
FNMA	2/25/2027	280,420	4.50%	unrated	
GNMA	10/20/2037	298,467	5.00%	unrated	
FHLMC	5/15/2042	425,906	3.50%	unrated	
Oakland County Michigan Economic Development Bonds	12/1/2025	210,000	0.24%	A-2	S&P
Michigan State Hospital Fin Authority	9/1/2027	105,000	0.24%	A-2	S&P
Michigan State Strategic Fund	3/1/2029	450,000	0.32%	unrated	
Michigan Fin Authority	12/1/2032	650,000	0.26%	A-2	S&P
Michigan Fin Authority	12/1/2032	500,000	0.26%	unrated	
Kent Hospital Fin Authority	10/1/2041	500,000	0.24%	A-2	S&P
		<u>\$4,177,569</u>			

In addition, as of December 31, 2012 the County's Other Post Employment Benefit Plan held the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
U.S. Treasuries	\$15,427		\$15,427		
U.S. Agencies:					
Bonds	219,363	\$25,124	194,139		
Corporate bonds	587,784		405,398	\$128,790	\$53,596
	<u>822,574</u>	<u>\$25,124</u>	<u>\$614,964</u>	<u>\$128,790</u>	<u>\$53,596</u>
Mutual Funds:					
Money Market	308,504				
Fixed Income	190,331				
Domestic Equity	2,396,948				
International Equity	107,631				
Total investments held by the OPEB Plan	<u>\$3,825,988</u>				

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

As of December 31, 2012, the Ottawa County Insurance Authority had the following investments and maturities in debt securities (none of which are callable):

	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
Money market funds	\$998,524	\$998,524				
U.S. treasuries	5,763,439	5,758,513	\$1,157,176	\$3,489,461	\$1,111,876	
U.S. agencies:						
Mortgage-backed	48,672	48,781				\$48,781
Other U.S. government agencies	604,527	626,117	-		116,817	509,300
Corporate bonds	3,789,432	3,955,549	90,382	1,388,122	2,447,580	29,465
	<u>11,204,594</u>	<u>11,387,484</u>	<u>\$1,247,558</u>	<u>\$4,877,583</u>	<u>\$3,676,273</u>	<u>\$587,546</u>
Equities						
Common stock	5,418,578	6,805,582				
Mutual Funds:						
Domestic equity	2,383,685	2,777,169				
International equity	2,176,336	2,996,890				
Total investments held by the Authority	<u>\$21,183,193</u>	<u>\$23,967,125</u>				

In 1998, to comply with Michigan Insurance Bureau regulations, the Ottawa County Insurance Authority transferred certain investments – i.e., U.S. Treasury Notes – to the Michigan Department of Treasury as security for the benefit of the Authority’s policyholders. As these investments mature, they are replaced with comparable investments to maintain a face value balance of \$5.0 million. Such investments held by the State Treasurer as of December 31, 2012 and 2011, are as summarized:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Fair Value</u>	
				<u>2012</u>	<u>2011</u>
U.S. Treasury Notes	08/15/16	4.875%	\$485,000	\$561,350	\$575,220
U.S. Treasury Notes	02/28/13	2.750%	1,100,000	1,104,555	1,132,571
U.S. Treasury Notes	02/15/12	4.875%	340,000		341,924
U.S. Treasury Notes	10/31/15	1.250%	435,000	446,045	446,149
U.S. Treasury Notes	08/31/17	1.875%	435,000	459,299	455,288
U.S. Treasury Notes	05/31/18	2.375%	440,000	476,506	471,830
U.S. Treasury Notes	08/15/20	2.625%	445,000	488,179	479,941
U.S. Treasury Notes	02/15/19	2.750%	440,000	486,887	481,901
U.S. Treasury Notes	09/30/16	3.000%	435,000	475,407	479,553
U.S. Treasury Notes	05/15/21	3.125%	445,000	504,032	496,870
U.S. Treasury Notes	11/15/21	2.000%	340,000	352,537	
				\$5,354,797	\$5,361,247

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the County’s deposits may not be returned to the County. It is County policy to review and verify a bank’s creditworthiness through a system of ratio analysis and from information provided by several third party sources. The County policy also places maximum limits on percent of portfolio, per issuer and duration. The County places concentration limits on banks based on bank size and creditworthiness analysis. As of December 31, 2012, \$35,410,101 of the County’s bank balance (including certificates of deposit) of \$40,571,613 was uninsured and uncollateralized. Deposits of the Ottawa County Road Commission, the Ottawa County Public Utilities and the portion of the Ottawa County Drain commission that are pooled with the County’s (primary government) deposits cannot be separately identified for federal depository insurance purposes.

The Ottawa County Other Post Employment Benefit Plan had no deposits outstanding at year end. The Ottawa County Insurance Authority’s cash in the amount of \$1,228 at December 31, 2012 was FDIC insured. For the Ottawa County Drain Commission, the \$119,363 in deposits at December 31, 2012 cannot be separately identified from the primary government for federal depository insurance purposes. For the Ottawa County Central Dispatch Authority, \$2,837,049 of the \$3,339,544 bank balance at December 31, 2012 was exposed to custodial credit risk.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (*continued*)

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that investment securities be held in third-party safekeeping by an institution designated as primary agent. The policy further states that safekeeping agent follows the procedure of delivery vs. payment. As of December 31, 2012, the County's \$39,433,000 in treasury investments and commercial paper were held in third-party safekeeping in the County's name. The Ottawa County Central Dispatch Authority (discretely presented component unit) had \$4,177,569 in investments which were held in third-party safekeeping in the Authority's name. Ottawa County Central Dispatch Authority does not have a policy for investment custodial credit risk, nor does the State require one.

The County also invests in money market funds that have their securities safe kept with a third party selected by the fund manager. However, the fund's securities are held in trust for the participants of the fund and are not available to the fund manager if the fund manager should happen to fail. The County believes this arrangement satisfies the County's investment policy's safekeeping requirement.

Of the balance of investments for the Ottawa County Other Post Employment Benefit Plan, the County has a custodial credit risk of \$1,012,905 because the related securities are uninsured, unregistered and held by the County's investment manager which is also the counterparty for these particular securities. With regard to the OPEB trust's mutual fund investments the County's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

The Ottawa County Insurance Authority's short-term investments in money market funds amounting to \$998,524 at December 31, 2012 are not subject to custodial risk categorization. At December 31, 2012, the Authority did not have any custodial credit risk on its investments.

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations with a maximum maturity of 270 days. The County's investment policy further limits its investment choices by limiting the maturity to A-1 270 days. The three money market bank investment pools used by the County are rated Aaa by Moody's, Fitch Ratings or Standard & Poor's. The County's investment policy is silent on the use of rated vs. unrated money market funds. In addition, there is no rating level requirement for those money market funds that are rated.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

The investments of the Other Post Employment Benefits Plan in fixed income mutual funds (\$190,332) are unrated. U.S. Government Agency Securities and U.S. and Foreign corporate bonds were rated by Standard & Poors as follows:

S&P Rating	Fair Value
AA+ to AA-	\$307,758
A+ to A-	343,671
BBB+ to BBB-	171,145
	<u><u>\$822,574</u></u>

As of December 31, 2012, the Insurance Authority's investments in U.S. Treasuries and Agencies were rated AAA by Moody's. The Authority's investments in corporate bonds were rated by Moody's as follows:

Rating	Fair Value
AAA	\$251,869
AA3	191,026
AA2	136,993
AA1	31,737
A3	402,734
A2	428,110
A1	213,969
BAA3	364,030
BAA2	1,182,355
BAA1	651,720
BA1	
Unrated	101,006
	<u><u>\$3,955,549</u></u>

Concentration of Credit Risk. The County's investment policy specifies a plan to diversify and set concentration limits to further manage credit risk. The policy sets maximum percentages of the pooled portfolio by investment type with additional maximums by issuer. A minimum of 15% is to be invested in U.S. Treasuries. The policy sets a maximum of 50% in U.S. agencies with a maximum of 20% in any

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (*continued*)

one issuer. Certificates of deposit have a 50% maximum with concentration limits set at 5% of the issuer's net worth.

At 12/31/2012, the County's investment portfolio was comprised of the following: Treasury Notes (19.1%), FFCB (5.4%), FHLB (3.5%), FNMA (4.8%), and Municipal Bonds (9.5%). All investments are in compliance with County's investment policy at December 31, 2012.

The County's investment policy for the Other Post Employment Benefit Plan provides for no more than 50% fixed income securities, 70% equities, 20% international securities, 15% commodities and 50% cash and equivalents. Investments at year end comply with policy.

Interest Rate Risk. The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy sets the maximum maturity by specific type of security and by specific issuer with the maximum of 10 years. The average maturity of the portfolio as a whole may not exceed three years.

Foreign Currency Risk. The County's investment policy is silent regarding foreign currency risk. The Ottawa County Other Post Employment Benefit Plan and the Ottawa County, Michigan Insurance Authority have mutual funds with a fair value of \$3,104,521 containing international equities involving numerous currencies. Management believes the County's exposure to foreign currency risk from these equities is immaterial.

B. Deferred/Unearned 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 position reports unearned 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, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets

Capital asset activity for the year ended December 31, 2012 was as follows:

Primary Government:

Governmental activities:	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year</u>
Capital assets, not being depreciated:				
Land	\$48,954,789	\$70,048	(\$500)	\$49,024,337
Construction in progress				
Total capital assets, not being depreciated	<u>48,954,789</u>	<u>70,048</u>	<u>(500)</u>	<u>49,024,337</u>
Capital assets, being depreciated:				
Land improvements	18,754,651	1,793,464		20,548,115
Buildings	92,495,089	460,507	(22,782)	92,932,814
Machinery and equipment	26,191,284	2,511,002	(1,756,051)	26,946,235
Total assets, being depreciated	<u>137,441,024</u>	<u>4,764,973</u>	<u>(1,778,833)</u>	<u>140,427,164</u>
Less accumulated depreciation for:				
Land improvements	(7,998,030)	(802,812)		(8,800,842)
Buildings	(24,794,926)	(2,989,477)	22,781	(27,761,622)
Machinery and equipment	(20,785,397)	(1,609,830)	1,741,289	(20,653,938)
Total accumulated depreciation	<u>(53,578,353)</u>	<u>(5,402,119)</u>	<u>1,764,070</u>	<u>(57,216,402)</u>
Net capital assets, being depreciated	<u>83,862,671</u>	<u>(637,146)</u>	<u>(14,763)</u>	<u>83,210,762</u>
Net governmental activities capital assets	<u>\$132,817,460</u>	<u>(\$567,098)</u>	<u>(\$15,263)</u>	<u>\$132,235,099</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

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

Governmental activities:

Judicial	\$6,382
General government	3,121,818
Public safety	235,176
Public works	155,538
Health and Welfare	276,154
Culture and recreation	724,656
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the net position	882,395
Total depreciation expense - governmental activities	<u><u>\$5,402,119</u></u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Discretely Presented Component Units

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

	Beginning of Year	Additions	Deductions	End of Year
Capital assets, not being depreciated:				
Land and improvements	\$1,367,182			\$1,367,182
Construction in progress	641,196	\$920,359	(\$641,196)	920,359
Total capital assets, not being depreciated	2,008,378	920,359	(641,196)	2,287,541
Capital assets, being depreciated:				
Buildings	15,178,768		(270,942)	14,907,826
Machinery and equipment	27,976,962	1,262,996	(\$1,712,971)	27,526,987
Infrastructure	307,995,754	19,514,592		327,510,346
Total assets, being depreciated	351,151,484	20,777,588	(1,983,913)	369,945,159
Less accumulated depreciation for:				
Buildings	(3,865,407)	(251,210)	580,490	(3,536,127)
Machinery and equipment	(24,546,568)	(1,498,977)	1,705,138	(24,340,407)
Infrastructure	(122,372,301)	(9,951,913)		(132,324,214)
Total accumulated depreciation	(150,784,276)	(11,702,100)	2,285,628	(160,200,748)
Net capital assets, being depreciated	200,367,208	9,075,488	301,715	209,744,411
Net component unit capital assets	\$202,375,586	\$9,995,847	(\$339,481)	\$212,031,952

Commitments

At December 31, 2012, the County has \$150,000 for various park improvement projects. In addition, under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such grants could lead to reimbursement to the grantor agencies. However, the County's management does not believe such disallowances, if any, will be material to the financial position of the County.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Commitments (continued)

The Ottawa County Public Utilities discrete component unit has commitments for plant and infrastructure improvement projects totaling approximately \$1.5 million. These commitments are being funded from bond proceeds. The Ottawa County Office of the Water Resources Commissioner discrete component unit has construction commitments of approximately \$105,000 at year end.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2012, is as follows:

Amounts Due to and from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Primary Government:		
Major Governmental Funds:		
General Fund		\$327,210
Parks and Recreation	\$52,202	
Mental Health	46,507	
Major Enterprise Fund:		
Delinquent Tax Revolving	160,201	
Non-major Governmental Funds	5,694	
Internal Service Funds	4,801,743	4,701,162
	<u>5,066,347</u>	<u>5,028,372</u>
September 30 due from paid before December 31 year end		37,975
	<u>\$5,066,347</u>	<u>\$5,066,347</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Interfund balances primarily reflect the interest on investments that was allocated from the General Fund. However, included in the Internal Service Funds is \$4,692,631 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.

Due to and from Primary Government and Component Units

	Due from Component Units	Due to Primary Government
Major Enterprise Fund:		
Delinquent Tax Revolving	\$81,486	
Ottawa County Land Bank Authority		\$306
Ottawa County Public Utilities System		\$81,180
Total	\$81,486	\$81,486
	Due from Primary Government	Due to Component Units
Major Governmental Fund:		
General Fund		\$1,565
Ottawa County Central Dispatch Authority	\$1,565	
Total	\$1,565	\$1,565

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Due to and from Other Component Units

	Due from Other Component Units	Due to Other Component Units
Ottawa County Public Utilities		\$276,990
Ottawa County Road Commission		31,460
		308,450
December 31 due to established after September 30 year end	\$276,990	
September 30 due to paid before December 31 year end	31,460	
	\$308,450	\$308,450

In addition, certain funds that are a part of the County's pooled cash report negative cash balances at year end. Accordingly, an interfund payable is established in the amount of the negative cash balance, and a corresponding interfund receivable is established in the General Fund.

Interfund Receivables and Payables

	Interfund Receivable	Interfund Payable
Major Funds:		
General Fund	\$5,136,726	
Non-major Governmental Funds		\$4,678,785
Internal Service Funds		457,941
Total	\$5,136,726	\$5,136,726

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Long-Term Advances to and from Primary Government and Component Units

	<u>Advances to Component Units</u>	<u>Advances from Primary Government</u>
Primary Government:		
Major Governmental Funds:		
General Fund	\$325,000	
Component Units:		
Ottawa County Public Utilities		\$150,000
Ottawa County Water Resources		175,000
Commissioner		
Total	<u>\$325,000</u>	<u>\$325,000</u>

Interfund transfers within the Primary Government

	<u>Transfer In:</u>					<u>Total</u>
	<u>General fund</u>	<u>Health</u>	<u>Mental Health</u>	<u>Nonmajor Governmental funds</u>	<u>9/30/12 transfer (out) / in made after 12/31/11 year end</u>	
Transfer out:						
Major Funds:						
General fund		\$3,178,586	\$563,108	\$5,679,207	(\$2,160)	\$9,418,741
Nonmajor governmental funds	\$7,172			322,504		329,676
Delinquent Tax Revolving				150,000		150,000
Internal Service funds				300,000		300,000
	<u>\$7,172</u>	<u>\$3,178,586</u>	<u>\$563,108</u>	<u>\$6,451,711</u>	<u>(\$2,160)</u>	<u>\$10,198,417</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. 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.

E. 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, 2012 amounted to \$346,287. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2013	\$210,447
2014	146,579
2015	100,565
2016	4,948
2017	4,948
2018	4,948
	<u>\$472,435</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 \$16,748,013 and the accumulated depreciation totals \$6,849,975 leaving a carrying value of \$9,898,038.

Lease revenue for the year ending December 31, 2012 was \$1,403,538. Future lease revenues for these leases are as follows:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Leases (continued)

Operating Leases (continued)

<u>Year Ending</u>	<u>Amount</u>
2013	\$777,460
2014	696,451
2015	41,400
2016	41,400
2017	41,400
2018-2022	187,750
	<u><u>\$1,785,861</u></u>

F. 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 and component units. 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 with local municipalities, 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 \$26,755,000. The original issue amount of the Office of the Water Resources Commissioner's and Ottawa County Public Utilities' bonds are \$581,500 and \$139,358,000 respectively.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term debt (continued)

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Primary Government	Component Units		Total Ottawa County
			Ottawa County Public Utilities System	Ottawa County Office of the Water Resources Commissioner	
Governmental activities	2.125 - 7.25%	\$14,040,000	\$97,649,572	\$507,665	\$112,197,237
Governmental activities - refunding	2 - 7.6%	5,290,000	17,805,000		23,095,000
		<u>\$19,330,000</u>	<u>\$115,454,572</u>	<u>\$507,665</u>	<u>\$135,292,237</u>

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	Governmental Activities		Component Units	
	Primary Government Principal	Interest	Principal	Interest
2013	\$1,690,000	\$887,519	\$5,855,766	\$5,137,729
2014	1,775,000	807,019	5,886,766	4,941,620
2015	1,860,000	722,419	5,373,767	4,750,287
2016	1,950,000	629,419	5,588,767	4,555,227
2017	2,045,000	536,469	5,845,767	4,353,411
2018-2022	5,025,000	1,778,358	25,205,365	18,566,061
2023-2027	4,985,000	614,896	24,846,039	12,960,854
2028-2032			25,985,000	6,595,014
2033-2037			7,665,000	1,640,734
2039-2041			3,710,000	248,063
	<u>\$19,330,000</u>	<u>\$5,976,099</u>	<u>\$115,962,237</u>	<u>\$63,749,000</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term debt (continued)

Parks and Recreation Land Contracts. The Parks and Recreation department has engaged in a land contract for the purpose of acquiring land for park development. The initial issuance amount was \$91,500. There is no interest per the terms of the contract. The land contract was paid in full in 2012.

Capital Leases. During 2010, the County (Primary Government) signed a three year capital lease for delinquent tax software. The agreement provides financing of \$34,195 for this project. As of 12/31/12, capital assets of \$14,248 are included in the Statement of Net Position. The final payment on the lease in the amount of \$11,999 was made in 2012.

Changes in Long-Term Liabilities. Long-term liability activity for the year ended December 31, 2012 was as follows:

Primary Government

	Beginning of Year	Additions	Reductions	End of Year	Due within One Year
Governmental activities:					
General obligation bonds	\$20,965,000		\$1,635,000	\$19,330,000	\$1,690,000
Landfill reclamation	4,474,805		1,077,805	3,397,000	442,000
Compensated absences	2,914,706	302,206	337,982	2,878,930	2,618,844
Land Contract	91,500		91,500		
Capital lease	11,999		11,999		
Total	<u>\$28,458,010</u>	<u>\$302,206</u>	<u>\$3,154,286</u>	<u>\$25,605,930</u>	<u>\$4,750,844</u>

The reporting entity's legal debt margin at December 31, 2012 is \$891,478,368.

Compensated absences are generally liquidated by the Compensated Absences Special Revenue fund. The landfill reclamation liability is liquidated by the Solid Waste Clean-up Special Revenue Fund and the capital lease liability was liquidated by the Homestead Property Tax Special Revenue fund.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term debt (continued)

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 *	\$121,421,933	\$1,524,071	\$6,983,767	\$115,962,237	\$5,855,767
Notes payable	1,587,900	944,000	700,300	1,831,600	547,600
Claims payable	61,017	58,680	13,899	105,798	
Compensated absences	1,557,170	361,416	329,551	1,589,035	235,633
Other Post Employment Benefits	660,833	146,386		807,219	
Capital Leases/Installment Purchases	19,998		19,998		
Total	<u><u>\$125,308,851</u></u>	<u><u>\$3,034,553</u></u>	<u><u>\$8,047,515</u></u>	<u><u>\$120,295,889</u></u>	<u><u>\$6,639,000</u></u>

*The general obligation bonds do not include the unamortized bond premium of \$1,848,709.

The Ottawa County Office of the Water Resources Commissioner (component unit) also had the following short term-note activity during 2012:

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:					
Various Drainage Districts					
Notes payable, principal payments ranging from \$13,000 to \$250,000, due in 2012, plus interest ranging from 1.25% to 1.65%	<u><u>\$900,000</u></u>	<u><u>\$105,000</u></u>	<u><u>\$150,000</u></u>	<u><u>\$855,000</u></u>	<u><u>\$855,000</u></u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term debt (continued)

Conduit debt refers to certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing financing for a specific third party that is not a part of the state or local government's financial reporting entity. Although conduit debt securities bear the name of the governmental issuer, the governmental issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. During 2011, the Economic Development Corporation of Ottawa County (EDC), a discretely presented component unit, issued \$10 million in limited obligation refunding revenue bonds on behalf of Hope College. The proceeds were used to advance refund a portion of the \$16,385,000 in outstanding bond principal of the Michigan Higher Education Facilities Authority Limited Obligation Bonds, series 2002A. At December 31, 2012 \$9,695,000 was still outstanding.

G. 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 have 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. Even though the contaminated water meets drinking water standards, the County is providing municipal water to the property owners in the path of the plume, and is working with the local unit of government to place institutional controls on future users moving into the area. The County has completed negotiations with the Michigan Department of Environmental Quality (MDEQ), formerly known as the DNR, with a revised plan to clean up the contamination. The County began work in 2006 to recap the landfill. Enhancing the water filtration system started in 2006 as well, costing \$2,105,764 to date. The total cost of these enhancements including water and sewer hook-ups for affected residents is projected to exceed \$4.9 million dollars. Landfill post closure cost estimates are subject to change based on inflation, deflation, technology or changes to applicable laws or regulations.

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

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Landfill reclamation (continued)

<u>Year Ending</u>	<u>Estimated Cost</u>
2013	\$442,000
2014	443,000
2015	324,000
2016	304,000
2017	324,000
2018-2022	1,560,000
	<u>\$3,397,000</u>

IV. OTHER INFORMATION

A. Defined benefit pension plan

- 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.

- Funding Policy.*

County of Ottawa:

The County is required to contribute at an actuarially determined rate; the current rate ranges from 6.19% to 32.70% as a percentage of annual covered payroll and varies by participating division. Certain employee groups are currently required to contribute 0% to 6.99% of their annual covered payroll to the plan. 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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (continued)

A. Defined benefit pension plan (continued)

Ottawa County Road Commission:

The Road Commission is required to contribute at an actuarially determined rate of 15.88% to 36.15% 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 and/or negotiated by the Road Commission.

Ottawa County Central Dispatch Authority:

The Authority is required to contribute at a predetermined rate because the plans are closed. The predetermined contributions vary based on employment division. Employees currently do not contribute to the plan. The contribution requirements of the Authority are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Authority, depending on the MERS contribution program adopted by the Authority and/or negotiated by the Authority. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The difference in investment income between expected return and market return is recognized over a 10 year period at the rate of 10% per year.

Annual Pension Cost - County of Ottawa:

For the year ended December 31, 2012, the County's annual pension cost of \$5,744,981 was greater than the County's required contribution of \$5,705,285. The required contribution was determined as part of the December 31, 2011 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 1% - 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 13.0% per year, depending on age, attributable to seniority/merit.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (continued)

A. Defined benefit pension plan (continued)

Annual Pension Cost - County of Ottawa (continued)

Actuarially determined contribution	\$5,705,285
Interest on Net Pension Asset	138,991
Adjustment to actuarially determined contribution	(99,295)
Annual pension cost	5,744,981
Contributions made	5,705,285
Decrease in Net Pension Asset	(39,696)
Net Pension Asset at beginning of year	1,737,385
Net Pension Asset at end of year	\$1,697,689

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/2010	\$5,524,218	99%	\$1,780,310
12/31/2011	5,642,328	99%	1,737,385
12/31/2012	5,744,981	99%	1,697,689

Accrued Actuarial Liability – County of Ottawa

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 on an open basis. The remaining amortization period at December 31, 2011, the date of the latest actuarial valuation, was 27 years.

Funding Progress: As of December 31, 2011, the date of the most recent actuarial valuation date, the plan was 81 percent funded. The actuarial accrued liability for benefits was \$197,600,606, and the actuarial value of assets was \$160,910,020, resulting in an unfunded accrued actuarial liability (UAAL) of \$36,690,586. The covered payroll (annual payroll of active employees covered by the plan) was \$43,711,453, and the ratio of the UAAL to the covered payroll was 84 percent. The schedule of funding progress, presented as required supplementary information immediately following the notes to the

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Accrued Actuarial Liability – County of Ottawa (continued)

financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost – Ottawa County Road Commission

For the year ended September 30, 2012, the Road Commission's annual pension cost of \$1,109,328 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit.

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2010	\$ 1,309,284	100%	\$0
9/30/2011	1,434,594	100%	0
9/30/2012	1,109,328	100%	150,000

Accrued Actuarial Liability – Ottawa County Road Commission

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 on an open basis. The remaining amortization period at December 31, 2011, the date of the latest actuarial valuation, was 27 years.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Accrued Actuarial Liability – Ottawa County Road Commission (continued)

Funding Progress: As of December 31, 2011, the date of the most recent actuarial valuation date, the plan was 71 percent funded. The actuarial accrued liability for benefits was \$46,676,475, and the actuarial value of assets was \$33,063,482, resulting in an unfunded accrued actuarial liability (UAAL) of \$13,612,993. The covered payroll (annual payroll of active employees covered by the plan) was \$6,147,889, and the ratio of the UAAL to the covered payroll was 221 percent. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost - Ottawa County Central Dispatch Authority

For the year ended December 31, 2012, the Dispatch Authority's annual pension expense of \$33,156 for MERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit.

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Liability
12/31/2010	\$34,044	100%	\$0
12/31/2011	33,288	100%	0
12/31/2012	33,156	100%	0

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Actuarial Accrued Liability – Ottawa County Central Dispatch Authority

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 10 years. The remaining amortization period at December 31, 2011, the date of the latest actuarial valuation, was 10 years.

Funding Progress: As of December 31, 2011, the date of the most recent actuarial valuation date, the plan was 95 percent funded. The actuarial accrued liability for benefits was \$1,884,946, and the actuarial value of assets was \$1,799,174, resulting in an unfunded accrued actuarial liability (UAAL) of \$85,772. The covered payroll (annual payroll of active employees covered by the plan) was \$397,407, and the ratio of the UAAL to the covered payroll was 22 percent. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Defined contribution pension plan

The County's defined contribution pension plans provide pension benefits for certain employee groups hired after January 1, 2012 who are eligible for MERS membership and those hired before January 1, 2012 electing participation in the defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. 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 for this plan rests with MERS.

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes 3% of each participant's base salary to the plan. Employees are required to contribute a minimum of 3% of base pay to the plan. The County also matches employee contributions up to a total County contribution of 6%. Participating employees are vested 50% after 3 years of service, 75% after 4 years of service, and 100% after 5 years of service. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The County and member contributions were \$98,959 and \$103,014, respectively, for the current year.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

B. Defined contribution pension plan (continued)

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. Participating employee 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.

The Authority and member contributions were \$63,876 and \$63,876, respectively, for the current year. 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.

C. Self-insurance

The County is self-funded for liability, worker's compensation, and unemployment insurance. The claims liabilities reported at December 31, 2012 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 Authority records unpaid claims liabilities based on estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claims depend on such complex factors as inflation, damage awards and changes in legal liability doctrines, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are (or will be) recomputed periodically using a variety of claims

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

frequency and other economic and societal factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Insurance Authority purchases municipal excess liability, auto liability, professional liability and property coverage. Property coverage carries a \$50,000 deductible and the liability coverages attach above a \$1 million self-insured retention for all other coverages. The liability policy provides coverage of up to \$12 million which is equal to the coverage from the prior year for liability protection. In addition, the Ottawa County Insurance Authority, a blended component unit, provides coverage above the \$12 million for total aggregate coverage of \$20 million. The property coverage is \$129,500,000 which is \$3,500,000 more than the prior year. Coverage was adjusted to reflect updated property values and the acquisition of several Parks properties containing structures.

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, 2011 and 2012 as recorded in the Insurance Authority blended component unit are as follows:

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2011	\$7,920,137	(\$233,705)	\$438,862	\$7,247,570
2012	7,247,570	28,442	278,694	6,997,318

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

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 \$11 million excess above the \$750,000 self-insured retention. An independent third party administrator administers the program for an annual fee. The claim liability for known claims and incurred but not reported claims are determined by an actuary. The changes in worker's compensation liability for the year ended December 31, 2011 and 2012 are as follows:

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2011	\$431,237	\$104,138	\$57,200	\$478,175
2012	478,175	(19,212)	96,364	362,599

Beginning January 1, 2011, the County purchased commercial insurance for health, dental and optical coverage for employees. Premiums and associated costs are recorded in the Employee Benefits internal service fund (6771). This fund allocates the cost of the insurance program to departments based on full time equivalents. The County has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past two fiscal years.

The self-insurance program for unemployment is accounted for in the Protected Self-Funded Unemployment fund (Internal Service fund 6772). Unemployment claims are reimbursed to the Michigan Employment Security Commission based on actual claims annually and were \$80,132 and \$176,155 in 2012 and 2011, respectively.

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.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

Discretely Presented Component Units (continued):

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. The Commission is exposed to various risks of loss related to torts, destruction of assets and errors and omissions for which it obtains coverage from commercial insurance companies. The Commission had no settled claims resulting from these risks that exceeded commercial coverage in any of the past three years. Changes in the estimates are as follows:

	MCRCSIP Liability Plan	Workers' Compensation Plan	Total
	<u> </u>	<u> </u>	<u> </u>
Estimated liability - September 30, 2010	\$1,816	\$11,643	\$13,459
Estimated claims incurred including changes in estimates	45,383	7,008	52,391
Claims paid	(1,816)	(3,017)	(4,833)
Estimated liability – September 30, 2011	<u>45,383</u>	<u>15,634</u>	<u>61,017</u>
Estimated claims incurred including changes in estimates	(23,136)	81,816	58,680
Claims paid	0	(13,899)	(13,899)
Estimated liability – September 30, 2012	<u><u>\$22,247</u></u>	<u><u>\$83,551</u></u>	<u><u>\$105,798</u></u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

Discretely Presented Component Units (continued):

The Ottawa County Central Dispatch Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, and natural disasters. The Authority has purchased commercial insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three fiscal 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

County of Ottawa:

The County administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health insurance premiums for retirees until age 65 (medicare eligible). Benefit provisions are established through negotiations between the County and bargaining units and employee groups. For employees hired before January 1, 2008, the County offers health care benefits to retirees that they may purchase at the actuarially determined blended rate for current employees and retirees. There are currently 870 active employees and retirees in the plan. The Retiree Health Plan does not issue a publicly available financial report, but a legal trust has been established for the plan.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

D. Other post-employment benefits (continued)

In addition, the County provides certain post-retirement health care benefits to unclassified employees and employees of 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 - \$10 for each year of service, to a maximum of \$100 - \$250 per month, to be applied toward health coverage through the County for the retiree and spouse until age 65. The County makes contributions to the Other Post Employment Benefit Fund based on actuarially determined rates.

Annual OPEB Cost – County of Ottawa

The County's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. In the January 1, 2013, actuarial valuation, the projected unit credit actuarial cost method, level dollar, open amortization method, and an amortization period of 30 years were utilized. The actuarial assumptions included a 5.5% return on plan net position, and medication inflation rate declining from 10% in 2013 to 4.0% in 2100 with implicit subsidy provided.

For the current year the County's contribution was \$173,019. Current year contributions were slightly less than the actuarially determined requirements to amortize the net OPEB asset from prior years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's OPEB obligation to the plan:

Annual required OPEB contribution	\$ 215,465
Interest on net OPEB asset	25,661
Adjustment to annual required contributions	<u>(64,886)</u>
	176,240
Contributions made by the County	173,019
Increase (decrease) in net OPEB asset	(3,221)
Net OPEB asset, beginning of year	466,571
Net OPEB asset, end of year	<u><u>\$ 463,350</u></u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

D. Other post-employment benefits (continued)

Annual OPEB Cost – County of Ottawa (continued)

Three Year Trend Information

Fiscal Year End	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Asset
12/31/2010	\$785,250	100%	\$473,080
12/31/2011	866,087	100%	469,814
12/31/2012	215,465	98%	463,350

Accrued Actuarial Liability – County of Ottawa

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Funding Progress: As of December 31, 2012, the date of the most recent actuarial valuation date, the plan was 87.2 percent funded. The actuarial accrued liability for benefits was \$4,389,537, and the actuarial value of assets (fair value) was \$3,825,988, resulting in an unfunded accrued actuarial liability (UAAL) of \$563,549. The covered payroll (annual payroll of active employees covered by the plan) was \$44,048,199, and the ratio of the UAAL to the covered payroll was 8.7 percent. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

E. Other post-employment benefits (continued)

Ottawa County Road Commission:

The Ottawa County Road Commission administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health insurance premiums for retirees until age 65 (Medicare eligible). Benefit provisions are established through negotiations between the Commission, bargaining units and employee groups. The Commission makes 100% of the premium payment to the plan. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not been established for the plan.

Annual OPEB Cost – Ottawa County Road Commission

The Commission's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The first actuarial valuation of the Retiree Health Plan was performed as of January 1, 2008 with the requirements of GASB Statement # 45 being implemented prospectively.

The Commission's contribution is based on pay-as-you-go financing requirements. For the current year, the annual required contribution (ARC) was \$240,063 while actual contributions were \$78,763.

The following table shows the components of the Commissions annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission OPEB obligation to the plan.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

E. Other post-employment benefits (continued)

Annual OPEB Cost – Ottawa County Road Commission (continued)

Annual required contribution	\$240,063
Interest on net OPEB obligation	26,433
Adjustment to annual required contribution	<u>(41,347)</u>
Annual OPEB cost (expense)	225,149
 Contribution made	 78,763
 Increase in net OPEB obligation	 146,386
Net OPEB obligation, beginning of year	<u>660,833</u>
Net OPEB obligation, end of year	<u><u>\$807,219</u></u>

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2010	\$ 243,208	26%	\$ 476,758
9/30/2011	260,788	29%	660,833
9/30/2012	225,149	35%	807,219

Accrued Actuarial Liability – Ottawa County Road Commission

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Commission is currently funding the plan on a pay as you go basis. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2012

IV. OTHER INFORMATION (CONTINUED)

E. Other post-employment benefits (continued)

Accrued Actuarial Liability – Ottawa County Road Commission (continued)

In the October 1, 2011 actuarial valuation, the projected unit credit actuarial cost method, level dollar, closed amortization method, and an amortization period of 30 years were utilized. The remaining amortization period at October 1, 2011, was 26 years. The actuarial assumptions included a 0% return on plan net position as the plan is not funded, a discount rate of 4%, 10% inflation in 2012 graded to 5% in 2017, with implicit subsidy provided.

Funding Progress: As of October 1, 2011, the date of the most recent actuarial valuation date, the plan was completely unfunded because the Commission's financing is on a pay-as-you-go basis. The actuarial accrued liability for benefits was \$1,931,708, and the actuarial value of assets was \$0, resulting in an unfunded accrued actuarial liability (UAAL) of \$1,931,708. The covered payroll (annual payroll of active employees covered by the plan) was \$6,147,889, and the ratio of the UAAL to the covered payroll was 31 percent. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Related party transactions

At December 31, 2012, the County's financial statements included taxes receivable of \$3,776,075 and deferred revenue of \$4,109,059 relating to Ottawa County Central Dispatch Authority (OCCDA) property tax millage, which was levied for use in 2013. In addition, during the year ended December 31, 2012, Ottawa County provided operating grants of \$4,128,177 to OCCDA, \$1,565 of which had not yet been transferred as of 12/31/12.

The Drains assess the Ottawa County Road Commission (a component unit of Ottawa County) and Ottawa County (the primary government of which the Water Resources Commissioner is a component unit) for drain projects. During 2012, the County paid \$296,428 in assessments to the Water Resources Commissioner.

Assessments to the Ottawa County Road Commission totaled \$250,669, of which \$31,460 are included in amounts due from other governmental units. Ottawa County Public Utilities (OCPU) incurred expenses of \$805,000 for wages and equipment provided by the Ottawa County Road Commission which also provides fiscal and managerial services to OCPU. At year end, OCPU owed the Ottawa County Road Commission \$276,990 for these goods and services.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF OTTAWA

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

For the Year Ended December 31, 2012

(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$37,722,173	\$37,710,167	\$37,712,537	\$2,370	\$38,175,450
Intergovernmental revenues	\$6,810,310	7,207,059	7,916,622	709,563	10,238,891
Charges for services	\$7,685,280	8,261,944	8,337,110	75,166	6,358,842
Fines and forfeits	\$66,600	81,100	79,085	(2,015)	1,094,561
Interest on investments	\$151,360	300,050	247,952	(52,098)	307,310
Licenses and permits	\$270,000	347,000	352,601	5,601	370,595
Rental income	\$3,244,547	3,099,703	2,968,756	(130,947)	2,846,765
Other	\$416,867	484,180	505,767	21,587	483,168
Total revenues	<u>56,367,137</u>	<u>57,491,203</u>	<u>58,120,430</u>	<u>629,227</u>	<u>59,875,582</u>
Expenditures:					
Current operations:					
Legislative	466,020	459,000	453,693	5,307	424,362
Judicial	11,029,283	11,256,408	11,177,851	78,557	10,234,420
General government	10,610,644	10,222,140	9,946,237	275,903	10,984,411
Public safety	23,135,253	22,978,516	23,195,229	(216,713)	23,764,694
Public works	747,800	301,818	296,732	5,086	245,670
Health and welfare	908,436	753,782	754,679	(897)	717,305
Community and economic development	753,537	795,224	737,947	57,277	618,453
Other governmental functions	623,474	129,954	129,846	108	176,388
Total expenditures	<u>48,274,447</u>	<u>46,896,842</u>	<u>46,692,214</u>	<u>204,628</u>	<u>47,165,703</u>
Revenues over expenditures	<u>8,092,690</u>	<u>10,594,361</u>	<u>11,428,216</u>	<u>833,855</u>	<u>12,709,879</u>
Other Financing Sources (Uses):					
Transfers from other funds	1,125,000	636,977	7,172	(629,805)	428,585
Transfers to other funds	(10,570,032)	(12,440,208)	(12,332,006)	108,202	(9,873,475)
Total other financing sources (uses)	<u>(9,445,032)</u>	<u>(11,803,231)</u>	<u>(12,324,834)</u>	<u>(521,603)</u>	<u>(9,444,890)</u>
Net change in fund balance	<u>(1,352,342)</u>	<u>(1,208,870)</u>	<u>(896,618)</u>	<u>312,252</u>	<u>3,264,989</u>
Fund balance, beginning of year	<u>21,244,490</u>	<u>21,244,490</u>	<u>21,244,490</u>		<u>17,979,501</u>
Fund balance, end of year	<u>\$19,892,148</u>	<u>\$20,035,620</u>	<u>\$20,347,872</u>	<u>\$312,252</u>	<u>\$21,244,490</u>
Add: fund balance of funds classified with the General Fund for purposes of GASB Statement No. 54			\$27,391,075		
Fund balance, end of year, for Statement of Revenues, Expenditures, and Changes in Fund Balance			<u>\$47,738,947</u>		

COUNTY OF OTTAWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1) **Budgets and Budgetary Accounting**

The County adopts an annual budget for the Special and Debt Service funds following the GAAP basis of accounting. Unexpended appropriations lapse at year end.

2) **Reconciliation between the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual and the Statement of Revenues, Expenditures, and Changes in Fund Balance**

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	Revenues and Transfers	Expenditures and Transfers
General Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$58,127,602	\$59,024,220
Revenues and other sources and expenditures and other uses of funds classified with the General Fund for the purposes of GASB Statement No. 54	676,640	(2,193,141)
Statement of Revenues, Expenditures and Changes in Fund Balances	\$58,804,242	\$56,831,079

COUNTY OF OTTAWA

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

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$2,974,049	\$2,974,049	\$2,969,262	(\$4,787)	\$3,035,087
Intergovernmental revenues	317,600	1,553,971	1,270,495	(283,476)	564,477
Charges for services	371,460	415,946	427,988	12,042	370,485
Interest on investments	19,357	19,357	52,202	32,845	58,535
Rental income	53,500	53,500	31,442	(22,058)	63,692
Other	5,000	24,482	66,712	42,230	722,026
Total revenues	3,740,966	5,041,305	4,818,101	(223,204)	4,814,302
Expenditures:					
Current operations:					
Personnel services	1,725,345	1,722,105	1,675,757	46,348	1,616,065
Supplies	185,800	247,379	240,111	7,268	187,126
Other services and charges	500,686	536,679	478,313	58,366	713,957
Debt service		91,500	91,500		
Capital outlay	1,066,000	3,114,187	2,009,112	1,105,075	4,281,891
Total expenditures	3,477,831	5,711,850	4,494,793	1,217,057	6,799,039
Revenues over (under) expenditures	263,135	(670,545)	323,308	993,853	(1,984,737)
Other financing sources (uses):					
Transfers in (out):					
General Fund					46,500
Land Contract issued					91,500
Total other financing sources (uses)					138,000
Net change in fund balance	263,135	(670,545)	323,308	993,853	(1,846,737)
Fund balance, beginning of year	3,541,873	3,541,873	3,541,873		5,388,610
Fund balance, end of year	<u>\$3,805,008</u>	<u>\$2,871,328</u>	<u>\$3,865,181</u>	<u>\$993,853</u>	<u>\$3,541,873</u>

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

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$3,587,891	\$3,931,927	\$3,881,638	(\$50,289)	\$5,133,021
Charges for services	629,473	648,382	671,925	23,543	627,960
Licenses and permits	555,676	670,441	691,093	20,652	552,669
Other	194,963	189,037	197,529	8,492	199,754
Total revenues	4,968,003	5,439,787	5,442,185	2,398	6,513,404
Expenditures:					
Current operations:					
Personnel services	6,076,633	5,942,462	5,891,724	50,738	5,877,763
Supplies	1,110,321	1,201,782	1,026,359	175,423	1,224,420
Other services and charges	1,783,205	1,790,596	1,702,686	87,910	1,619,230
Capital outlay					5,760
Total expenditures	8,970,159	8,934,840	8,620,769	314,071	8,727,173
Revenues over (under) expenditures	(4,002,156)	(3,495,053)	(3,178,584)	316,469	(2,213,769)
Other financing sources (uses):					
Transfers in (out):					
General Fund	4,002,156	3,545,800	3,178,586	(367,214)	2,213,769
Total other financing sources (uses)	4,002,156	3,545,800	3,178,586	(367,214)	2,213,769
Net change in fund balance		50,747	2	(50,745)	
Fund balance, beginning of year	952,574	952,574	952,574		952,574
Fund balance, end of year	<u>\$952,574</u>	<u>\$1,003,321</u>	<u>\$952,576</u>	<u>(\$50,745)</u>	<u>\$952,574</u>

COUNTY OF OTTAWA

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

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$35,160,089	\$35,976,744	\$35,962,769	(\$13,975)	\$34,136,858
Charges for services	403,700	350,498	358,477	7,979	409,069
Interest on investments	36,000	36,000	46,507	10,507	34,024
Rental income	56,506	18,213	18,213		78,927
Other	76,953	548,344	617,397	69,053	453,444
Total revenues	35,733,248	36,929,799	37,003,363	73,564	35,112,322
Expenditures:					
Current operations:					
Personnel services	12,331,717	12,386,211	12,344,939	41,272	11,001,774
Supplies	427,469	530,014	444,462	85,552	614,717
Other services and charges	23,537,170	24,916,661	24,758,882	157,779	23,582,290
Capital outlay		119,764	108,423	11,341	79,483
Total expenditures	36,296,356	37,952,650	37,656,706	295,944	35,278,264
Revenues over (under) expenditures	(563,108)	(1,022,851)	(653,343)	369,508	(165,942)
Other financing sources (uses):					
Transfers in (out):					
General Fund	563,108	563,108	563,108		563,108
Total other financing sources (uses)	563,108	563,108	563,108		563,108
Net change in fund balance		(459,743)	(90,235)	369,508	397,166
Fund balance, beginning of year	503,157	503,157	503,157		105,991
Fund balance, end of year	<u>\$503,157</u>	<u>\$43,414</u>	<u>\$412,922</u>	<u>\$369,508</u>	<u>\$503,157</u>

COUNTY OF OTTAWA
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

Ottawa County (Primary Government):

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/2005	\$106,312,114	\$126,887,611	\$20,575,497	84%	\$38,259,539	54%
12/31/2006	116,418,835	138,434,883	22,016,048	84%	40,525,474	54%
12/31/2007	127,103,598	151,513,633	24,410,035	84%	41,772,689	58%
12/31/2008	134,207,078	164,292,703	30,085,625	82%	42,158,377	71%
12/31/2009	142,666,997	175,705,139	33,038,142	81%	44,865,784	74%
12/31/2010	152,352,857	184,346,935	31,994,078	83%	43,300,146	74%
12/31/2011	160,910,020	197,600,606	36,690,586	81%	43,711,453	84%

Schedule of employer contributions:

Year Ended	Annual Required Contributions	Percentage of ARC Contributed
12/31/2006	\$3,944,897	100%
12/31/2007	4,317,144	100%
12/31/2008	4,478,672	100%
12/31/2009	4,916,278	100%
12/31/2010	5,508,432	100%
12/31/2011	5,599,403	100%
12/31/2012	5,705,285	100%

Ottawa County Road Commission (Component Unit):

Schedule of funding progress:

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)
12/31/2005	\$29,768,361	\$37,092,752	\$7,324,391	80%	\$6,478,421	113%
12/31/2006	31,130,701	38,533,848	7,403,147	81%	6,272,650	118%
12/31/2007	32,465,731	41,829,814	9,364,083	78%	6,329,343	148%
12/31/2008	32,464,801	45,258,740	12,793,939	72%	6,736,861	190%
12/31/2009	32,251,461	44,008,755	11,757,294	73%	6,269,382	188%
12/31/2010	32,668,905	44,856,588	12,187,683	73%	6,005,448	203%
12/31/2011	33,063,482	46,676,475	13,612,993	71%	6,147,889	221%

COUNTY OF OTTAWA
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

Ottawa County Road Commission (Component Unit):

Schedule of employer contributions:

Year Ended	Annual Required Contributions	Percentage of ARC Contributed
9/30/2006	\$850,700	100%
9/30/2007	943,400	100%
9/30/2008	976,575	100%
9/30/2009	1,095,915	100%
9/30/2010	1,309,284	100%
9/30/2011	1,434,594	100%
9/30/2012	1,109,328	100%

Ottawa County Central Dispatch Authority (Component Unit):

Schedule of funding progress:

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)
12/31/2005	\$1,312,860	\$1,369,486	\$56,626	96%	\$538,217	11%
12/31/2006	1,451,371	1,517,960	66,589	96%	443,927	15%
12/31/2007	1,575,191	1,653,276	78,085	95%	410,974	19%
12/31/2008	1,625,977	1,696,979	71,002	96%	373,483	19%
12/31/2009	1,674,042	1,738,798	64,756	96%	395,433	16%
12/31/2010	1,737,661	1,797,375	59,714	97%	397,578	15%
12/31/2011	1,799,174	1,884,946	85,772	95%	397,407	22%

Schedule of employer contributions:

Year Ended	Annual Required Contributions	Percentage of ARC Contributed
12/31/2006	\$57,986	100%
12/31/2007	52,968	100%
12/31/2008	40,800	100%
12/31/2009	35,184	100%
12/31/2010	34,044	100%
12/31/2011	33,288	100%
12/31/2012	33,156	100%

COUNTY OF OTTAWA

**OTHER POST EMPLOYMENT BENEFIT PLANS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Ottawa County (Primary Government):

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/2008	\$977,996	\$7,853,881	\$6,875,885	12.5%	\$43,379,815	15.9%
12/31/2009	1,890,604	7,618,482	5,727,878	24.8%	45,932,817	12.5%
12/31/2010	2,879,313	9,125,944	6,246,631	31.6%	44,125,422	14.2%
12/31/2011	3,526,643	4,485,898	959,255	78.6%	44,134,714	2.2%
12/31/2012	3,825,988	4,389,537	563,549	87.2%	44,048,199	1.3%

Actuarial data prior to 12/31/08 is not available.

Schedule of employer contributions:

Year Ended	Annual Required Contributions	Percentage of ARC Contributed
12/31/2008	\$600,916	153%
12/31/2009	860,786	118%
12/31/2010	785,250	100%
12/31/2011	866,087	100%
12/31/2012	215,465	80%

Ottawa County Road Commission (Component Unit):

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)
1/1/2008	\$0	\$1,835,591	\$1,835,591	0%	\$6,329,343	29.0%
10/1/2011	\$0	\$1,931,708	\$1,931,708	0%	\$6,147,889	31.4%

Year Ended	Annual Required Contributions	Percentage of ARC Contributed
9/30/2008	\$217,453	22%
9/30/2009	225,873	46%
9/30/2010	231,309	28%
9/30/2011	241,718	32%
9/30/2012	240,063	33%

The fiscal year end for the Ottawa County Road Commission is September 30. Actuarial data before 12/31/2007 is not available.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF OTTAWA

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

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.

9/30 Judicial Grants (2170) - This Fund accounts for miscellaneous grant revenue received from the State and other agencies for judicial programs. This fund is close as of September 30, 2012.

Other Governmental Grants (2180) – This fund was opened in 2012 and accounts for various grants, primarily judicial grants, previously reported in funds 2170 and 2941.

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.

Farmland Preservation (2340) – This fund is used to account for cash purchases and/or installment purchases of development rights voluntarily offered by landowners. Once purchased, an agricultural conservation easement is placed on the property which restricts future development.

Brownfield Redevelopment Authority (2430) – This fund was established by the County Board for the purpose of revitalizing certain environmentally distressed or functionally obsolete and/or blighted areas in the County.

Homestead Property Tax (2550) – This fund was established as a result of the passage of Public Act 105 of 2003 which provides for the denial of homestead status by local governments, counties and/or State of Michigan. The County's share of interest on tax revenue collected under this statute is to be used solely for the administration of this program, and any unused funds remaining after a period of three years may be transferred to the county general fund (MCL 211.7cc, as amended).

COUNTY OF OTTAWA

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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. The grant was moved to the General Fund effective October 1, 2012, so this fund is closed as of September 30, 2012.

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. This fund is closed effective September 30, 2012. Future grants will be recorded in fund 2630.

Sheriff Contracts (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. The contracts were moved to fund 2630 effective October 1, 2012, so this fund is closed as of September 30, 2012.

Sheriff Grants & Contracts (2630) – These funds account for various public safety grants and contracts for policing services with County municipalities.

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. The contracts were moved to fund 2630 effective October 1, 2012, so this fund is closed as of September 30, 2012.

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. These funds have been rolled into fund 2745 – Michigan Works or 2746 – Community Action Agency as the end of their 2012 fiscal years.

Michigan Works (2745) and Community Action Agency (2746) - These funds account for various labor related grants (including Workforce Investment Act grants) received by the Michigan Works agency and Community Action Agency. The funds were opened in 2012 to record grants previously reported in other Workforce Investment Act Funds, the Emergency Feeding Fund (2800), the Federal Emergency Management Agency fund (2810), the Community Action Agency fund (2870) and the Weatherization fund (2890).

COUNTY OF OTTAWA

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

SPECIAL REVENUE FUNDS (CONTINUED)

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. The fund has been rolled into 2746 – Community Action Agency as of October 1, 2012.

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. The fund has been rolled into 2746 – Community Action Agency as of October 1, 2012.

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. The grant was moved to the General Fund effective October 1, 2012, so this fund is closed as of September 30, 2012.

Revenue Sharing Reserve Fund (2855) - Public Act 357 of 2004 provides a funding mechanism to serve as a substitute for state revenue sharing payments. This substitute funding mechanism involved a gradual shift of county property tax millage from a winter tax levy to a summer tax levy and additionally, requires the establishment of a restricted fund to be known as the Revenue Sharing Reserve Fund. The fund is closed as of December 31, 2011.

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. The fund has been rolled into 2746 – Community Action Agency as of October 1, 2012.

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. The fund has been rolled into 2746 – Community Action Agency as of April 1, 2012.

Department of Human Services (2901) - 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.

COUNTY OF OTTAWA

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

SPECIAL REVENUE FUNDS (CONTINUED)

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.

Veterans Trust Fund (2941) - 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. The grant has been moved to fund 2180 as of October 1, 2012, so the fund is closed as of September 30, 2012.

DEBT SERVICE FUND

Building Authority Fund (3515 - 3517) - 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. Financing is provided by cash rental payments pursuant to lease agreements with the County of Ottawa.

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
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue				
	Friend of the Court (2160)	9/30 Judicial Grants (2170)	Other Governmental Grants (2180)	Landfill Tipping Fees (2272)	Transpor- tation System (2320)
<u>ASSETS</u>					
Cash and pooled investments				\$1,056,663	
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts			\$1,125	40,679	
Due from other funds					
Due from other governmental units	\$274,835	\$154,153	74,645		\$41,540
Inventory of supplies					
Prepaid expenditures					
Total assets	\$274,835	\$154,153	\$75,770	\$1,097,342	\$41,540
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$82,576	\$18,773	\$6,501	\$24,274	\$41,540
Due to other funds					
Due to other governmental units					
Due to component units					
Interfund payable	192,259	135,380	42,532		
Advances from other governmental units					
Interest payable					
Unearned revenue			9,159		
Advances from other funds					
Total liabilities	274,835	154,153	58,192	24,274	41,540
Fund balances:					
Nonspendable					
Restricted			17,578		
Committed					
Assigned				1,073,068	
Total fund balances			17,578	1,073,068	
Total liabilities and fund balances	\$274,835	\$154,153	\$75,770	\$1,097,342	\$41,540

(Continued on next page)

COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue				
	Farmland Pre- serva- tion (2340)	Brownfield Redevelop- -ment Authority (2430)	Homestead Property Tax (2550)	Register of Deeds Technology (2560)	Prosecuting Attorney Grants (2601)
<u>ASSETS</u>					
Cash and pooled investments	\$1,000	\$871	\$48,752	\$514,061	\$9,510
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts					
Due from other funds			604	5,090	
Due from other governmental units					
Inventory of supplies					
Prepaid expenditures					
	<u>\$1,000</u>	<u>\$871</u>	<u>\$49,356</u>	<u>\$519,151</u>	<u>\$9,510</u>
Total assets	<u>\$1,000</u>	<u>\$871</u>	<u>\$49,356</u>	<u>\$519,151</u>	<u>\$9,510</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable				\$5,595	\$9,510
Due to other funds					
Due to other governmental units					
Due to component units					
Interfund payable					
Advances from other governmental units					
Interest payable					
Unearned revenue					
Advances from other funds					
				<u>5,595</u>	<u>9,510</u>
Total liabilities				<u>5,595</u>	<u>9,510</u>
Fund balances:					
Nonspendable					
Restricted			\$49,356	513,556	
Committed	\$1,000	\$871			
Assigned					
	<u>1,000</u>	<u>871</u>	<u>49,356</u>	<u>513,556</u>	
Total fund balances	<u>1,000</u>	<u>871</u>	<u>49,356</u>	<u>513,556</u>	
Total liabilities and fund balances	<u>\$1,000</u>	<u>\$871</u>	<u>\$49,356</u>	<u>\$519,151</u>	<u>\$9,510</u>

(Continued on next page)

COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue				Workforce Investment Act - ACP (2740)
	Sheriff 9/30 Grant Programs (2609)	Sheriff Contracts (2610)	Sheriff Grants & Contracts (2630)	Sheriff Road Patrol (2661)	
<u>ASSETS</u>					
Cash and pooled investments					
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts		\$41,415	\$55,013	\$1,695	
Due from other funds					
Due from other governmental units	\$522,557	715,408	1,335,823		\$26,188
Inventory of supplies					
Prepaid expenditures					
Total assets	<u>\$522,557</u>	<u>\$756,823</u>	<u>\$1,390,836</u>	<u>\$1,695</u>	<u>\$26,188</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$276,394	\$189,740	\$172,030		\$9,584
Due to other funds					
Due to other governmental units					
Due to component units					
Interfund payable	246,163	567,083	796,339	\$1,695	16,604
Advances from other governmental units			420,856		
Interest payable					
Unearned revenue					
Advances from other funds					
Total liabilities	<u>522,557</u>	<u>756,823</u>	<u>1,389,225</u>	<u>1,695</u>	<u>26,188</u>
Fund balances:					
Nonspendable					
Restricted			1,611		
Committed					
Assigned					
Total fund balances			<u>1,611</u>		
Total liabilities and fund balances	<u>\$522,557</u>	<u>\$756,823</u>	<u>\$1,390,836</u>	<u>\$1,695</u>	<u>\$26,188</u>

(Continued on next page)

COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue				Michigan Works (2745)
	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)	
<u>ASSETS</u>					
Cash and pooled investments			\$44,825		
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts			4,489		\$88,032
Due from other funds					
Due from other governmental units	\$71,634	\$53,277	115,691	\$650	1,572,642
Inventory of supplies					891
Prepaid expenditures					94,780
	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>1,756,345</u>
Total assets	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>1,756,345</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$67,792	\$48,816	\$152,142		\$426,374
Due to other funds					
Due to other governmental units			6,978		84,630
Due to component units					
Interfund payable	3,842	4,461		\$650	1,149,670
Advances from other governmental units					
Interest payable					
Unearned revenue			5,885		
Advances from other funds					
	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>1,660,674</u>
Total liabilities	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>1,660,674</u>
Fund balances:					
Nonspendable					95,671
Restricted					
Committed					
Assigned					
	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>95,671</u>
Total fund balances	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>95,671</u>
Total liabilities and fund balances	<u>71,634</u>	<u>53,277</u>	<u>165,005</u>	<u>650</u>	<u>1,756,345</u>

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COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue				
	Community Action Agency (2746)	Workforce Investment Act- 9/30 Grant Programs (2748)	Workforce Investment Act- 3/31 Grant Programs (2749)	Grant Programs - Pass Thru (2750)	Emergency Feeding (2800)
<u>ASSETS</u>					
Cash and pooled investments					
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts	\$19,825				
Due from other funds					
Due from other governmental units	428,495	\$900,210			\$22,573
Inventory of supplies	27,802				
Prepaid expenditures					
Total assets	\$476,122	\$900,210	None	None	\$22,573
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$92,176	\$317,477			\$2,626
Due to other funds					
Due to other governmental units					
Due to component units					
Interfund payable	286,662	582,733			19,947
Advances from other governmental units					
Interest payable					
Unearned revenue					
Advances from other funds					
Total liabilities	378,838	900,210			22,573
Fund balances:					
Nonspendable	27,802				
Restricted	69,482				
Committed					
Assigned					
Total fund balances	97,284				
Total liabilities and fund balances	\$476,122	\$900,210	None	None	\$22,573

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COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue				
	Federal Emergency Management Agency (2810)	Community Corrections (2850)	Community Action Agency (2870)	Weather- ization (2890)	
<u>ASSETS</u>					
Cash and pooled investments			\$8,442		\$44,546
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts		\$207,561		\$352	
Due from other funds					
Due from other governmental units		43,780	5,927	119,836	14,081
Inventory of supplies					
Prepaid expenditures					
Total assets	None	\$251,341	\$14,369	\$120,188	\$58,627
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable		\$28,226	\$14,369	\$4,826	\$14,462
Due to other funds					
Due to other governmental units					
Due to component units					
Interfund payable		45,163		115,362	
Advances from other governmental units					21,000
Interest payable					
Unearned revenue		177,952			
Advances from other funds					
Total liabilities		251,341	14,369	120,188	35,462
Fund balances:					
Nonspendable					
Restricted					
Committed					
Assigned					23,165
Total fund balances					23,165
Total liabilities and fund balances	None	\$251,341	\$14,369	\$120,188	\$58,627

(Continued on next page)

COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	Special Revenue			Special Revenue	Debt Service
	Child Care - Circuit Court (2920)	Child Care - Social Services (2921)	Veterans Trust (2941)	Total	Ottawa County Building Authority (3515-3517)
<u>ASSETS</u>					
Cash and pooled investments	\$350			\$1,729,020	
Investments					
Receivables (net of allowance for estimated uncollectibles):					
Accounts	12,472		\$3,389	476,047	
Due from other funds				5,694	
Due from other governmental units	1,954,315			8,448,260	
Inventory of supplies				28,693	
Prepaid expenditures				94,780	
Total assets	\$1,967,137	None	\$3,389	\$10,782,494	None
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$324,302		\$1,891	\$2,331,996	
Due to other funds					
Due to other governmental units				91,608	
Due to component units					
Interfund payable	470,742		1,498	4,678,785	
Advances from other governmental units				441,856	
Interest payable					
Unearned revenue				192,996	
Advances from other funds					
Total liabilities	795,044	None	3,389	7,737,241	None
Fund balances:					
Nonspendable				123,473	
Restricted				651,583	
Committed				1,871	
Assigned	1,172,093			2,268,326	
Total fund balances	1,172,093	None	\$3,389	3,045,253	None
Total liabilities and fund balances	\$1,967,137	None	\$3,389	\$10,782,494	None

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COUNTY OF OTTAWA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
December 31, 2012
(with comparative totals for December 31, 2011)

	<u>Permanent</u>	<u>Total Nonmajor</u>	
	Cemetery Trust (1500)	Governmental Funds	
		2012	2011
<u>ASSETS</u>			
Cash and pooled investments	\$5,814	\$1,734,834	\$2,091,401
Investments			5,770
Receivables (net of allowance for estimated uncollectibles):			
Accounts		476,047	377,079
Due from other funds		5,694	5,431
Due from other governmental units		8,448,260	4,011,283
Inventory of supplies		28,693	12,842
Prepaid expenditures		94,780	2,458
Total assets	<u>\$5,814</u>	<u>\$10,788,308</u>	<u>\$6,506,264</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable		\$2,331,996	\$2,097,535
Due to other funds			
Due to other governmental units		91,608	15,461
Due to component units			
Interfund payable		4,678,785	826,795
Advances from other governmental units		441,856	332,351
Interest payable			
Unearned revenue		192,996	177,737
Advances from other funds			
Total liabilities		<u>7,737,241</u>	<u>3,449,879</u>
Fund balances:			
Nonspendable	\$5,770	129,243	21,070
Restricted	\$44	651,627	727,734
Committed		1,871	1,500
Assigned		2,268,326	2,306,081
Total fund balances	<u>5,814</u>	<u>3,051,067</u>	<u>3,056,385</u>
Total liabilities and fund balances	<u>\$5,814</u>	<u>\$10,788,308</u>	<u>\$6,506,264</u>

(Concluded)

COUNTY OF OTTAWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2012
(with comparable totals for the year ended December 31, 2011)

	Special Revenue					
	Friend of the Court (2160)	9/30 Judicial Grants (2170)	Other Governmental Grants (2180)	Landfill Tipping Fees (2272)	Transpor- tation System (2320)	
Revenues:						
Taxes						
Intergovernmental revenues	\$2,036,615	\$309,035	\$92,562		\$157,569	
Charges for services	453,139	46,203	10,994	\$340,902		
Interest on investments						
Rental income						
Other		16,137	2,250	33,197		
Total revenues	<u>2,489,754</u>	<u>371,375</u>	<u>105,806</u>	<u>374,099</u>	<u>157,569</u>	
Expenditures:						
Current operations:						
Judicial	3,185,296	383,867	80,020			
General government						
Public safety						
Public works				306,648	157,569	
Health and welfare			17,915			
Community and economic development						
Debt service						
Capital outlay						
Total expenditures	<u>3,185,296</u>	<u>383,867</u>	<u>97,935</u>	<u>306,648</u>	<u>157,569</u>	
Revenues over (under) expenditures	<u>(695,542)</u>	<u>(12,492)</u>	<u>7,871</u>	<u>67,451</u>		
Other financing sources (uses):						
Transfers in (out):						
General Fund	695,542	12,087				
9/30 Judicial Grants			9,682			
Infrastructure						
Other Governmental Grants		(9,682)				
Delinquent Tax Revolving						
Community Corrections						
Public Improvement						
Emergency Feeding						
Community Action Agency 9/30 Grant Programs						
Workforce Investment Act - Administrative Cost Pool						
Workforce Investment Act - Adult						
Workforce Investment Act 6/30 Grant Programs						
Workforce Investment Act 9/30 Grant Programs						
Workforce Investment Act 12/31 Grant Programs						
Michigan Works						
Community Action Agency						
Weatherization						
Sheriff Grants & Contracts						
Sheriff 9/30 Grants						
Veteran's Trust			25			
Telecommunications						
Ottawa County, Michigan Insurance Authority						
Total other financing sources (uses)	<u>695,542</u>	<u>2,405</u>	<u>9,707</u>			
Net change in fund balances		(10,087)	17,578	67,451		
Fund balances, beginning of year		10,087		1,005,617		1,000
Fund balances, end of year	<u>None</u>	<u>None</u>	<u>\$17,578</u>	<u>\$1,073,068</u>	<u>None</u>	<u>\$1,000</u>

(Continued on next page)

COUNTY OF OTTAWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2012
(with comparable totals for the year ended December 31, 2011)

	Special Revenue						
	Brownfield Redevelopment Authority (2430)	Homestead Property Tax (2550)	Register of Deeds Technology (2560)	Prosecuting Attorney Grants (2601)	Sheriff 9/30 Grant Programs (2609)	Sheriff Contracts (2610)	Sheriff Grants & Contracts (2630)
Revenues:							
Taxes	\$371	\$11,049					
Intergovernmental revenues				\$140,400	\$716,787	\$5,474,448	\$1,582,765
Charges for services			\$273,783				
Interest on investments		604	5,091				
Rental income							
Other		7,000		622		425	
Total revenues	371	18,653	278,874	141,022	716,787	5,474,873	1,582,765
Expenditures:							
Current operations:							
Judicial							
General government		23,478	189,434	203,742			
Public safety					715,893	5,781,160	1,665,917
Public works							
Health and welfare							
Community and economic development							
Debt service							
Capital outlay							
Total expenditures		23,478	189,434	203,742	715,893	5,781,160	1,665,917
Revenues over (under) expenditures	371	(4,825)	89,440	(62,720)	894	(306,287)	(83,152)
Other financing sources (uses):							
Transfers in (out):							
General Fund		(7,172)		62,720		306,287	82,790
9/30 Judicial Grants							
Infrastructure							
Other Governmental Grants							
Delinquent Tax Revolving							
Community Corrections							
Public Improvement							
Emergency Feeding							
Community Action Agency 9/30 Grant Programs							
Workforce Investment Act - Administrative Cost Pool							
Workforce Investment Act - Adult							
Workforce Investment Act 6/30 Grant Programs							
Workforce Investment Act 9/30 Grant Programs							
Workforce Investment Act 12/31 Grant Programs							
Michigan Works							
Community Action Agency							
Weatherization							
Sheriff Grants & Contracts					(1,973)		
Sheriff 9/30 Grants							1,973
Veteran's Trust							
Telecommunications							
Ottawa County, Michigan Insurance Authority							
Total other financing sources (uses)		(7,172)		62,720	(1,973)	306,287	84,763
Net change in fund balances	371	(11,997)	89,440		(1,079)		1,611
Fund balances, beginning of year	500	61,353	424,116		1,079		
Fund balances, end of year	\$871	\$49,356	\$513,556	None	None	None	\$1,611

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COUNTY OF OTTAWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2012
(with comparable totals for the year ended December 31, 2011)

	Special Revenue					
	Sheriff Road Patrol (2661)	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)
Revenues:						
Taxes						
Intergovernmental revenues	\$171,630	\$349,241	\$927,276	\$917,005	\$1,400,142	\$16,875
Charges for services						
Interest on investments						
Rental income						
Other						25
Total revenues	<u>171,630</u>	<u>349,241</u>	<u>927,276</u>	<u>917,005</u>	<u>1,400,142</u>	<u>16,900</u>
Expenditures:						
Current operations:						
Judicial						
General government						
Public safety	293,286					
Public works						
Health and welfare		349,239	927,276	917,006	1,399,262	47,404
Community and economic development						
Debt service						
Capital outlay						
Total expenditures	<u>293,286</u>	<u>349,239</u>	<u>927,276</u>	<u>917,006</u>	<u>1,399,262</u>	<u>47,404</u>
Revenues over (under) expenditures	<u>(121,656)</u>	<u>2</u>		<u>(1)</u>	<u>880</u>	<u>(30,504)</u>
Other financing sources (uses):						
Transfers in (out):						
General Fund	121,656					
9/30 Judicial Grants						
Infrastructure						
Other Governmental Grants						
Delinquent Tax Revolving						
Community Corrections						
Public Improvement						
Emergency Feeding						
Community Action Agency 9/30 Grant Programs						(23,051)
Workforce Investment Act - Administrative Cost Pool						
Workforce Investment Act - Adult						
Workforce Investment Act 6/30 Grant Programs						
Workforce Investment Act 9/30 Grant Programs						
Workforce Investment Act 12/31 Grant Programs						
Michigan Works		(950)		(510)	(44,828)	
Community Action Agency					(19,903)	
Weatherization						
Sheriff Grants & Contracts						
Sheriff 9/30 Grants						
Veteran's Trust						
Telecommunications						
Ottawa County, Michigan Insurance Authority						
Total other financing sources (uses)	<u>121,656</u>	<u>(950)</u>		<u>(510)</u>	<u>(64,731)</u>	<u>(23,051)</u>
Net change in fund balances		(948)		(511)	(63,851)	(53,555)
Fund balances, beginning of year		948		511	63,851	53,555
Fund balances, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

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COUNTY OF OTTAWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2012
(with comparable totals for the year ended December 31, 2011)

	Special Revenue						
	Michigan Works (2745)	Community Action Agency (2746)	Workforce Investment Act - 9/30 Grant Programs (2748)	Workforce Investment Act - 3/31 Grant Programs (2749)	Grant Programs - Pass Thru (2750)	Emergency Feeding (2800)	Federal Emergency Management Agency (2810)
Revenues:							
Taxes							
Intergovernmental revenues	\$2,106,946	\$641,942	\$3,458,460	\$5,878	\$156,997	\$315,406	\$2,805
Charges for services							
Interest on investments							
Rental income							
Other	9,682	46,381	179,852				
Total revenues	2,116,628	688,323	3,638,312	5,878	156,997	315,406	2,805
Expenditures:							
Current operations:							
Judicial							
General government					156,997		
Public safety							
Public works							
Health and welfare	2,123,533	718,079	3,656,644	5,878		289,263	2,805
Community and economic development							
Debt service							
Capital outlay							
Total expenditures	2,123,533	718,079	3,656,644	5,878	156,997	289,263	2,805
Revenues over (under) expenditures	(6,905)	(29,756)	(18,332)			26,143	
Other financing sources (uses):							
Transfers in (out):							
General Fund							
9/30 Judicial Grants							
Infrastructure							
Other Governmental Grants							
Delinquent Tax Revolving							
Community Corrections							
Public Improvement							
Emergency Feeding		39,413					
Community Action Agency 9/30 Grant Programs		68,827	18,331			1,499	
Workforce Investment Act - Administrative Cost Pool	950						
Workforce Investment Act - Adult	510						
Workforce Investment Act 6/30 Grant Programs	44,828	19,903					
Workforce Investment Act 9/30 Grant Programs	13,234	(18,333)					
Workforce Investment Act 12/31 Grant Programs		23,051					
Michigan Works		(43,054)	(13,232)				
Community Action Agency	43,054					(39,413)	
Weatherization		37,233					
Sheriff Grants & Contracts							
Sheriff 9/30 Grants							
Veteran's Trust							
Telecommunications							
Ottawa County, Michigan Insurance Authority							
Total other financing sources (uses)	102,576	127,040	5,099			(37,914)	
Net change in fund balances	95,671	97,284	(13,233)			(11,771)	
Fund balances, beginning of year			13,233			11,771	
Fund balances, end of year	\$95,671	\$97,284	None	None	None	None	None

(Continued on next page)

COUNTY OF OTTAWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2012
(with comparable totals for the year ended December 31, 2011)

	Special Revenue						
	Community Corrections (2850)	Community Action Agency (2870)	Weather- ization (2890)	Department of Human Services (2901)	Child Care - Circuit Court (2920)	Child Care - Social Services (2921)	Veterans Trust (2941)
Revenues:							
Taxes							
Intergovernmental revenues	\$236,041	\$406,937	\$1,388,928	\$165,677	\$3,356,492	\$128	\$71,725
Charges for services	170,122						
Interest on investments							
Rental income							
Other	10,416	41,561	82,152		826,143		25
Total revenues	416,579	448,498	1,471,080	165,677	4,182,635	128	71,750
Expenditures:							
Current operations:							
Judicial	916,577						
General government							
Public safety							
Public works							
Health and welfare		485,007	1,456,961	237,192	7,774,006	256	71,725
Community and economic development							
Debt service							
Capital outlay							
Total expenditures	916,577	485,007	1,456,961	237,192	7,774,006	256	71,725
Revenues over (under) expenditures	(499,998)	(36,509)	14,119	(71,515)	(3,591,371)	(128)	25
Other financing sources (uses):							
Transfers in (out):							
General Fund	393,306	26,750		73,670	3,591,371	128	
9/30 Judicial Grants							
Infrastructure							
Other Governmental Grants							(25)
Delinquent Tax Revolving							
Community Corrections							
Public Improvement							
Emergency Feeding		(1,499)					
Community Action Agency 9/30 Grant Programs							
Workforce Investment Act - Administrative Cost Pool							
Workforce Investment Act - Adult							
Workforce Investment Act 6/30 Grant Programs							
Workforce Investment Act 9/30 Grant Programs							
Workforce Investment Act 12/31 Grant Programs							
Michigan Works							
Community Action Agency		(68,827)	(37,233)				
Weatherization							
Sheriff Grants & Contracts							
Sheriff 9/30 Grants							
Veteran's Trust							
Telecommunications							
Ottawa County, Michigan Insurance Authority							
Total other financing sources (uses)	393,306	(43,576)	(37,233)	73,670	3,591,371	128	(25)
Net change in fund balances	(106,692)	(80,085)	(23,114)	2,155			
Fund balances, beginning of year	106,692	80,085	23,114	21,010	1,172,093		
Fund balances, end of year	None	None	None	\$23,165	\$1,172,093	None	None

(Continued on next page)

COUNTY OF OTTAWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2012

(with comparable totals for the year ended December 31, 2011)

	Special Revenue	Debt Service Ottawa County Building Authority (3515-3517)	Permanent Cemetery Trust (1500)	Total Nonmajor Governmental Funds	
	Total			2012	2011
Revenues:					
Taxes	\$11,420			\$11,420	\$9,743
Intergovernmental revenues	26,606,712			26,606,712	23,428,787
Charges for services	1,295,143			1,295,143	1,226,136
Interest on investments	5,695		\$44	5,739	5,496
Rental income		\$1,822,460		1,822,460	2,382,030
Other	1,255,868			1,255,868	1,201,231
Total revenues	29,174,838	1,822,460	44	30,997,342	28,253,423
Expenditures:					
Current operations:					
Judicial	4,565,760			4,565,760	4,329,767
General government	573,651			573,651	1,314,619
Public safety	8,456,256			8,456,256	5,203,037
Public works	464,217			464,217	483,963
Health and welfare	20,479,451			20,479,451	19,693,484
Community and economic development					1,000
Debt service		2,585,360		2,585,360	3,144,730
Capital outlay					
Total expenditures	34,539,335	2,585,360		37,124,695	34,170,600
Revenues over (under) expenditures	(5,364,497)	(762,900)	44	(6,127,353)	(5,917,177)
Other financing sources (uses):					
Transfers in (out):					
General Fund	5,359,135			5,359,135	3,538,437
9/30 Judicial Grants	9,682			9,682	(34,513)
Infrastructure		125,000		125,000	125,000
Other Governmental Grants	(9,707)			(9,707)	
Delinquent Tax Revolving		150,000		150,000	150,000
Community Corrections					34,513
Public Improvement		187,900		187,900	187,700
Emergency Feeding	37,914			37,914	(5,199)
Community Action Agency 9/30 Grant Programs	65,606			65,606	50,094
Workforce Investment Act - Administrative Cost Pool	950			950	
Workforce Investment Act - Adult	510			510	
Workforce Investment Act 6/30 Grant Programs	64,731			64,731	
Workforce Investment Act 9/30 Grant Programs	(5,099)			(5,099)	(44,895)
Workforce Investment Act 12/31 Grant Programs	23,051			23,051	
Michigan Works	(102,574)			(102,574)	
Community Action Agency	(122,322)			(122,322)	
Weatherization	37,233			37,233	
Sheriff Grants & Contracts	(1,973)			(1,973)	
Sheriff 9/30 Grants	1,973			1,973	
Veteran's Trust	25			25	
Telecommunications		150,000		150,000	150,000
Ottawa County, Michigan Insurance Authority		150,000		150,000	150,000
Total other financing sources (uses)	5,359,135	762,900		6,122,035	4,301,137
Net change in fund balances	(5,362)		44	(5,318)	(1,616,040)
Fund balances, beginning of year	3,050,615		5,770	3,056,385	4,672,425
Fund balances, end of year	\$3,045,253	None	\$5,814	\$3,051,067	\$3,056,385

(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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,982,676	\$1,968,373	\$2,036,615	\$68,242	\$1,994,955
Charges for services	403,060	427,350	453,139	25,789	414,887
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	2,385,736	2,395,723	2,489,754	94,031	2,409,842
Expenditures:					
Current operations:					
Personnel services	2,531,154	2,548,054	2,517,735	30,319	2,544,329
Supplies	53,736	42,800	40,608	2,192	46,440
Other services and charges	648,249	647,934	626,953	20,981	521,647
Capital outlay					
Total expenditures	3,233,139	3,238,788	3,185,296	53,492	3,112,416
Revenues over (under) expenditures	(847,403)	(843,065)	(695,542)	147,523	(702,574)
Other financing sources (uses):					
Transfers in (out):					
General Fund	847,403	843,065	695,542	(147,523)	702,574
Total other financing sources (uses)	847,403	843,065	695,542	(147,523)	702,574
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**9/30 JUDICIAL GRANTS SPECIAL REVENUE FUND (2170) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$144,939	\$340,194	\$309,035	(\$31,159)	\$283,905
Charges for services	25,000	41,000	46,203	5,203	21,764
Interest on investments					
Licenses and permits					
Rental income					
Other		17,368	16,137	(1,231)	4,125
Total revenues	169,939	398,562	371,375	(27,187)	309,794
Expenditures:					
Current operations:					
Personnel services	187,158	323,463	308,501	14,962	287,246
Supplies	14,170	27,612	24,882	2,730	17,605
Other services and charges	18,335	72,674	50,484	22,190	45,459
Capital outlay					
Total expenditures	219,663	423,749	383,867	39,882	350,310
Revenues over (under) expenditures	(49,724)	(25,187)	(12,492)	12,695	(40,516)
Other financing sources (uses):					
Transfers in (out):					
General Fund	49,724	25,187	12,087	(13,100)	8,659
Other Governmental Grants			(9,682)	(9,682)	34,513
Total other financing sources (uses)	49,724	25,187	2,405	(22,782)	43,172
Net change in fund balance			(10,087)	(10,087)	2,656
Fund balance, beginning of year	10,087	10,087	10,087		7,431
Fund balance, end of year	\$10,087	\$10,087	None	(\$10,087)	\$10,087

COUNTY OF OTTAWA

**OTHER GOVERNMENTAL GRANTS SPECIAL REVENUE FUND (2180) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012			2011 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues		\$75,000	\$92,562	\$17,562
Charges for services		9,580	10,994	1,414
Interest on investments				
Licenses and permits				
Rental income				
Other		500	2,250	1,750
Total revenues		85,080	105,806	20,726
Expenditures:				
Current operations:				
Personnel services		73,580	74,145	(565)
Supplies		6,000	2,136	3,864
Other services and charges		5,500	21,654	(16,154)
Capital outlay				
Total expenditures		85,080	97,935	(12,855)
Revenues over (under) expenditures			7,871	7,871
Other financing sources (uses):				
Transfers in (out):				
Veteran's Trust			25	25
9/30 Judicial Grant			9,682	9,682
Total other financing sources (uses)			9,707	9,707
Net change in fund balance			17,578	17,578
Fund balance, beginning of year				
Fund balance, end of year	None	None	\$17,578	None

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, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$345,000	\$345,000	\$340,902	(\$4,098)	\$367,653
Interest on investments					
Licenses and permits					
Rental income					
Other	31,500	33,620	33,197	(423)	31,995
Total revenues	376,500	378,620	374,099	(4,521)	399,648
Expenditures:					
Current operations:					
Personnel services	191,804	180,405	181,944	(1,539)	171,318
Supplies	15,276	9,451	8,703	748	10,635
Other services and charges	138,329	110,504	116,001	(5,497)	144,441
Capital outlay					
Total expenditures	345,409	300,360	306,648	(6,288)	326,394
Revenues over (under) expenditures	31,091	78,260	67,451	(10,809)	73,254
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	31,091	78,260	67,451	(10,809)	73,254
Fund balance, beginning of year	1,005,617	1,005,617	1,005,617		932,363
Fund balance, end of year	\$1,036,708	\$1,083,877	\$1,073,068	(\$10,809)	\$1,005,617

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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012			2011 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues	\$157,569	\$157,569	\$157,569	\$157,569
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues	<u>157,569</u>	<u>157,569</u>	<u>157,569</u>	<u>157,569</u>
Expenditures:				
Current operations:				
Personnel services				
Supplies				
Other services and charges	157,569	157,569	157,569	157,569
Capital outlay				
Total expenditures	<u>157,569</u>	<u>157,569</u>	<u>157,569</u>	<u>157,569</u>
Revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out):				
General Fund				(25,787)
Total other financing sources (uses)				<u>(25,787)</u>
Net change in fund balance				(25,787)
Fund balance, beginning of year				25,787
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**FARMLAND PRESERVATION SPECIAL REVENUE FUND (2340) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 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					
Capital outlay					
Total expenditures					
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	\$1,000	\$1,000	\$1,000		\$1,000
Fund balance, end of year	\$1,000	\$1,000	\$1,000	None	\$1,000

COUNTY OF OTTAWA

**BROWNFIELD REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND (2430) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes			\$371		
Intergovernmental revenues					
Charges for services	\$1,500	\$1,500		(\$1,500)	\$1,500
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	1,500	1,500	371	(1,500)	1,500
Expenditures:					
Current operations:					
Personnel services					
Supplies	100	100		\$100	
Other services and charges	1,400	1,400		1,400	1,000
Capital outlay					
Total expenditures	1,500	1,500		1,500	1,000
Revenues over (under) expenditures			371		500
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			371		500
Fund balance, beginning of year	500	500	\$500		
Fund balance, end of year	\$500	\$500	\$871	None	\$500

COUNTY OF OTTAWA

**HOMESTEAD PROPERTY TAX SPECIAL REVENUE FUND (2550) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$6,500	\$15,000	\$11,049	(\$3,951)	\$9,743
Intergovernmental revenues					
Charges for services					
Interest on investments	277	277	604	327	793
Licenses and permits					
Rental income					
Other					
Total revenues	6,777	15,277	11,653	(3,624)	10,536
Expenditures:					
Personnel services					
Supplies	400	400	400		400
Other services and charges	570	2,880	580	2,300	570
Capital outlay		7,000	7,000		
Debt Service	11,997	15,499	15,498	1	23,395
Total expenditures	12,967	25,779	23,478	2,301	24,365
Revenues over (under) expenditures	(6,190)	(10,502)	(11,825)	(1,323)	(13,829)
Other financing sources (uses):					
Transfers in (out):					
General Fund		(11,997)	(7,172)	4,825	(6,455)
Capital leases		7,000	7,000		
Total other financing sources (uses)		(4,997)	(172)	4,825	(6,455)
Net change in fund balance	(6,190)	(15,499)	(11,997)	3,502	(20,284)
Fund balance, beginning of year	61,353	61,353	61,353		81,637
Fund balance, end of year	<u>\$55,163</u>	<u>\$45,854</u>	<u>\$49,356</u>	<u>\$3,502</u>	<u>\$61,353</u>

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, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$259,450	\$259,450	\$273,783	\$14,333	\$233,176
Interest on investments	2,307	2,307	5,091	2,784	4,638
Licenses and permits					
Rental income					
Other					
Total revenues	261,757	261,757	278,874	17,117	237,814
Expenditures:					
Personnel services	20,003	20,003	19,756	247	152
Supplies	3,000	13,323	14,161	(838)	8,231
Other services and charges	157,349	157,599	155,517	2,082	159,914
Capital outlay	23,000	23,000		23,000	39,300
Debt Service					11,997
Total expenditures	203,352	213,925	189,434	24,491	219,594
Revenues over (under) expenditures	58,405	47,832	89,440	41,608	18,220
Other financing sources (uses):					
Capital leases					
Total other financing sources (uses)					
Net change in fund balance	58,405	47,832	89,440	41,608	18,220
Fund balance, beginning of year	424,116	424,116	424,116		405,896
Fund balance, end of year	<u>\$482,521</u>	<u>\$471,948</u>	<u>\$513,556</u>	<u>\$41,608</u>	<u>\$424,116</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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$140,400	\$140,400	\$140,400		\$140,400
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	588	622	622		588
Total revenues	140,988	141,022	141,022		140,988
Expenditures:					
Current operations:					
Personnel services	193,857	193,913	192,049	\$1,864	190,723
Supplies	11,151	11,095	8,411	2,684	8,983
Other services and charges	3,937	3,937	3,282	655	3,912
Capital outlay					
Total expenditures	208,945	208,945	203,742	5,203	203,618
Revenues over (under) expenditures	(67,957)	(67,923)	(62,720)	5,203	(62,630)
Other financing sources (uses):					
Transfers in (out):					
General Fund	67,957	67,923	62,720	(5,203)	37,538
Total other financing sources (uses)	67,957	67,923	62,720	(5,203)	37,538
Net change in fund balance					(25,092)
Fund balance, beginning of year					25,092
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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$54,000	\$779,197	\$716,787	(\$62,410)	\$428,261
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	54,000	779,197	716,787	(62,410)	428,261
Expenditures:					
Current operations:					
Personnel services	25,000	53,554	46,245	7,309	61,064
Supplies	29,000	269,519	132,904	136,615	39,107
Other services and charges		36,624	35,103	1,521	11,647
Capital outlay		419,500	501,641	(82,141)	315,364
Total expenditures	54,000	779,197	715,893	63,304	427,182
Revenues over (under) expenditures			894	894	1,079
Other financing sources (uses):					
Transfers in (out):					
Sheriff Grants & Contracts			(1,973)	(1,973)	
Total other financing sources (uses)			(1,973)	(1,973)	
Net change in fund balance			(1,079)		1,079
Fund balance, beginning of year	1,079	1,079	1,079		
Fund balance, end of year	\$1,079	\$1,079	None	None	\$1,079

COUNTY OF OTTAWA

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

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$5,873,498	\$5,899,693	\$5,474,448	(\$425,245)	\$4,160,514
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other			425	425	1,950
Total revenues	5,873,498	5,899,693	5,474,873	(424,820)	4,162,464
Expenditures:					
Current operations:					
Personnel services	5,276,110	5,300,169	5,014,153	286,016	3,794,117
Supplies	200,081	181,007	136,724	44,283	78,478
Other services and charges	745,608	766,818	630,283	136,535	501,278
Capital outlay					
Total expenditures	6,221,799	6,247,994	5,781,160	466,834	4,373,873
Revenues over (under) expenditures	(348,301)	(348,301)	(306,287)	42,014	(211,409)
Other financing sources (uses):					
Transfers in (out):					
General Fund	348,301	348,301	306,287	(42,014)	210,168
Total other financing sources (uses)	348,301	348,301	306,287	(42,014)	210,168
Net change in fund balance					(1,241)
Fund balance, beginning of year					1,241
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**SHERIFF GRANTS & CONTRACTS SPECIAL REVENUE FUND (2630) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012			2011 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues		\$1,967,717	\$1,582,765	(\$384,952)
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues		1,967,717	1,582,765	(384,952)
Expenditures:				
Current operations:				
Personnel services		1,683,391	1,410,564	272,827
Supplies		93,496	77,422	16,074
Other services and charges		242,536	165,968	76,568
Capital outlay		56,751	11,963	44,788
Total expenditures		2,076,174	1,665,917	410,257
Revenues over (under) expenditures		(108,457)	(83,152)	25,305
Other financing sources (uses):				
Transfers in (out):				
General Fund		108,457	82,790	(25,667)
Sheriff 9/30 Grant Programs			1,973	
Total other financing sources (uses)		108,457	84,763	(25,667)
Net change in fund balance			1,611	1,611
Fund balance, beginning of year				
Fund balance, end of year	None	None	\$1,611	\$1,611

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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$171,630	\$171,630	\$171,630		\$190,700
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	171,630	171,630	171,630		190,700
Expenditures:					
Current operations:					
Personnel services	282,523	281,252	243,772	\$37,480	256,740
Supplies	7,949	8,999	8,168	831	1,868
Other services and charges	48,695	48,695	41,346	7,349	56,099
Capital outlay					
Total expenditures	339,167	338,946	293,286	45,660	314,707
Revenues over (under) expenditures	(167,537)	(167,316)	(121,656)	45,660	(124,007)
Other financing sources (uses):					
Transfers in (out):					
General Fund	167,537	167,316	121,656	(45,660)	124,007
Total other financing sources (uses)	167,537	167,316	121,656	(45,660)	124,007
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 - 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, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$425,114	\$442,267	\$349,241	(\$93,026)	\$501,471
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					1,000
Total revenues	425,114	442,267	349,241	(93,026)	502,471
Expenditures:					
Current operations:					
Personnel services	252,698	251,932	219,092	32,840	330,864
Supplies	27,748	17,748	12,292	5,456	18,615
Other services and charges	144,668	172,587	117,855	54,732	152,992
Capital outlay					
Total expenditures	425,114	442,267	349,239	93,028	502,471
Revenues over (under) expenditures			2	2	
Other financing sources (uses):					
Transfers in (out):					
Michigan Works			(950)	(950)	
Total other financing sources (uses)			(950)	(950)	
Net change in fund balance			(948)	(948)	
Fund balance, beginning of year	948	948	948		948
Fund balance, end of year	<u>\$948</u>	<u>\$948</u>	<u>None</u>	<u>(\$948)</u>	<u>\$948</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, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,203,599	\$1,102,253	\$927,276	(\$174,977)	\$895,959
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	1,203,599	1,102,253	927,276	(174,977)	895,959
Expenditures:					
Current operations:					
Personnel services	176,021	175,666	162,531	13,135	111,515
Supplies	9,166	9,099	4,200	4,899	5,564
Other services and charges	1,018,412	917,488	760,545	156,943	775,520
Capital outlay					3,360
Total expenditures	1,203,599	1,102,253	927,276	174,977	895,959
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, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,185,636	\$1,182,511	\$917,005	(\$265,506)	\$627,618
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	1,185,636	1,182,511	917,005	(265,506)	627,618
Expenditures:					
Current operations:					
Personnel services	146,231	145,211	113,346	31,865	63,995
Supplies	7,366	5,886	2,760	3,126	4,104
Other services and charges	1,032,039	1,031,414	800,900	230,514	556,159
Capital outlay					3,360
Total expenditures	1,185,636	1,182,511	917,006	265,505	627,618
Revenues over (under) expenditures			(1)	(1)	
Other financing sources (uses):					
Transfers in (out):					
Michigan Works			(510)	(510)	
Total other financing sources (uses)			(510)	(510)	
Net change in fund balance			(511)	(511)	
Fund balance, beginning of year	511	511	511		511
Fund balance, end of year	<u>\$511</u>	<u>\$511</u>	<u>None</u>	<u>(\$511)</u>	<u>\$511</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, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,675,362	\$1,836,955	\$1,400,142	(\$436,813)	\$2,165,062
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	1,675,362	1,836,955	1,400,142	(436,813)	2,165,062
Expenditures:					
Current operations:					
Personnel services	241,321	199,771	138,604	61,167	219,741
Supplies	10,499	14,404	8,029	6,375	24,294
Other services and charges	1,462,554	1,661,792	1,252,629	409,163	1,928,325
Capital outlay					3,360
Total expenditures	1,714,374	1,875,967	1,399,262	476,705	2,175,720
Revenues over (under) expenditures	(39,012)	(39,012)	880	39,892	(10,658)
Other financing sources (uses):					
Transfers in (out):					
Michigan Works			(44,828)		
Community Action Agency			(19,903)	(19,903)	
Total other financing sources (uses)			(64,731)	(19,903)	
Net change in fund balance	(39,012)	(39,012)	(63,851)	19,989	(10,658)
Fund balance, beginning of year	63,851	63,851	63,851		74,509
Fund balance, end of year	<u>\$24,839</u>	<u>\$24,839</u>	<u>None</u>	<u>\$19,989</u>	<u>\$63,851</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, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$129,100	\$130,000	\$16,875	(\$113,125)	\$51,029
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other			25	25	32,659
Total revenues	129,100	130,000	16,900	(113,100)	83,688
Expenditures:					
Current operations:					
Personnel services	32,750	23,594	5,380	18,214	19,569
Supplies	1,216	917	65	852	179
Other services and charges	95,134	105,489	41,959	63,530	61,445
Capital outlay					
Total expenditures	129,100	130,000	47,404	82,596	81,193
Revenues over (under) expenditures			(30,504)	(30,504)	2,495
Other financing sources (uses):					
Transfers in (out):					
Michigan Works			(23,051)	(23,051)	
Total other financing sources (uses)			(23,051)	(23,051)	
Net change in fund balance			(53,555)	(53,555)	2,495
Fund balance, beginning of year	53,555	53,555	53,555		51,060
Fund balance, end of year	<u>\$53,555</u>	<u>\$53,555</u>	<u>None</u>	<u>(\$53,555)</u>	<u>\$53,555</u>

COUNTY OF OTTAWA

**MICHIGAN WORKS SPECIAL REVENUE FUND (2745) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012			2011 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues		\$9,375,183	\$2,106,946	(\$7,268,237)
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other		28,000	9,682	(18,318)
Total revenues		9,403,183	2,116,628	(7,286,555)
Expenditures:				
Current operations:				
Personnel services		3,216,965	725,124	2,491,841
Supplies		179,301	31,230	148,071
Other services and charges		6,006,917	1,367,179	4,639,738
Capital outlay				
Total expenditures		9,403,183	2,123,533	7,279,650
Revenues over (under) expenditures			(6,905)	(6,905)
Other financing sources (uses):				
Transfers in (out):				
Workforce Investment Act - Administra Cost pool			950	950
Workforce Investment Act - Adult			510	510
Workforce Investment Act - 6/30 Grant Programs			44,828	44,828
Community Action Agency			43,054	
Workforce Investment Act - 9/30 Grant Programs			13,234	13,234
Total other financing sources (uses)			102,576	59,522
Net change in fund balance			95,671	52,617
Fund balance, beginning of year				
Fund balance, end of year	None	None	\$95,671	\$52,617

COUNTY OF OTTAWA

**COMMUNITY ACTION AGENCY SPECIAL REVENUE FUND (2746) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012			2011 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues		\$1,621,287	\$641,942	(\$979,345)
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other		122,120	46,381	(75,739)
Total revenues		1,743,407	688,323	(1,055,084)
Expenditures:				
Current operations:				
Personnel services		598,951	199,440	399,511
Supplies		284,469	259,309	25,160
Other services and charges		859,987	259,330	600,657
Capital outlay				
Total expenditures		1,743,407	718,079	1,025,328
Revenues over (under) expenditures			(29,756)	(29,756)
Other financing sources (uses):				
Transfers in (out):				
Community Action Agency 9/30			68,827	68,827
Workforce Investment Act - 6/30				
Grant Programs			19,903	19,903
Michigan Works			(43,054)	
Emergency Feeding			39,413	
Workforce Investment Act - 9/30				
Grant Programs			(18,333)	
Workforce Investment Act - 12/31				
Grant Programs			23,051	
Weatherization			37,233	
Total other financing sources (uses)			127,040	88,730
Net change in fund balance			97,284	58,974
Fund balance, beginning of year				
Fund balance, end of year	None	None	\$97,284	\$58,974

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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,270,000	\$5,198,747	\$3,458,460	(\$1,740,287)	\$4,526,724
Charges for services					
Interest on investments					26
Licenses and permits					
Rental income					
Other			179,852	179,852	252,425
Total revenues	1,270,000	5,198,747	3,638,312	(1,560,435)	4,779,175
Expenditures:					
Current operations:					
Personnel services	226,082	314,135	355,611	(41,476)	259,724
Supplies	9,105	73,638	56,842	16,796	30,947
Other services and charges	1,034,813	4,810,974	3,244,191	1,566,783	4,542,537
Capital outlay					
Total expenditures	1,270,000	5,198,747	3,656,644	1,542,103	4,833,208
Revenues over (under) expenditures			(18,332)	(18,332)	(54,033)
Other financing sources (uses):					
Transfers in (out):					
Community Action Agency			18,331	18,331	44,895
Michigan Works			(13,232)	(13,232)	
Total other financing sources (uses)			5,099	5,099	44,895
Net change in fund balance			(13,233)	(13,233)	(9,138)
Fund balance, beginning of year	13,233	13,233	13,233		22,371
Fund balance, end of year	\$13,233	\$13,233	None	(\$13,233)	\$13,233

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, 2012
(with comparative actual amounts for the year ended March 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$8,834	\$6,699	\$5,878	(\$821)	\$5,490
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	8,834	6,699	5,878	(821)	5,490
Expenditures:					
Current operations:					
Personnel services					
Supplies	176	131	131		
Other services and charges	8,658	6,568	5,747	821	5,490
Capital outlay					
Total expenditures	8,834	6,699	5,878	821	5,490
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

**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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$30,000	\$156,997	\$156,997		\$929,552
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	30,000	156,997	156,997		929,552
Expenditures:					
Current operations:					
Personnel services					67,270
Supplies					
Other services and charges		32,726	32,726		453,372
Capital outlay	30,000	124,271	124,271		432,988
Total expenditures	30,000	156,997	156,997		953,630
Revenues over (under) expenditures					(24,078)
Other financing sources (uses):					
Transfers in (out):					
General Fund					24,078
Total other financing sources (uses)					24,078
Net change in fund balance					
Fund balance, beginning of year					
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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$65,000	\$62,487	\$315,406	\$252,919	\$366,731
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	65,000	62,487	315,406	252,919	366,731
Expenditures:					
Current operations:					
Personnel services	38,117	25,459	27,607	(2,148)	27,072
Supplies	1,834	5,164	229,320	(224,156)	309,506
Other services and charges	25,049	31,864	32,336	(472)	42,466
Capital outlay					
Total expenditures	65,000	62,487	289,263	(226,776)	379,044
Revenues over (under) expenditures			26,143	26,143	(12,313)
Other financing sources (uses):					
Transfers in (out):					
Community Action Agency 9/30			1,499	1,499	5,199
Community Action Agency			(39,413)	(39,413)	
Total other financing sources (uses)			(37,914)	(37,914)	5,199
Net change in fund balance			(11,771)	(11,771)	(7,114)
Fund balance, beginning of year	11,771	11,771	11,771		18,885
Fund balance, end of year	<u>\$11,771</u>	<u>\$11,771</u>	<u>None</u>	<u>(\$11,771)</u>	<u>\$11,771</u>

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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012			2011 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues		\$2,805	\$2,805	
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues		2,805	2,805	
Expenditures:				
Current operations:				
Personnel services				
Supplies				
Other services and charges		2,805	2,805	
Capital outlay				
Total expenditures		2,805	2,805	
Revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out):				
Community Action Agency				
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>

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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$241,046	\$241,046	\$236,041	(\$5,005)	\$241,041
Charges for services	190,247	193,997	170,122	(23,875)	187,156
Interest on investments					
Licenses and permits					
Rental income					
Other	9,374	9,374	10,416	1,042	7,846
Total revenues	440,667	444,417	416,579	(27,838)	436,043
Expenditures:					
Current operations:					
Personnel services	627,465	627,465	555,552	71,913	588,719
Supplies	18,842	28,092	23,416	4,676	11,365
Other services and charges	354,032	348,532	337,609	10,923	266,957
Capital outlay					
Total expenditures	1,000,339	1,004,089	916,577	87,512	867,041
Revenues over (under) expenditures	(559,672)	(559,672)	(499,998)	59,674	(430,998)
Other financing sources (uses):					
Transfers in (out):					
General Fund	559,672	559,672	393,306	(166,366)	364,648
9/30 Judicial Grants					(34,513)
Total other financing sources (uses)	559,672	559,672	393,306	(166,366)	330,135
Net change in fund balance			(106,692)	(106,692)	(100,863)
Fund balance, beginning of year	106,692	106,692	106,692		207,555
Fund balance, end of year	<u>\$106,692</u>	<u>\$106,692</u>	<u>None</u>	<u>(\$106,692)</u>	<u>\$106,692</u>

COUNTY OF OTTAWA

**REVENUE SHARING RESERVE SPECIAL REVENUE FUND (2855) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes					
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					
Debt service					
Total expenditures					
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					(422,130)
Total other financing sources (uses)					(422,130)
Net change in fund balance					(422,130)
Fund balance, beginning of year					422,130
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**COMMUNITY ACTION AGENCY 9/30 SPECIAL REVENUE FUND (2870) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$384,364	\$423,157	\$406,937	(\$16,220)	\$519,782
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	40,000	48,099	41,561	(6,538)	34,902
Total revenues	424,364	471,256	448,498	(22,758)	554,684
Expenditures:					
Current operations:					
Personnel services	252,543	250,431	249,082	1,349	280,454
Supplies	82,383	11,781	11,381	400	76,780
Other services and charges	118,438	238,044	224,544	13,500	214,986
Capital outlay					
Total expenditures	453,364	500,256	485,007	15,249	572,220
Revenues over (under) expenditures	(29,000)	(29,000)	(36,509)	(7,509)	(17,536)
Other financing sources (uses):					
Transfers in (out):					
General Fund	29,000	29,000	26,750	(2,250)	29,000
Emergency Feeding			(1,499)	(1,499)	(5,199)
Community Action Agency			(68,827)	(68,827)	(44,895)
Total other financing sources (uses)	29,000	29,000	(43,576)	(72,576)	(21,094)
Net change in fund balance			(80,085)	(80,085)	(38,630)
Fund balance, beginning of year	80,085	80,085	80,085		118,715
Fund balance, end of year	<u>\$80,085</u>	<u>\$80,085</u>	<u>None</u>	<u>(\$80,085)</u>	<u>\$80,085</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, 2012
(with comparative actual amounts for the year ended March 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,468,170	\$1,505,952	\$1,388,928	(\$117,024)	\$1,684,566
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	50,000	85,000	82,152	(2,848)	114,083
Total revenues	1,518,170	1,590,952	1,471,080	(119,872)	1,798,649
Expenditures:					
Current operations:					
Personnel services	310,108	354,113	351,691	2,422	407,521
Supplies	992,837	1,045,523	945,794	99,729	1,201,351
Other services and charges	215,225	191,316	159,476	31,840	153,837
Capital outlay					16,576
Total expenditures	1,518,170	1,590,952	1,456,961	133,991	1,779,285
Revenues over (under) expenditures			14,119	14,119	19,364
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Community Action Agency			(37,233)	(37,233)	
Total other financing sources (uses)			(37,233)	(37,233)	
Net change in fund balance			(23,114)	(23,114)	19,364
Fund balance, beginning of year	23,114	23,114	23,114		3,750
Fund balance, end of year	<u>\$23,114</u>	<u>\$23,114</u>	<u>None</u>	<u>(\$23,114)</u>	<u>\$23,114</u>

COUNTY OF OTTAWA

**DEPARTMENT OF HUMAN SERVICES SPECIAL REVENUE FUND (2901) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$175,000	\$175,000	\$165,677	(\$9,323)	\$182,776
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					431
Total revenues	175,000	175,000	165,677	(9,323)	183,207
Expenditures:					
Current operations:					
Personnel services					
Supplies	993	1,189	1,150	39	1,318
Other services and charges	247,697	247,501	236,042	11,459	254,402
Capital outlay					
Total expenditures	248,690	248,690	237,192	11,498	255,720
Revenues over (under) expenditures	(73,690)	(73,690)	(71,515)	2,175	(72,513)
Other financing sources (uses):					
Transfers in (out):					
General Fund	73,690	73,690	73,670	(20)	(176,250)
Total other financing sources (uses)	73,690	73,690	73,670	(20)	(176,250)
Net change in fund balance			2,155	2,155	(248,763)
Fund balance, beginning of year	21,010	21,010	21,010		269,773
Fund balance, end of year	<u>\$21,010</u>	<u>\$21,010</u>	<u>\$23,165</u>	<u>\$2,155</u>	<u>\$21,010</u>

COUNTY OF OTTAWA

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

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$3,669,680	\$3,779,680	\$3,356,492	(\$423,188)	\$3,321,634
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	719,375	773,375	826,143	52,768	719,227
Total revenues	4,389,055	4,553,055	4,182,635	(370,420)	4,040,861
Expenditures:					
Current operations:					
Personnel services	4,489,103	4,510,977	4,008,833	502,144	4,143,298
Supplies	229,425	274,492	205,436	69,056	154,707
Other services and charges	3,540,826	3,807,885	3,559,737	248,148	3,234,503
Capital outlay					
Total expenditures	8,259,354	8,593,354	7,774,006	819,348	7,532,508
Revenues over (under) expenditures	(3,870,299)	(4,040,299)	(3,591,371)	448,928	(3,491,647)
Other financing sources (uses):					
Transfers in (out):					
General Fund	3,870,299	3,870,299	3,591,371	(278,928)	2,741,647
Total other financing sources (uses)	3,870,299	3,870,299	3,591,371	(278,928)	2,741,647
Net change in fund balance		(170,000)		170,000	(750,000)
Fund balance, beginning of year	1,172,093	1,172,093	1,172,093		1,922,093
Fund balance, end of year	<u>\$1,172,093</u>	<u>\$1,002,093</u>	<u>\$1,172,093</u>	<u>\$170,000</u>	<u>\$1,172,093</u>

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, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$500	\$1,000	\$128	(\$872)	
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	500	1,000	128	(872)	
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	1,500	2,500	256	2,244	
Capital outlay					
Total expenditures	1,500	2,500	256	2,244	
Revenues over (under) expenditures	(1,000)	(1,500)	(128)	1,372	
Other financing sources (uses):					
Transfers in (out):					
General Fund	1,000	1,500	128	(1,372)	(73,260)
Total other financing sources (uses)	1,000	1,500	128	(1,372)	(73,260)
Net change in fund balance					(73,260)
Fund balance, beginning of year					73,260
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**VETERANS TRUST SPECIAL REVENUE FUND (2941) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2012
(with comparative actual amounts for the year ended September 30, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$24,704	\$73,704	\$71,725	(\$1,979)	\$53,048
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other			25	25	
Total revenues	24,704	73,704	71,750	(1,954)	53,048
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	24,704	73,704	71,725	1,979	53,048
Capital outlay					
Total expenditures	24,704	73,704	71,725	1,979	53,048
Revenues over (under) expenditures			25	25	
Other financing sources (uses):					
Transfers in (out):					
Other Government Grants			(25)	(25)	
Total other financing sources (uses)			(25)	(25)	
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**OTTAWA COUNTY BUILDING AUTHORITY DEBT SERVICE FUND (3515 - 3517) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Interest on investments					
Rental income	\$1,823,020	\$1,823,020	\$1,822,460	(\$560)	\$2,382,030
Total revenues	<u>1,823,020</u>	<u>1,823,020</u>	<u>1,822,460</u>	<u>(560)</u>	<u>2,382,030</u>
Expenditures:					
Debt service:					
Principal retirement	1,635,000	1,635,000	1,635,000		2,110,000
Interest and fiscal charges	950,920	950,920	950,360	560	1,034,730
Bond issuance costs					
Total expenditures	<u>2,585,920</u>	<u>2,585,920</u>	<u>2,585,360</u>	<u>560</u>	<u>3,144,730</u>
Revenues over (under) expenditures	<u>(762,900)</u>	<u>(762,900)</u>	<u>(762,900)</u>		<u>(762,700)</u>
Other financing sources (uses):					
Transfers in (out)					
Infrastructure	125,000	125,000	125,000		125,000
Public Improvement Fund	187,900	187,900	187,900		187,700
Delinquent Tax Revolving Fund	150,000	150,000	150,000		150,000
Telecommunications	150,000	150,000	150,000		150,000
Ottawa County, Michigan Insurance Authority	150,000	150,000	150,000		150,000
Premium on refunding bonds					
Payment to refunding bond					
Total other financing sources (uses)	<u>762,900</u>	<u>762,900</u>	<u>762,900</u>		<u>762,700</u>
Net change in fund balance					
Fund balances, beginning of year					
Fund balances, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

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

For the Year Ended December 31, 2012
(with comparative actual amounts for the year ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Interest on investments	\$20	\$20	\$44	\$24	\$39
Licenses and permits					
Rental income					
Other					
Total revenues	<u>20</u>	<u>20</u>	<u>44</u>	<u>24</u>	<u>39</u>
Expenditures:					
Personnel services					
Supplies					
Other services and charges					687
Capital outlay					
Total expenditures					<u>687</u>
Revenues over (under) expenditures	<u>20</u>	<u>20</u>	<u>44</u>	<u>24</u>	<u>(648)</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	20	20	44	24	(648)
Fund balance, beginning of year	5,770	5,770	5,770		6,418
Fund balance, end of year	<u>\$5,790</u>	<u>\$5,790</u>	<u>\$5,814</u>	<u>\$24</u>	<u>\$5,770</u>

COUNTY OF OTTAWA

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

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.

Information Technology Fund (6360) - The Information Technology 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.

Employee Benefits Fund (6771) - The Protected Self-Funded Employee Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the employee insurance programs, third party administrative expenses and actual premiums 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, 2012

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 POSITION
December 31, 2012
(with comparative totals for December 31, 2011)

	Information Technology (6360)	Duplicating (6450)	Telecom- munications (6550)	Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Employee Benefits (6771)	Protected Self-Funded Unemployment (6772)
ASSETS							
Current assets:							
Cash and pooled investments	\$2,229,050	\$600,645	\$2,326,516	\$2,585,804		\$2,017,634	\$710,304
Investments							
Accounts receivable	604		20,433				
Accrued interest on investments							
Due from other funds	26,981	6,158	25,535	27,655	\$4,692,631	14,520	7,110
Inventory of supplies	55,826						
Prepaid expenses	299,915		11,219		10,000		
Total current assets	2,612,376	606,803	2,383,703	2,613,459	4,702,631	2,032,154	717,414
Noncurrent assets:							
Capital assets:							
Office furniture and equipment				4,736,358			
Copy machines		173,466					
Telephone equipment			2,208,087				
Vehicles				4,713,781			
Less accumulated depreciation		(81,330)	(1,450,969)	(7,480,968)			
Net capital assets		92,136	757,118	1,969,171			
Total assets	2,612,376	698,939	3,140,821	4,582,630	4,702,631	2,032,154	717,414
LIABILITIES							
Current liabilities:							
Accounts payable	115,563	2,852	13,348	840	364,630	11,836	29,757
Interfund payable					457,941		
Due to other funds							
Due to other governmental units							80,132
Unearned revenue							
Total current liabilities							
Noncurrent assets:							
Accounts Payable							
Total liabilities	115,563	2,852	13,348	840	822,571	11,836	109,889
NET POSITION							
Investment in capital assets		92,136	757,118	1,969,171			
Restricted for managed care risk exposure							
Unrestricted	2,496,813	603,951	2,370,355	2,612,619	3,880,060	2,020,318	607,525
Total net position	\$2,496,813	\$696,087	\$3,127,473	\$4,581,790	\$3,880,060	\$2,020,318	\$607,525

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2012
(with comparative totals for December 31, 2011)

	Long-Term Disability Insurance (6775)	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
				2012	2011
<u>ASSETS</u>					
Current assets:					
Cash and pooled investments	\$119,249	\$999,751	\$2,170,276	\$13,759,229	\$14,239,328
Investments		28,323,398		28,323,398	24,980,476
Accounts receivable		200,086		221,123	11,180
Accrued interest on investments		125,626		125,626	112,421
Due from other funds	1,153			4,801,743	5,208,900
Inventory of supplies				55,826	48,601
Prepaid expenses		95,956		417,090	400,590
Total current assets	120,402	29,744,817	2,170,276	47,704,035	45,001,496
Noncurrent assets:					
Capital assets:					
Office furniture and equipment				4,736,358	4,373,350
Copy machines				173,466	159,844
Telephone equipment				2,208,087	2,716,760
Vehicles				4,713,781	4,460,114
Less accumulated depreciation				(9,013,267)	(9,722,989)
Net capital assets				2,818,425	1,987,079
Total assets	120,402	29,744,817	2,170,276	50,522,460	46,988,575
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	164	7,751,574		8,290,564	7,784,288
Interfund payable				457,941	351,430
Due to other funds		4,701,162		4,701,162	4,600,423
Due to other governmental units			94,284	174,416	195,058
Unearned revenue					11,460
Total current liabilities					
Noncurrent assets:					
Accounts Payable					
Total liabilities	164	12,452,736	94,284	13,624,083	12,942,659
<u>NET POSITION</u>					
Investment in capital assets				2,818,425	1,987,079
Restricted for managed care risk exposure			2,075,992	2,075,992	2,072,452
Unrestricted	120,238	17,292,081		32,003,960	29,986,385
Total net position	\$120,238	\$17,292,081	\$2,075,992	\$36,898,377	\$34,045,916

(Concluded)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Information Technology (6360)	Duplicating (6450)	Telecom- munications (6550)	Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Employee Benefits (6771)
Operating revenues:						
Charges for services	\$2,810,100	\$73,266	\$581,328	\$595,051	\$190,445	\$9,662,587
Other revenue				24,404		
Total operating revenues	<u>2,810,100</u>	<u>73,266</u>	<u>581,328</u>	<u>619,455</u>	<u>190,445</u>	<u>9,662,587</u>
Operating expenses:						
Personnel services	1,506,342	11,235	118,515	40,207	159,961	171,136
Contractual services			33,762		13,025	5,607
Supplies	72,900	11,022	4,365	5	131	87
Depreciation		31,320	188,993	662,082		
Building and equipment rental	86,493					
Claims and legal					(19,212)	216,920
Miscellaneous	1,540,670	6,721	232,996		42,100	9,424,371
Total operating expenses	<u>3,206,405</u>	<u>60,298</u>	<u>578,631</u>	<u>702,294</u>	<u>196,005</u>	<u>9,818,121</u>
Operating income (loss)	<u>(396,305)</u>	<u>12,968</u>	<u>2,697</u>	<u>(82,839)</u>	<u>(5,560)</u>	<u>(155,534)</u>
Nonoperating revenues (expenses):						
Interest on investments	26,981	6,158	25,535	27,655	125,188	14,520
Net change in the fair value of investments						
Gain (loss) on retirement of capital assets			(14,761)	51,482		
Total nonoperating revenues (expenses)	<u>26,981</u>	<u>6,158</u>	<u>10,774</u>	<u>79,137</u>	<u>125,188</u>	<u>14,520</u>
Income (loss) before transfers	<u>(369,324)</u>	<u>19,126</u>	<u>13,471</u>	<u>(3,702)</u>	<u>119,628</u>	<u>(141,014)</u>
Transfers in (out):						
Ottawa County Building Authority - Debt Service			(150,000)			
General Fund						
Total transfers			<u>(150,000)</u>			
Change in net position	<u>(369,324)</u>	<u>19,126</u>	<u>(136,529)</u>	<u>(3,702)</u>	<u>119,628</u>	<u>(141,014)</u>
Total net position, beginning of year	2,866,137	676,961	3,264,002	4,585,492	3,760,432	2,161,332
Total net position, end of year	<u>\$2,496,813</u>	<u>\$696,087</u>	<u>\$3,127,473</u>	<u>\$4,581,790</u>	<u>\$3,880,060</u>	<u>\$2,020,318</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Protected Self-Funded Unemploy- ment (6772)	Long-Term Disability Insurance (6775)	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
					2012	2011
Operating revenues:						
Charges for services	\$197,814	\$124,267	\$1,661,638		\$15,896,496	\$16,775,359
Other revenue			7,569		31,973	48,603
Total operating revenues	<u>197,814</u>	<u>124,267</u>	<u>1,669,207</u>		<u>15,928,469</u>	<u>16,823,962</u>
Operating expenses:						
Personnel services	59,516	7,466			2,074,378	2,110,306
Contractual services			589,870		642,264	11,106,627
Supplies					88,510	151,746
Depreciation					882,395	891,641
Building and equipment rental					86,493	51,174
Claims and legal	80,132		28,442		306,282	964,991
Miscellaneous	70,619	107,184			11,424,661	304,742
Total operating expenses	<u>210,267</u>	<u>114,650</u>	<u>618,312</u>		<u>15,504,983</u>	<u>15,581,227</u>
Operating income (loss)	<u>(12,453)</u>	<u>9,617</u>	<u>1,050,895</u>		<u>423,486</u>	<u>1,242,735</u>
Nonoperating revenues (expenses):						
Interest on investments	7,110	1,153	466,079	\$3,540	703,919	736,174
Net change in the fair value of investments			1,988,335		1,988,335	61,093
Gain (loss) on retirement of capital assets					36,721	48,221
Total nonoperating revenues (expenses)	<u>7,110</u>	<u>1,153</u>	<u>2,454,414</u>	<u>3,540</u>	<u>2,728,975</u>	<u>845,488</u>
Income (loss) before transfers	<u>(5,343)</u>	<u>10,770</u>	<u>3,505,309</u>	<u>3,540</u>	<u>3,152,461</u>	<u>2,088,223</u>
Transfers in (out):						
Ottawa County Building Authority - Debt Service			(150,000)		(300,000)	(300,000)
General Fund						(400,000)
Total transfers			<u>(150,000)</u>		<u>(300,000)</u>	<u>(700,000)</u>
Change in net position	<u>(5,343)</u>	<u>10,770</u>	<u>3,355,309</u>	<u>3,540</u>	<u>2,852,461</u>	<u>1,388,223</u>
Total net position, beginning of year	612,868	109,468	13,936,772	2,072,452	34,045,916	32,657,693
Total net position, end of year	<u>\$607,525</u>	<u>\$120,238</u>	<u>\$17,292,081</u>	<u>\$2,075,992</u>	<u>\$36,898,377</u>	<u>\$34,045,916</u>

(Concluded)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Information Technology (6360)	Duplicating (6450)	Tele- communications (6550)	Equipment Pool (6641)
Cash flows from operating activities:				
Cash received from interfund services provided	\$2,813,757	\$73,266	\$556,354	\$619,455
Cash payments to suppliers for goods and services	(1,652,871)	(16,290)	(256,775)	(5)
Cash payments for self-funded insurance claims				
Cash payments to employees for services	(1,506,342)	(11,235)	(118,515)	(40,028)
Net cash provided by (used for) operating activities	<u>(345,456)</u>	<u>45,741</u>	<u>181,064</u>	<u>579,422</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds				
Transfers out to other funds			(150,000)	
Net cash provided by (used for) noncapital financing activities			<u>(150,000)</u>	
Cash flows from capital and related financing activities:				
Acquisition of capital assets		(31,710)	(414,944)	(1,281,849)
Proceeds from sale of equipment				51,482
Net cash provided by (used for) capital and related financing activities		<u>(31,710)</u>	<u>(414,944)</u>	<u>(1,230,367)</u>
Cash flows from investing activities:				
Purchase of investments				
Interest on investments	27,461	6,080	27,416	33,833
Proceeds on sale of investments				
Net cash provided by (used for) investing activities	<u>27,461</u>	<u>6,080</u>	<u>27,416</u>	<u>33,833</u>
Net increase (decrease) in cash and pooled investments	(317,995)	20,111	(356,464)	(617,112)
Cash and pooled investments, beginning of year	<u>2,547,045</u>	<u>580,534</u>	<u>2,682,980</u>	<u>3,202,916</u>
Cash and pooled investments, end of year	<u><u>\$2,229,050</u></u>	<u><u>\$600,645</u></u>	<u><u>\$2,326,516</u></u>	<u><u>\$2,585,804</u></u>

(Continued on next page)

COUNTY OF OTTAWA
 INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2012
 (with comparative totals for the year ended December 31, 2011)

	Protected Self-Funded Insurance Programs (6770)	Employee Benefits (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)
Cash flows from operating activities:				
Cash received from interfund services provided	\$190,445	\$9,662,587	\$197,814	\$124,267
Cash payments to suppliers for goods and services	(55,256)	(9,430,065)	(70,619)	(107,181)
Cash payments for self-funded insurance claims	(101,408)	(208,080)	(100,773)	
Cash payments to employees for services	(159,961)	(171,136)	(30,387)	(7,466)
Net cash provided by (used for) operating activities	<u>(126,180)</u>	<u>(146,694)</u>	<u>(3,965)</u>	<u>9,620</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds	106,511			
Transfers out to other funds				
Net cash provided by (used for) noncapital financing activities	<u>106,511</u>			
Cash flows from capital and related financing activities:				
Acquisition of capital assets				
Proceeds from sale of equipment				
Net cash provided by (used for) capital and related financing activities				
Cash flows from investing activities:				
Purchase of investments				
Interest on investments	19,669	19,509	7,172	1,119
Proceeds on sale of investments				
Net cash provided by (used for) investing activities	<u>19,669</u>	<u>19,509</u>	<u>7,172</u>	<u>1,119</u>
Net increase (decrease) in cash and pooled investments		(127,185)	3,207	10,739
Cash and pooled investments, beginning of year		<u>2,144,819</u>	<u>707,097</u>	<u>108,510</u>
Cash and pooled investments, end of year	<u>None</u>	<u>\$2,017,634</u>	<u>\$710,304</u>	<u>\$119,249</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2012	2011
Cash flows from operating activities:				
Cash received from interfund services provided	\$1,794,395	\$499,192	\$16,531,532	\$16,461,628
Cash payments to suppliers for goods and services	(259,734)		(11,848,796)	(11,430,192)
Cash payments for self-funded insurance claims	(635,250)		(1,045,511)	(2,382,918)
Cash payments to employees for services			(2,045,070)	(2,110,229)
Net cash provided by (used for) operating activities	<u>899,411</u>	<u>499,192</u>	<u>1,592,155</u>	<u>538,289</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds			106,511	66,962
Transfers out to other funds	(150,000)		(300,000)	(700,000)
Net cash provided by (used for) noncapital financing activities	<u>(150,000)</u>		<u>(193,489)</u>	<u>(633,038)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets			(1,728,503)	(795,246)
Proceeds from sale of equipment			51,482	29,389
Net cash provided by (used for) capital and related financing activities			<u>(1,677,021)</u>	<u>(765,857)</u>
Cash flows from investing activities:				
Purchase of investments	(12,670,606)		(12,670,606)	(15,329,576)
Interest on investments	452,874	\$3,540	598,673	667,960
Proceeds on sale of investments	11,870,189		11,870,189	14,368,416
Net cash provided by (used for) investing activities	<u>(347,543)</u>	<u>3,540</u>	<u>(201,744)</u>	<u>(293,200)</u>
Net increase (decrease) in cash and pooled investments	401,868	502,732	(480,099)	(1,153,806)
Cash and pooled investments, beginning of year	<u>597,883</u>	<u>1,667,544</u>	<u>14,239,328</u>	<u>15,393,134</u>
Cash and pooled investments, end of year	<u>\$999,751</u>	<u>\$2,170,276</u>	<u>\$13,759,229</u>	<u>\$14,239,328</u>

(Continued on next page)

COUNTY OF OTTAWA
 INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2012
 (with comparative totals for the year ended December 31, 2011)

	Information Technology (6360)	Duplicating (6450)	Tele- communications (6550)	Equipment Pool (6641)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	(\$396,305)	\$12,968	\$2,697	(\$82,839)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation		31,320	188,993	662,082
Change in assets and liabilities not affecting cash provided by (used for) operating activities:				
(Increase) decrease in receivables	3,657		(13,514)	
(Increase) decrease in due from other funds				
(Increase) decrease in inventory	(7,225)			
(Increase) decrease in prepaid expenses	(18,704)		4,175	
Increase (decrease) in unpaid claims liability				
Increase (decrease) in unearned revenue			(11,460)	
Increase (decrease) in accounts payable	73,121	1,453	10,173	179
Increase (decrease) in due to other other governmental units				
Increase (decrease) in due to other funds				
Net cash provided by (used for) operating activities	(\$345,456)	\$45,741	\$181,064	\$579,422

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Protected Self-Funded Insurance Programs (6770)	Employee Benefits (6771)	Protected Self-Funded Unemploy- ment (6772)	Long- Term Disability Insurance (6775)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	(\$5,560)	(\$155,534)	(\$12,453)	\$9,617
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation				
Change in assets and liabilities not affecting cash provided by (used for) operating activities:				
(Increase) decrease in receivables				
(Increase) decrease in due from other funds				
(Increase) decrease in inventory				
(Increase) decrease in prepaid expenses				
Increase (decrease) in unpaid claims liability				
Increase (decrease) in unearned revenue				
Increase (decrease) in accounts payable	(120,620)	8,840	29,129	3
Increase (decrease) in due to other other governmental units			(20,641)	
Increase (decrease) in due to other funds				
Net cash provided by (used for) operating activities	<u>(\$126,180)</u>	<u>(\$146,694)</u>	<u>(\$3,965)</u>	<u>\$9,620</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$1,050,895		\$423,486	\$1,242,735
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			882,395	891,641
Change in assets and liabilities not affecting cash provided by (used for) operating activities:				
(Increase) decrease in receivables			(9,857)	642,165
(Increase) decrease in due from other funds		499,192	499,192	(499,193)
(Increase) decrease in inventory			(7,225)	2,050
(Increase) decrease in prepaid expenses	(1,971)		(16,500)	172,792
Increase (decrease) in unpaid claims liability	(250,252)		(250,252)	(672,567)
Increase (decrease) in unearned revenue			(11,460)	(45,833)
Increase (decrease) in accounts payable			2,278	(1,374,682)
Increase (decrease) in due to other other governmental units			(20,641)	18,903
Increase (decrease) in due to other funds	100,739		100,739	160,278
Net cash provided by (used for) operating activities	<u>\$899,411</u>	<u>\$499,192</u>	<u>\$1,592,155</u>	<u>\$538,289</u>

(Concluded)

COUNTY OF OTTAWA

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

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. Primarily the fund accounts for revenue received and later remitted to the State of Michigan.

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 libraries in the County.

Imprest Payroll Fund (7040) - 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.

Inland Lake Improvement (8725) – The Drain Commissioner serves on various inland lake boards that do not meet the requirements of a component unit. The Drain Commissioner also serves as the treasurer for these boards, so the financial activity is recorded on the County's general ledger. Accordingly, the County is recording this activity in an agency fund.

COUNTY OF OTTAWA

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2012

(with comparative totals for December 31, 2011)

	Agency Funds				Total	
	Trust and Agency 7010	Library Penal Fine 7210	Imprest Payroll 7040	Inland Lake Improvement 8725	2012	2011
ASSETS						
Cash and pooled investments	\$1,946,711	\$438,088	\$762,679	\$181,106	\$3,328,585	\$4,258,371
Receivables:						
Accounts	435,422				435,422	532,726
Due from other governmental units	159,328				159,328	345,029
Total assets	<u>\$2,541,462</u>	<u>\$438,088</u>	<u>\$762,679</u>	<u>\$181,106</u>	<u>\$3,923,335</u>	<u>\$5,136,126</u>
LIABILITIES						
Liabilities:						
Due to other governmental units:						
Due to State of Michigan	\$1,066,243		\$138,267		\$1,204,510	\$991,257
Fines and fees due to local libraries		\$438,088			438,088	434,476
Agency deposits	1,475,218		624,412	\$181,106	2,280,737	3,710,393
Total liabilities	<u>\$2,541,462</u>	<u>\$438,088</u>	<u>\$762,679</u>	<u>\$181,106</u>	<u>\$3,923,335</u>	<u>\$5,136,126</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2012

	Balances January 1, 2012	Additions	Deductions	Balances December 31, 2012
<u>TRUST AND AGENCY FUND (7010)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$2,012,727	\$130,746,702	\$130,812,717	\$1,946,711
Accounts receivable	532,726	3,178,561	3,275,865	435,422
Due from other governmental units	345,029	1,006,409	1,192,109	159,328
Total assets	<u>\$2,890,482</u>	<u>\$134,931,671</u>	<u>\$135,280,692</u>	<u>\$2,541,462</u>
<u>LIABILITIES</u>				
Due to other taxing units		\$40,168,503	\$40,168,503	
Due to State of Michigan	\$756,574	64,232,532	63,922,862	\$1,066,243
Agency deposits	2,133,908	98,532,467	99,191,157	1,475,218
Total liabilities	<u>\$2,890,482</u>	<u>\$202,933,501</u>	<u>\$203,282,521</u>	<u>\$2,541,462</u>
 <u>LIBRARY PENAL FINE FUND (7210)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$434,476	\$1,293,166	\$1,289,554	\$438,088
Total assets	<u>\$434,476</u>	<u>\$1,293,166</u>	<u>\$1,289,554</u>	<u>\$438,088</u>
<u>LIABILITIES</u>				
Fines and fees due to local libraries	\$434,476	\$1,301,742	\$1,298,130	\$438,088
Agency deposits		840,496	840,496	
Total liabilities	<u>\$434,476</u>	<u>\$2,142,238</u>	<u>\$2,138,626</u>	<u>\$438,088</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, 2012

	Balances January 1, 2012	Additions	Deductions	Balances December 31, 2012
<u>IMPREST PAYROLL FUND (7040)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$1,638,265	\$74,548,283	\$75,423,869	\$762,679
Accounts receivable		49,485,835	49,485,835	
Total assets	<u>\$1,638,265</u>	<u>\$124,034,118</u>	<u>\$124,909,703</u>	<u>\$762,679</u>
<u>LIABILITIES</u>				
Due to State of Michigan	\$234,683	\$2,255,035	\$2,351,451	\$138,267
Agency deposits	1,403,582	75,045,138	75,824,308	624,412
Total liabilities	<u>\$1,638,265</u>	<u>\$77,300,173</u>	<u>\$78,175,759</u>	<u>\$762,679</u>
<u>INLAND LAKE IMPROVEMENT (8725)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$172,903	\$723,253	\$715,050	\$181,106
Total assets	<u>\$172,903</u>	<u>\$723,253</u>	<u>\$715,050</u>	<u>\$181,106</u>
<u>LIABILITIES</u>				
Agency deposits	\$172,903	\$1,385,705	\$1,377,502	\$181,106
Total liabilities	<u>\$172,903</u>	<u>\$1,385,705</u>	<u>\$1,377,502</u>	<u>\$181,106</u>
<u>TOTALS - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$4,258,371	\$207,311,403	\$208,241,189	\$3,328,585
Accounts receivable	532,726	52,664,396	52,761,700	435,422
Due from other governmental units	345,029	1,006,409	1,192,109	159,328
Total assets	<u>\$5,136,126</u>	<u>\$260,982,208</u>	<u>\$262,194,999</u>	<u>\$3,923,335</u>
<u>LIABILITIES</u>				
Due to other taxing units		\$40,168,503	\$40,168,503	
Due to State of Michigan	\$991,257	66,487,567	66,274,313	\$1,204,510
Fines and fees due to local libraries	434,476	1,301,742	1,298,130	438,088
Agency deposits	3,710,393	175,803,806	177,233,463	2,280,737
Total liabilities	<u>\$5,136,126</u>	<u>\$283,761,618</u>	<u>\$284,974,409</u>	<u>\$3,923,335</u>

(Concluded)

**COUNTY OF OTTAWA
STATISTICAL SECTION**

This part of the County of Ottawa’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents

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Financial Trends	
<i>These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.</i>	199
Revenue Capacity	
<i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	205
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.</i>	209
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</i>	212
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i>	214

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**COUNTY OF OTTAWA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in capital assets, net of related debt	\$113,151,478	\$112,014,491	\$109,387,852	\$110,087,094	\$96,135,351	\$81,991,023	\$78,519,838	\$74,348,852	\$62,513,315	\$54,652,223
Restricted	19,273,135	17,801,312	19,421,942	23,416,355	33,748,813	38,510,706	40,108,692	35,040,583	31,077,232	26,913,213
Unrestricted	<u>68,670,542</u>	<u>64,920,525</u>	<u>59,447,035</u>	<u>54,493,996</u>	<u>60,985,302</u>	<u>68,819,561</u>	<u>60,800,956</u>	<u>54,030,017</u>	<u>47,241,713</u>	<u>46,050,289</u>
Total Governmental Activities										
Net Position	<u>\$201,095,155</u>	<u>\$194,736,328</u>	<u>\$188,256,829</u>	<u>\$187,997,445</u>	<u>\$190,869,466</u>	<u>\$189,321,290</u>	<u>\$179,429,486</u>	<u>\$163,419,452</u>	<u>\$140,832,260</u>	<u>\$127,615,725</u>
Business-Type Activities										
Invested in capital assets, net of related debt	\$0	\$0	\$0	\$0	\$2,025	\$3,037	\$4,049	\$5,423	\$6,873	\$8,690
Restricted	530,943	447,167	222,198	232,381						
Unrestricted	<u>23,478,259</u>	<u>23,576,310</u>	<u>24,049,598</u>	<u>24,494,919</u>	<u>24,560,157</u>	<u>24,403,583</u>	<u>24,232,390</u>	<u>24,337,816</u>	<u>25,220,565</u>	<u>26,569,311</u>
Total Business-Type Activities										
Net Position	<u>\$24,009,202</u>	<u>\$24,023,477</u>	<u>\$24,271,796</u>	<u>\$24,727,300</u>	<u>\$24,562,182</u>	<u>\$24,406,620</u>	<u>\$24,236,439</u>	<u>\$24,343,239</u>	<u>\$25,227,438</u>	<u>\$26,578,001</u>
Primary Government										
Invested in capital assets, net of related debt	\$113,151,478	\$112,014,491	\$109,387,852	\$110,087,094	\$96,137,376	\$81,994,060	\$78,523,887	\$74,354,275	\$62,520,188	\$54,660,913
Restricted	19,804,078	18,248,479	19,644,140	23,648,736	33,748,813	38,510,706	40,108,692	35,040,583	31,077,232	26,913,213
Unrestricted	<u>92,148,801</u>	<u>88,496,835</u>	<u>83,496,633</u>	<u>78,988,915</u>	<u>85,545,459</u>	<u>93,223,144</u>	<u>85,033,346</u>	<u>78,367,833</u>	<u>72,462,278</u>	<u>72,619,600</u>
Total Primary Government										
Net Position	<u>\$225,104,357</u>	<u>\$218,759,805</u>	<u>\$212,528,625</u>	<u>\$212,724,745</u>	<u>\$215,431,648</u>	<u>\$213,727,910</u>	<u>\$203,665,925</u>	<u>\$187,762,691</u>	<u>\$166,059,698</u>	<u>\$154,193,726</u>

**COUNTY OF OTTAWA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental Activities:										
Legislative	\$459,777	\$428,578	\$476,002	\$547,466	\$548,719	\$627,625	\$520,618	\$548,532	\$469,994	\$485,174
Judicial	15,783,718	14,502,573	13,855,839	14,519,351	14,215,044	13,317,030	12,605,344	11,987,986	11,736,487	11,922,865
General government	13,580,523	15,447,894	16,425,170	17,110,266	15,345,245	13,401,945	15,175,102	13,962,772	13,628,246	11,665,978
Public safety	30,932,957	28,476,232	28,915,634	29,113,616	27,231,508	25,226,290	24,441,981	23,328,246	21,832,984	21,912,133
Public works	300,235	2,446,691	1,625,519	2,153,528	(739,191)	1,264,883	(1,437,838)	(508,530)	1,044,377	742,711
Health and welfare	67,599,332	63,874,693	63,386,274	60,438,578	58,762,909	57,160,468	54,270,351	51,784,416	48,066,300	45,357,514
Community and economic development	742,845	621,591	572,601	638,164	624,254	601,758	605,805	555,485	848,964	558,852
Culture and recreation	3,103,891	3,218,940	2,979,627	2,810,712	2,263,151	1,868,818	1,994,991	1,830,849	1,658,024	1,326,197
Interest on long-term debt	959,132	1,039,869	1,120,937	1,215,945	1,308,463	1,018,189	741,070	709,485	890,774	958,283
Total Governmental Activities Expenses	<u>133,462,410</u>	<u>130,057,061</u>	<u>129,357,603</u>	<u>128,547,626</u>	<u>119,560,102</u>	<u>114,487,006</u>	<u>108,917,424</u>	<u>104,199,241</u>	<u>100,176,150</u>	<u>94,929,707</u>
Business-Type Activities:										
Delinquent tax collection	2,088,653	2,565,380	2,619,364	2,637,015	2,602,228	2,541,550	2,243,439	1,789,661	1,888,210	1,892,364
Total Business-Type Activities Expenses	<u>2,088,653</u>	<u>2,565,380</u>	<u>2,619,364</u>	<u>2,637,015</u>	<u>2,602,228</u>	<u>2,541,550</u>	<u>2,243,439</u>	<u>1,789,661</u>	<u>1,888,210</u>	<u>1,892,364</u>
Total Primary Government Expenses	<u>\$135,551,063</u>	<u>\$132,622,441</u>	<u>\$131,976,967</u>	<u>\$131,184,641</u>	<u>\$122,162,330</u>	<u>\$117,028,556</u>	<u>\$111,160,863</u>	<u>\$105,988,902</u>	<u>\$102,064,360</u>	<u>\$96,822,071</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	\$4,428,208	\$4,321,400	\$4,264,283	\$3,664,644	\$3,802,269	\$3,737,197	\$3,799,831	\$3,669,496	\$3,337,581	\$3,210,168
General government	7,936,150	7,212,417	6,889,492	6,742,345	7,281,714	7,937,129	7,828,177	8,030,479	8,049,440	8,747,622
Public safety	7,833,957	6,012,143	6,394,977	6,191,172	6,032,691	5,047,927	5,048,970	4,761,022	4,442,960	4,139,168
Public works	363,870	389,376	349,904	344,926	405,175	403,922	446,501	441,146	417,824	417,582
Health and welfare	2,910,475	2,882,631	2,453,458	2,534,330	2,784,887	2,575,152	2,717,256	2,750,778	2,434,930	2,445,701
Community and economic development	2,873	22,095	18,552	441	10,901	10,605	23,770	20,997		
Culture and recreation	460,470	470,163	474,325	522,197	522,973	560,488	289,658	301,842	411,092	355,147
Interest on long-term debt	1,822,460	2,382,030	2,388,298	2,779,913	2,774,563	2,769,438	2,439,503	2,008,656	2,243,461	2,351,754
Operating grants and contributions	62,917,831	61,739,527	59,359,989	53,071,822	51,809,963	51,516,123	46,999,986	47,211,640	42,742,884	38,146,000
Capital grants and contributions	2,293,472	1,653,505	446,900	2,213,859	613,507	1,513,884	850,262	9,250,395	464,436	944,647
Total Governmental Activities Program Revenues	<u>90,969,766</u>	<u>87,085,287</u>	<u>83,040,178</u>	<u>78,065,649</u>	<u>76,038,643</u>	<u>76,071,865</u>	<u>70,443,914</u>	<u>78,446,451</u>	<u>64,544,608</u>	<u>60,757,789</u>
Business-Type Activities:										
Charges for services:										
Delinquent tax collection	2,064,177	2,307,223	2,113,782	2,795,750	2,201,594	1,711,915	1,291,853	1,095,241	936,481	1,004,489
Total Business-Type Activities Program Revenues	<u>2,064,177</u>	<u>2,307,223</u>	<u>2,113,782</u>	<u>2,795,750</u>	<u>2,201,594</u>	<u>1,711,915</u>	<u>1,291,853</u>	<u>1,095,241</u>	<u>936,481</u>	<u>1,004,489</u>
Total Primary Government Program Revenues	<u>\$93,033,943</u>	<u>\$89,392,510</u>	<u>\$85,153,960</u>	<u>\$80,861,399</u>	<u>\$78,240,237</u>	<u>\$77,783,780</u>	<u>\$71,735,767</u>	<u>\$79,541,692</u>	<u>\$65,481,089</u>	<u>\$61,762,278</u>

Continued on next page

**COUNTY OF OTTAWA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue										
Governmental activities	(\$42,492,644)	(\$42,971,774)	(\$46,317,425)	(\$50,481,977)	(\$43,521,459)	(\$38,415,141)	(\$38,473,510)	(\$25,752,790)	(\$35,631,542)	(\$34,171,918)
Business-type activities	(24,476)	(258,157)	(505,582)	158,735	(400,634)	(829,635)	(951,586)	(694,420)	(951,729)	(887,875)
Total Primary Government Net Expense	<u>(\$42,517,120)</u>	<u>(\$43,229,931)</u>	<u>(\$46,823,007)</u>	<u>(\$50,323,242)</u>	<u>(\$43,922,093)</u>	<u>(\$39,244,776)</u>	<u>(\$39,425,096)</u>	<u>(\$26,447,210)</u>	<u>(\$36,583,271)</u>	<u>(\$35,059,793)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$40,693,219	\$41,220,281	\$42,348,687	\$43,680,112	\$43,141,153	\$41,740,361	\$49,182,314	\$44,867,713	\$41,606,745	\$30,477,703
Unrestricted grants and contributions	3,659,304	6,003,393	51,346	52,393	29,044	21,545	24,657	31,374	1,448,461	4,236,699
Investment earnings	3,233,155	1,362,564	3,206,795	3,305,967	1,342,489	6,740,703	5,007,679	2,514,383	2,440,814	3,622,427
Miscellaneous	1,113,633	701,587	780,973	368,669	379,989	524,250	261,156	307,525	316,890	258,117
Capital contributions								0	100,000	6,149,100
Transfers	152,160	163,448	189,008	202,815	176,960	24,224	7,738	618,987	805,899	746,305
Special item: Contribution to West Michigan Enforcement Team for formation										(481,329)
Total Governmental Activities	<u>48,851,471</u>	<u>49,451,273</u>	<u>46,576,809</u>	<u>47,609,956</u>	<u>45,069,635</u>	<u>49,051,083</u>	<u>54,483,544</u>	<u>48,339,982</u>	<u>46,718,809</u>	<u>45,009,022</u>
Business-Type Activities:										
Unrestricted grants					\$3,577					
Investment earnings	160,201	159,838	200,078	157,817	702,619	999,816	844,786	440,423	401,166	547,099
Miscellaneous	0	0	0	(1,434)						
Transfers	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)			(630,202)	(800,000)	(575,000)
Total Business-Type Activities	<u>10,201</u>	<u>9,838</u>	<u>50,078</u>	<u>6,383</u>	<u>556,196</u>	<u>999,816</u>	<u>844,786</u>	<u>(189,779)</u>	<u>(398,834)</u>	<u>(27,901)</u>
Total Primary Government	<u>\$48,861,672</u>	<u>\$49,461,111</u>	<u>\$46,626,887</u>	<u>\$47,616,339</u>	<u>\$45,625,831</u>	<u>\$50,050,899</u>	<u>\$55,328,330</u>	<u>\$48,150,203</u>	<u>\$46,319,975</u>	<u>\$44,981,121</u>
Changes in Net Position										
Governmental activities	\$6,358,827	\$6,479,499	\$259,384	(\$2,872,021)	\$1,548,176	\$10,635,942	\$16,010,034	\$22,587,192	\$11,087,267	\$10,837,104
Business-type activities	(14,275)	(248,319)	(455,504)	165,118	155,562	170,181	(106,800)	(884,199)	(1,350,563)	(915,776)
Total Primary Government	<u>\$6,344,552</u>	<u>\$6,231,180</u>	<u>(\$196,120)</u>	<u>(\$2,706,903)</u>	<u>\$1,703,738</u>	<u>\$10,806,123</u>	<u>\$15,903,234</u>	<u>\$21,702,993</u>	<u>\$9,736,704</u>	<u>\$9,921,328</u>

Concluded

**COUNTY OF OTTAWA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved				\$2,463,646	\$2,399,141	\$2,383,291	\$2,359,739	\$1,914,675	\$1,734,514	\$1,630,225
Unreserved				14,249,311	19,685,285	19,763,187	17,503,887	15,970,916	15,567,791	12,932,053
Non spendable	\$952,893	\$1,063,101	\$1,211,907							
Restricted	13,484,895	3,895,553	3,621,836							
Committed	18,143,143	24,208,298	21,236,492							
Assigned	3,102,893	2,892,842	2,124,534							
Unassigned	12,055,123	13,705,990	10,596,307							
Total General Fund	<u>\$ 47,738,947</u>	<u>\$ 45,765,784</u>	<u>\$ 38,791,076</u>	<u>\$ 16,712,957</u>	<u>\$ 22,084,426</u>	<u>\$ 22,146,478</u>	<u>\$ 19,863,626</u>	<u>\$ 17,885,591</u>	<u>\$ 17,302,305</u>	<u>\$ 14,562,278</u>
All Other Governmental Funds										
Reserved				\$9,311,357	\$17,787,698	\$22,544,510	\$24,704,233	\$19,584,065	\$7,559,074	\$580,576
Unreserved, reported in:										
Special revenue funds				27,151,539	30,712,913	36,148,248	34,129,511	33,089,612	39,980,174	43,869,777
Capital projects funds						4,766,982	253,715	2,374,153		
Permanent funds				581	484	266		331	209	
Debt service funds					10,488	10,801	10,381			
Non spendable	\$675,596	\$480,256	\$234,865							
Restricted	4,650,108	4,585,792	6,653,473							
Committed	1,871	1,500	1,000							
Assigned	2,954,171	2,986,441	4,230,262							
	<u>\$ 8,281,746</u>	<u>\$ 8,053,989</u>	<u>\$ 11,119,600</u>	<u>\$ 36,463,477</u>	<u>\$ 48,511,583</u>	<u>\$ 63,470,807</u>	<u>\$ 59,097,840</u>	<u>\$ 55,048,161</u>	<u>\$ 47,539,457</u>	<u>\$ 44,450,353</u>

Effective 2011, the County implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions". Restated figures prior to 2010 are not available.

**COUNTY OF OTTAWA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	2012	2011	2010	2009	2008
Revenues					
Taxes	\$40,693,219	\$41,220,280	\$42,348,687	\$43,680,112	\$43,141,153
Intergovernmental	75,638,236	73,502,034	64,864,135	60,128,208	56,434,209
Charges for services	11,158,863	9,416,373	9,182,235	8,512,541	9,964,645
Fines and forfeits	79,085	1,094,561	1,059,777	1,008,906	943,444
Investment earnings	540,901	565,297	686,816	598,424	3,470,029
Licenses and permits	1,043,694	923,264	682,162	652,886	639,978
Rental Income	5,260,790	5,776,717	5,888,783	6,372,474	6,272,068
Other revenues	2,643,273	3,059,623	1,872,377	1,514,342	1,665,938
Total Revenues	137,058,061	135,558,149	126,584,972	122,467,893	122,531,464
Expenditures					
Legislative	453,693	424,362	486,009	540,483	559,364
Judicial	15,743,611	14,520,814	14,069,261	14,357,862	14,485,029
General government	10,404,481	11,807,932	13,293,991	13,303,007	13,068,576
Public safety	31,023,756	28,472,398	28,961,133	28,255,423	27,511,087
Public works	1,220,024	1,131,288	1,267,255	1,137,666	807,457
Health and welfare	67,406,382	64,304,327	63,515,125	59,250,617	58,809,002
Community and economic development	737,947	619,453	579,516	634,793	633,980
Culture and recreation	2,394,183	2,517,148	2,234,518	2,123,869	1,774,863
Other governmental functions	129,846	176,388	225,829	149,627	272,874
Capital outlay	3,106,519	5,485,160	2,556,903	17,165,013	20,669,867
Debt service					
Interest and fiscal charges	950,360	1,034,730	1,115,198	1,207,113	1,302,601
Principal	1,738,499	2,110,000	2,035,000	2,335,000	2,235,000
Total Expenditures	135,309,301	132,604,000	130,339,738	140,460,473	142,129,700
Excess of Revenues					
Over (Under) Expenditures	1,748,760	2,954,149	(3,754,766)	(17,992,580)	(19,598,236)
Other Financing Sources (Uses)					
Transfers from other funds	10,200,577	9,016,885	15,888,171	26,901,059	28,937,698
Transfers to other funds	(9,748,417)	(8,153,437)	(15,435,158)	(26,398,244)	(24,360,738)
Proceeds from capital lease			35,995	70,190	
Issuance of land contract		91,500			
Issuance of bonds					
Refunding bonds issued					
Premium on bonds issued					
Payment to refunding bond escrow agent					
Total Other Financing Sources (Uses)	452,160	954,948	489,008	573,005	4,576,960
Special Item:					
Contribution to West Michigan Enforcement Team for formation					
Net Change in Fund Balances	\$2,200,920	\$3,909,097	(\$3,265,758)	(\$17,419,575)	(\$15,021,276)
Debt Service as a					
Percentage of Noncapital Expenditures (1)	2.03%	2.47%	2.47%	2.87%	2.91%

(1) Capital expenditures within the functional expenditure categories have been deducted.

Continued on next page

**COUNTY OF OTTAWA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	2007	2006	2005	2004	2003
Revenues					
Taxes	\$41,740,361	\$49,182,314	\$44,867,713	\$41,606,745	\$30,477,703
Intergovernmental	56,197,074	50,708,309	56,055,124	47,634,209	45,591,195
Charges for services	9,767,081	9,646,695	9,795,022	10,135,135	10,797,855
Fines and forfeits	1,019,126	1,054,192	1,076,449	1,033,297	1,000,292
Investment earnings	4,362,275	3,184,509	1,561,657	1,413,570	1,826,467
Licenses and permits	624,236	674,810	745,950	704,422	661,333
Rental Income	6,442,950	5,998,857	5,442,363	5,253,344	5,244,366
Other revenues	1,764,038	1,832,591	2,189,691	989,481	1,013,754
Total Revenues	121,917,141	122,282,277	121,733,969	108,770,203	96,612,965
Expenditures					
Legislative	625,263	524,438	549,673	463,217	480,630
Judicial	13,576,215	12,723,585	12,124,762	11,754,724	11,717,496
General government	12,752,949	12,749,953	12,470,763	11,528,237	9,828,250
Public safety	25,809,803	24,539,124	23,646,691	21,889,931	20,811,049
Public works	863,260	668,915	550,295	682,435	677,432
Health and welfare	57,774,307	54,607,601	51,346,970	47,197,156	43,501,375
Community and economic development	600,570	605,318	555,363	843,051	555,858
Culture and recreation	1,498,687	1,641,099	1,507,733	1,310,643	977,414
Other governmental functions	147,251	163,642	119,565	107,577	99,322
Capital outlay	8,856,079	5,140,660	17,313,458	8,915,367	12,504,071
Debt service					
Interest and fiscal charges	1,059,013	733,395	1,298,259	904,901	965,822
Principal	1,830,000	1,720,000	1,460,000	1,395,000	1,340,000
Total Expenditures	125,393,397	115,817,730	122,943,532	106,992,239	103,458,719
Excess of Revenues					
Over (Under) Expenditures	(3,476,256)	6,464,547	(1,209,563)	1,777,964	(6,845,754)
Other Financing Sources (Uses)					
Transfers from other funds	18,396,869	17,593,905	21,046,183	18,932,766	12,420,974
Transfers to other funds	(18,343,645)	(18,030,738)	(19,880,952)	(14,881,599)	(11,141,169)
Proceeds from capital lease					
Issuance of land contract					
Issuance of bonds	10,000,000		7,865,000		
Refunding bonds issued			10,005,000		
Premium on bonds issued	78,851		690,972		
Payment to refunding bond escrow agent			(10,424,650)		
Total Other Financing Sources (Uses)	10,132,075	(436,833)	9,301,553	4,051,167	1,279,805
Special Item:					
Contribution to West Michigan Enforcement Team for formation					(481,329)
Net Change in Fund Balances	\$6,655,819	\$6,027,714	\$8,091,990	\$5,829,131	(\$6,047,278)
Debt Service as a Percentage of Noncapital Expenditures (1)	2.48%	2.22%	2.61%	2.34%	2.54%

(1) Capital expenditures within the functional expenditure categories have been deducted.

Concluded

COUNTY OF OTTAWA
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

Fiscal Year Ended Dec 31,	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Other Property (1)	Total Assessed Value (2)	Total Direct Tax Rate	Total Taxable Value (3)	Total Estimated Actual Value	Percentage of Assessed to Estimated Values
2003	\$6,249,467,098	\$1,280,277,578	\$1,014,262,258	\$612,132,852	\$9,156,139,786	4.1672	\$7,564,368,026	\$18,402,627,432	49.75%
2004	6,716,873,710	1,322,251,677	1,042,548,460	653,989,617	9,735,663,464	4.1611	8,017,866,823	19,552,979,984	49.79%
2005	7,236,894,083	1,384,464,924	1,043,983,418	680,080,009	10,345,422,434	4.2593	8,503,786,076	20,805,877,296	49.72%
2006	7,856,224,166	1,443,751,850	1,043,810,103	684,435,873	11,028,221,992	4.2579	9,027,094,310	22,170,339,035	49.74%
2007	8,322,378,855	1,525,255,251	1,138,353,787	733,806,001	11,719,793,894	4.3572	9,585,665,481	23,594,493,916	49.67%
2008	8,454,588,788	1,592,147,608	1,183,541,453	767,449,246	11,997,727,095	4.3572	9,898,685,191	24,198,304,107	49.58%
2009	8,170,901,810	1,554,014,430	1,193,763,947	787,679,437	11,706,359,624	4.3572	10,018,437,711	23,614,026,941	49.57%
2010	7,618,003,419	1,493,136,163	1,105,242,878	774,492,392	10,990,874,852	4.3565	9,612,697,661	22,131,690,729	49.66%
2011	7,348,848,650	1,358,447,695	1,050,128,006	734,285,453	10,491,709,804	4.3565	9,405,987,828	21,107,443,588	49.71%
2012	7,139,399,451	1,315,140,102	1,080,595,641	725,875,775	10,261,010,969	4.3565	9,316,153,677	20,639,625,256	49.72%

Source: Ottawa County Equalization Department

(1) Real and personal properties have been combined into the categories above.

(2) County assesses property at approximately 50% of the actual value.

(3) For taxes levied in 1995, and each year thereafter, the legislature shall provide for the taxable value of each parcel of property not to increase by more than the increase in the immediately preceding general price level (CPI), or 5%, whichever is less, until such time as ownership of the property is transferred. When ownership of the parcel is transferred, the parcel shall be assessed at the applicable proportion of the current true cash value.

County of Ottawa
Direct and Overlapping Property Tax Rates (per \$1,000 of Taxable Value)
Last Ten Calendar Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Direct Rates										
Operating	3.4000	3.4000	4.6666	4.6666	4.7666	3.6000	3.6000	3.6000	3.6000	3.6000
Parks	0.3208	0.3182	0.3174	0.3168	0.3165	0.3165	0.3165	0.3165	0.3165	0.3165
E-911	0.4464	0.4429	0.4419	0.4411	0.4407	0.4407	0.4407	0.4400	0.4400	0.4400
Total Direct Rate (1)	4.1672	4.1611	5.4259	5.4245	5.5238	4.3572	4.3572	4.3565	4.3565	4.3565
City and Village Rates										
Coopersville	15.1222	14.9036	14.9939	14.7991	14.9025	15.1987	14.4594	14.4928	14.5294	14.4403
Ferrysburg	11.9864	11.9788	11.9788	11.9788	11.5828	11.5027	10.3377	10.2377	10.1377	10.5377
Grand Haven	12.8663	13.2423	13.0859	13.0859	13.1853	14.3642	14.3609	14.6124	15.3612	15.3565
Holland	15.5895	15.5695	15.5396	15.4996	15.6497	15.9894	15.9904	16.3913	16.3350	17.3658
Hudsonville	12.2342	12.2322	12.2322	11.2226	11.2050	11.2623	11.2639	11.2848	11.2779	11.2785
Zeeland	11.3854	11.3854	11.3854	11.3854	11.3854	11.4854	11.2354	11.2354	11.2354	11.2354
Spring Lake Village	13.1619	13.1619	13.0619	11.9619	11.8619	11.8619	11.6619	11.6619	11.6619	11.6619
Township Rates	1.0-8.02	1.21-8.02	1.21-8.08	1.35-8.12	1.35-8.12	1.35-7.97	1.35-7.97	1.45-7.97	1.45-7.91	1.45-8.07
School Rates										
Homestead	3.28 - 9.21	3.10 - 9.25	3.00 - 9.25	3.00 - 9.25	3.00 - 9.25	2.8 - 9.25	3.0 - 9.25	2.97 - 9.25	2.97 - 9.25	2.97 - 9.25
Non-Homestead	21.28 - 27.21	21.10 - 27.25	21.00 - 26.96	21.00 - 26.78	21.00 - 26.78	20.80 - 27.25	21.00 - 27.25	20.97 - 27.25	20.97 - 27.25	20.97 - 27.25

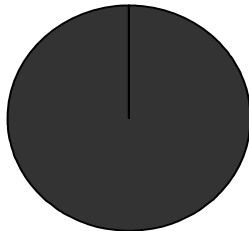
(1) In October of 2004, the State of Michigan suspended State Revenue Sharing payments to counties. To assist counties in preventing the loss of key services, the county property tax levy was gradually moved up from December to July over three years. Effective December 2004 through 2006 tax collection, one third of the levy was placed into a County managed Revenue Sharing Reserve Fund (RSRF), and the County withdrew an amount equal to what we would have received in 2004, plus an annual increase equal to CPI (Consumer Price Index).

**COUNTY OF OTTAWA
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Valuation (1)	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Valuation (1)	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	Utility	\$678,046,974	1	7.28%	\$312,343,620	1	4.13%
Gentex Corporation	Automotive Components	118,450,586	2	1.27%			
Mead Johnson and Co.	Food Products	54,149,996	3	0.58%			
Herman Miller Inc.	Office Furniture	47,149,065	4	0.51%	78,539,928	3	1.04%
Bil Mar Foods Inc./Sara Lee	Food Products	36,913,229	5	0.40%	32,548,508	8	0.43%
Johnson Controls Interiors	Automotive Components	34,408,276	6	0.37%	40,696,932	6	0.54%
Request Foods	Food Products	33,096,659	7	0.36%			
Michigan Electric Transmission	Utility	28,817,182	8	0.31%			
Shape Corp.	Metal Extrusion	28,123,783	9	0.30%	32,412,122	9	0.43%
Leprino Foods Inc.	Cheese Production	26,031,285	10	0.28%			
CS Facilities/Continental Dairy	Cheese Production						
Macatawa Bank	Bank						
Saturn Electronics	Automotive Components						
Mirant Michigan Investments	Utility				161,344,817	2	2.13%
Parke-Davis Co.	Pharmaceutical				50,180,828	4	0.66%
Delphi Automotive	Automotive Components				36,597,288	7	0.48%
Meijer	Retail Store				23,541,096	10	0.31%
Donnelly Corp.	Automotive Components				41,377,293	5	0.55%
		<u>\$1,085,187,035</u>		<u>11.66%</u>	<u>\$809,582,432</u>		<u>10.70%</u>

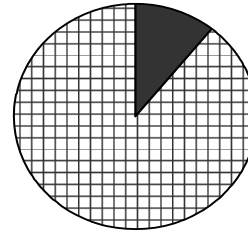
Source: Ottawa County Equalization Department. The 2012 and 2003 total Taxable Values were \$9,316,153,677 and \$7,564,368,026.

Concentration of Taxpayers in Ottawa County - 2012



■ All Other Taxpayers

Concentration of Taxpayers in Ottawa County - 2003



■ Top Ten Taxpayers ▨ All Other Taxpayers

**County of Ottawa
Property Tax Levies and Collections
Last Ten Calendar Years**

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$29,917,491	\$28,520,096	95.33%	\$1,221,451	\$29,741,547	99.41%
2004	31,476,092	30,124,717	95.71%	1,186,588	31,311,305	99.48%
2005	35,555,328	34,244,434	96.31%	1,308,774	35,553,208	99.99%
2005/2006 (1)	36,588,240	35,249,126	96.34%	1,339,114	36,588,240	100.00%
2006	38,982,510	37,412,013	95.97%	1,431,298	38,843,311	99.64%
2007	41,867,866	40,269,739	96.18%	1,519,725	41,789,464	99.81%
2008	43,144,926	41,437,107	96.04%	1,611,711	43,048,818	99.78%
2009	43,598,505	42,093,132	96.55%	1,323,082	43,416,214	99.58%
2010	41,800,971	40,617,242	97.17%	605,193	41,222,435	98.62%
2011	40,967,095	39,933,281	97.48%	665,147	40,598,428	99.10%
2012	40,575,521	39,739,895	97.94%	n/a	n/a	n/a

(1) Tax levy date is December 1 of each year until calendar year 2005, at which time a shift in the tax levy from December 1 to July 1 over a three-year period began in accordance with State of Michigan legislation. In 2005, 1/3 of the total levy was for 2005 operations, 1/3 was for 2006 operations and 1/3 of the total levy was for the Revenue Sharing Reserve Fund. In 2006, 2/3 of the total levy was for 2006 operations and 1/3 was for the Revenue Sharing Reserve Fund. All of the amount levied in 2007 was for 2007 operations.

**COUNTY OF OTTAWA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Parks & Recreation Land Contract	Capital Leases	Total (1)	Percent of Personal Income	Personal Income (2)	(rounded)	Population (2)	Direct Per Capita Debt	Assessed Value (3)	Bonds Percent of Assessed Value
							Per Capita Personal Income (2)				
2003	\$18,190,000	\$284,781	N/A	\$18,474,781	0.26%	\$7,089,238	\$28,445	249,228	74.13	\$ 9,156,139,786	0.20%
2004	16,795,000	228,737	N/A	17,023,737	0.23%	7,457,194	29,554	252,323	67.47	9,735,663,464	0.17%
2005	23,230,000	167,703	N/A	23,397,703	0.30%	7,784,704	30,611	254,312	92.00	10,345,422,434	0.22%
2006	21,510,000	101,232	N/A	21,611,232	0.26%	8,220,749	32,006	256,851	84.14	11,028,221,992	0.20%
2007	29,680,000	28,840	\$106,239	29,815,079	0.36%	8,377,588	32,370	258,808	115.20	11,719,793,894	0.25%
2008	27,445,000	N/A	70,826	27,515,826	0.32%	8,568,552	32,843	260,891	105.47	11,997,727,095	0.23%
2009	25,110,000	N/A	79,204	25,189,204	0.31%	8,213,000	32,334	261,957	96.16	11,706,359,624	0.21%
2010	23,075,000	N/A	47,391	23,122,391	0.27%	8,514,000	33,101	263,801	87.65	10,990,874,852	0.21%
2011	20,965,000	91,500	11,999	21,068,499	0.23%	8,995,000	33,777	266,300	79.12	10,491,709,804	0.20%
2012	19,330,000	N/A	N/A	19,330,000	N/A	N/A	N/A	269,099	71.83	10,261,010,969	0.19%

- (1) Does not include the landfill reclamation and compensated absences.
Does not include Component Units, certain debt issued by Component Units is guaranteed by the County.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce - Personal Income (Thousands of Dollars) adjusted annually.
- (3) County assesses property at approximately 50% of the actual value.

COUNTY OF OTTAWA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2012

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To County of Ottawa</u>	<u>Amount Applicable To County of Ottawa (2)</u>
Direct:			
County at large	<u>\$19,330,000</u>	100.0%	<u>\$19,330,000</u>
Total Direct	\$19,330,000		\$19,330,000
Overlapping:			
Townships Debt Guaranteed by County (1)	\$105,151,596	100.0%	\$105,151,596
School districts	\$915,884,609	80.8%	\$739,892,443
Cities and villages (1)	\$81,374,107	86.2%	\$70,122,853
Grand Rapids Community College	\$71,580,000	1.4%	\$994,962
Library	\$9,515,000	100.0%	\$9,515,000
Holland Area Swimming Pool	<u>\$4,835,000</u>	67.1%	<u>\$3,243,318</u>
Total Overlapping	<u>\$1,188,340,312</u>		<u>\$928,920,172</u>
Grand Total	<u><u>\$1,207,670,312</u></u>		<u><u>\$948,250,172</u></u>

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

(2) Overlapping debt is calculated for an entity based upon assessed values received from the State of Michigan which determines the issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is apportioned based upon relative assessed values.

Source: Municipal Advisory Council of Michigan

**COUNTY OF OTTAWA
RATIO OF NET GENERAL OBLIGATION DEBT OUTSTANDING AND LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Value of Property	\$ 10,261,010,969	\$ 10,491,709,804	\$ 10,990,874,852	\$ 11,706,359,624	\$ 11,997,727,095	\$ 11,719,793,894	\$ 11,028,221,992	\$ 10,345,422,434	\$ 9,735,663,464	\$ 9,156,139,786
Debt Limit 10% of Assessed Value	1,026,101,097	1,049,170,980	1,099,087,485	1,170,635,962	1,199,772,710	1,171,979,389	1,102,822,199	1,034,542,243	973,566,346	915,613,979
Amount of Debt Applicable to Limit										
General Obligation Bond Debt:										
Primary Government	\$ 19,330,000	\$ 20,965,000	\$ 23,075,000	\$ 25,110,000	\$ 27,445,000	\$ 29,680,000	\$ 21,510,000	\$ 23,230,000	\$ 16,795,000	\$ 18,190,000
Component Units Guaranteed by County (1)	115,904,572	121,358,501	121,659,501	107,590,501	95,398,501	101,703,236	68,255,533	72,892,533	75,249,536	76,721,536
Other Debt	-	103,499	-	-	-	28,840	101,232	167,703	228,737	284,781
Less: Resources Restricted to Paying Principal	(611,843)	(636,892)	(684,327)	(225,925)	(147,515)	(167,828)	(1,448,703)	(1,433,484)	(1,303,300)	(2,104,346)
Total Net debt applicable to Limit	134,622,729	141,790,108	144,050,174	132,474,576	122,695,986	131,244,248	88,418,062	94,856,752	90,969,973	93,091,971
Legal Debt Margin	<u>\$ 891,478,368</u>	<u>\$ 907,380,872</u>	<u>\$ 955,037,311</u>	<u>\$ 1,038,161,386</u>	<u>\$ 1,077,076,724</u>	<u>\$ 1,040,735,141</u>	<u>\$ 1,014,404,137</u>	<u>\$ 939,685,491</u>	<u>\$ 882,596,373</u>	<u>\$ 822,522,008</u>
Total Net Debt applicable to the Limit as a percentage of Debt Limit	13.12%	13.51%	13.11%	11.32%	10.23%	11.20%	8.02%	9.17%	9.34%	10.17%
Ratio of Net General Obligation Debt to Assessed Value of Property	1.312%	1.351%	1.311%	1.132%	1.023%	1.120%	0.802%	0.917%	0.934%	1.017%
Debt Per Capita of Total Net General Obligation Debt	\$500.27	\$532.45	\$546.06	\$505.71	\$470.30	\$507.11	\$344.24	\$372.99	\$360.53	\$373.52
Primary Government Net Debt applicable to the Limit as a percentage of Debt Limit	1.88%	2.00%	2.10%	2.14%	2.29%	2.53%	1.95%	2.25%	1.73%	1.99%
Ratio of Primary Government Net General Obligation Bond Debt to Estimated Actual Value of Property (2)	0.09%	0.10%	0.10%	0.11%	0.11%	0.13%	0.10%	0.11%	0.09%	0.10%
Primary Government Debt Per Capita of Net General Obligation Bond Debt (3)	\$72.59	\$78.73	\$87.47	\$95.86	\$105.20	\$114.68	\$83.75	\$91.34	\$66.56	\$72.99

(1) The County guarantees the Bonded Debt of Public Utilities as well as the Munn Drain which is included in 2010, they do not guarantee the Bonded Debt of the Nunica Drain bond of the Water Resources Commissioner. Consequently, these amounts are not included in the above total for General Obligation Bonded Debt.

(2) See Assessed Value and Estimated Value of Taxable Property Statistics.

(3) See Demographic and Economic Statistics for Population.

Note: Under State of Michigan law, the County's outstanding debt should not exceed 10% of state equalized value less amounts available for repaying the applicable bonds.

**County Of Ottawa
Demographic and Economic Statistics
Last Ten Calendar Years**

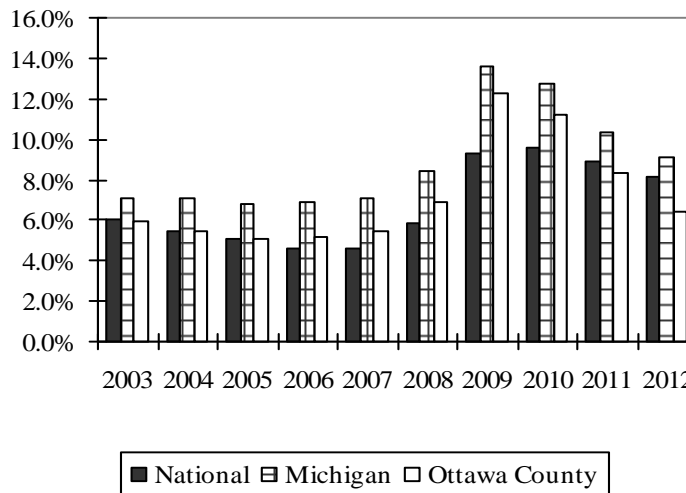
Fiscal Year	Population (1)	Personal Income (thousands of dollars) (1)	Per Capita Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2003	249,228	\$7,089,238	28,445	32.9	55,060	5.9%
2004	252,323	7,457,194	29,554	33.1	55,696	5.5%
2005	254,312	7,784,704	30,611	33.5	55,575	5.1%
2006	256,851	8,220,749	32,006	33.8	55,412	5.3%
2007	258,808	8,377,588	32,370	34.1	55,032	5.6%
2008	260,891	8,568,552	32,843	34.2	54,662	6.9%
2009	261,957	8,213,000	31,352	34.6	55,068	12.1%
2010	263,801	8,514,000	32,274	34.5	55,233	11.2%
2011	266,300	8,995,000	33,778	34.9	55,595	8.3%
2012	269,099	n/a	n/a	n/a	n/a	6.4%

n/a: Information is unavailable.

Sources:

- (1) U.S. Department of Commerce, Bureau of Economic Analysis, updated with most recent census figures
- (2) U.S. Census Bureau, updated with most recent census figures
- (3) Audited Membership Count, Ottawa Area Intermediate School District
- (4) U.S. Department of Labor, Bureau of Labor Statistics, updated with most recent census figures

**National, State and County
Unemployment Rates**



**COUNTY OF OTTAWA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Type of Business	2012			2003		
		Employees (1)	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Herman Miller	Office Furniture	3,973	1	3.6%	4,460	2	3.9%
Johnson Controls (2)	Automotive Interior Parts	3,444	2	3.1%	5,015	1	4.4%
Gentex Corporation	Automotive Mirrors	3,638	3	3.3%	1,943	6	1.7%
Grand Valley State University (3)	Higher Education	3,213	4	2.9%	2,222	5	1.9%
Holland Hospital	Health Care	2,042	5	1.8%	1,544	7	1.4%
Haworth (2)	Office Furniture	1,970	6	1.8%	2,500	4	2.2%
Shape Corporation	Metal Roll Forming	1,537	7	1.4%	1,038		0.9%
Meijer	Retailer	1,429	8	1.3%	1,466	8	1.3%
Magna Mirrors (2)	Automotive Windows	1,301	9	1.2%	2,670	3	2.3%
County of Ottawa	Government	1,213	10	1.1%	1,151	10	1.0%
Holland Public Schools	Education				1,134	9	1.0%
		23,760		21.2%	25,143		22.0%

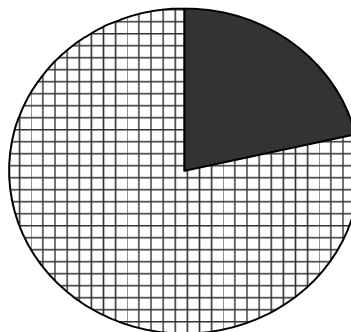
Source: Ottawa County Economic Development Office, Inc. and State of Michigan Total employment in 2012 was 111,800 and in 2003 was 114,600.

(1) Excludes temporary employment agencies

(2) Facilities located within Ottawa County and/or the City of Holland portion of Allegan County

(3) Non-student employees; also includes Grand Rapids & Muskegon

Concentration of Employers in Ottawa County



■ Top Ten Employers ▨ All Other Employers

COUNTY OF OTTAWA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function/Program										
Legislative	11.000	11.000	11.000	11.000	11.000	11.000	11.000	11.000	11.000	11.000
Judicial	127.060	128.185	125.025	132.075	126.775	125.775	127.900	127.175	129.727	142.975
General Government	166.000	164.482	166.075	180.500	179.650	180.150	181.150	181.750	175.350	172.350
Public Safety	219.200	219.870	219.893	222.200	218.950	217.200	211.200	210.490	204.800	205.100
Public Works	3.400	3.720	4.420	4.720	4.720	4.720	4.600	4.600	2.600	2.590
Health and welfare	344.863	350.175	342.755	366.954	375.455	382.455	393.160	397.800	376.100	361.860
Community and economic development	5.953	5.850	5.950	6.950	6.950	6.950	6.950	6.950	6.950	7.950
Culture and recreation	15.750	16.000	15.000	15.000	13.000	13.000	12.000	12.000	10.000	9.540
Total	893.226	899.282	890.118	939.399	936.500	941.250	947.960	951.765	916.527	913.365

Source: Ottawa County Payroll

Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

**COUNTY OF OTTAWA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Judicial										
Circuit Court										
Total Civil Cases	1,366	1,259	1,328	1,465	1,340	1,263	1,237	1,202	2,105	1,713
Total Criminal Cases	988	918	1,048	1,090	1,127	1,218	1,169	1,055	1,359	1,136
District Court										
Felony Cases	1,411	1,378	1,420	1,419	1,542	1,584	1,477	1,347	1,385	1,392
Misdemeanor Cases	9,087	8,630	9,314	9,646	10,301	10,606	10,317	9,714	8,889	10,695
General Civil Cases	6,225	5,672	6,292	6,367	7,067	6,532	4,918	4,341	4,625	4,142
Probate Court										
Open Cases	8,237	7,817	7,419	6,940	6,487	6,031	5,838	4,894	3,328	3,587
Juvenile Court										
Total Offenses	3,226	3,120	3,024	3,387	2,494	3,019	2,439	2,737	2,760	3,086
Public Safety										
Jail:										
Subjects Admitted	7,453	7,136	7,622	7,864	8,079	8,473	9,002	8,533	9,095	9,287
Average daily population	352.0	327.8	330.7	352.0	366.6	395.0	368.0	328.9	356.6	341.0
Police:										
Calls for Service	66,683	65,596	64,773	67,754	72,665	76,171	73,523	71,737	71,459	70,293
Criminal Arrests	6,943	6,989	7,748	8,616	9,177	9,755	10,122	9,890	9,412	9,615
Traffic Violations	22,867	21,423	21,321	24,886	24,170	26,283	28,011	25,937	20,272	20,657
Health and welfare										
Public Health										
# of Fixed Food Service Inspections										
	968	1,047	1,065	1,022	1,124	1,123	1,122	1,032	1,150	1,132
% of new entrants enrolled in school immunized										
	99%	99%	99%	99%	99%	98%	n/a	n/a	n/a	n/a
Maternal/Infant Health Services										
# of Visits										
	2,804	3,216	3,146	3,645	4,155	4,720	4,847	4,997	4,258	7,529
# of Dental Services with Miles of Smiles and Sealant Program										
	10,476	9,630	8,981	8,498	8,940	7,748	8,245	7,344	6,917	8,447
Mental Health										
# of Persons Served	3,513	3,276	3,205	3,203	3,064	3,076	2,964	3,041	2,955	3,088
Culture and recreation										
Parks:										
# of Operating Days	97	101	98	101	99	100	101	101	97	100
Daily Permits	36,511	33,267	38,576	30,670	31,524	30,450	30,663	30,933	23,068	28,454
Annual Permits	6,516	5,845	6,420	5,431	5,115	5,925	5,638	5,850	4,218	4,857

**COUNTY OF OTTAWA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Register of Deeds:										
# of Deeds Recorded	11,210	9,559	9,633	8,933	9,428	10,173	10,156	11,625	12,452	13,549
County Clerk:										
# of Certified Copies (Births, Deaths, etc.)	20,076	17,757	19,382	19,016	21,096	21,182	19,294	19,097	18,773	21,178
County Treasurer:										
# of Receipts Written - General	N/A	19,581	16,729	18,357	14,239	15,172	15,477	15,271	17,950	24,199
# of Receipts Written - Tax Collections (including online)	7,295	7,738	8,946	9,620	8,141	8,071	7,449	N/A	N/A	N/A
Real Properties Returned Delinquent	5,396	5,891	6,800	7,493	7,179	7,043	6,349	6,814	6,453	6,887
Fiscal Services:										
# of A/P Checks/ACH Processed	25,074	27,529	24,330	24,399	25,278	25,678	26,517	26,891	25,471	25,633
# of Invoices Issued	12,031	10,526	11,087	10,839	15,200	11,929	11,002	10,388	8,823	8,015
Facilities Maintenance:										
# of Work Orders Processed	39,818	40,540	39,223	45,054	44,211	41,775	38,016	35,569	32,547	30,206

Source: Ottawa County Departments

**COUNTY OF OTTAWA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety:										
Vehicular Patrol Units	134	133	133	136	137	134	133	130	131	130
Sheriff's Substations	8	8	8	8	8	8	8	7	7	7
Health and welfare										
Number of Clinics	3	3	3	3	4	4	4	4	4	4
Culture and recreation										
Total Park Acres ¹	3,542	3,542	3,542	3,429	3,560	3,360	3,351	3,032	2,369	2,073
General Government										
Total Square Footage of Buildings	642,020	642,020	647,104	647,104	728,033	582,161	582,161	538,612	542,173	542,173
Number of IT Servers	77	62	57	49	33	28	28	24	14	11

Source: Ottawa County Departments

¹ Does not include Park Open Space