

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

Building Authority Fund (5690-5695) - This Fund was established to account for the accumulation of resources for payment of principal and interest on bonds issued to finance building projects for the County of Ottawa. Bonds have been issued for the following projects: 1990-Ottawa County Central Dispatch Authority; 1992-Probate Court/Jail Complex; 1997-Jail addition and Sheriff Administrative Annex; 2005-Holland District Court Building; 2007-Grand Haven Courthouse. The 1990 bonds were refunded during 2003 and 2005, and a portion of the 1992 bonds was refinanced during 2006. A portion of the 1997 bonds was refunded during 2005. Financing is provided by cash rental payments pursuant to lease agreements with the County of Ottawa or other identified payment mechanisms.

Resources

Personnel

No personnel has been allocated to this department.

Funding

	2006 Actual	2007 Actual	2008 Actual	2009 Current Year Estimated	2010 Adopted by Board
Revenues					
Charges for Services					
Interest and Rents	\$7,539	\$95	\$12		
Rents	\$2,439,503	\$2,769,438	\$2,774,563	\$2,781,272	\$2,388,857
Other Revenue					
Other Financing Sources		\$325	\$762,713	\$762,875	\$762,575
Total Revenues	\$2,447,042	\$2,769,858	\$3,537,288	\$3,544,147	\$3,151,432
Expenditures					
Debt Service	\$2,453,395	\$2,769,438	\$3,537,601	\$3,544,147	\$3,151,432
Other Financing Uses					
Total Expenditures	\$2,453,395	\$2,769,438	\$3,537,601	\$3,544,147	\$3,151,432

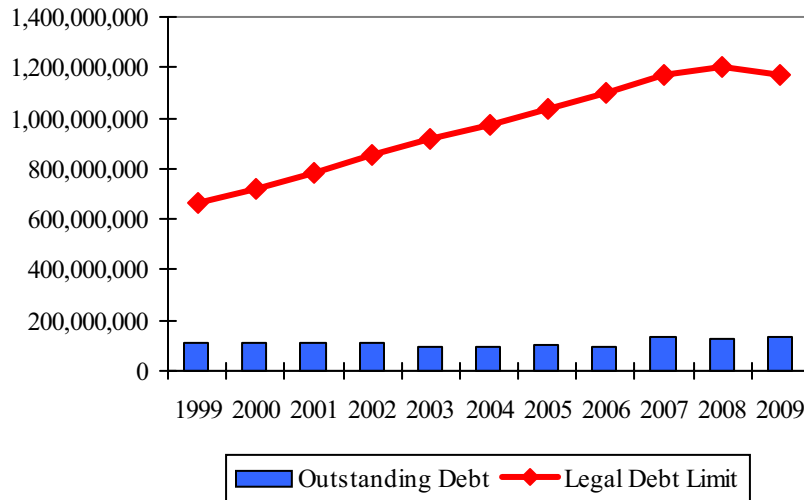
Budget Highlights:

The bond issue for the Ottawa County Central Dispatch Authority was completed during 2009, resulting in lower expenditures for 2010.

County of Ottawa Debt Information

The County of Ottawa assumes debt to provide funding for the construction of water and sewage disposal systems, drains, buildings, and to refund previously issued bonds. Under the State of Michigan Constitution of 1963, Article VII, Section 11, “No County shall incur indebtedness which shall increase its total debt beyond 10% of its assessed valuation.” Consequently, Ottawa County, with a 2009 assessed value of \$11,706,359,624 is limited to no more than \$1,170,635,962 of debt. The County’s total debt at the statement date is \$133,713,467 or approximately 1.1% of the assessed value - well below the legal limit. The graph below illustrates the additional legal debt capacity of the County of Ottawa.

**County of Ottawa Legal Debt Limit and Debt
Outstanding**



Future Debt

The County has no plans to issue direct for the primary government. Ottawa County Public Utilities, a component unit, is not budgeted to issue bonds at this time due to slower new construction. Although not included in the 2010 budget, the Ottawa County Drain Commission is likely to issue bonds for drain work in Park Township in the summer of 2010. Engineering costs are still being determined at this time.

Effect of Debt Payments on County Operations

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

Project	2010 Debt	
	Service Payment	Funding Source
Probate Court/Jail Facility	567,763	Delinquent Tax Revolving Fund
Administrative Annex	1,225,613	Delinquent Tax Revolving Fund
Holland District Court Building	594,381	Delinquent Tax Revolving Fund
Grand Haven/Fillmore St	761,575	Revenues/Fund Equity of Select Funds
	<u>\$3,149,332</u>	

The Delinquent Tax Revolving Fund (an Enterprise fund) had been allowed to build equity for several years. As of 12/31/08, the fund had equity of \$24.6 million. Although total equity is projected to decrease through 2011, equity is projected to grow steadily after 2011. The Appendix of this document includes projections on this fund and the other Financing Tools.

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

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

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

The remaining debt is paid by the benefiting municipalities.

Bonds:

The County principally uses general obligation bonds to provide funds for these projects. The majority of the general obligation bonds, \$107,400,501, were issued by the Ottawa County Public Utilities System, a component unit of Ottawa County, for water and sewer projects. The principal and interest payments on these water and sewer project issues are repaid generally from funds received from local municipalities in the County. The interest rate on these issues ranges from 2.0% to 7.6% percent.

In addition, \$264,966 is estimated for inter-county drainage projects. Principal and interest is paid from drain assessments levied. The interest rate on these issues ranges from 4.39% to 7.0% percent.

Last, \$25,110,000 is estimated debt outstanding at 12/31/09 for the five Ottawa County Building Authority projects mentioned previously. The Probate Court/Jail facility was refunded in 1997 in conjunction with the issue for the Sheriff and Administrative Annex and additional Jail pod. The unrefunded portion of the Sheriff and Administrative Annex and additional jail

pod were refunded during 2005. The Building Authority makes the principal and interest payments with revenues collected from lease agreements with the County. The interest rate on these issues ranges from 3.0% to 5.05% percent.

The County has pledged its full faith and credit for payment on the above obligations. Ottawa County has obtained a AAA rating from Fitch on General Obligation Limited Tax Bonds. Moody's Bond Rating is Aa1 for General Obligation Unlimited and Limited Tax Bonds. Standard and Poor's Bond Rating is AA for General Obligation Unlimited and Limited Tax Bonds.

Other Bonds:

In November 2001, the Ottawa County Road Commission issued Public Act 143 bonds for the purpose of constructing a maintenance facility in Holland. The estimated balance of these bonds at 12/31/09 is \$900,000. The borrowing will be paid from State revenues allocated to the County Road Commission for road purposes. The County did not pledge its full faith and credit for these bonds.

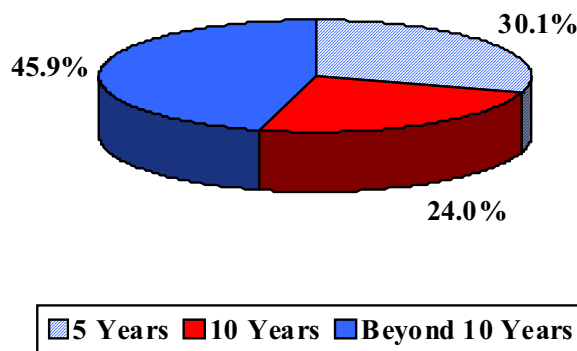
Notes Payable:

The Drain Commissioner has issued two small notes to provide funding for drainage projects in Ottawa County. The notes total \$38,000, and the County did not pledge its full faith and credit for the above notes.

Debt Retirements:

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

County of Ottawa Debt Retirements



Debt per Capita

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

Year	Population	Net Bonded Debt per Capita (Direct Debt)	Net Bonded Debt per Capita (Total Debt)
1999	230,261	\$99	\$496
2000	238,314	91	463
2001	243,571	84	429
2002	245,913	78	421
2003	249,391	71	382
2004	252,351	65	365
2005	255,406	91	378
2006	257,671	84	349
2007	259,206	106	507
2008	260,364	105	477

Debt per Capita Comparison

County	Population	2008 Total Direct Debt per Capita *
Ottawa	260,364	\$477
Kent	605,213	668
Muskegon	174,636	730
Allegan	112,975	205

* It should be noted that both Kent and Muskegon have issued debt for their airports; Ottawa and Allegan have no airport associated debt.

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

County of Ottawa Schedule of Debt Service Requirements

Budget Year	OTTAWA COUNTY - PRIMARY GOVERNMENT				OTTAWA COUNTY - COMPONENT UNITS				REPORTING ENTITY
	Amount Outstanding Beginning of Year	Principal Retirements	Interest Requirements	Total Requirements	Amount Outstanding Beginning of Year	Principal Retirements	Interest Requirements	Total Requirements	
	General Obligation Bonds (Non-major Funds):				General Obligation Bonds:				
2010	\$25,110,000	\$2,035,000	\$1,114,332	\$3,149,332	\$108,565,467	\$7,516,767	\$5,006,549	\$12,523,316	\$15,672,648
2011	23,075,000	2,110,000	1,033,868	3,143,868	101,048,700	6,151,767	4,721,625	10,873,392	14,017,260
2012	20,965,000	1,635,000	949,794	2,584,794	94,896,933	5,668,767	4,484,211	10,152,978	12,737,772
2013	19,330,000	1,690,000	887,519	2,577,519	89,228,166	5,810,766	4,252,414	10,063,180	12,640,699
2014	17,640,000	1,775,000	807,019	2,582,019	83,417,400	5,786,766	4,010,311	9,797,077	12,379,096
2015	15,865,000	1,860,000	722,419	2,582,419	77,630,634	4,753,767	3,789,552	8,543,319	11,125,738
2016	14,005,000	1,950,000	629,419	2,579,419	72,876,867	4,953,767	3,586,137	8,539,904	11,119,323
2017	12,055,000	2,045,000	536,469	2,581,469	67,923,100	5,180,767	3,377,325	8,558,092	11,139,561
2018	10,010,000	920,000	437,844	1,357,844	62,742,333	4,800,766	3,162,106	7,962,872	9,320,716
2019	9,090,000	960,000	400,513	1,360,513	57,941,567	4,695,212	2,956,199	7,651,411	9,011,924
2020-2024	8,130,000	5,470,000	1,334,499	6,804,499	53,246,355	19,284,387	12,029,844	31,314,231	38,118,730
2025-2029	2,660,000	2,660,000	220,398	2,880,398	33,961,968	19,136,968	7,119,983	26,256,951	29,137,349
2030-2034					14,825,000	14,790,000	1,902,229	16,692,229	16,692,229
2035-2038					35,000	35,000	897	35,897	35,897
					Notes Payable*:				
2010					38,000	7,600	1,737	9,337	9,337
2011					30,400	7,600	1,389	8,989	8,989
2012					22,800	7,600	1,045	8,645	8,645
2013					15,200	7,600	695	8,295	8,295
2014					7,600	7,600	347	7,947	7,947
2015									
						\$108,603,467	\$60,404,593	\$169,008,060	\$203,192,153

All figures are as of 11/23/09. Schedule does not include capital leases.

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

**COUNTY OF OTTAWA
CAPITAL PROJECTS FUND**

Building Authority Fund (5690-5695) - This Fund was established to account for construction projects of the building authority and/or County. Financing is provided by bond proceeds, interest income and occasionally State grants. This fund records only those projects funded with bond proceeds. Other capital construction projects funded with cash are reported, primarily, in the Public Improvement Fund (Special Revenue Fund 2450). Projects at County park facilities are reported in the Parks and Recreation Fund (Special Revenue Fund 2081).

Resources

Personnel

No personnel has been allocated to this department.

Funding

	2006 Actual	2007 Actual	2008 Actual	2009 Current Year Estimated	2010 Adopted by Board
Revenues					
Intergovernmental Revenue					
Interest	\$62,430	\$81,615	\$72,965		
Other Revenue					
Other Financing Sources	\$68,161	\$10,078,851	\$10,166,618	\$9,502,388	
Total Revenues	\$130,591	\$10,160,466	\$10,239,583	\$9,502,388	
Expenditures					
Capital Outlay	\$2,251,029	\$5,353,630	\$15,006,565	\$9,502,388	
Bond Issue Costs		\$119,575			
Other Financing Uses		\$173,994			
Total Expenditures	\$2,251,029	\$5,647,199	\$15,006,565	\$9,502,388	

Budget Highlights:

In October of 2007, the County issued bonds for the construction of a new Grand Haven Courthouse facility. This project was completed in 2009.

2010 Capital Construction Projects

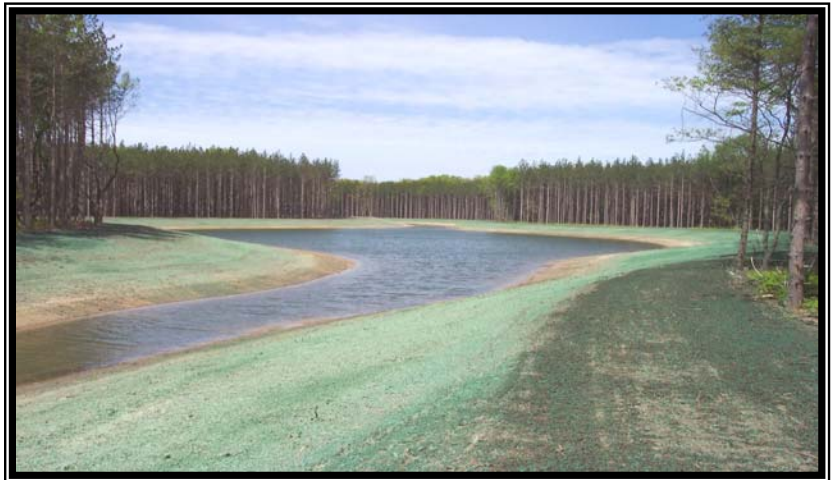
Although the County does not have a formal Capital Improvement Plan, the current building projects should provide the needed facilities for the next 10-15 years. Further development of the Southwest Ottawa Landfill is tentatively planned and discussed below. Beyond that, the County anticipates expanding the jail and building a new facility for Family Court - Juvenile Detention. Funds are available in the Public Improvement fund (Special Revenue fund 2450) to cover small projects such as storage facilities, various renovations and significant improvements (e.g. roofs).

Southwest Ottawa Landfill Upgrades

The 43-acre Southwest Ottawa landfill is located a little over one mile east of the shore of Lake Michigan in Park Township between James Street and Riley Street and 160th and 168th. The landfill opened in 1968 and was used for the disposal of municipal and industrial waste until it was closed in 1981. The County, through the Ottawa County Road Commission, operated the landfill for a few years in the late 1960's and early 1970's then transferred the operation to Waste Management, under contract. In the early 1980's, Waste Management closed the operation and constructed a cap over the landfill consisting of bentonite clay, power plant fly ash and sand.

In 1987, seven purge wells, along with the associated piping and electrical work, were constructed in order to pump contaminated groundwater to a treatment plant. The treatment process was designed to remove iron and volatile organic compounds from the groundwater leachate per the terms of a water restoration agreement between the County and the Michigan Department of Environmental Quality (MDEQ).

Due to the degradation of the existing groundwater extraction system and in order to reduce the necessary treatment time and costs, the County completed the construction of a clay cap over the landfill in 2008. This prevents the contamination, located in the landfill, from leaching to the groundwater (via percolating rain water). An upgrade to the purge well and treatment system was completed in 2009.



Effect on the Operating Budget

Ongoing maintenance costs will be required to operate the purge wells. The County anticipates it will cost an average of \$182,000 per year to cover the utility and

chemical costs to operate the purge wells. Although the improvements are expected to reduce the treatment time, those savings are currently indeterminable.

After completion of the improvements to the landfill portion of the work, the 230-acre parcel (which includes the 43-acre landfill) will be transferred to the County Parks system. The Parks and Recreation Department plans to use the land to provide new recreational opportunities as part of Riley Trails. The top of the landfill has been shaped to allow sledding and hiking. The low land pond will provide a natural flora and fauna habitat. On-going maintenance costs are expected to be minimal for the trail and parking lot maintenance.

Parks and Recreation Projects

Several small to medium sized projects are scheduled for implementation by the Parks & Recreation Commission in 2010. These projects include additional visitor access improvements such as trail construction, vehicle control and signage at County Open Space properties (\$20,000), replacement of many old and degraded information and rule signs at several properties (\$15,000), and minor improvements to walkways, stairs, and landscaping at Ottawa Beach, Eastmanville Farm, North Beach, and Hager Park (\$15,000).

Larger scale improvements include visitor facilities at the newly acquired Eastmanville Bayou property including parking, small boat launch facilities, trails, rustic toilets, and picnic areas. These improvements are budgeted at \$150,000.

Finally, construction on the Holland Harbor Fishing Project at Ottawa Beach is scheduled for the summer of 2010. This \$650,000 project will add a small parking area and extensive boardwalks and piers to provide access for both fishermen and other visitors to an area of the Lake Macatawa shoreline adjacent to the Holland Channel and Holland State Park.

Effect on the Operating Budget

Since the Parks and Recreation projects are all funded by the special Parks millage, no debt will be issued, and no debt payments will be incurred by the operating budget. The anticipated maintenance costs are anticipated to be negligible, and no staff will be added as a result.

Component Units:

The Ottawa County Public Utilities System has two ongoing capital construction projects, both of which will continue beyond 2010. The projects have been initiated to develop/update water and sewer infrastructure in the County. The annual operating costs are for debt service, but the benefiting municipality is responsible for payments. The County, however, does act as guarantor for the bond issues. Maintenance costs are also the responsibility of the municipality.

County of Ottawa
Capital Construction Projects - Construction Costs
 Budget Year Ending December 31, 2010

PROJECT DESCRIPTION	CAPITAL CONSTRUCTION COSTS					
	PROPOSED METHOD OF FINANCING	ESTIMATED COSTS		EXPENDED TO DATE (INC. CURRENT YR)	BUDGET YEAR 2010	FUTURE YEARS
		ORIGINAL	AMENDED			
Ottawa County (primary government)						
Ripps Bayou/Deer Creek Bridge Construction over Deer Creek (1)	Parks & Recreation Millage	\$75,000	\$75,000	\$0	\$75,000	\$0
Eastmanville Bayou Parking Area Construction (1)	Parks & Recreation Millage	\$150,000	\$150,000	\$0	\$150,000	\$0
Upper Macatawa Non-Motorized Trail (1)	Parks & Recreation Millage	\$872,000	\$872,000	\$0	\$872,000	\$0
Park 12 Holland Harbor Fishing Access (1)	Parks & Recreation Millage	\$620,000	\$620,000	\$0	\$620,000	\$0
Grand Total - Primary Government		\$1,717,000	\$1,717,000	\$0	\$1,717,000	\$0

Ottawa County Public Utilities (component unit)

NW Ottawa Water Plant Expansion	Public Act 342 Bonds	\$21,500,000	\$15,000,000	\$0	\$10,000,000	\$5,000,000
Wyoming Water Plant Expansion	Public Act 342 Bonds	\$31,673,000	\$29,000,000	\$25,986,000	\$2,898,000	\$116,000

Grand Total Capital Construction	\$54,890,000	\$45,717,000	\$25,986,000	\$14,615,000	\$5,116,000
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1. No debt will be issued for this project. Funds have been set aside for this project or will be financed by the Parks tax levy.

County of Ottawa
Capital Construction Projects - Anticipated Annual Operational Costs
 Budget Year Ending December 31, 2010

PROJECT DESCRIPTION	ESTIMATED ANNUAL OPERATION COSTS (includes debt repayment)							
	PROPOSED METHOD OF FINANCING	EXPEN-DITURE TYPE	ACTUAL PRIOR YEAR 2008	ESTIMATED CURRENT YEAR 2009	BUDGET YEAR 2010	FUTURE YEARS		
						2011	2012	2013
Ottawa County (primary government)								
Ripps Bayou/Deer Creek Bridge Construction over Deer Creek (1)	Property Tax Levy	Maintenance	\$0	\$0	\$250	\$300	\$300	\$300
Eastmanville Bayou Parking Area Construction (1)	Property Tax Levy	Maintenance	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000
Upper Macatawa Non-Motorized Trail (1)	Property Tax Levy	Maintenance	\$0	\$0	\$500	\$2,500	\$2,500	\$2,500
Park 12 Holland Harbor Fishing Access (1)	Property Tax Levy	Maintenance	\$0	\$0	\$1,000	\$1,500	\$1,500	\$1,500
Grand Total - Primary Government			\$0	\$0	\$6,750	\$9,300	\$9,300	\$9,300

Ottawa County Public Utilities (component unit)

NW Ottawa Water Plant Expansion (2)	Special Assessments	Debt	\$0	\$797,191	\$928,705	\$1,000,000	\$1,000,000	\$1,000,000
Wyoming Water Plant Expansion (2)	Special Assessments	Debt	\$0	\$2,075,816	\$1,750,102	\$2,480,102	\$2,480,902	\$2,455,502

Grand Total Operational Costs **\$0 \$2,873,007 \$2,685,557 \$3,489,402 \$3,490,202 \$3,464,802**

1. No debt will be issued for this project. Estimated Annual Operation Costs are for maintenance including utilities, supplies, etc. No new personnel are projected to be added.
2. The annual operating costs for the public utilities project is strictly for debt service. The maintenance costs are the responsibility of the municipality.

**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 grave sites.

Resources

Personnel

No personnel has been allocated to this department.

Funding

	2006 Actual	2007 Actual	2008 Actual	2009 Current Year Estimated	2010 Adopted by Board
Revenues					
Intergovernmental Revenue					
Interest	\$237	\$266	\$218	\$97	\$88
Other Revenue					
Other Financing Sources					
Total Revenues	\$237	\$266	\$218	\$97	\$88
Expenditures					
Supplies					
Other Services and Charges	\$568				
Total Expenditures	\$568				

Budget Highlights:

Accumulated interest earnings are expended to the appropriate cemeteries every five years.