KENT COUNTY
DEPARTMENT OF AERONAUTICS
(An Enterprise Fund of
The County of Kent, Michigan)

Comprehensive Annual Financial Report

For the Year Ended December 31, 2008

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For the Year Ended December 31, 2008

Prepared by:

Kent County Department of Aeronautics

Executive Director
James A. Koslosky, A.A.E.

Finance & Administration Director
Brian Picardat, A.A.E.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

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Theodore J. Vonk*
Vice Chair

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Joseph Tomaselli

Floyd Wilson, Jr.

Richard A. Vander Molen*

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

James A. Koslosky, A.A.E.	Executive Director
Phillip E. Johnson, A.A.E.	Deputy Executive Director
Brian Picardat, A.A.E.	Finance & Administration Director
Robert W. Benstein, A.A.E.	Public & Safety Operations Director
Thomas R. Ecklund, P.E.	Facilities Director

*Kent County Commissioner

GERALD R. FORD INTERNATIONAL AIRPORT

Kent County Department of Aeronautics

AERONAUTICS BOARD
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AERONAUTICS STAFF
JAMES A. KOSLOSKY, A.A.E. Executive Director
PHILLIP E. JOHNSON, A.A.E. Deputy Executive Director
ROBERT W. BENSTEIN, A.A.E. Public Safety & Ops Director
BRIAN PICARDAT, A.A.E. Finance & Admin. Director
THOMAS R. ECKLUND, P.E. Facilities Director

June 15, 2009

Kent County Aeronautics Board
Kent County, Michigan

We are pleased to submit the Kent County, Michigan, Department of Aeronautics (the "Department") Financial Report for the year ended December 31, 2008. This report was prepared by the Department's Finance and Administration Division, and the financial statements were audited by Rehmann Robson, P.C., an independent firm of Certified Public Accountants. This report is prepared for the purpose of disclosing the Department's financial condition and to provide the reader additional information about the Department's mission, goals and operating trends.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Department. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Department; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Department's financial activity have been included.

REPORTING ENTITY AND ITS SERVICES

The Department comprises a single enterprise fund of Kent County, Michigan (the "County") and operates as a self sustaining department of the County. The Kent County Airport Board of Control was created by resolution of the Board of Supervisors (now the County Board of Commissioners) on June 26, 1956. The name was changed to the Kent County Aeronautics Board (the "Board") in 1959. The Board is made up of three County Commissioners and three citizens at-large, all appointed by the County Commission. Also in 1959, the Department was created by resolution of the Kent County Board of Supervisors. The Board is responsible for governing the affairs of the Department.

As an enterprise fund, users of the Department facilities provide the revenues to operate, maintain and provide necessary services and facilities. The Department is not supported by general tax revenues of the County. The Department is responsible for operating the Gerald R. Ford International Airport (the "Airport").

AIRPORT SERVICE AREA

The region served by the Airport is shown on page vii. The primary geographical area served by the Airport is the seven-county Grand Rapids Combined Statistical Area (the "Grand Rapids MSA" or the "MSA"), which consists of Allegan, Barry, Ionia, Kent, Muskegon, Newaygo and Ottawa counties. The primary area is generally defined as the area with the principal concentration of population and economic activity that, therefore, generates the majority of airline passenger traffic at an airport. In 2008, the population of the Grand Rapids MSA was 1,333,158, with Kent County accounting for 609,235, Ottawa County accounting for 262,556, Muskegon County accounting for 174,854, Allegan County accounting for 113,625, Ionia County accounting for 64,269, Barry County accounting for 59,501 and Newaygo County accounting for 49,118 of this total, respectively. The City of Grand Rapids, located in Kent County, accounts for 192,139 or approximately 14.4% of the population in the Grand Rapids MSA.

5500 44TH STREET S.E. • GRAND RAPIDS, MI 49512-4055 • PH. 616-233-6000 • FAX 616-233-6025
www.flygrandrapids.org

The Airport is located southeast of the City of Grand Rapids, approximately 12 miles from the central business district. Also located within the primary area (40 miles from Grand Rapids) is the Muskegon County Airport, which provides regional/commuter air service to two short-haul (less than 500 miles) markets.

The secondary area served by the Airport is less densely populated than the primary area. The boundary of the secondary service area of any air carrier airport is generally defined by the location and accessibility (e.g., automobile driving distance) of other air carrier airports and by the service and fares offered by the airlines serving those airports. As shown on the map, the air carrier airports defining the secondary area served by the Airport are those in Kalamazoo, Lansing, Flint, Saginaw, and Traverse City – located 50, 65, 104, 116 and 139 miles, respectively, from Grand Rapids.

AIRLINE ACTIVITY

The Airport is served with non-stop service by Air Canada to Toronto, Canada; Allegiant Airlines to Orlando, Tampa/St. Pete and Las Vegas; American Eagle to Chicago O'Hare and Dallas-Forth Worth; Continental Express to Cleveland, Houston and New York-Newark; Delta Connection to Cincinnati, Atlanta and New York-LaGuardia; Northwest Airlines and Northwest Airlink (now owned by Delta Air Lines) to Detroit, Minneapolis, Orlando, Washington DC-Reagan National and Memphis; Midwest to Milwaukee; and United Airlines and United Express to Chicago O'Hare and Denver. Northwest Airlines/Airlink has the largest market share at 43.9% of the 2008 enplaned passengers. This was followed by United Airlines/Express at 17.1%, Delta Connection at 12.1%, American Eagle at 11.0%, Continental Express at 10.4% and Midwest Connect at 5.1%. Note: Allegiant Airlines started service at the airport in February 2009.

The Airport's enplaned passengers decreased in 2008 by 9.2% compared to 2007. In 2008 there were 907,160 passenger enplanements. The Airport's Master Plan forecasts annual growth rates of 3.5-4.0% per annum in 2008 and years after. However, with traffic being down an average 5.2% each of the last two years, with the airline industry still in the process of reorganizing itself, and an economic downturn, the Department expects traffic to further decline in 2009 and to be flat in 2010.

ACCOUNTING SYSTEM INTERNAL CONTROL AND BUDGETARY CONTROL

The Department follows generally accepted accounting principles applicable to governmental unit enterprise funds. This results in financial statements prepared on a full accrual basis in accordance with accounting principles generally accepted in the United States of America.

The Department's accounting system is designed to provide reasonable, but not absolute, assurance that the assets are protected against unauthorized use or disposition. Conceptually, reasonable assurance requires evaluation, judgment and management review to assure that the cost of a control does not exceed the benefit derived. We believe that the controls in place adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Accounting policies, procedures and systems, along with internal controls, are continually monitored and reviewed to meet the ever-changing needs.

The Department's budget is prepared on the basis of full accrual accounting. As an enterprise fund, the Department budget is prepared by the Aeronautics Executive Director and the Department staff, approved by the Aeronautics Board and then submitted to the County to be incorporated in its budget as one of the County's enterprise funds. This full budget is ultimately adopted by the Board of County Commissioners.

AWARDS AND RECOGNITIONS

Government Finance Officers Association Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the fifteenth consecutive year the Department received the award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid 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 another certificate.

Great Lakes Chapter of American Association of Airport Executives

Deputy Executive Director Phillip E. Johnson, A.A.E. was elected President of the Great Lakes Chapter of AAAE, an organization representing airport management professionals for 12 states and two Canadian provinces.

Michigan Association of Airport Executives

Finance & Administration Director, Brian Picardat, A.A.E., was elected 1st Vice President of the Michigan Association of Airport Executives, an organization of Michigan airport management professionals.

West Michigan Tourist Association

Marketing & Communications Manager, Bruce Schedlbauer, APR, was elected to a second three-year term on the Board of Directors of the West Michigan Tourist Association, an organization responsible for promoting and supporting the travel and tourism industry throughout the western half of Michigan's lower peninsula. Bruce continues to serve as Vice Chair of the Board.

Federal Aviation Administration – Great Lakes Region

In November, the Federal Aviation Administration performed its annual Federal Aviation Regulation Part 139 Airport Certification Inspection at the Gerald R. Ford International Airport. For the sixth consecutive year, the airport received "zero discrepancies", meaning there were no issues that required corrective action.

CAPITAL IMPROVEMENT AND AIRPORT DEVELOPMENT

The Five Year Capital Improvement Plan (CIP) for the fiscal years 2009 through 2013 is estimated at approximately $20.6 million. The largest portion of the cost is for reconstruction of two taxiways and replacement of the passenger loading bridges. In July 2008, due to economic conditions, the Aeronautics Board deferred $51.6 million of capital projects. These projects were mostly demand-driven projects. The only projects remaining were due to safety, security or customer service.

The two taxiway projects are estimated at $3.9 million. The first taxiway project is anticipated to be completed in September 2009 and the second taxiway project is slated for completion in 2010. The replacement of the passenger loading bridges is estimated at $7 million and is expected to begin in 2009.

CASH MANAGEMENT

Cash, equivalents, investments and accrued interest of the Department's funds are combined in the County's pooled cash and investment system (Money Max). The primary investments of the system are in obligations of the U.S. Government and certificates of deposit. State statutes require that the certificates of deposit, saving accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan which are also a member of a federal or national insurance corporation. In 2008, the total interest income earned by the Department was $0.9 million. This compared to the interest income of $1.4 million in 2007.

RISK MANAGEMENT

The risk management functions for the County of Kent are carried out both on a central administrative level within the County Administrators Office, as well as by the Department. The Department's Director is responsible for managing the activities of the Department in such a way as to preserve County resources: human, physical, natural and financial. Assistance in the identification, evaluation and reduction of risk exposure is provided by the Administrator's Office. Indemnification and evidence of insurance coverage is a standard requirement of all vendors, lessees and contractors doing business with the County.

The County has chosen to self-fund the majority of the risk exposure arising out of its operations. Insurance coverage, when available, is purchased for those risks for which the premiums prove to be lower than projected risk of loss for the County, for those risks which are too large or infrequent to provide a statistically stable projection, or when required to do so by statute.

Since 1986, the County assumed increasing levels of risk due, in part, to the high cost and/or unavailability of insurance coverage. As a result, it has developed an internal financing mechanism with which to accrue for both incurred and incurred but not reported liabilities which are not covered by insurance. A risk management fund has been established through which payments of claims are processed. An annual allocation of the cost of self-funded liabilities and insurance premiums is calculated and charged back to the Department. In addition, the Department is responsible for the payment of a per loss "deductible" which is based on the size of the Department's budget.

Claims against the Board, the Department or employees are reported to the County Administrator's Office and workers' compensation claims are reported to the Fiscal Services Department for review and referral to the County's contracted claims administration services. The claim administrators are responsible for establishing reserve requirements, investigating and recommending settlements, coordinating with defense counsel, furnishing monthly claims status reports and notifying excess insurers when applicable.

Settlement of a claim is subject to final approval by the County and is based upon the recommendation of its insurers, contracted claims administrator and civil counsel. At this time, there are no material legal actions pending against the Department which might result in settlement or judgment in excess of $500,000.

OTHER INFORMATION

Independent Audit – The Department has an annual audit performed on its financial statements by an independent certified public accountant selected by the Board of Commissioners. The auditors' unqualified opinion has been included in this report. Also, included in the report is the Department's **Management Discussion and Analysis** providing additional information on the financial position of the Department.

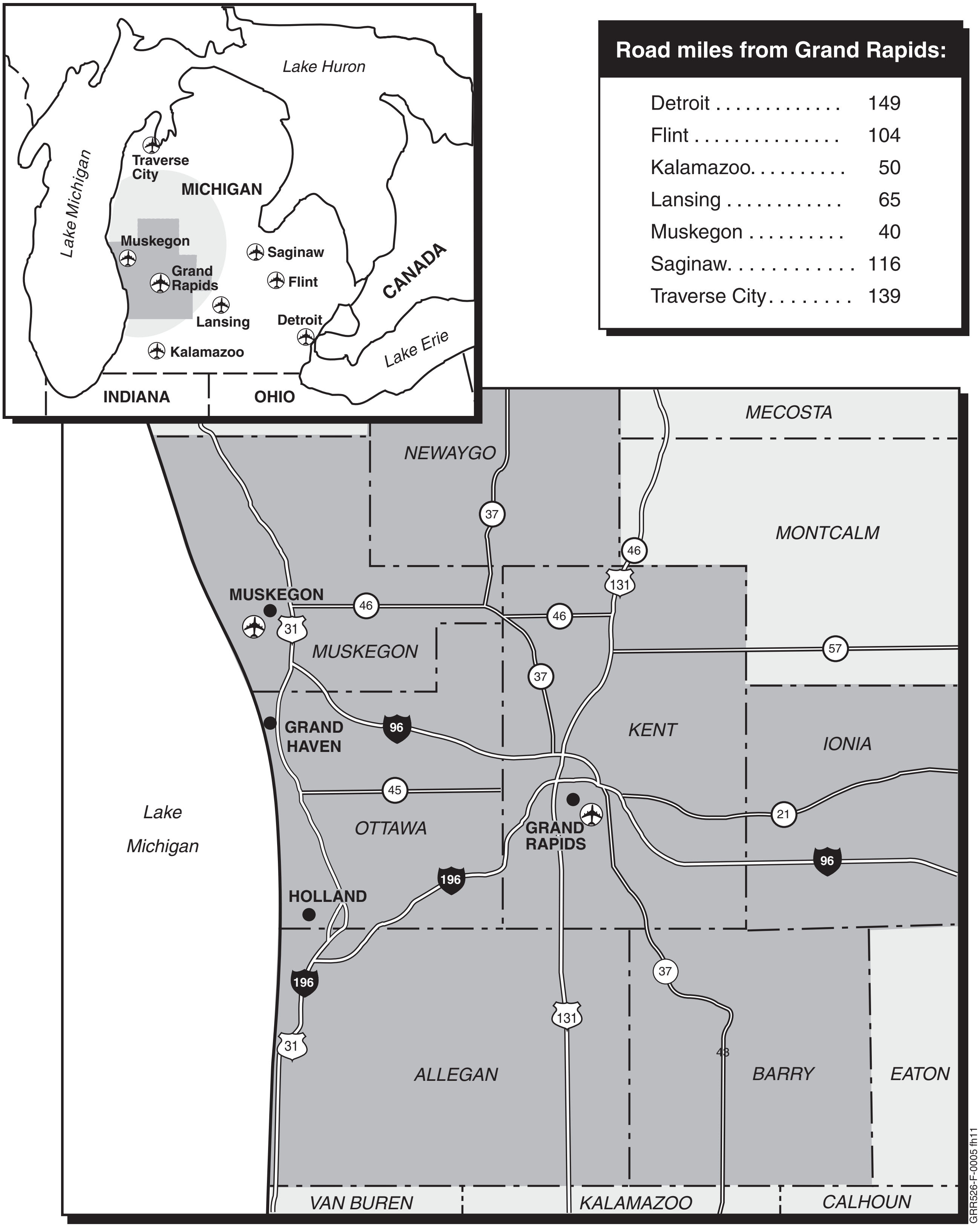
ACKNOWLEDGEMENTS

The preparation of this financial report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance & Administration Division. Each member of our finance division has our sincere appreciation for the contributions made in preparation of this report.

Respectfully submitted,

James A. Koslosky, A.A.E.	Brian Picardat, A.A.E.
Executive Director	Finance & Administration Director

Road miles from Grand Rapids:	
Detroit	149
Flint	104
Kalamazoo	50
Lansing	65
Muskegon	40
Saginaw	116
Traverse City	139



LEGEND

- Primary area
- Approximate secondary area
- County boundary
- State boundary
- Air carrier airport

N

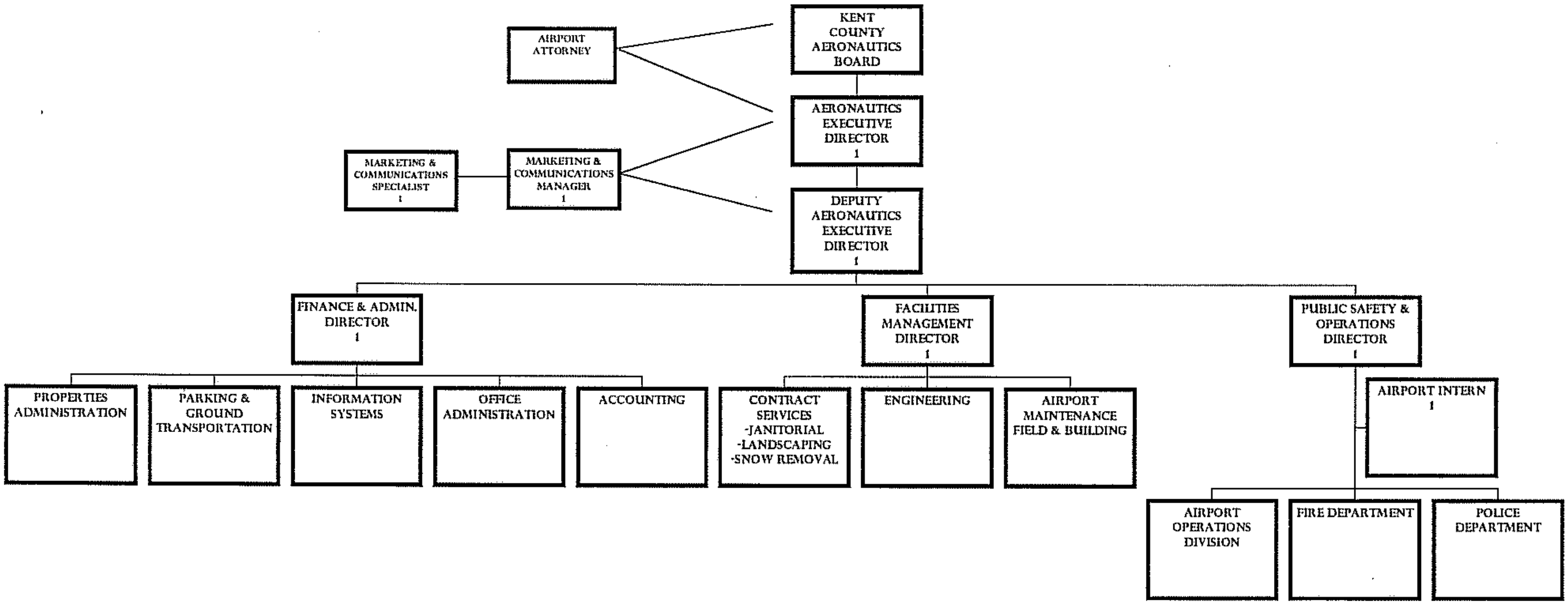
7 0 7 14

Graphic Scale in Miles

Figure 1
AIRPORT SERVICE REGION
Gerald R. Ford International Airport
August 2007

JACOBS CONSULTANCY
Airport Management Consulting

KENT COUNTY DEPARTMENT OF AERONAUTICS
ORGANIZATIONAL CHART
APRIL 1, 2009



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kent County Department of Aeronautics Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2007

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

President

Executive Director

Rehmann

Rehmann Robson

2330 East Paris Ave., SE
Grand Rapids, MI 49546
Ph: 616.975.4100
Fx: 616.975.4400
www.rehmann.com

INDEPENDENT AUDITORS' REPORT

June 15, 2009

Kent County Aeronautics Board
Kent County Department of Aeronautics
County of Kent, Michigan

We have audited the accompanying financial statements of the ***Kent County Department of Aeronautics***, (an enterprise fund of the County of Kent, Michigan) as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Kent County Department of Aeronautics' management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Kent County Department of Aeronautics as of and for the year ended December 31, 2007, were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 6, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Kent County Department of Aeronautics Enterprise Fund and do not purport to, and do not, present fairly the financial position of the County of Kent, Michigan, as of December 31, 2008, and the changes in its financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kent County Department of Aeronautics, as of December 31, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2009 on our consideration of the Kent County Department of Aeronautics' internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Rehmann Robson

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Gerald R. Ford International Airport's activities and financial performance provide an introduction to the financial statements of the Kent County Department of Aeronautics (the "Department") for the fiscal year ended December 31, 2008. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

Following this MD&A are the basic financial statements of the Department together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

FINANCIAL POSITION SUMMARY

Total net assets serve over time as a useful indicator of the Department's financial position. The Department's assets exceed liabilities by $186.6 million at December 31, 2008, a $7.6 million increase from December 31, 2007. This compares to a $9.9 million increase in 2007.

A condensed summary of the Department's net assets at December 31 is provided below:

	2008	2007	2006
Assets			
Current	$ 76,998,640	$ 146,079,273	$ 37,352,338
Capital assets	314,755,926	237,853,790	222,337,701
Other non-current	4,874,677	4,893,143	6,632,832
Total assets	396,629,243	388,826,206	266,322,871
Liabilities			
Current liabilities	12,354,368	9,526,698	12,108,091
Revenue bonds payable	197,669,655	200,288,378	85,128,048
Total liabilities	210,024,023	209,815,076	97,236,139
Net assets			
Invested in capital assets, net of related debt	147,664,798	147,817,960	139,941,301
Restricted	21,159,452	19,928,526	9,483,604
Unrestricted	17,780,970	11,264,644	19,661,827
Total net assets	$ 186,605,220	$ 179,011,130	$ 169,086,732

The largest portion of the Department's net assets each year (78.6% and 82.0% at December 31, 2008 and 2007, respectively) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related debt outstanding used to acquire those capital assets. The Department uses these capital assets to provide facilities to its tenants, users and customers. Consequently, these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Department's net assets (11.3% and 11.1% at December 31, 2008 and 2007, respectively) represents resources that are subject to external restrictions on how they can be used under Bond resolutions and Federal regulations. The remaining *unrestricted net assets* (10.1% and 6.9% at December 31, 2008 and 2007, respectively) may be used to meet any of the Department's ongoing obligations.

SUMMARY OF CHANGES IN NET ASSETS

A condensed summary of the Department's changes in net assets for the years ended December 31 is provided below:

	2008	2007	2006
Total operating revenue	$ 27,738,994	$ 26,834,255	$ 26,831,253
Total operating expenses	(28,913,429)	(28,243,508)	(25,901,630)
Operating income (loss)	(1,174,435)	(1,409,253)	929,623
Nonoperating revenues (expenses)			
Passenger facility charges	3,447,882	3,949,108	4,058,959
Customer facility charges	1,384,590	1,291,203	1,263,045
Interest revenue	897,872	1,446,676	1,801,318
Interest expense	(4,052,138)	(4,159,251)	(4,539,294)
Gain on sale of capital assets	14,755	95,254	12,471
Total nonoperating expenses	1,692,961	2,622,990	2,596,499
Income (loss) before capital contributions	518,526	1,213,737	3,526,122
Capital contributions	7,075,564	8,710,661	2,179,920
Increase in net assets	$ 7,594,090	$ 9,924,398	$ 5,706,042

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased 3.4% from $26.8 million in 2007 to $27.7 million in 2008 principally due to a small increase in airline rates and charges. In 2007, operating revenues were flat from 2006 principally due to flat passenger traffic.

- Operating expenses increased by 2.4% from $28.2 million in 2007 to $28.9 million in 2008 principally due to an increase in contractual costs. In 2007, operating expenses increased 9.0% from 2006 due to an increase in salaries and fringe benefits due to health insurance increases and the inclusion of other post retirement benefits.

- As a result of the above, operating loss decreased by 16.7% from $1.4 million in 2007 to $1.2 million in 2008. This was after a 251.6% operating income decrease in 2007 from 2006.

- Net nonoperating revenues were down 35.5% from $2.6 million revenue in 2007 to $1.7 million revenue in 2008 due principally to decreasing passenger traffic which affected passenger facility charges and interest rate declines which affected interest income. There was virtually no change in net non-operating revenue from 2006 to 2007.

- Capital contributions received in the form of grants from federal and state governments decreased from $8.7 million in 2007 to $7.1 million in 2008. In 2007, capital contributions had increased significantly from 2006. The amount of capital contributions will vary year to year based on the close-out of federally funded projects.

AIRLINE RATES AND CHARGES

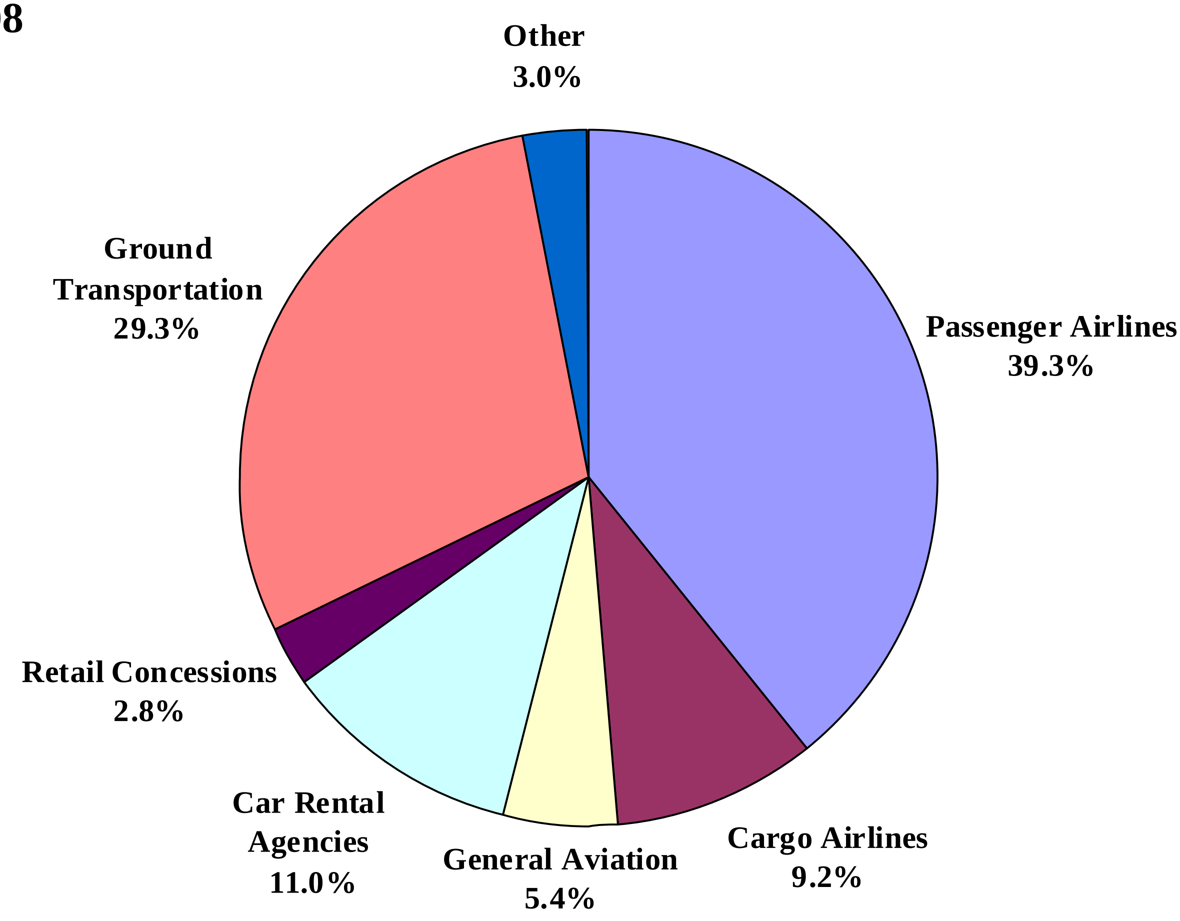
The Aeronautics Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Department's annual operating and capital budgets which have been approved by the Aeronautics Board, as well as the Kent County Board of Commissioners. The rates include the terminal rental rates, landing fees and airline apron fees. These rates for the past three years were:

	2008	2007	2006
Landing fees (per 1,000 lbs.)	$ 2.40	$ 2.34	$ 2.04
Terminal rental rates (per square foot)	49.96	49.32	50.77
Airline apron fee (per 1,000 lbs.)	1.59	1.58	1.32

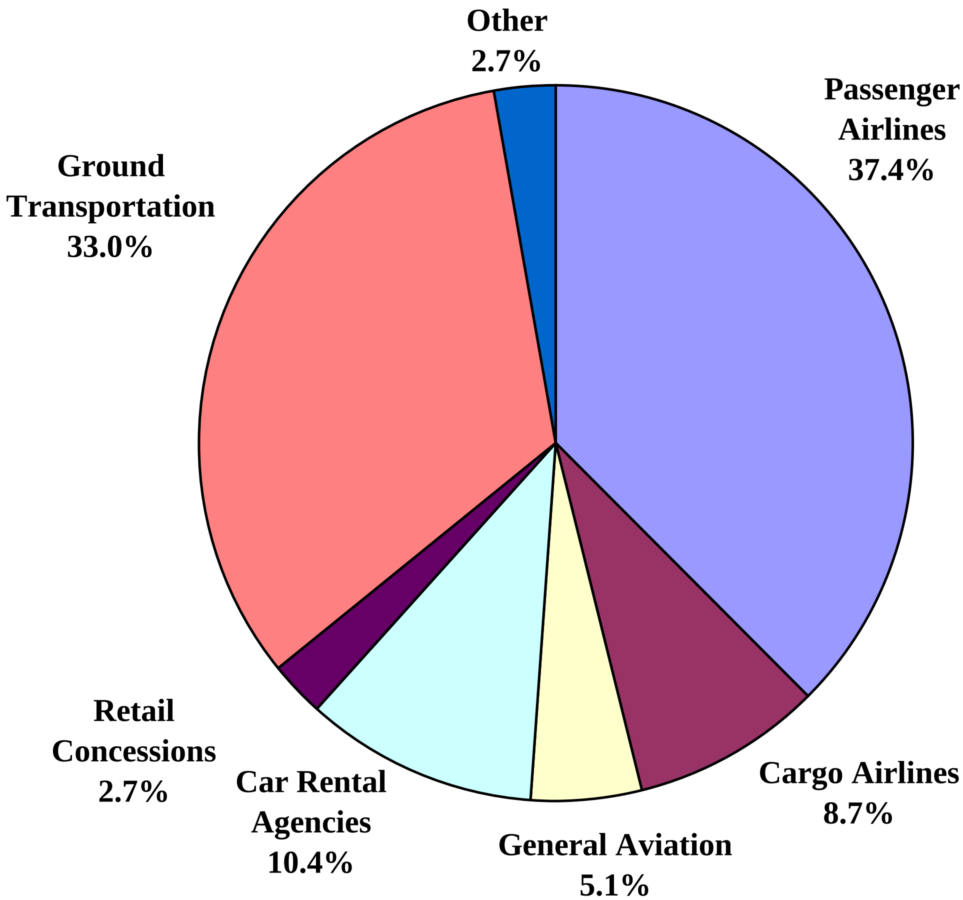
REVENUES

The following chart shows the major sources and the percentage of operating revenues for the years ended December 31:

2008



2007


Other
2.7%
Passenger
Airlines
37.4%
Ground
Transportation
33.0%
Retail
Concessions
2.7%
Car Rental
Agencies
10.4%
General Aviation
5.1%
Cargo Airlines
8.7%

A summary of operating revenues for the years ended December 31, 2008 and 2007, and the amount and percentage of change in relation to prior year amounts is as follows:

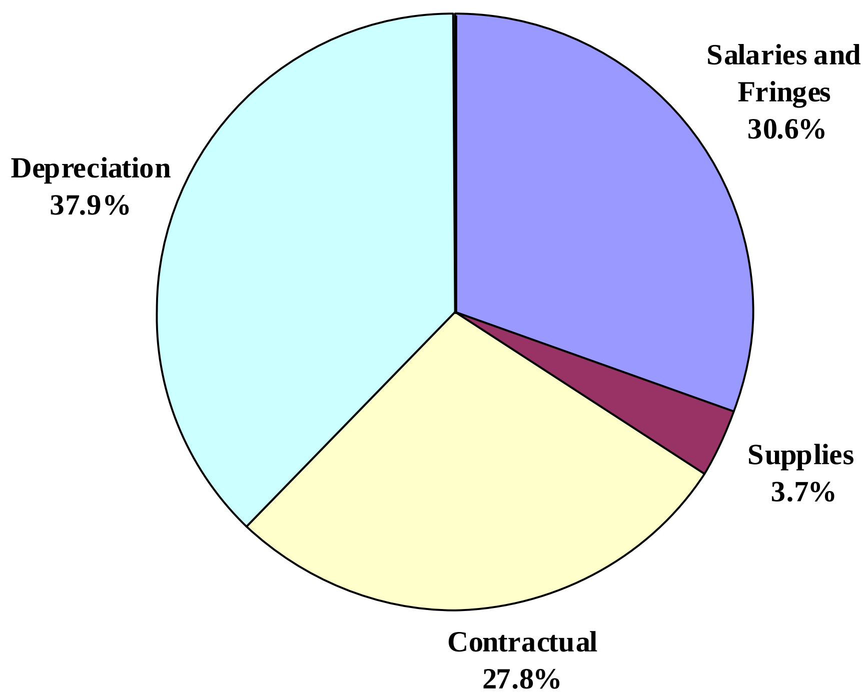
	2008 Amount	Percent of Total	Increase/ (Decrease) From 2007	Percent Increase/ (Decrease)
Revenue				
Charges for services:				
Passenger Airlines	$ 10,908,082	39.3%	$ 870,891	8.7%
Cargo Airlines	2,559,502	9.2	235,934	10.2
General Aviation	1,504,128	5.4	119,227	8.6
Car Rental Agencies	3,052,669	11.0	264,943	9.5
Retail Concessions	773,295	2.8	57,816	8.1
Ground Transportation	8,120,649	29.3	(730,202)	(8.3)
Other	820,669	3.0	86,130	11.7
Total operating revenues	$ 27,738,994	100.0%	$ 904,739	

	2007 Amount	Percent of Total	Increase/ (Decrease) From 2006	Percent Increase/ (Decrease)
Revenue				
Charges for services:				
Passenger Airlines	$ 10,037,191	37.4%	$ 144,518	1.5%
Cargo Airlines	2,323,568	8.7	(132,352)	(5.4)
General Aviation	1,384,901	5.1	(3,329)	(0.2)
Car Rental Agencies	2,787,726	10.4	161,343	6.1
Retail Concessions	715,479	2.7	(31,772)	(4.3)
Ground Transportation	8,850,851	33.0	(85,540)	(1.0)
Other	734,539	2.7	(49,956)	(6.4)
Total operating revenues	$ 26,834,255	100.0%	$ 3,002	

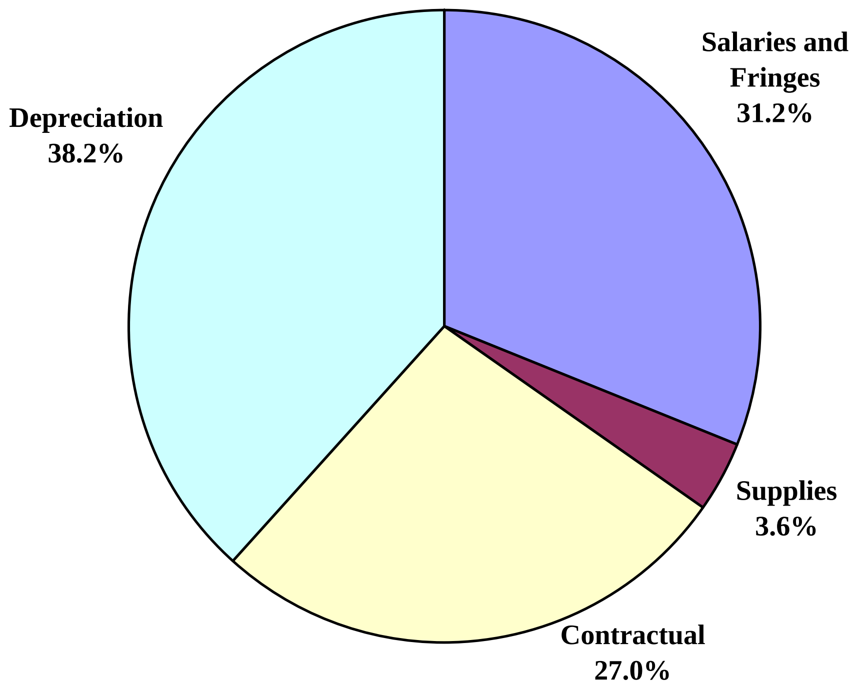
EXPENSES

The following chart shows the major operating categories and the percentage of operating expenses for the years ended December 31:

2008



2007



A summary of operating expenses for the year ended December 31, 2008 and the amount and percentage of change in relation to prior year amounts is as follows:

	2008 Amount	Percent of Total	Increase From 2007	Percent Increase
Operating expenses				
Salaries and fringes	$ 8,840,426	30.6%	$ 36,666	0.4%
Supplies	1,082,072	3.7	60,438	5.9
Contractual	8,042,926	27.8	405,657	5.3
Depreciation	10,948,005	37.9	167,160	1.6
Total operating expenses	$ 28,913,429	100.0%	$ 669,921	

	2007 Amount	Percent of Total	Increase From 2006	Percent Increase
Operating expenses				
Salaries and fringes	$ 8,803,760	31.2%	$ 1,002,102	12.8%
Supplies	1,021,634	3.6	298,606	41.3
Contractual	7,637,269	27.0	813,757	11.9
Depreciation	10,780,845	38.2	227,413	2.2
Total operating expenses	$ 28,243,508	100.0%	$ 2,341,878	

SUMMARY OF CASH FLOW ACTIVITIES

The following provides a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered highly liquid investments with an original maturity of three months or less.

	2008	2007	2006
Net cash provided by operating activities	$ 9,511,728	$ 10,648,309	$ 11,625,579
Net cash provided by (used) for capital and related financing activities	(83,576,518)	96,987,612	(13,644,244)
Net cash provided by investing activities	4,664,087	3,093,958	1,869,242
Net increase (decrease) in cash and cash equivalents	(69,400,703)	110,729,879	(149,423)
Cash and cash equivalents, beginning of year	148,333,645	37,603,766	37,753,189
Cash and cash equivalents, end of year	$ 78,932,942	$ 148,333,645	$ 37,603,766

The Department’s available cash and cash equivalents decreased from $148.3 million at the end of 2007 to $78.9 million at the end of 2008 due to the spend down of bond proceeds on the Terminal Area Parking Improvement Program in 2008. This compares to an increase from $37.6 million at the end of 2006 to $148.3 million at the end of 2007 due to the proceeds from the sale of the 2007 bonds.

FINANCIAL STATEMENTS

The Department's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. The Department is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes. See Note 1 to the financial statements for a summary of the Department's significant accounting policies.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2008 and 2007, completed projects totaling $12,309,830 and $16,403,801, respectively, were recorded to their respective capital accounts. The major completed projects were:

2008:	
East Side General Aviation Development	$ 2,995,262
Taxiway J Reconstruction	3,142,018
Other	6,172,550
2007:	
General Aviation Ramps	$ 7,020,229
Rental Car Service Facilities	5,770,769
Concourse B-6 Hold Room	2,132,706
Other	1,480,097

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal and state grants, Airport funds, private investment, debt issuance and Airport revenues. See Note 4 to the financial statements for more detailed information on the Department's capital assets.

LONG-TERM DEBT ADMINISTRATION

As a department of the County, the Department cannot sell bonds without the authorization of the County of Board Commissioners.

In September 2007, the Department issued $117.4 million of Airport Revenue Bonds to finance the construction of the Terminal Area Parking and Improvement Program. This bond issue, like the 1995 Bonds and the 1999 Refunding Bonds, was sold with the limited tax general obligation of the County and utilizes the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

On October 12, 2007, Moody's Investor Services revised the outlook on the A2 bond rating of the 1998 Bonds to negative from stable. Moody's indicated the key credit concern for this change was the Airport's ability to generate revenues to adequately support its recent addition of substantial debt (Series 2007 Bonds).

On February 2009, Standard & Poor's downgraded the Airport's rating to BBB+ with a stable outlook from A- with a stable outlook. Standard & Poor's indicated the key credit concerns were the amount of additional debt taken on with the Series 2007 Bonds and the declining traffic.

See Note 5 to the financial statements for more detailed information on the Department's revenue bonds payable.

Respectfully submitted,

Brian Picardat, A.A.E.
Finance & Administration Director

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Statements of Net Assets

December 31, 2008 and 2007

	2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 18,860,153	$ 11,903,789
Accounts receivable, less allowance of $308,930 and $324,577.	1,340,167	966,119
Inventories	137,077	54,294
Prepaid expenses	65,352	61,099
Restricted assets:		
Cash and cash equivalents	56,244,453	132,628,352
Accounts receivable	351,438	465,620
Total current assets	76,998,640	146,079,273
Noncurrent assets		
Restricted assets - cash and cash equivalents less current portion	3,828,336	3,801,504
Capital assets:		
Land and construction in progress	118,857,249	43,316,938
Other capital assets, net of accumulated depreciation	195,898,677	194,536,852
Bond issuance costs, net of accumulated amortization	1,046,341	1,091,639
Total noncurrent assets	319,630,603	242,746,933
Total assets	396,629,243	388,826,206
Liabilities		
Current liabilities		
Accounts payable	821,261	744,046
Construction contracts payable	3,110,857	1,756,128
Accrued liabilities	771,757	661,500
Unearned revenue	79,161	181,572
Payable from restricted assets:		
Accrued interest	4,831,332	3,558,452
Current maturities of revenue bonds payable	2,740,000	2,625,000
Total current liabilities	12,354,368	9,526,698
Noncurrent liabilites		
Revenue bonds payable, plus net bond premium, less current maturities and deferred loss	197,669,655	200,288,378
Total liabilities	210,024,023	209,815,076
Net assets		
Invested in capital assets, net of related debt	147,664,798	147,817,960
Restricted for:		
Capital improvements	11,769,139	4,401,115
Debt service	9,390,313	15,527,411
Unrestricted	17,780,970	11,264,644
Total net assets	$ 186,605,220	$ 179,011,130

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

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Statements of Revenue, Expenses and Changes in Net Assets

For the Years Ended December 31, 2008 and 2007

	2008	2007
Operating revenues		
Charges for services:		
Passenger airlines	$ 10,908,082	$ 10,037,191
Ground transportation	8,120,649	8,850,851
Car rental agencies	3,052,669	2,787,726
Cargo airlines	2,559,502	2,323,568
General aviation	1,504,128	1,384,901
Other concessions	773,295	715,479
Other	820,669	734,539
Total operating revenues	27,738,994	26,834,255
Operating expenses		
Salaries and fringes	8,840,426	8,803,760
Supplies	1,082,072	1,021,634
Contractual	8,042,926	7,637,269
Depreciation	10,948,005	10,780,845
Total operating expenses	28,913,429	28,243,508
Operating loss	(1,174,435)	(1,409,253)
Nonoperating revenues (expenses)		
Passenger facility charges	3,447,882	3,949,108
Customer facility charges	1,384,590	1,291,203
Interest revenue	897,872	1,446,676
Interest expense	(4,052,138)	(4,159,251)
Gain of sale of capital assets	14,755	95,254
Total nonoperating revenues	1,692,961	2,622,990
Change in net assets before capital contributions	518,526	1,213,737
Capital contributions	7,075,564	8,710,661
Change in net assets	7,594,090	9,924,398
Net assets, beginning of year	179,011,130	169,086,732
Net assets, end of year	$ 186,605,220	$ 179,011,130

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

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Statements of Cash Flows

For the Years Ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Receipts from customers and users	$ 27,825,496	$ 27,800,741
Payments to suppliers	(9,200,854)	(7,770,564)
Payments to employees	(8,709,173)	(8,679,593)
Internal activity - cash payments to other funds of Kent County	(403,741)	(702,275)
Net cash provided by operating activities	9,511,728	10,648,309
Cash flows from capital and related financing activities		
Passenger facility charges	3,558,733	3,996,470
Customer facility charges	1,387,920	1,286,076
Capital contributions received	3,220,529	8,710,661
Proceeds from sale of capital assets	14,755	94,878
Proceeds from sale of bonds	-	122,210,266
Purchase of capital assets	(80,743,671)	(26,750,118)
Principal paid on capital debt	(2,625,000)	(8,416,508)
Interest paid on capital debt	(8,389,784)	(4,144,113)
Net cash (used in) provided by capital and related financing activities	(83,576,518)	96,987,612
Cash flows from investing activities		
Interest and dividends received	4,664,087	3,093,958
Net (decrease) increase in cash and cash equivalents	(69,400,703)	110,729,879
Cash and cash equivalents, beginning of year	148,333,645	37,603,766
Cash and cash equivalents, end of year	$ 78,932,942	$ 148,333,645
Statement of net assets classifications of cash and cash equivalents		
Cash and cash equivalents	$ 18,860,153	$ 11,903,789
Current restricted cash and cash equivalents	56,244,453	132,628,352
Noncurrent restricted cash and cash equivalents	3,828,336	3,801,504
	$ 78,932,942	$ 148,333,645

Continued …

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Statements of Cash Flows (Concluded)

For the Years Ended December 31, 2008 and 2007

	2008	2007
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (1,174,435)	$ (1,409,253)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	10,948,005	10,780,845
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(259,865)	414,351
Inventories	(82,783)	3,151
Prepaid expenses	(4,253)	4,074
Accounts payable	77,214	751,244
Accrued liabilities	110,256	103,897
Unearned revenue	(102,411)	-
Net cash provided by operating activities	$ 9,511,728	$ 10,648,309

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Kent County Department of Aeronautics (the "Department") conform to generally accepted account principles as applied to enterprise funds of governmental units. The following is a summary of the significant policies.

Reporting Entity

The Department is a proprietary fund of the County of Kent, Michigan (the "County") and is governed by a six-member Board of Aeronautics whose members are appointed by the County Board of Commissioners. The Department is responsible for operating the Gerald R. Ford International Airport (the "Airport").

Basis of presentation

All operations of the Department are accounted for in a single enterprise fund (a type of proprietary fund). 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 Department are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement focus, basis of accounting, and financial statement presentation

The economic resources measurement focus and the accrual basis of accounting are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

Cash, cash equivalents, investments and accrued interest are combined in the County's pooled cash and investment system (Money Max) which is managed by the County Treasurer. Investments of the system are reported at fair value or amortized cost, as appropriate. For the purpose of the statement of cash flows, the Department considers all highly liquid investments with an original maturity of three months or less and short-term accrued interest to be cash equivalents.

Investments

Investments underlying the Kent County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury notes, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to the appropriate funds, including the Department.

State statutes and County policy authorize the Department to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through 12/31/97.

Accounts Receivable

Accounts receivable are customer obligations generally due under normal trade terms. The allowance for possible losses is determined by reviewing known customer exposures and applying historical credit loss experience to the current receivable accounts with consideration given to the current condition of the economy, assessment of the financial position of the customer, and overall trends in receivables aged beyond their contractual terms. After all attempts to collect a receivable have failed, the receivable is written off against the allowance for possible losses.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method and is accounted for under the consumption method.

Prepaid Expenses

The Department incurred expenses prior to year-end for services that will be performed in the next fiscal year. In these situations, the Department records an asset to reflect the investment in future services.

Restricted Assets

Assets that are restricted for specific uses by bond requirements or other legal requirements are classified as restricted assets.

Bond Discounts, Premiums, Deferred Refunding Costs and Bond Issuance Costs

Premiums, discounts, deferred refunding costs and bond issuance costs associated with various bond issues are being amortized by the interest or straight-line methods over the repayment periods of the related bonds. Amortization of these items is charged to interest expense.

Capital Assets

Tangible assets having a useful life in excess of three years and costs exceeding $10,000 are capitalized. All property and equipment are valued at historical cost, net of accumulated depreciation. Depreciation is charged as an expense against operations and is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Assets	Years
Land improvements	20-30
Buildings	30-50
Machinery and equipment	3-12

Construction in progress, consisting primarily of expenditures on ground transportation improvements, is capitalized as incurred. As of December 31, 2008 and 2007, estimated costs to complete were approximately $49,232,000 and $121,901,000, respectively.

The Department reviews long-lived assets, including land, buildings and other capital assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair market value. If it is determined that an impairment loss has occurred based on expected future undiscounted cash flows, the asset is written down to its net value and a current charge to income is recognized.

Compensated Absences

Department employees are granted vacation leave in varying amounts based on their length of service. Employees may accumulate up to a predetermined amount of vacation leave in any one calendar year. Upon termination, employees are paid for unused vacation at the current rates. It is the Department's policy to recognize the cost of vacation pay at the time the liability is incurred.

Passenger Airline Charges

The Department sets rates and charges for landing fees, terminal rental rates and apron fees that are charged to the airlines annually based on the adopted operating and capital budgets. These rates and charges are adopted by the Aeronautics Board in October and are effective January 1. At the end of the year, the Department does a recalculation of the rates based on actual activity and audited information. The difference of the rates and charges is then either credited to the airlines if they have overpaid during the year or billed to the airlines if they underpaid during the year. The Department billed the airlines $1,090,780 in fiscal year 2008 and $442,388 in fiscal year 2007.

Passenger Facilities Charges

Passenger facilities charges (PFC) are collected from airlines that service the airport for each enplaned passenger and has to be used to fund capital projects. The Department received approval from the Federal Aviation Administration (FAA) on September 9, 1992 to start collection of a $3 PFC. The Department received approval to "use" PFC revenue previously collected as well as future charges on February 2, 1996. The PFC revenue is being used to pay debt service on the Airport Revenue Refunding Bonds, Series 1999. On September 8, 2005, the FAA approved a $1.50 increase of the PFC to $4.50. The additional PFC revenue will be used for terminal improvements. Consequently, revenue is recognized when earned and is classified as nonoperating revenue.

Customer Facility Charges

Customer facility charges (CFC) are collected for rental car related capital projects. The CFC of $3 per transaction day on rental car transactions was approved by the Aeronautics Board on August 31, 2005. The CFC revenue was used to develop new rental car service facilities and rental vehicle ready/return spaces in the parking structure under construction. Consequently, revenue is recognized when earned and is classified as nonoperating revenue.

Capital Contributions

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration, with certain matching funds provided by the Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in net assets, after nonoperating revenues and expenses as capital contributions.

Risk Management

The Department of Aeronautics is exposed to various risk of loss during the normal course of operation. The Department is included in the County's self-insurance program. The cost of coverage is recognized as an operating expense in each respective fund in the year incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budgets

The County legally adopts an annual budget for the Department of Aeronautics, including all funds which are accounted for on an accrual basis.

2. DEPOSITS AND INVESTMENTS

The Department's deposits and investments are included in the statement of fund net assets under the following classifications:

	2008	**2007**
Current assets:		
Cash and cash equivalents	$ 18,860,153	$ 11,903,789
Restricted cash and cash equivalents	56,244,453	132,628,352
Noncurrent assets:		
Restricted cash and cash equivalents	3,828,336	3,801,504
	$ 78,932,942	**$148,333,645**

For note disclosure purposes, the above amounts are all considered to be investments in the following classes:

	Maturity	**Interest Rate**	**Fair Value 2008**	**Fair Value 2007**	**Credit Ratings**
Federal National Mortgage Association	1/26/09	4.00%	$ 2,534,107	$ -	S&P AAA
Money market mutual funds	N/A	Various	11,687,539	19,085,738	AAA
Kent County investment pool	Various	Various	64,711,296	127,247,907	Various
Total investments			**$ 78,932,942**	**$ 148,333,645**	

The Department participates in the Kent County Investment Pool. Investments underlying the Kent County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury notes, which are carried at fair value. Additional information regarding interest rate risk and credit risk can be found in the footnotes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above in note 1. The Department's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year-end. Additional information regarding interest rate risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The Department's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The ratings for each class of investments are identified above for significant classifications of investments held at year-end.

Additional information regarding credit risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law does not require and the Department does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than state law. Additional information regarding custodial credit risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

3. RESTRICTED ASSETS

Restricted assets are maintained as part of the Department's equity in the Money Max and Restricted Bond accounts and are reported as follows:

	2008	2007
Current restricted cash and cash equivalents:		
Capital improvements	$ 45,851,145	$ 117,343,993
Debt service	10,393,308	15,284,359
Total current restricted cash and cash equivalents	$ 56,244,453	$ 132,628,352
Current restricted accounts receivable:		
Passenger facility charges	$ 267,216	$ 378,068
Customer facility charges	84,222	87,552
Total current restricted accounts receivable	$ 351,438	$ 465,620
Non-current restricted cash and cash equivalents:		
Debt service	$ 3,828,336	$ 3,801,504

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 21,184,076	$ -	$ -	$ 21,184,076
Construction in progress	22,132,862	82,383,775	(6,843,464)	97,673,173
Total capital assets not being depreciated	43,316,938	82,383,775	(6,843,464)	118,857,249
Capital assets being depreciated:				
Land improvements	199,748,579	8,947,647	-	208,696,226
Buildings and improvements	99,683,966	2,412,999	-	102,096,965
Equipment	9,874,424	776,213	-	10,650,637
Equipment – systems	3,804,635	51,658	-	3,856,293
Office furniture	2,181,816	72,307	(21,004)	2,233,119
Vehicles	343,993	49,006	(60,363)	332,636
Total capital assets being depreciated	315,637,413	12,309,830	(81,367)	327,865,876
Accumulated depreciation				
Land improvements	77,202,417	6,633,431	-	83,835,848
Buildings and improvements	35,433,192	3,226,575	-	38,659,767
Equipment	6,321,074	528,810	-	6,849,884
Equipment – systems	957,323	371,713	-	1,329,036
Office furniture	939,346	153,112	(21,004)	1,071,454
Vehicles	247,209	34,364	(60,363)	221,210
Total accumulated depreciation	121,100,561	10,948,005	(81,367)	131,967,199
Net capital assets being depreciated	194,536,852	1,361,825	-	195,898,677
Capital assets, net	$237,853,790	$83,745,600	$(6,843,464)	$ 314,755,926

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 21,184,076	$ -	$ -	$ 21,184,076
Construction in progress	12,239,729	20,034,444	(10,141,311)	22,132,862
Total capital assets not being depreciated	33,423,805	20,034,444	(10,141,311)	43,316,938
Capital assets being depreciated:				
Land improvements	191,585,187	8,163,392	-	199,748,579
Buildings and improvements	92,874,674	7,903,474	(1,094,182)	99,683,966
Equipment	1,0177,346	111,852	(414,774)	9,874,424
Equipment – systems	3,751,835	52,800	-	3,804,635
Office furniture	2,091,550	90,266	-	2,181,816
Vehicles	410,971	82,017	(148,995)	343,993
Total capital assets being depreciated	300,891,563	16,403,801	(1,657,951)	315,637,413
Accumulated depreciation				
Land improvements	70,680,888	6,521,529	-	77,202,417
Buildings and improvements	33,404,275	3,123,099	(1,094,182)	35,433,192
Equipment	6,160,100	575,748	(414,774)	6,321,074
Equipment – systems	591,125	366,198	-	957,323
Office furniture	784,612	154,734	-	939,346
Vehicles	356,667	39,537	(148,995)	247,209
Total accumulated depreciation	111,977,667	10,780,845	(1,657,951)	121,100,561
Net capital assets being depreciated	188,913,896	5,622,956	-	194,536,852
Capital assets, net	$222,337,701	$25,657,400	$ (10,141,311)	$ 237,853,790

5. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended December 31, 2008 consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Airport Revenue Bonds, Series 1998, annual principal ranges from $1,370,000 in 2008 to $3,560,000 in 2028, plus interest at 4.5% to 5.0%.	$ 48,050,000	$ -	$1,370,000	$ 46,680,000	$1,430,000
Airport Revenue Refunding Bonds, Series 1999, annual principal ranges from $1,255,000 in 2008 to $2,750,000 in 2025, plus interest at 4.5% to 5.0%.	34,095,000	-	1,255,000	32,840,000	1,310,000
Airport Revenue Bonds, Series 2007, annual principal ranges from $600,000 in 2010 to $7,785,000 in 2037, plus interest at 4.0% to 5.0%.	117,360,000	-	-	117,360,000	-
Total revenue bonds payable	199,505,000	-	2,625,000	196,880,000	2,740,000
Add: bond premium	5,242,625	6,685	-	5,249,310	-
Less: deferred loss	(1,834,247)	-	(114,592)	(1,719,655)	-
Revenue bonds payable, plus net bond premium, less current maturities and net deferred loss.	$202,913,378	$ 6,685	$ 2,510,408	200,409,655	$2,740,000
Less: amount due in one year				(2,740,000)	
Revenue bonds payable, plus net bond premium, less current maturities and net deferred loss, due in more than one year.				$197,669,655	

Revenue bonds payable activity for the year ended December 31, 2007 consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Airport Revenue Bonds, Series 1998, annual principal ranges from $1,370,000 in 2008 to $3,560,000 in 2028, plus interest at 4.5% to 5.0%.	$ 49,360,000	$ -	$ 1,310,000	$ 48,050,000	$ 1,370,000
Airport Revenue Refunding Bonds, Series 1999, annual principal ranges from $1,255,000 in 2008 to $2,750,000 in 2025, plus interest at 4.5% to 5.0%.	35,300,000	-	1,205,000	34,095,000	1,255,000
Airport Revenue Bonds, Series 2007, annual principal ranges from $600,000 in 2010 to $7,785,000 in 2037, plus interest at 4.0% to 5.0%.	-	117,360,000	-	117,360,000	-
Total revenue bonds payable	84,660,000	117,360,000	2,515,000	199,505,000	2,625,000
Add: bond premium	-	5,242,625	-	5,242,625	-
Less: deferred loss	(1,948,840)	-	(114,593)	(1,834,247)	-
Revenue bonds payable, plus net bond premium, less current maturities and net deferred loss.	$ 82,711,160	$122,609,310	$ 2,400,407	202,913,378	$ 2,625,000
Less: amount due in one year				(2,625,000)	
Revenue bonds payable, plus net bond premium, less current maturities and net deferred loss, due in more than one year.				$ 200,288,378	

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

For the year ending December 31,	Principal	Interest
2009	$ 2,740,000	$ 9,600,298
2010	3,465,000	9,459,976
2011	4,050,000	9,291,556
2012	4,535,000	9,100,096
2013	5,080,000	8,886,718
2014-2018	32,610,000	40,228,154
2019-2023	41,915,000	31,062,556
2024-2028	44,375,000	19,865,625
2029-2033	29,120,000	11,029,250
2034-2037	28,990,000	2,987,250
Total	**$196,880,000**	**$151,511,479**

There are a number of limitations and restrictions contained in the various bond indentures. The Department is in compliance with all significant limitations and restrictions. All revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenues of the Department. In compliance with the Series 1999 and 2007 Bond agreements, the Department has available a letter of credit totaling $11,067,500, which has not been drawn upon. The Series 1998 Bond reserve requirement is funded with cash and accrued interest in the amount of $3,828,336 and 3,801,504 for the years ended December 31, 2008 and 2007, respectively.

6. LEASES

The Department has entered into agreements to lease airport facilities to various airlines and vendors. The aggregate amount of future minimum lease payments receivable, exclusive of expected extensions and airline month-to-month agreements, in each of the next five years and later are as follows:

Year ending December 31,	Amount
2009	$ 6,701,343
2010	6,579,124
2011	6,425,839
2012	6,015,832
2013	3,446,690
2014-2047	12,211,276

7. NET ASSETS

Net assets were comprised of the following at December 31:

	2008	2007
Invested in capital assets, net of related debt		
Land and construction in progress	$ 118,857,249	$ 43,316,938
Other capital assets, net of accumulated depreciation	195,898,677	194,536,852
Bond issuance costs, net of accumulated amortization	1,046,341	1,091,639
Current maturities of revenue bonds payable	(2,740,000)	(2,625,000)
Revenue bonds payable, plus net bond premium, less current maturities and deferred loss	(197,669,655)	(200,288,378)
Unspent proceeds of revenue bonds payable	32,272,186	111,785,909
Total invested in capital assets, net of related debt	147,664,798	147,817,960
Restricted for capital improvements	11,769,139	4,401,115
Restricted for debt service	9,390,313	15,527,411
Unrestricted	17,780,970	11,264,644
Total net assets	$ 186,605,220	$ 179,011,130

8. PENSION PLANS

Substantially all of the employees of the Department are covered by the Kent County Employees' Retirement Plan (Plan). The Plan is a single-employer defined benefits pension plan that was established and may be amended by the Kent County Board of Commissioners. The Plan is administered by the Kent County Employees' Retirement Plan Board. The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. At December 31, 2007, the date of the most recent actuarial valuation, membership consisted of 1,183 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 1,793 current active employees. The Department's proportionate share of the actuarial value of the assets and the actuarial accrued liabilities are not determinable.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by contacting Kent County at 300 Monroe Avenue NW in Grand Rapids, Michigan.

The Department's cash contributions for the current and preceding two years were as follows:

Year Ended	Contribution
December 31, 2008	$ 356,447
December 31, 2007	559,339
December 31, 2006	462,179

The contribution requirements of Plan members are established and may be amended by the County Commission. All member contributions are one-half (1/2) of the normal cost plus the amortized unfunded actuarial liabilities not to exceed a contribution rate of 6.5%. The Department is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The contribution expensed as a percentage of covered payroll was 5.51% and 8.83% in 2008 and 2007, respectively.

9. OTHER POST EMPLOYMENT BENEFITS

The County provides access to employer sponsored health care insurance coverage to retired employees or beneficiaries of deceased employees who are receiving a retirement benefit. The County pays a monthly flat dollar subsidy for retirees ranging between $250 and $350 per month depending upon the applicable employee group. The subsidy is prorated if the retiree has less than 25 years of service at the time of retirement. The Kent County VEBA Trust administers this single-employer defined benefit plan. At December 2006, the date of the most recent actuarial valuation, membership in the Other Postemployment Benefits Plan (OPEB) consisted of 448 retirees and beneficiaries currently receiving benefits and 1,840 active employees entitled to the benefits but not yet receiving them. The County completed its first actuarial valuation of OPEB as of December 31, 2006. Complete information on the OPEB Plan may be found in the Count of Kent's Comprehensive Annual Financial Report.

The Department's share of the required contributions for the years ended December 31, 2008 and 2007 amounted to $181,939 and $194,877, respectively.

10. MAJOR CUSTOMERS

Rentals and fees earned from passenger air carriers accounted for approximately 39.7% and 37.4% of totals revenues in 2008 and 2007, respectively.

11. CONCENTRATED CREDIT RISK

The Department provides gate access to fourteen passenger airlines and access to four all-cargo airlines. Additional revenues are earned through parking lot fees, lease arrangements with various rental car agencies and concessionaires and leasing of airport land and buildings. The Department’s primary exposure to credit risk is in trade receivables, and management performs ongoing credit evaluations and the major tenants.

12. SUBSEQUENT EVENT

On May 11, 2009, the Department issued Series 2009 Revenue Refunding bonds in the amount of $30,110,000. The 2009 bonds were sold at a total premium of $823,224 and combined with cash held for debt service of $485,327 were used to refund the Series 1999 Airport Refunding bond issue. A total of $30,626,653 was placed in escrow to provide for future principal and interest payments on the defeased bonds. The remaining $123,264 will be transferred to an escrow fund to be used to pay costs of issuance.

* * * * *

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Statistical Section Table of Contents

The objective of the statistical section is to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess a governmental unit's economic condition.

The statistical section information is presented in the following categories:

Schedule A - Unaudited

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Net Assets and Changes in Net Assets,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Operating revenues										
Airfield	$ 5,366	$ 6,354	$ 6,718	$ 8,055	$ 9,030	$ 8,271	$ 8,182	$ 8,596	$ 8,502	$ 9,023
Terminal	2,853	4,609	5,446	5,909	7,012	6,790	6,839	6,549	6,582	7,425
Ground transportation	7,072	7,659	8,104	8,218	8,708	9,475	10,658	11,326	11,417	10,886
Other	316	340	353	327	325	344	401	360	333	405
Total operating revenues	15,607	18,962	20,621	22,509	25,075	24,880	26,080	26,831	26,834	27,739
Nonoperating revenues										
Interest income	2,077	1,947	1,313	579	328	423	1,034	1,801	1,447	898
Passenger facility charges	2,407	2,632	2,506	2,581	2,687	2,881	2,890	4,059	3,949	3,448
Improvement charges	-	-	-	-	-	-	256	1,263	1,291	1,384
Other	15	35	13		57	25	4	13	95	15
Total nonoperating revenues	4,499	4,614	3,832	3,160	3,072	3,329	4,184	7,136	6,782	5,745
Total revenues	20,106	23,576	24,453	25,669	28,147	28,209	30,264	33,967	33,616	33,484
Operating expenses										
Salaries and benefits	4,882	5,011	5,374	6,002	6,508	7,018	7,579	7,802	8,804	8,840
Services and supplies	3,137	4,269	4,680	6,380	6,694	6,571	8,279	7,547	8,659	9,125
Depreciation	5,809	8,398	9,072	9,668	9,647	9,716	9,957	10,553	10,781	10,948
Total operating expenses	13,828	17,678	19,126	22,050	22,849	23,305	25,815	25,902	28,244	28,913
Nonoperating expenses										
Interest	3,229	4,204	4,739	4,649	4,553	4,888	4,680	4,539	4,159	4,053
Other	-	-	-	1,123	-	-	-	-	-	-
Total nonoperating expenses	3,229	4,204	4,739	5,772	4,553	4,888	4,680	4,539	4,159	4,053
Total expenses	17,057	21,882	23,865	27,822	27,402	28,193	30,495	30,441	32,403	32,966
Capital contributions	2,892	806	23,485	4,807	4,202	4,976	2,315	2,180	8,711	7,076
Increase in net assets	$ 5,941	$ 2,500	$ 24,073	$ 2,654	$ 4,947	$ 4,992	$ 2,084	$ 5,706	$ 9,924	$ 7,594
Net assets at year-end										
Invested in capital assets, net of related debt	$ 96,549	$ 101,389	$ 127,448	$ 126,746	$ 133,912	$ 136,940	$ 134,899	$ 139,941	$ 147,818	$ 147,665
Restricted for capital improvements								495	4,401	11,769
Restricted fot debt service	18,486	14,478	7,042	6,776	6,772	6,945	7,594	8,989	15,527	9,390
Unrestricted	25,581	23,241	14,213	17,836	15,621	17,412	20,888	19,662	11,265	17,781
Total net assets	$ 122,130	$ 124,630	$ 148,703	$ 151,358	$ 156,305	$ 161,297	$ 163,381	$ 169,087	$ 179,011	$ 186,605

Schedule B - Unaudited

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Changes in Cash and Cash Equivalents,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Cash flows from operating activities										
Cash received from providing services	$ 17,312	$ 19,244	$ 19,545	$ 23,649	$ 25,043	$ 25,028	$ 27,528	$ 27,369	$ 27,801	$ 27,825
Cash paid to suppliers	(3,138)	(6,197)	(5,461)	(7,093)	(7,451)	(7,192)	(8,056)	(7,906)	(8,473)	(9,604)
Cash paid to employees	(4,882)	(5,027)	(5,316)	(5,915)	(6,153)	(7,201)	(7,472)	(7,837)	(8,680)	(8,709)
Net cash provided by operating activites	9,292	8,020	8,768	10,641	11,439	10,635	12,000	11,626	10,648	9,512
Capital and related financing activities										
Passenger facility charges	2,407	2,553	2,545	2,673	2,634	2,855	2,765	4,086	3,996	3,559
Customer facility charges	-	-	-	-	-	-	173	1,264	1,286	1,388
Capital contibutions	2,892	806	21,836	6,457	4,202	1,740	2,055	2,180	8,711	3,221
Proceeds from sale of capital assets	15	35	13	21	63	24	43	146	95	15
Proceeds from issuance of note payable	-	-	-	-	9,775	-	-	-	-	-
Bond proceeds	37,480	-	-	-	-	-	-	-	122,210	-
Bond issue costs and deferred loss on advance refundings	(3,196)	-	-	-	-	-	-	-	-	-
Purchase of capital assets	(38,661)	(11,760)	(31,676)	(8,243)	(14,790)	(7,435)	(5,496)	(13,515)	(26,750)	(80,745)
Principle paid on capital debt	(35,175)	(825)	(1,935)	(2,025)	(2,110)	(4,260)	(3,199)	(3,344)	(8,416)	(2,625)
Interest paid on capital debt	(3,229)	(4,452)	(4,691)	(4,561)	(4,468)	(4,773)	(4,605)	(4,461)	(4,144)	(8,390)
Net cash (used for) provided by capital and related activities	(37,467)	(13,643)	(13,908)	(5,678)	(4,694)	(11,849)	(8,264)	(13,644)	96,988	(83,577)
Investing activity										
Investment earnings	2,077	1,947	1,313	579	329	422	1,012	1,869	3,094	4,664
Net increase (decrease) in cash and cash equivalents	(26,098)	(3,676)	(3,827)	5,542	7,074	(792)	4,748	(149)	110,730	(69,401)
Cash and cash equivalents, beginning of year	54,782	28,684	25,008	21,181	26,723	33,797	33,005	37,753	37,604	148,334
Cash and cash equivalents, end of year	$ 28,684	$ 25,008	$ 21,181	$ 26,723	$ 33,797	$ 33,005	$ 37,753	$ 37,604	$ 148,334	$ 78,933

Schedule C - Unaudited

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Passenger Activity
Enplaned Passengers

	Fiscal Year											
Airline	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**Share of 2007**	**2008**	**Share of Total 2008**
American Eagle	93,783	113,451	109,691	100,299	93,998	104,529	130,640	126,225	118,146	11.8%	100,075	11.0%
Delta Connection(Atlantic Southeast)	-	31,938	42,159	49,553	37,879	14,907	80,153	63,926	61,087	6.1%	63,375	7.0%
Delta Connection(Comair)	30,629	72,689	49,513	59,207	69,972	110,479	66,730	61,873	62,996	6.3%	46,508	5.1%
Continental Connection	-	-	-	-	-	92	624	678	2,922	0.3%	6,490	0.7%
Continental Express(Express Jet)	32,944	32,962	39,911	48,291	58,676	73,362	75,601	97,811	96,081	9.6%	87,745	9.7%
United Express(Go Jet)	-	-	-	-	-	-	-	875	23,040	2.3%	29,358	3.2%
United Express(Mesa)	-	-	-	-	-	-	1,939	13,009	1,977	0.2%	8,340	0.9%
Northwest Airlink(Mesaba)	-	-	-	-	17,862	27,669	17,791	9,649	7,065	0.7%	23,101	2.5%
Northwest Airlines Inc.	336,910	384,889	368,485	374,730	380,551	420,365	431,470	414,513	356,506	35.7%	302,849	33.4%
Northwest Airlink(Pinnacle)	-	-	-	-	8,593	13,397	14,643	39,621	74,034	7.4%	68,889	7.6%
Northwest Airlink(Compass)	-	-	-	-	-	-	-	-	-	-	3,378	0.4%
United Express(Shuttle America)	-	-	-	-	-	-	8,036	13,033	23,714	2.4%	8,763	1.0%
Midwest Connect(Skyway)	24,599	37,711	37,051	28,011	30,009	31,732	36,073	35,893	41,047	4.1%	10,850	1.2%
Midwest Connect(Skywest)	-	-	-	-	-	-	-	-	-	-	35,276	3.9%
United Express(Skywest Airlines)	-	-	-	-	-	7,083	6,816	25,641	45,243	4.5%	24,837	2.7%
United Airlines Inc.	141,992	124,002	128,708	139,932	114,699	107,607	80,265	108,665	84,215	8.4%	83,609	9.2%
Allegiant Air	-	-	-	-	-	-	-	-	-	-	271	0.0%
United Express(Air Wisconsin)	-	-	-	-	25,623	25,191	38,049	-	-	-	-	-
US Airways Express(Air Wisconsin)	-	-	-	-	-	-	770	-	-	-	-	-
United Express(Chautauqua)	-	-	-	-	-	-	12,705	-	-	-	-	-
Chicago Express(ATA Connection)	16,474	25,672	41,889	50,030	57,004	53,872	8,055	-	-	-	-	-
Delta Airlines Inc.	115,400	30,001	-	13,370	14,231	30,300	7,540	-	-	-	-	-
US Airways Express(Mesa)	-	-	2,348	4,980		8,867	29,033	-	-	-	-	-
Delta Connection(Atlantic Coast)	-	-		6,593	13,426	649	-	-	-	-	-	-
United Express(Atlantic Coast)	-	-	3,444	6,660	25,872	15,906	-	-	-	-	-	-
US Airways Express(Trans States)	-	-	28,465	52,126	43,764	31,236	-	-	-	-	-	-
Air Canada(Air Georgian)	-	4,484	8,394	9,148	2,459	-	-	-	-	-	2,630	0.3%
American Eagle(Trans States)	-	-	1,832	24,724	-	-	-	-	-	-	-	-
US Airways Express(Chautauqua)	24,470	27,805	5,500	-	-	-	-	-	-	-	-	-
TWE(Trans States)	18,270	15,574	18,048	-	-	-	-	-	-	-	-	-
US Airways Inc.	47,365	53,934	32,738	-	-	-	-	-	-	-	-	-
PSA Airlines, Inc	9,438	7,763	-	-	-	-	-	-	-	-	-	-
Midwest Express Airlines Inc	13,386	-	-	-	-	-	-	-	-	-	-	-
Charters	1,395	5,390	3,518	886	1,101	337	290	865	846	0.1%	816	0.1%
Total	907,055	968,265	921,694	968,540	995,719	1,077,580	1,047,223	1,012,277	998,919	100.0%	907,160	100.0%

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Principal Revenue Sources and Revenues per Enplaned Passenger,
Last Ten Fiscal Years
(dollars in thousands, except amounts per enplaned passenger)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Airline revenues										
Landing fees	$ 2,068	$ 2,063	$ 2,437	$ 3,753	$ 2,957	$ 3,120	$ 2,723	$ 2,576	$ 2,847	$ 3,102
Apron fees	905	1,086	1,004	1,024	1,711	1,567	1,640	1,803	2,025	1,941
Terminal rents	2,046	3,728	4,542	4,898	6,714	5,575	5,340	5,513	5,165	5,865
Total airline revenues	5,019	6,877	7,983	9,675	11,382	10,262	9,703	9,892	10,037	10,908
Percentage of total revenues	25.0%	29.2%	32.6%	37.7%	40.4%	36.4%	32.1%	29.1%	29.9%	32.6%
Nonairline revenues										
Parking	5,257	5,783	6,309	6,343	6,618	7,331	8,354	8,937	8,851	8,121
Rental car	1,933	2,021	1,944	2,027	2,296	2,321	2,486	2,626	2,788	3,053
Other	3,398	4,281	4,385	4,464	4,779	4,966	5,537	5,376	5,158	5,657
Total nonairline revenues	10,588	12,085	12,638	12,834	13,693	14,618	16,377	16,939	16,797	16,831
Percentage of total revenues	52.7%	51.3%	51.7%	50.0%	48.6%	51.8%	54.1%	49.9%	50.0%	50.3%
Nonoperating revenues										
Passenger facility charges	2,407	2,632	2,506	2,581	2,687	2,881	2,890	4,059	3,949	3,448
Interest	2,077	1,947	1,313	579	328	423	1,034	1,801	1,447	898
Other	15	35	13	-	57	25	260	1,276	1,386	1,399
Total nonoperating revenues	4,499	4,614	3,832	3,160	3,072	3,329	4,184	7,136	6,782	5,745
Percentage of total revenues	22.4%	19.6%	15.7%	12.3%	10.9%	11.8%	13.8%	21.0%	20.2%	17.2%
Total revenues	$ 20,106	$ 23,576	$ 24,453	$ 25,669	$ 28,147	$ 28,209	$ 30,264	$ 33,967	$ 33,616	$ 33,484
Enplaned passengers	907,055	968,265	921,694	968,540	995,719	1,077,580	1,047,223	1,012,277	998,919	907,160
Total revenue per enplaned passenger	$ 22.17	$ 24.35	$ 26.53	$ 26.50	$ 28.27	$ 26.18	$ 28.90	$ 33.56	$ 33.65	$ 36.91
Airline revenue per enplaned passenger	$ 5.53	$ 7.10	$ 8.66	$ 9.99	$ 11.43	$ 9.52	$ 9.27	$ 9.77	$ 10.05	$ 12.02
Revenue rates										
Landing fee (per 1,000 lbs MGLW)	$ 1.42	$ 1.51	$ 1.77	$ 1.90	$ 2.13	$ 2.13	$ 2.07	$ 2.04	$ 2.34	$ 2.40
Apron fee (per 1,000 lbs MGLW)	$ 0.61	$ 0.70	$ 0.69	$ 0.70	$ 1.07	$ 1.07	$ 1.20	$ 1.32	$ 1.58	$ 1.59
Annual terminal rental rate (per sq. ft.)	$ 18.63	$ 34.69	$ 42.58	$ 45.88	$ 53.57	$ 52.38	$ 51.35	$ 50.77	$ 49.32	$ 49.96

Notes: The Department uses a compensatory (cost of services) methodology to calculate rates and charges. Operating agreements with signatory airlines are cancellable within thirty days. The revenue bases to which these rates are applied and their principal payers can be found in Schedule C. MGLW=maximum gross landed weight.

Schedule E - Unaudited

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Ratios of Outstanding Debt, Debt Service, Debt Limits and
Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Outstanding debt per enplaned passenger										
Outstanding debt by type (in thousands) :										
Revenue bonds (all airport net operating revenues pledged)	$ 95,734	$ 95,023	$ 93,203	$ 91,293	$ 89,297	$ 87,207	$ 85,011	$ 82,711	$ 202,913	$ 200,410
Notes payable	-	-	-	-	9,775	7,720	6,831	5,902	-	-
Total outstanding debt	$ 95,734	$ 95,023	$ 93,203	$ 91,293	$ 99,072	$ 94,927	$ 91,842	$ 88,613	$ 202,913	$ 200,410
Outstanding debt per enplaned passenger	$ 105.54	$ 98.14	$ 101.12	$ 94.26	$ 99.50	$ 88.09	$ 87.70	$ 87.54	$ 203.13	$ 220.92
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))								$ 0.0028	$ 0.0064	$ 0.0065
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))								$ 0.0059	$ 0.0134	$ 0.0138
Net revenues										
Revenues	$ 20,106	$ 23,576	$ 24,453	$ 25,669	$ 28,147	$ 28,209	$ 30,264	$ 33,967	$ 33,616	$ 33,484
Less: Operating expenses, less depreciation	8,020	9,279	10,054	12,382	13,202	13,589	15,859	15,348	17,463	17,965
Net revenues	$ 12,086	$ 14,297	$ 14,399	$ 13,287	$ 14,945	$ 14,620	$ 14,405	$ 18,619	$ 16,153	$ 15,519
Debt service										
Principal paid on capital debt	$ -	$ 825	$ 1,935	$ 2,025	$ 2,110	$ 2,205	$ 2,310	$ 2,415	$ 2,515	$ 2,625
Interest	4,782	4,824	4,739	4,649	4,553	4,485	4,340	4,238	4,056	3,945
Principal paid on notes payable	-	-	-	-	-	2,055	889	929	5,902	-
Interest	-	-	-	-	-	403	341	301	88	-
Total debt service	$ 4,782	$ 5,649	$ 6,674	$ 6,674	$ 6,663	$ 9,148	$ 7,880	$ 7,883	$ 12,561	$ 6,570
Revenue bonds debt service coverage	2.5	2.5	2.2	2.0	2.2	2.2	2.2	2.8	2.5	2.4
Total debt service coverage	2.5	2.5	2.2	2.0	2.2	1.6	1.8	2.4	1.3	2.4
Debt service per enplaned passenger	$ 5.27	$ 5.83	$ 7.24	$ 6.89	$ 6.69	$ 8.49	$ 7.52	$ 7.79	$ 12.57	$ 7.24

Debt limit information

The Department is an enterprise fund of the County of Kent. No debt limit information is available for the Airport's trade area. For information about Kent County only, please see the County of Kent Comprehensive Annual Financial Report.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Principal Employers in the Primary Trade Area
Calendar Years 2008 and 1999

Employer	County	Product or Service	Number 2008	Percentage of Total Employment	Number 1999
Spectrum Health	Kent	Healthcare	13,155	2.05%	10,000
Meijer Inc	Kent	Retail food and merchandise	10,840	1.69%	12,575
Wal-Mart Stores Inc.	Various	Retail food and merchandise	4,622	0.72%	0
Spartan Stores Inc.	Kent	Retail food	4,440	0.69%	1,869
Steelcase Inc.	Kent	Office Furniture	4,300	0.67%	9,000
Mercy General Health Partners	Muskegon	Healthcare	4,297	0.67%	3,300
Herman Miller Inc.	Ottawa	Office Furniture	4,000	0.62%	5,767
Amway Corporation	Kent	Personal and Household products	4,000	0.62%	4,933
Axios Incorporated	Kent	Human resource and employment services	3,857	0.60%	0
Grand Rapids Public Schools	Kent	Education	3,478	0.54%	4,000
Saint Mary's Health Care	Kent	Healthcare	2,800	0.44%	2,500
Perrigo Company	Allegan	Manufacturing - Pharmaceuticals	2,700	0.42%	2,700
Gentex Corporation	Ottawa	Manufacturing - Auto parts	2,640	0.41%	1,450
City of Grand Rapids	Kent	Government	2,512	0.39%	1,800
U. S. Postal Service	Kent	Postal Delivery	2,500	0.39%	3,635
Howmet Corporation/Alcoa	Muskegon	Manufacturing-Castings	2,420	0.38%	2,375
Haworth Inc.	Ottawa	Manufacturing - furniture	2,194	0.34%	3,513
Hope Network Industries	Kent	Packaging	2,100	0.33%	600
Metro Health Hospital	Kent	Healthcare	2,059	0.32%	2,000
Fifth Third Bank	Kent	Banking	1,993	0.31%	3,600
Johnson Controls Inc.	Ottawa	Manufacturing - Auto parts	1,900	0.30%	5,500
Grand Valley State University	Ottawa	Education	1,899	0.30%	1,122
Kent County	Kent	Government	1,849	0.29%	1,996
Lacks Enterprises Inc.	Kent	Manufacturing - Auto parts	1,800	0.28%	1,721
Total Employment			640,572		668,468

Source: The Right Place Inc.

Schedule G - Unaudited

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Population in the Primary Trade Area

	2008	2007	2006	2000	1990	Percentage Change 2007-2008	2006-2007	2000-2006	1990-2000
Allegan County	113,625	114,972	114,813	105,665	90,509	-1.17%	0.14%	8.7%	16.7%
Barry County	59,501	60,744	60,211	56,755	50,057	-2.05%	0.89%	6.1%	13.4%
Ionia County	64,269	65,337	65,365	61,518	57,024	-1.63%	-0.04%	6.3%	7.9%
Kent County	609,235	601,970	599,667	574,335	500,631	1.21%	0.38%	4.4%	14.7%
Muskegon County	174,854	177,234	175,959	170,200	158,983	-1.34%	0.72%	3.4%	7.1%
Newaygo County	49,118	50,521	50,543	47,874	38,202	-2.78%	-0.04%	5.6%	25.3%
Ottawa County	262,556	259,606	256,729	238,314	187,768	1.14%	1.12%	7.7%	26.9%
	1,333,158	1,330,384	1,323,287	1,254,661	1,083,174	0.21%	0.54%	5.5%	15.8%
Per capita income	$ 22,880	$ 23,900	$ 23,714	$ 20,570	$ 13,348	-4.27%	0.78%	15.3%	54.1%
Total personal income (*dollars in thousands*)	$ 30,502,655	$ 31,796,178	$ 31,380,428	$ 25,808,377	$ 14,458,207				

	2008	2007	2006	2005	2004
Employment information					
Civilian Labor Force	691,350	696,473	699,351	639,148	624,094
Employed	640,572	654,295	658,118	602,255	581,637
Unemployed	50,778	42,178	41,233	36,893	42,457
Unemployment rate	7.3%	6.1%	5.9%	5.8%	6.8%

Source: Michigan Labor Market Information

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Department Employees
Last Ten Fiscal Years

	Fiscal Year									
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Administration	18	19	22	22	22	22	22	22	21	20
Maintenance	29	31	31	31	30	31	31	31	31	31
Parking	26	26	26	26	29	29	29	29	31	29
Firefighting	15	15	16	16	17	16	16	16	16	16
Public safety	28	28	28	28	28	36	36	36	33	33
Total	116	119	123	123	126	134	134	134	132	129
Enplaned passengers per employee	7,819	8,137	7,493	7,874	7,903	8,042	7,815	7,554	7,568	7,032
Operating revenues (in thousands)	$ 15,607	$ 18,962	$ 20,621	$ 22,509	$ 25,075	$ 24,880	$ 26,080	$ 26,831	$ 26,834	$ 27,739
Operating expenses (in thousands)	13,828	17,677	19,126	22,050	22,849	23,305	25,815	25,902	28,244	28,913
Salaries and fringes (in thousands)	4,882	5,011	5,374	6,002	6,508	7,018	7,579	7,802	8,804	8,840
Payroll percentage of operating revenues	31.3%	26.4%	26.1%	26.7%	26.0%	28.2%	29.1%	29.1%	32.8%	31.9%
Payroll percentage of operating expenses	35.3%	28.3%	28.1%	27.2%	28.5%	30.1%	29.4%	30.1%	31.2%	30.6%

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Capital Asset Information
Last Ten Fiscal Years

	Fiscal Year									
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Runways:										
8R/26L - East/West - 10,000 x 150 ft.										
8L/26R - East/West - 5,000 x 100 ft.										
17/35 - North/South - 8,500 x 150 ft.										
Total aircraft movements	138,332	136,465	126,224	125,622	110,128	116,455	112,314	112,608	101,378	97,501
Annual capacity	277,500	277,500	277,500	277,500	277,500	277,500	277,500	277,500	277,500	277,500
Runway utilization percentage	49.85%	49.18%	45.49%	45.27%	39.69%	41.97%	40.47%	40.58%	36.53%	35.14%
Terminal building:										
Exclusive area leased	63,657	65,157	67,464	65,996	62,741	71,729	67,500	63,750	64,444	68,615
Exclusive area available	73,230	85,295	85,295	83,712	83,712	95,325	96,200	95,365	95,365	95,365
Terminal occupancy percentage	86.93%	76.39%	79.09%	78.84%	74.95%	75.25%	70.17%	66.85%	67.58%	71.95%
Enplanements	907,055	968,265	921,694	968,540	995,719	1,077,580	1,047,223	1,012,277	998,919	907,160
Planned capacity	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Terminal utilization percentage	50.39%	53.79%	51.21%	53.81%	55.32%	59.87%	58.18%	56.24%	55.50%	50.40%
Parking areas:										
Number of annual long term exits (a)	214,499	234,630	262,315	233,662	216,878	245,024	191,377	185,503	229,531	207,982
Average long term stay (days) (b)	3.9	4.0	3.2	3.7	3.7	4.0	3.4	3.8	4.4	3.8
Average annual long term occupancy ((a*b)/365)	2,292	2,571	2,300	2,369	2,198	2,685	1,783	1,931	2,767	2,165
Number of long term spaces available	3,733	3,733	3,733	4,733	4,733	5,483	5,483	5,483	4,708	4,708
Average annual long term occupancy rate	61.40%	68.88%	61.61%	50.04%	46.45%	48.97%	32.51%	35.22%	58.77%	45.99%