



Period from  
July 1, 2016  
(inception) through  
December 31, 2016

Comprehensive  
Annual Financial  
Report



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July 1, 2016  
(inception) through  
December 31, 2016

Comprehensive  
Annual Financial  
Report

Prepared by: Finance and Administration Department

President and CEO  
*James R. Gill, A.A.E., IAP*

Vice President and CFO  
*Brian Picardat, A.A.E.*

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

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## INTRODUCTORY SECTION

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## ELECTED OFFICERS AND KEY STAFF MEMBERS

For the Six Months Ended December 31, 2016

### GOVERNING BOARD

Roger Morgan\*  
Board Chairman

Dan Koorndyk\*  
Vice Chairman

Ted Vonk\*  
Committee Chair

Steve Heacock

Birgit Klohs

David Slikkers

Floyd Wilson, Jr.

Robert Buchanan  
General Counsel

James R. Gill, A.A.E., IAP President and CEO

Vacant Senior Vice President and COO

Brian Picardat, A.A.E. Vice President and CFO

Lisa M. Carr, C.M., P.E.M., C.T.A, ASC Public Safety and Operations Director

Thomas R. Ecklund, P.E. Engineering and Facilities Director

Tara M. Hernandez Marketing and Public Relations Director

Lisa Belt, PHR Human Resources Director

\* Kent County Commissioner



June 19, 2017

Gerald R. Ford International Airport Board  
Kent County, Michigan

We are pleased to submit the Gerald R. Ford International Airport Authority Financial Report for the year ended December 31, 2016. This report was prepared by the Authority's Finance and Administration Division, and the financial statements were audited by Rehmann Robson, LLC, an independent firm of Certified Public Accountants. This report is prepared for the purpose of disclosing the Authority's financial condition and to provide the reader additional information about the Authority's mission, goals and operating trends. The auditors' unmodified opinion has been included in this report. The Authority's Management Discussion and Analysis provides an introduction to the Financial Statements and can be found starting on page 15.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. The reliability of the information contained in this report is based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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 Authority; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial activity have been included.

The Gerald R. Ford International Authority (Authority) was created by the Kent County Board of Commissioners under Act 95, Public Acts of Michigan 2015, as amended on August 27, 2015. Prior to this the Kent County Airport Board of Control was created by resolution of the Board of Supervisors (now County Board of Commissioners) on June 26, 1956. The name was changed to the Kent County Aeronautics Board in 1959. In 1959, the Department was created by resolution of the Kent County Board of Supervisors. On November 3, 2011 the County Commission changed the Board name to the Gerald R. Ford International Airport Board. With the creation of the Authority the Gerald R. Ford International Airport Authority Board (Board) was established to direct and govern the Authority. The Board is made up of three County Commissioners and four citizens at-large, all appointed by the County Commission. One Citizen Member has to be from outside Kent County. The Board is responsible for governing the affairs of the Authority and sets all policies under an Airport Lease and Asset Transfer Agreement with Kent County. On July 1, 2016 the Authority received an Airport Operating Certificate from the Federal Aviation Administration which transferred the operation from Kent County through the Gerald R. Ford International Airport Board to the Authority. The Authority adopted its own Board Policies but there were no significant changes to the Policies. However there were some impacts on the Financial Statements due to the creation of the Board. These impacts are disclosed through these Financial Statements.

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

The Authority maintains a 5 year Capital Improvement Program (CIP) as required by the Federal Aviation Administration. The CIP is funded through a combination of Federal and State Grants, Passenger Facility Charges, Customer Facility Charges and Airport Reserves. The CIP is revised annually by the Gerald R. Ford International Airport Authority Board and the current CIP has been approved in the amount of \$49,787,800.

The Government Finance Officers Association of the United States and Canada (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, 2015. 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 twenty-third 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 GFOA to determine its eligibility for another certificate.

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,



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James R Gill, A.A.E., IAP  
President & CEO

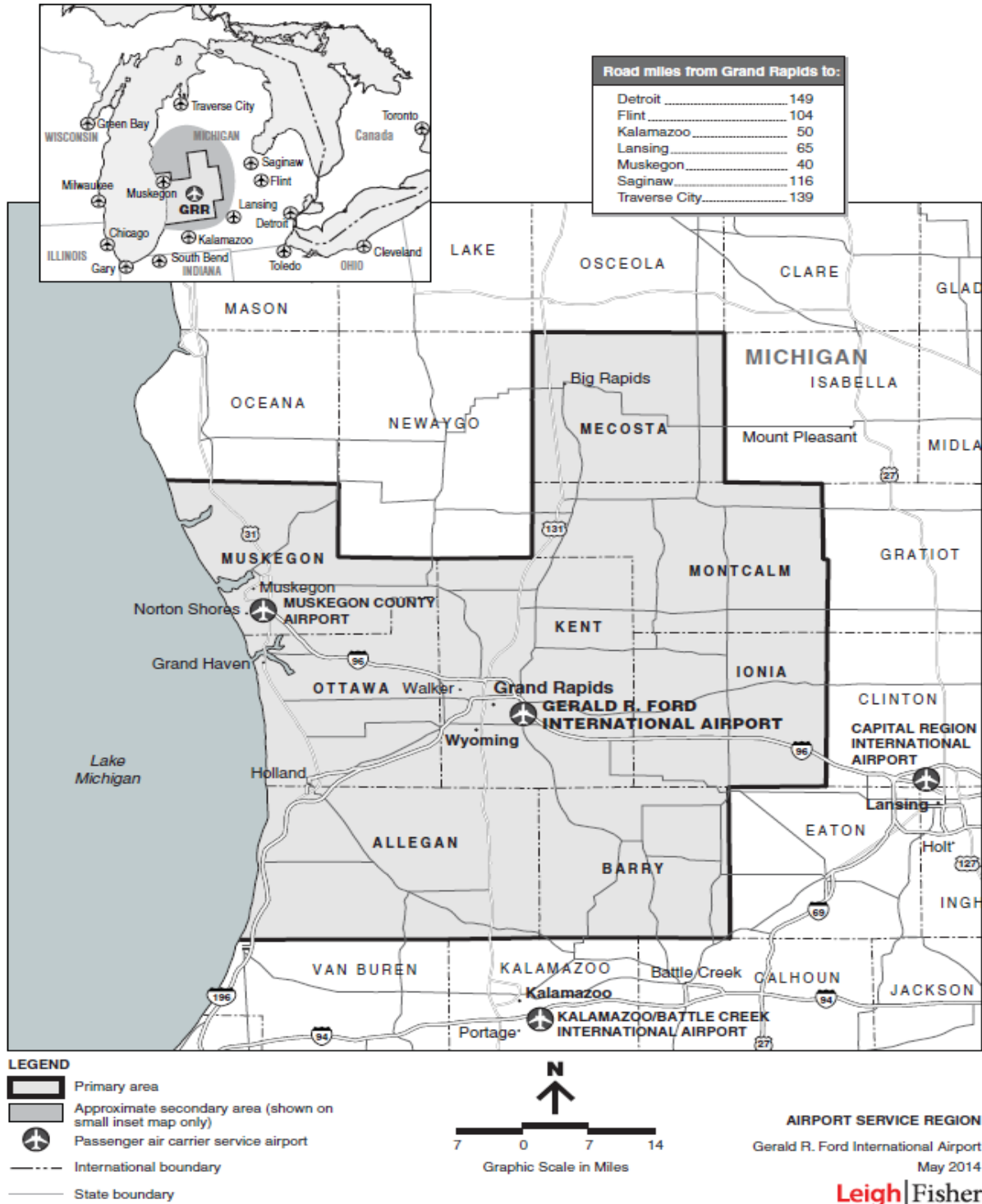


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Brian Picardat, A.A.E.  
Vice President & CFO

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

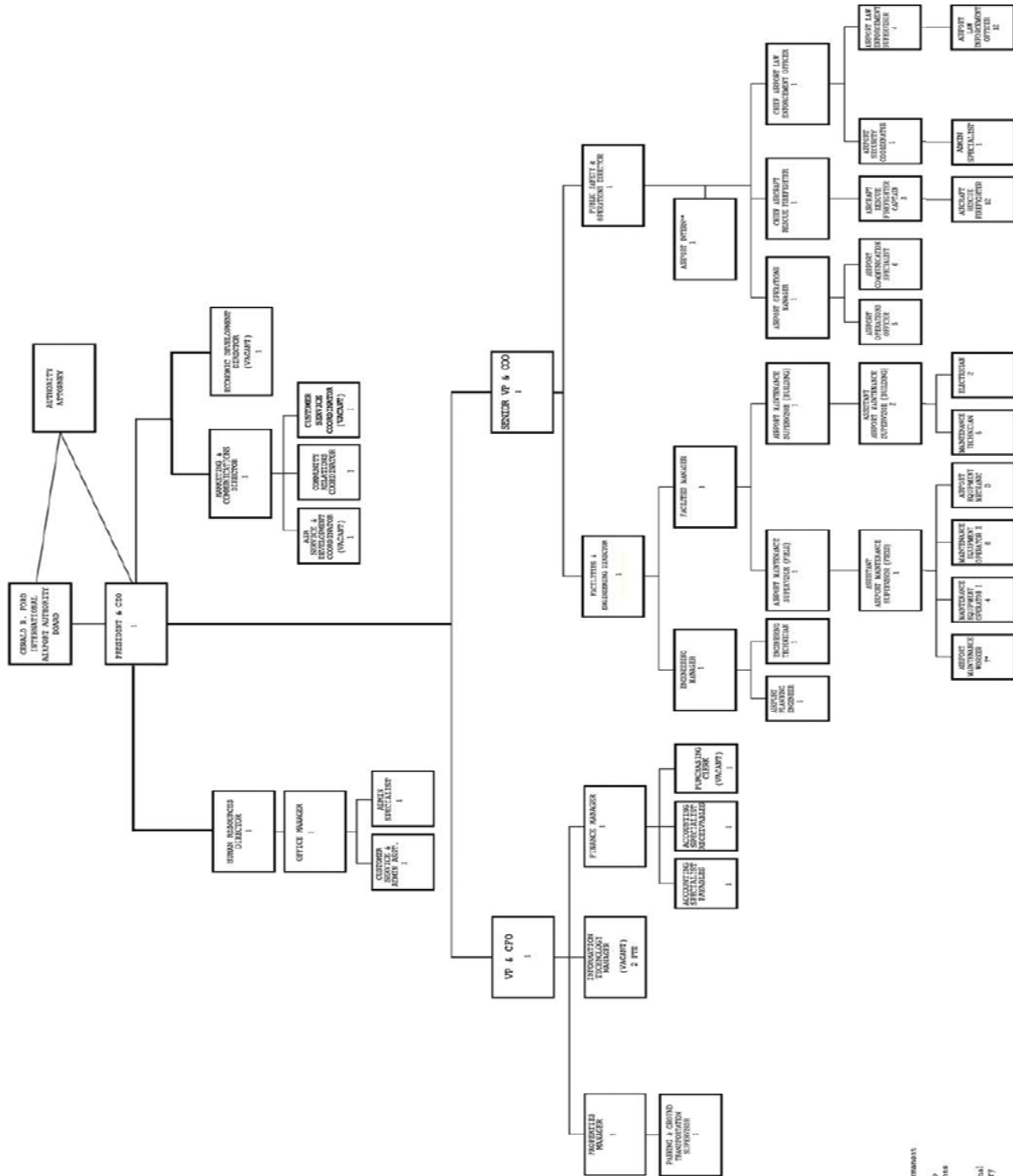
## Service Area Map





# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Organizational Chart



94 P.O.J.; Time/Summons  
 5 Week  
 8 Seasonal/Temp  
 10 Part Time  
 75-77  
 \* Positions are Seasonal  
 \*\* Position is Temporary



Government Finance Officers Association

**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, 2015**

Executive Director/CEO

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## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

June 19, 2017

Authority Board  
Gerald R. Ford International Airport Authority  
Grand Rapids, Michigan

**Report on the Financial Statements**

We have audited the accompanying financial statements of the *Gerald R. Ford International Airport Authority* (the "Authority"), a component unit of the County of Kent, Michigan, as of and for the six months ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Independent Auditors' Responsibility***

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gerald R. Ford International Airport Authority as of December 31, 2016, and the respective changes in financial position and cash flows thereof for six months then ended in conformity with accounting principles generally accepted in the United States of America.

### *Transfer of Operations*

As discussed in Note 13, operations of the Gerald R. Ford International Airport were transferred to a legally-separate Authority on July 1, 2016. As a result, the assets and liabilities of the former Department of Aeronautics, an enterprise fund of the County of Kent, Michigan were transferred to the newly-established Authority. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The introductory and statistical sections and the supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections and the supplementary information have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the information.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017 on our consideration of the Gerald R. Ford International Airport Authority's 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* in considering the Authority's internal control over financial reporting and compliance.

*Rehmann Lobson LLC*



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Gerald R. Ford International Airport Authority's activities and financial performance provide an introduction to the financial statements of the Authority, a component unit of the County of Kent, Michigan (the "County") for the six months ended December 31, 2016. 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 Authority together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

Operations of the Gerald R. Ford International Airport were previously reported as an enterprise fund of Kent County. By resolution of the Kent County Board of Commissioners, a legally-separate Airport Authority was established. The Authority was incorporated with the State of Michigan on September 20, 2015 and commenced operations on July 1, 2016. While the primary operations of the Airport remain unchanged, the basic financial statements only include financial activity of the newly-established Authority. Activity from January 1, 2016 to June 30, 2016 is reported in the Department of Aeronautics enterprise fund within the Kent County comprehensive annual financial report. Comparative data will be provided in future years when such information is available.

### FINANCIAL POSITION SUMMARY

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$207.4 million at December 31, 2016. A condensed summary of the Authority's net position is provided below:

<b>Assets</b>	
Current and other assets	\$ 65,175,876
Capital assets, net	<u>328,813,737</u>
<b>Total assets</b>	<u>393,989,613</u>
<b>Deferred outflows of resources</b>	<u>7,096,348</u>
<b>Liabilities</b>	
Long-term debt	182,075,740
Other liabilities	<u>11,443,440</u>
<b>Total liabilities</b>	<u>193,519,180</u>
<b>Deferred inflows of resources</b>	<u>192,062</u>
<b>Net position</b>	
Net investment in capital assets	152,970,366
Restricted	41,271,131
Unrestricted	<u>13,133,222</u>
<b>Total net position</b>	<u><u>\$ 207,374,719</u></u>

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Management's Discussion and Analysis

The largest portion of the Authority's net position each year (73.8%) 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 Authority uses these capital assets to provide facilities to its tenants, users and customers. Consequently, these assets are not available for future spending. Although the Authority'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 Authority's net position (19.9%) represents resources that are subject to external restrictions on how they can be used under bond resolutions and Federal regulations. The remaining unrestricted net position (6.3%) may be used to meet any of the Authority's ongoing obligations.

### SUMMARY OF CHANGES IN NET POSITION

A condensed summary of the Authority's changes in net position for the six months ended December 31 is provided below:

Operating revenues	\$ 19,673,319
Operating expenses	<u>(17,237,085)</u>
Operating income	<u>2,436,234</u>
Nonoperating revenues (expenses)	
Investment earnings	66,383
Interest expense	(3,436,327)
Gain on sale of capital assets	<u>46,460</u>
Total nonoperating revenues (expenses)	<u>(3,323,484)</u>
Loss before capital contributions	(887,250)
Capital contributions	<u>10,435,861</u>
Change in net position before special item	9,548,611
Special item - transfer from Kent County	<u>197,826,108</u>
Change in net position	207,374,719
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ 207,374,719</u>

### FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues were strong for the six months ending December 31, 2016, and resulted in an operating income of \$2.4 million.
- Net non-operating revenues will show as an expense due to the Interest Expense always being higher than the two non-operating revenues.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Management's Discussion and Analysis

- Capital contributions received in the form of grants from the Federal and State governments vary year to year and within the year. A large portion was received in the last six months of 2016.

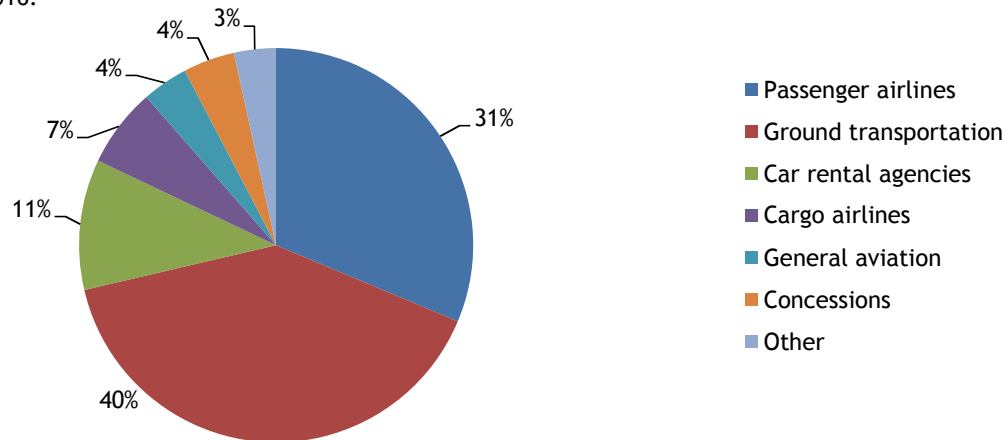
### AIRLINE RATES AND CHARGES

The Gerald R. Ford International Airport Authority 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 Authority's annual operating and capital budgets which have been approved by the Gerald R. Ford International Airport Authority Board, as well as the Kent County Board of Commissioners. The rates include the terminal rental rates, landing fees and airline apron fees. Rates as of December 31, 2016 are as follows:

Landing fees (per 1,000 lbs)	\$	2.98
Terminal rental rates (per square foot)		48.25
Airline apron fee (per 1,000 lbs)		1.79

### REVENUES

The following chart shows the major sources and the percentage of operating revenues for the six months ended December 31, 2016:



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

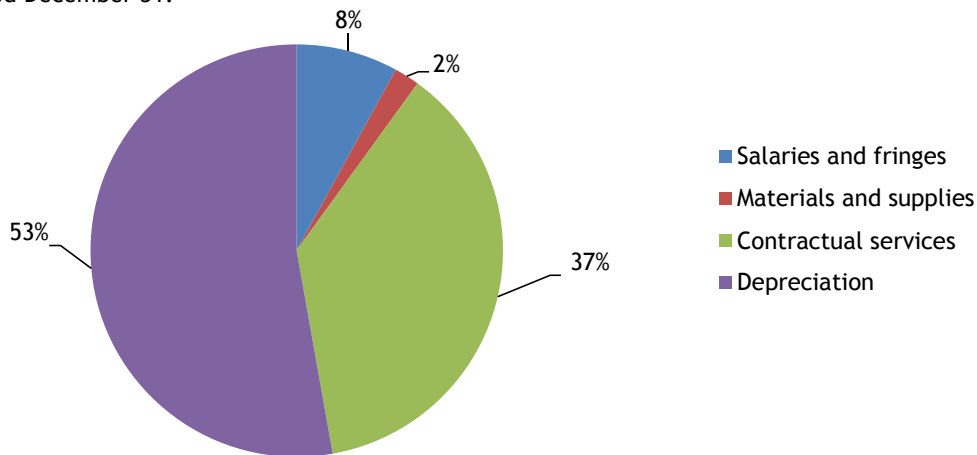
## Management's Discussion and Analysis

A summary of operating revenues for the six months ended December 31, 2016 is as follows:

Operating revenues	
Charges for services:	
Passenger airlines	\$ 6,161,184
Ground transportation	7,878,892
Car rental agencies	2,101,355
Cargo airlines	1,283,064
General aviation	737,731
Concessions	829,760
Other	681,333
	<u>681,333</u>
Total operating revenues	<u>\$ 19,673,319</u>

### EXPENSES

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



A summary of operating expenses for the six months ended December 31, 2016 is as follows:

Operating expenses	
Salaries and fringes	\$ 1,375,364
Materials and supplies	341,971
Contractual services	6,419,271
Depreciation	9,100,479
	<u>9,100,479</u>
Total operating expenses	<u>\$ 17,237,085</u>

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Management's Discussion and Analysis

### FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. The Authority is structured as an 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, construction purposes, and pension benefits. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

### CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

For the six months ended December 31, 2016 the Authority had capital additions totaling \$20,273,048. The major capital additions were:

Security Checkpoint Expansion	\$ 11,433,892
Security Systems Improvements	2,966,650
North Lot Reconstruction	2,300,582
Snow Wolf	856,332
Master Plan Update	759,063
Viewing Park Renovation	460,046
Other	1,496,483

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

### LONG-TERM DEBT ADMINISTRATION

In February 2015, the Department issued \$93.9 million of Revenue Refunding Bonds to pay the cost of the outstanding Airport Bonds, Series 2007. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In March 2015, the Department issued \$14.6 million of Revenue Bonds to pay the construction cost of the parking deck roof. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

On November 1, 2011, the Department issued \$38.7 million of Revenue Refunding Bonds to pay the cost of the outstanding Airport Bonds, Series 1998. This bond issue, unlike the 1998 Bonds but like the 2009 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

On April 30, 2009, the Department issued \$30.1 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 1999. This bond issue, like the 1999 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

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 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. These bonds were partially refunded in 2015.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Management's Discussion and Analysis

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. On March 30, 2011 Standard & Poor's affirmed the Airport's BBB+ rating with a stable outlook. With the issue of the Series 2011 Refunding Bonds noted above, all of the outstanding Bond issues have the limited tax general obligation of the County and therefore carry the County's AAA rating from Standard & Poor's and Aaa from Moody's.

See the notes to the financial statements for more detailed information on the Authority's revenue bonds payable.

### ECONOMIC FACTORS AND NEXT YEAR'S RATES

The economy of West Michigan has outperformed the rest of the state and country and this has reflected in the passenger growth seen by the airport over the last four years. The Authority has seen continued growth in the first five months of 2017 as well. With this growth and our staff's continued review of costs, it is expected that airline rates will continue to be held flat or with a very little increase in 2018.

### REQUESTS FOR INFORMATION

This financial report is designed to provide general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Vice President and CFO, Gerald R. Ford International Airport Authority, 5500 44th Street SE, Grand Rapids, Michigan 49512-4055.

Respectfully submitted,



Brian Picardat, A.A.E.  
Vice President and CFO



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## BASIC FINANCIAL STATEMENTS

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Statement of Net Position

December 31, 2016

### Assets

#### Current assets:

Cash and investments	\$ 13,769,631
Accounts receivable, net	2,161,490
Due from other governments	2,168,877
Inventories	165,076
Prepaid expenses	760,139
Restricted cash and investments	34,941,340
Restricted accounts receivable	728,690
<b>Total current assets</b>	<b><u>54,695,243</u></b>

#### Noncurrent assets:

Restricted cash and investments	3,554,821
Capital assets not being depreciated	28,727,822
Capital assets being depreciated, net	300,085,915
Net pension asset	6,925,812
<b>Total noncurrent assets</b>	<b><u>339,294,370</u></b>

<b>Total assets</b>	<b><u>393,989,613</u></b>
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### Deferred outflows of resources

Deferred charges on refunding, net	<u>7,096,348</u>
------------------------------------	------------------

### Liabilities

#### Current liabilities:

Accounts payable	2,737,188
Construction contracts payable	4,015,184
Accrued liabilities	582,731
Unearned revenue	288,259
Payable from restricted assets - accrued interest	3,820,078
Current maturities of revenue bonds payable and bond premium	8,509,774
<b>Total current liabilities</b>	<b><u>19,953,214</u></b>

#### Noncurrent liabilities:

Revenue bonds payable and bond premium	<u>173,565,966</u>
--	--------------------

<b>Total liabilities</b>	<b><u>193,519,180</u></b>
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### Deferred inflows of resources

Deferred pension amounts	<u>192,062</u>
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### Net position

Net investment in capital assets	152,970,366
Restricted:	
Debt service	11,510,714
Capital improvements	23,026,667
Pension benefits	6,733,750
Unrestricted	<u>13,133,222</u>

<b>Total net position</b>	<b><u>\$ 207,374,719</u></b>
---------------------------	------------------------------

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

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Statement of Revenues, Expenses and Changes in Fund Net Position For the Six Months Ended December 31, 2016

Operating revenues	
Charges for services:	
Passenger airlines	\$ 6,161,184
Ground transportation	7,878,892
Car rental agencies	2,101,355
Cargo airlines	1,283,064
General aviation	737,731
Concessions	829,760
Other	681,333
	<hr/>
Total operating revenues	19,673,319
	<hr/>
Operating expenses	
Salaries and fringes	1,375,364
Materials and supplies	341,971
Contractual services	6,419,271
Depreciation	9,100,479
	<hr/>
Total operating expenses	17,237,085
	<hr/>
Operating income	2,436,234
	<hr/>
Nonoperating revenues (expenses)	
Interest earnings	66,383
Interest expense	(3,436,327)
Gain on sale of capital assets	46,460
	<hr/>
Total nonoperating revenues (expenses)	(3,323,484)
	<hr/>
Loss before capital contributions	(887,250)
	<hr/>
Capital contributions	
Passenger facility charges	2,652,193
Customer facility charges	1,139,277
Other capital contributions	6,644,391
	<hr/>
Total capital contributions	10,435,861
	<hr/>
Change in net position before special item	9,548,611
	<hr/>
Special item - transfer from Kent County (Note 13)	197,826,108
	<hr/>
Change in net position	207,374,719
	<hr/>
Net position, beginning of year	-
	<hr/>
Net position, end of year	\$ 207,374,719
	<hr/> <hr/>

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

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Statements of Cash Flows

For the Six Months Ended December 31, 2016

Cash flows from operating activities	
Receipts from customers and users	\$ 19,655,528
Payments to suppliers	(5,426,013)
Payments to employees	<u>(6,760,819)</u>
Net cash provided by operating activities	<u>7,468,696</u>
Cash flows from capital and related financing activities	
Passenger facility charges collected	2,680,181
Customer facility charges collected	1,233,798
Other capital contributions received	4,475,514
Proceeds from sale of capital assets	81,317
Purchase of capital assets	(16,257,864)
Interest paid on revenue bonds	<u>(3,820,078)</u>
Net cash used in capital and related financing activities	<u>(11,607,132)</u>
Cash flows from noncapital financing activities	
Receipt of cash associated with transfer of operations	<u>56,337,845</u>
Cash flows from investing activities	
Interest received on investments	<u>66,383</u>
Net increase in cash and cash equivalents	52,265,792
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 52,265,792</u></u>
Classified on the statement of net position as	
Cash and investments	\$ 13,769,631
Current restricted cash and investments	34,941,340
Noncurrent restricted cash and investments	<u>3,554,821</u>
Total cash and investments	<u><u>\$ 52,265,792</u></u>

continued...

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Statements of Cash Flows

For the Six Months Ended December 31, 2016

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 2,436,234
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,100,479
Change in:	
Accounts receivable	(91,568)
Inventories	(113,669)
Prepaid expenses	(583,870)
Net pension asset and deferred pension amounts	(5,036,798)
Accounts payable	2,032,767
Accrued liabilities	(348,656)
Unearned revenue	73,777
	<hr/>
Net cash provided by operating activities	\$ 7,468,696
	<hr/> <hr/>
	concluded

Other capital contributions received is net of the change in amounts due from other governments of \$(2,168,877).  
Purchase of capital assets is net of the change in contracts payable of \$4,015,184.

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

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## NOTES TO FINANCIAL STATEMENTS



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Gerald R. Ford International Airport Authority (the “Authority”) conform to generally accepted accounting principles as applied to enterprise funds of governmental units. The following is a summary of the significant policies.

#### Reporting Entity

The Authority was incorporated as a public body on September 2, 2015 and commenced operations on July 1, 2016. The Authority's purpose is to operate and maintain the Gerald R. Ford International Airport in Grand Rapids, Michigan. It is the second largest airport in Michigan with flights to 23 domestic locations.

The Authority is governed by a seven-member Board whose members are appointed by the County of Kent, Michigan (the “County”) and is reported as a discretely presented component unit of the County.

#### Basis of Presentation

All operations of the Authority 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 Authority 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.

Restricted net position is reported for assets that are subject to restrictions beyond the Authority's control, less any liabilities payable from such restricted assets. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

##### *Deposits and Investments*

The Authority's cash and cash equivalents include amounts in demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less and short-term accrued interest to be cash equivalents.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

The Airport's investments are comprised entirely of a balance in the Kent County External Investment Pool, managed by the County Treasurer. Investments underlying the County External Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. treasuries and agencies, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to participating governments. Positions in external investment pools are not required to be categorized within the fair value hierarchy.

State statutes and the Authority's policies allow the Authority 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 December 31, 1997.

### *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.

### *Due From Other Governments*

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time eligible project costs are incurred and reimbursement is requested. Revenues received in advance of project costs being incurred are reported as unearned revenue.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### *Inventories*

Inventories, which consist of fuel and runway de-icer, are valued at cost. Cost is determined by the first-in, first-out (FIFO) method and is accounted for under the consumption method.

### *Prepaid Expenses*

The Authority incurred expenses prior to year-end for services that will be performed in the next fiscal year. In these situations, the Authority 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 and Premiums*

Premiums and discounts associated with various bond issues are being amortized by the straight-line method over the repayment periods of the related bonds. Amortization of these items is charged to interest expense.

### *Capital Assets*

Capital assets are defined by the government as assets having a useful life in excess of three years and a per item cost exceeding \$50,000. Capital assets are stated at historical cost, net of accumulated depreciation. Donated capital assets are recorded at estimated acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

Construction in progress, consisting primarily of expenditures for land improvements, is capitalized as incurred.

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:

Asset Type	Years
Land improvements	20-30
Buildings and improvements	30-50
Equipment	3-12
Office furniture	5-15
Vehicles	3-7

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

The Authority 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.

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources related to its pension plan as well as for the deferred charge on bond refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### *Compensated Absences*

Authority 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 Authority's policy to recognize the cost of vacation pay at the time the liability is incurred.

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows related to its pension plan.

### *Passenger Airline Charges*

The Authority sets rates and charges for landing fees, terminal rental rates and apron fees that are charged to the airlines for services based on the adopted operating and capital budgets. These rates and charges are adopted by the Board in October and are effective January 1. At the end of the year, the Authority 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. As a result of year end calculations, no additional amount was billed or credited for the six months ended December 31, 2016.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### *Capital Contributions*

Passenger facilities charges (PFC) are collected from airlines that service the airport for each enplaned passenger and such charges must be used to fund capital projects. The Authority received approval from the Federal Aviation Administration (FAA) on September 9, 1992 to start collecting a \$3 PFC. The Authority 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 2009. 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. Revenue is recognized when earned and is classified as capital contributions.

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 Gerald R. Ford International Airport 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. Consequently, revenue is recognized when earned and is classified as capital contributions. As of March 1, 2016, the amount collected in CFC’s and rental income from the car rental agencies reached the total amount expended in the development of the new rental car service facilities. At that time, the Board approved for the CFC revenue to be put towards the payment of debt incurred during the 2015 construction of the roof of the parking structure, as well as a maintenance fund for the car rental service facilities. The Authority estimates that the total amount needed to pay off the debt and the maintenance fund for 15 years is \$37 million. Based on current collection rates, the Authority anticipates that the total amount will be collected via CFC’s by December 31, 2030.

The Authority received a significant amount of funding through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Authority and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital asset acquisitions, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in net position after nonoperating revenues and expenses as other capital contributions.

### *Pensions*

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *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 may differ from those estimates.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### 2. DEPOSITS AND INVESTMENTS

The Authority's deposits and investments are included in the statement of net position under the following classifications:

#### Statement of Net Position

Current assets:	
Cash and investments	\$ 13,769,631
Restricted cash and investments	34,941,340
Noncurrent assets –	
Restricted cash and investments	<u>3,554,821</u>
Total	<u>\$ 52,265,792</u>

These amounts are further classified as follows:

Checking and savings accounts	\$ 34,772,218
Collateralized deposits	15,330,792
County investment pool	2,161,182
Cash on hand	<u>1,600</u>
Total cash and investments	<u>\$ 52,265,792</u>

#### 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 Authority'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 Authority's investments do not have identifiable maturity dates. Additional information regarding interest rate risk can be found in the notes to the financial statements of the 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 in Note 1. The Authority's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The County investment pool is not rated. Additional information regarding credit risk of the investments held in the County investment pool can be found in the notes to the financial statements of the County's Comprehensive Annual Financial Report.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a specific policy pertaining to custodial credit risk for deposits that is more restrictive than state law. As of year-end, \$34,845,852 of the Authority's bank balance of \$35,095,852 (book balance of \$34,772,218) was subject to custodial credit risk because it was uninsured and uncollateralized. The Authority's collateralized deposits represent amounts held in bond reserve and redemption accounts that are collateralized by U.S. government treasuries and agencies. Custodial credit risk for the balance held in the County investment pool cannot be determined because the Authority's balance does not correspond to specific bank accounts. Additional information regarding custodial credit risk can be found in the notes to the financial statements of the 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 Authority 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 Authority 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 the County's Comprehensive Annual Financial Report.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Authority's investment policy provides that, with the exception of U.S. Treasuries and authorized pools, no more than 25% of the portfolio shall be invested in a single security type or with a single financial institution. Information on concentration of credit risk for the County Investment Pool can be found in the notes to the financial statements of the County's Comprehensive Annual Financial Report.

### 3. RESTRICTED ASSETS

Restricted assets are maintained in collateralized deposits accounts and interest-bearing savings accounts, and are reported as follows:

Current restricted cash and investments:	
Debt service	\$ 11,775,971
Capital improvements	22,297,977
Unspent bond proceeds	<u>867,392</u>
Total current restricted cash and investments	<u>\$ 34,941,340</u>
Current restricted accounts receivable:	
Capital improvements:	
Passenger facility charges	\$ 593,822
Customer facility charges	<u>134,868</u>
Total current restricted accounts receivable	<u>\$ 728,690</u>
Noncurrent restricted cash and investments:	
Debt service	<u>\$ 3,554,821</u>

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

Amounts restricted for debt service include current cash and cash equivalents in a bond redemption fund to be used for the payment of principal interest on outstanding revenue bonds. The amount reported as noncurrent cash and cash equivalents represents a required bond reserve which is only accessible if the Authority were to default on payment, and only then after first utilizing resources in the bond redemption fund.

### 4. CAPITAL ASSETS

Capital asset activity for the six months ended December 31, 2016, was as follows:

	Transfer of Operations *	Additions	Disposals	Transfers To / From Construction in Progress	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	\$ 10,452,948	\$ 20,258,614	\$ (34,857)	\$ (1,948,883)	\$ 28,727,822
Capital assets, being depreciated:					
Land improvements	244,815,950	-	-	(508,786)	244,307,164
Buildings and improvements	274,453,409	-	-	265,574	274,718,983
Equipment	22,029,107	-	(194,975)	2,126,845	23,960,977
Equipment-systems	5,814,502	14,434	-	38,750	5,867,686
Office furniture	1,964,885	-	-	-	1,964,885
Vehicles	846,369	-	-	26,500	872,869
	<u>549,924,222</u>	<u>14,434</u>	<u>(194,975)</u>	<u>1,948,883</u>	<u>551,692,564</u>
Less accumulated depreciation for:					
Land improvements	(132,721,568)	(3,861,061)	-	-	(136,582,629)
Buildings and improvements	(93,247,190)	(4,485,020)	-	-	(97,732,210)
Equipment	(10,338,267)	(501,195)	194,975	-	(10,644,487)
Equipment-systems	(4,493,479)	(125,366)	-	-	(4,618,845)
Office furniture	(1,414,050)	(41,697)	-	-	(1,455,747)
Vehicles	(486,591)	(86,140)	-	-	(572,731)
	<u>(242,701,145)</u>	<u>(9,100,479)</u>	<u>194,975</u>	<u>-</u>	<u>(251,606,649)</u>
Total capital assets being depreciated, net	<u>307,223,077</u>	<u>(9,086,045)</u>	<u>-</u>	<u>1,948,883</u>	<u>300,085,915</u>
Capital assets, net	<u>\$ 317,676,025</u>	<u>\$ 11,172,569</u>	<u>\$ (34,857)</u>	<u>\$ -</u>	<u>\$ 328,813,737</u>

\* As described in Note 13, the Authority was legally established effective July 1, 2016. Ownership of all land improvements, buildings, and equipment was transferred from the County to the Authority at that time. The airport land was retained by the County.



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### 5. LONG-TERM DEBT

Long-term debt activity for six months ended December 31, 2016, was as follows:

	Transfer of Operations *	Additions	Deductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 162,335,000	\$ -	\$ -	\$ 162,335,000	\$ 7,255,000
Premium on revenue bonds	20,368,128	-	(627,388)	19,740,740	1,254,774
	<u>\$ 182,703,128</u>	<u>\$ -</u>	<u>\$ (627,388)</u>	<u>\$ 182,075,740</u>	<u>\$ 8,509,774</u>

\* As described in Note 13, the Authority was legally established effective July 1, 2016. The obligation for all long-term debt was transferred from the County to the Authority at that time.

#### Revenue bonds

\$117,360,000 2007 Airport Revenue Bonds, due in annual installments of \$600,000 to \$7,785,000 plus interest ranging from 4.75% to 5.00%, payable semi-annually, through January 1, 2037, partially refunded in 2015.	\$ 2,935,000
\$30,110,000 2009 Airport Revenue Refunding Bonds, due in annual installments of \$130,000 to \$2,645,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through January 1, 2025.	19,965,000
\$38,675,000 2011 Airport Revenue Refunding Bonds, due in annual installments of \$1,785,000 to \$3,290,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through January 1, 2028.	31,255,000
\$14,595,000 2015 Airport Revenue Bonds, due in annual installments of \$345,000 to \$1,075,000 plus interest ranging from 1.50% to 5.00%, payable semi-annually, through January 1, 2035.	14,250,000
\$93,930,000 2015 Airport Revenue Refunding Bonds, due in annual installments of \$2,870,000 to \$6,975,000 plus interest ranging from 4.00% to 5.00%, payable semi-annually, through January 1, 2037.	<u>93,930,000</u>
Total revenue bonds	<u>\$ 162,335,000</u>

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended December 31,	Principal	Interest
2017	\$ 7,255,000	\$ 7,477,956
2018	7,370,000	7,131,506
2019	7,735,000	6,763,243
2020	8,105,000	6,380,231
2021	8,505,000	5,979,656
2022-2026	46,330,000	23,197,594
2027-2031	35,265,000	13,042,409
2032-2036	34,795,000	5,593,564
2037	6,975,000	174,375
	<u>\$ 162,335,000</u>	<u>\$ 75,740,534</u>

There are a number of limitations and restrictions contained in the various bond indentures. The Authority 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 Authority. In compliance with bond agreements, the Authority has available a letter of credit totaling \$11,435,300, which has not been drawn upon. The letter of credit expires on September 11, 2020. The Series 2011 Refunding Bond reserve requirement is funded with cash and accrued interest in the amount of \$3,554,821 as of December 31, 2016. In addition, all the bonds bear the limited tax pledge of the full faith and credit of the County to advance necessary amounts to meet principal and interest payments in the event that revenues of the Authority are insufficient to meet requirements.

### *Pledged Revenue*

Revenue bonds are secured by pledged airport revenues. Proceeds of these bonds were utilized for airport terminal and runway construction projects. The related bond agreements require future principal and interest payments totaling \$238,075,534 through 2037. For the six months ended December 31, 2016, there were no principal payments and interest expense totaled \$3,436,327. Revenue pledged for debt service was \$30,222,023 for the six months ended December 31, 2016.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### 6. LEASES RECEIVABLE

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

Year Ended December 31,	Amount
2017	\$ 7,784,398
2018	5,258,717
2019	3,888,104
2020	2,723,338
2021	2,674,920
2022-2026	10,273,000
2027-2031	4,858,392
2032-2036	4,352,138
2037-2041	4,122,980
2042-2046	2,254,550
2047-2051	119,210
2052	4,053
	<u>\$ 48,313,800</u>

### 7. RISK MANAGEMENT

The Authority is exposed to various risk of loss during the normal course of operation. The Authority participates in the County's self-insurance program for property insurance. The cost of coverage is recognized as an operating expense in the year incurred. The Authority also purchases commercial insurance for coverage of catastrophic loss.

The Authority participates in the Michigan Municipal Risk Management Authority (MMRMA). MMRMA is a self-insured association organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to Michigan cities, counties, townships, and special purpose governments. The Authority is responsible for paying all losses, including damages, loss adjustment expenses, and defense costs, for each occurrence that falls within the Authority's self-insured retention. Settled claims have not exceeded available coverage for any of the last three years. There was no estimated claims liability at December 31, 2016 and no claim payments for the six months then ended.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### 8. NET POSITION

#### *Net Investment in Capital Assets*

The Authority's net investment in capital assets was comprised of the following at December 31, 2016:

Capital assets:	
Capital assets not being depreciated	\$ 28,727,822
Capital assets being depreciated, net	300,085,915
	<u>328,813,737</u>
Related debt:	
Current maturities of revenue bonds payable and bond premium	(8,509,774)
Revenue bonds payable and bond premium, net of current portion	(173,565,966)
Deferred charges on refunding, net	7,096,348
Unspent bond proceeds	(863,979)
	<u>(175,843,371)</u>
Net investment in capital assets	<u>\$ 152,970,366</u>

#### *Restricted Net Position*

The Authority's restricted net position was comprised of the following items at December 31, 2016:

Debt service	\$ 11,510,714
Capital improvements	23,026,667
Pension benefits	6,733,750
	<u>41,271,131</u>
Total restricted net position	<u>\$ 41,271,131</u>

The amount restricted for pension benefits represents the actuarial value of assets held in trust for pension benefits in excess of the total pension liability (reported as a net pension asset) net of the related deferred amounts.

### 9. DEFINED BENEFIT PENSION PLAN

#### *General Information About the Plan*

*Plan Description.* The Authority participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

*Benefits Provided.* Pension benefits vary based on date of hire. Employees with a hire date prior to July 1, 2016 that transferred employment from the County participate in a defined benefit plan. Service credit for employment as a County employee was retained. Benefit payments are calculated as final average compensation (based on a 3 year period) and a multiplier of 2.5%. Participants are considered to be fully vested in the plan after 5 years. Normal retirement age is 60 with 5 more years of service or any age with 25 or more years of service. Early retirement options are available at age 55 with a reduced benefit. Members are required to contribute at a rate of 6.5% of covered payroll.

Employees hired on or after July 1, 2016 participant in a hybrid plan. Benefit payments under the hybrid plan are calculated as final average compensation (based on a 3 year period) and a multiplier of 1.5%. Participants are considered to be fully vested in the plan after 6 years. Employer defined contribution payments vest on a graded scale over 6 years. Employee contributions vest immediately. Normal retirement age is 60 with 6 years of service with an early retirement option available at age 55 with 25 years of service. Members are required to contribute at a rate of 6.5% of covered payroll.

*Employees Covered by Benefit Terms.* At December 31, 2016, the date of the latest actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitles to but not yet receiving benefits	3
Active employees	<u>91</u>
 Total membership	 <u><u>97</u></u>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions for the closed defined benefit plan are expressed as a fixed month dollar amount which amounted to \$23,863 through December 31, 2016. Employer contributions to the hybrid plan are expressed as a percentage of covered payroll and amount to 8.68% (including a 2% defined contribution component).

*Net Pension Liability.* The Authority's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined as of the same date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no explicit price inflation assumption is used in the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend with rates multiplied by 105%.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.87%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	10.00%	6.56%	0.66%
	<u>100.00%</u>		
Inflation			3.00%
Administrative expenses netted above			<u>0.50%</u>
Investment rate of return			<u>8.00%</u>

*Discount Rate.* The discount rate used to measure the total pension asset is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### *Changes in Net Pension Asset*

The components of the change in the net pension asset are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at December 31, 2015	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	756,113	-	756,113
Interest	29,228	-	29,228
Employer contributions	-	16,038,027	(16,038,027)
Employee contributions	-	3,529,014	(3,529,014)
Net investment income	-	1,020,983	(1,020,983)
Benefit payments, including refunds of employee contributions	(25,404)	(25,404)	-
Administrative expense	-	(18,996)	18,996
Other changes	12,857,875	-	12,857,875
Net changes	<u>13,617,812</u>	<u>20,543,624</u>	<u>(6,925,812)</u>
Balances at December 31, 2016	<u>\$ 13,617,812</u>	<u>\$ 20,543,624</u>	<u>\$ (6,925,812)</u>

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate.* The following presents the net pension asset of the Authority, calculated using the discount rate of 8.00%, as well as what the Authority's net pension asset would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's net pension asset	\$ (4,972,710)	\$ (6,925,812)	\$ (8,554,239)

### *Pension Expense and Deferred Inflows of Resources Related to Pensions*

For the six months ended December 31, 2016, the Authority recognized pension expense of \$9,304,277. The Authority reported pension-related deferred inflows of resources from net difference between projected and actual earnings pension plan investments of \$192,062.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

Amounts reported as pension-related deferred inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2017	\$ (48,015)
2018	(48,015)
2019	(48,015)
2020	<u>(48,017)</u>
	<u>\$ (192,062)</u>

*Payable to the Pension Plan.* At December 31, 2016, the Authority had an outstanding payable to the pension plan of \$91,255.

### 10. HEALTH CARE SAVINGS PLAN

The Authority sponsors a Health Care Savings Plan (HCSP) for employees. The plan allows for employee and employer contributions while employed to be used toward eligible medical expenses upon retirement. Employees contribute at a rate of 1% of covered payroll. The Authority supplements employee contributions with an annual contribution of \$3,000 (paid on a quarterly basis). Employee contributions are vested immediately. Authority contributions are vested on a graded scale over 6 years.

Employees hired before July 1, 2016 were previously part of the Kent County Voluntary Employees' Beneficiary Association (VEBA), a defined benefit other postemployment benefits plan. Upon transferring to the Authority, these employees are no longer eligible under the VEBA. Accordingly, the Authority provided these employees with a contribution to their new HCSP account for prior service credit under the County. The total of contributions due for prior service credit was \$2,497,500, of which \$1,458,387 was contributed in the six months ended December 31, 2016 (\$436,193 from the airport's share of VEBA assets plus a cash contribution of \$1,022,194). The remaining payment of \$1,039,133 to fully fund the HCSP for prior service credit was made in March 2017.

### 11. MAJOR CUSTOMERS

Rentals and fees earned from passenger air carriers accounted for 31.3% of operating revenue for the six months ended December 31, 2016.

### 12. CONCENTRATED CREDIT RISK

The Authority provides gate access to sixteen passenger airlines and access to two 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 Authority's primary exposure to credit risk is in trade receivables, and management performs ongoing credit evaluations of the major tenants.



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Notes to Financial Statements

### 13. SPECIAL ITEMS

Through June 30, 2016, the Airport was reported as an enterprise fund of Kent County. The Authority was incorporated as a legally-separate authority on September 2, 2015. Operations commenced on July 1, 2016 at which time all monies on-hand with the County and all land improvements, building, and equipment used in the operation of the Airport was transferred to the Authority. A summary of transferred operations is as follows:

	Carrying Values at July 1, 2016
<b>Assets</b>	
Current assets	\$ 55,933,597
Capital assets, net	317,676,025
Other noncurrent assets	3,553,044
	<u>377,162,666</u>
Deferred outflows of resources	<u>11,408,523</u>
<b>Liabilities</b>	
Current liabilities	5,670,367
Long-term debt	182,703,128
Other noncurrent liabilities	1,949,596
	<u>190,323,091</u>
Deferred inflows of resources	<u>421,990</u>
Net position	<u>\$ 197,826,108</u>

The County retained ownership of all land with a carrying value of \$21,184,076. This amount is reported as an asset of governmental activities in the County's comprehensive annual financial report.



## REQUIRED SUPPLEMENTARY INFORMATION

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Changes in Authority's Net Pension Asset and Related Ratios

	Year Ended December 31, 2016
Total pension liability	
Service cost	\$ 756,113
Interest	29,228
Benefit payments, including refunds of employee contributions	(25,404)
Other changes	12,857,875
Net change in total pension liability	<u>13,617,812</u>
Total pension liability, beginning of year	<u>-</u>
Total pension liability, end of year	<u>13,617,812</u>
Plan fiduciary net position	
Employer contributions	16,038,027
Employee contributions	3,529,014
Net investment income	1,020,983
Administrative expense	(25,404)
Other changes	(18,996)
Net change in plan fiduciary net position	<u>20,543,624</u>
Plan fiduciary net position, beginning of year	<u>-</u>
Plan fiduciary net position, end of year	<u>20,543,624</u>
Authority's net pension asset	<u>\$ (6,925,812)</u>
Plan fiduciary net position as a percentage of total pension liability	150.86%
Covered payroll	\$ 5,635,428
Authority's net pension asset as a percentage of covered payroll	-122.90%

Note: The Authority enrolled in this defined benefit pension plan in 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Asset

Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Asset	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Asset as Percentage of Covered Payroll
2016	\$ 13,617,812	\$ 20,543,624	\$ (6,925,812)	150.86%	\$ 5,635,428	-122.90%

Note: The Authority enrolled in this defined benefit pension plan in 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Contributions

Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 15,881,370	\$ 16,038,027	\$ (156,657)	\$ 5,635,428	284.59%

Note: The Authority enrolled in this defined benefit pension plan in 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Contributions

**Valuation Date** Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	10 years (23 years for the Hybrid plan)
Asset valuation method	10 year smoothed
Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The assumed retirement percentage is 100% at the later of age 70 of a member's age on the valuation date.
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend, with rates multiplied by 105%.

**SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## ■ Notes to Supplementary Information

The Gerald R. Ford International Airport (the "Airport") operated as an enterprise fund of the County of Kent, Michigan (the "County") through June 30, 2016. Effective July 1, 2016, operations were transferred to a newly-established Authority. The nature and extent of services offered by the Airport remain largely unchanged. The basic financial statements include only the activity of the legally-separate Authority, a six-month period from July 1, 2016 (inception) through the Authority's year-end of December 31.

Airport operations are subject to seasonal fluctuations. Accordingly, the financial statements for the six month period, while required to be presented as such by GAAP, provide an incomplete picture of the Airport's operating results. The following supplementary information has been compiled to provide information on the Airport's financial activity for the full year. The activity reported for January 1, 2016 through June 30, 2016 represents operations as a fund of the County. This information is also presented in the Department of Aeronautics enterprise fund of the County's comprehensive annual financial report (CAFR). Activity from July 1, 2016 through December 31, 2016 represents operations of the new Authority and was derived from the preceding basic financial statements. Since the Authority is a component unit of the County, this activity is reported in the County's CAFR under discretely-presented component units. Comparative data is based on the separately-issued audit report for the Department of Aeronautics for the year ended December 31, 2015 (and agrees to the amount reported in the Department of Aeronautics in the County's 2015 CAFR).



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Statement of Net Position

(with Comparative Totals for the Prior Year)

	December 31,	
	2016	2015
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 13,769,631	\$ 21,325,560
Accounts receivable, less allowance for uncollectible of \$36,937 (\$247,159 in 2015)	2,161,490	1,458,426
Due from other governments	2,168,877	7,162,208
Inventories	165,076	72,017
Prepaid expenses	760,139	254,838
Restricted cash and investments	34,941,340	29,287,091
Restricted accounts receivable	728,690	682,386
<b>Total current assets</b>	<b>54,695,243</b>	<b>60,242,526</b>
Noncurrent assets:		
Restricted cash and investments	3,554,821	3,551,886
Capital assets not being depreciated	28,727,822	70,504,270
Capital assets being depreciated, net	300,085,915	272,362,336
Net pension asset	6,925,812	-
<b>Total noncurrent assets</b>	<b>339,294,370</b>	<b>346,418,492</b>
<b>Total assets</b>	<b>393,989,613</b>	<b>406,661,018</b>
Deferred outflows of resources		
Deferred charges on refunding, net	7,096,348	7,583,623
Deferred pension amounts	-	4,068,537
<b>Total deferred outflows of resources</b>	<b>7,096,348</b>	<b>11,652,160</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	2,737,188	1,011,666
Construction contracts payable	4,015,184	1,063,530
Accrued liabilities	582,731	489,587
Unearned revenue	288,259	327,134
Payable from restricted assets - accrued interest	3,820,078	3,949,353
Current maturities of revenue bonds payable and bond premium	8,509,774	8,124,776
<b>Total current liabilities</b>	<b>19,953,214</b>	<b>14,966,046</b>
Noncurrent liabilities:		
Revenue bonds payable and bond premium	173,565,966	182,075,740
Net pension liability	-	1,949,596
<b>Total noncurrent liabilities</b>	<b>173,565,966</b>	<b>184,025,336</b>
<b>Total liabilities</b>	<b>193,519,180</b>	<b>198,991,382</b>
Deferred inflows of resources		
Deferred pension amounts	192,062	421,990
<b>Net position</b>		
Net investment in capital assets	152,970,366	161,635,795
Restricted:		
Debt service	11,510,714	10,424,130
Capital improvements	23,026,667	17,761,798
Pension benefits	6,733,750	-
Unrestricted	13,133,222	29,078,083
<b>Total net position</b>	<b>\$ 207,374,719</b>	<b>\$ 218,899,806</b>



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Unaudited) (with Comparative Totals for the Prior Year)

	Year Ended December 31, 2016			Year Ended December 31, 2015
	Six Months Ended June 30	Six Months Ended December 31	Total	
Operating revenues				
Charges for services:				
Passenger airlines	\$ 6,039,754	\$ 6,161,184	\$ 12,200,938	\$ 12,120,448
Ground transportation	8,849,794	7,878,892	16,728,686	15,471,428
Car rental agencies	1,768,293	2,101,355	3,869,648	3,856,055
Cargo airlines	1,261,669	1,283,064	2,544,733	2,551,693
General aviation	746,039	737,731	1,483,770	1,478,572
Concessions	777,934	829,760	1,607,694	1,513,896
Other	600,891	681,333	1,282,224	1,227,114
<b>Total operating revenues</b>	<b>20,044,374</b>	<b>19,673,319</b>	<b>39,717,693</b>	<b>38,219,206</b>
Operating expenses				
Salaries and fringes	4,354,137	1,375,364	5,729,501	8,917,370
Materials and supplies	298,402	341,971	640,373	996,493
Contractual services	6,335,099	6,419,271	12,754,370	11,478,868
Depreciation	9,187,644	9,100,479	18,288,123	16,684,925
<b>Total operating expenses</b>	<b>20,175,282</b>	<b>17,237,085</b>	<b>37,412,367</b>	<b>38,077,656</b>
Operating income (loss)	(130,908)	2,436,234	2,305,326	141,550
Nonoperating revenues (expenses)				
Interest earnings	167,069	66,383	233,452	177,894
Interest expense	(3,436,329)	(3,436,327)	(6,872,656)	(7,269,562)
Gain on sale of capital assets	11,550	46,460	58,010	56,234
<b>Total nonoperating revenues (expenses)</b>	<b>(3,257,710)</b>	<b>(3,323,484)</b>	<b>(6,581,194)</b>	<b>(7,035,434)</b>
Loss before capital contributions	(3,388,618)	(887,250)	(4,275,868)	(6,893,884)
Capital contributions				
Passenger facility charges	2,771,327	2,652,193	5,423,520	5,242,139
Customer facility charges	877,059	1,139,277	2,016,336	1,955,796
Other capital contributions	(149,390)	6,644,391	6,495,001	11,633,384
<b>Total capital contributions</b>	<b>3,498,996</b>	<b>10,435,861</b>	<b>13,934,857</b>	<b>18,831,319</b>
Change in net position before special items	110,378	9,548,611	9,658,989	11,937,435
Special item - transfer to Authority	(197,826,108)	197,826,108	-	-
Special item - land retained by County	(21,184,076)	-	(21,184,076)	-
Change in net position	(218,899,806)	207,374,719	(11,525,087)	11,937,435
Net position, beginning of year	218,899,806	-	218,899,806	206,962,371
Net position, end of year	\$ -	\$ 207,374,719	\$ 207,374,719	\$ 218,899,806

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Combining Statement of Cash Flows (Unaudited) (with Comparative Totals for the Prior Year)

	Year Ended December 31, 2016			Year Ended December 31, 2015
	Six Months Ended June 30	Six Months Ended December 31	Total	
Cash flows from operating activities				
Receipts from customers and users	\$ 19,320,226	\$ 19,655,528	\$ 38,975,754	\$ 39,373,669
Payments to suppliers	(6,841,568)	(5,426,013)	(12,267,581)	(12,939,322)
Payments to employees	(3,912,337)	(6,760,819)	(10,673,156)	(8,277,257)
Internal activity - cash payments to other funds of Kent County	-	-	-	(768,752)
Net cash provided by operating activities	<u>8,566,321</u>	<u>7,468,696</u>	<u>16,035,017</u>	<u>17,388,338</u>
Cash flows from capital and related financing activities				
Passenger facility charges collected	2,703,284	2,680,181	5,383,465	5,130,026
Customer facility charges collected	776,289	1,233,798	2,010,087	1,948,278
Other capital contributions received	7,012,818	4,475,514	11,488,332	16,344,771
Proceeds from sale of capital assets	37,180	81,317	118,497	68,089
Proceeds from sale of bonds	-	-	-	108,525,000
Proceeds from bond premium	-	-	-	19,030,668
Cash transferred to escrow for defeased bonds	-	-	-	(111,059,383)
Purchase of capital assets	(6,270,299)	(16,257,864)	(22,528,163)	(35,338,230)
Principal paid on revenue bonds	(6,870,000)	-	(6,870,000)	(6,290,000)
Interest paid on revenue bonds	(3,949,354)	(3,820,078)	(7,769,432)	(8,003,831)
Net cash used in capital and related financing activities	<u>(6,560,082)</u>	<u>(11,607,132)</u>	<u>(18,167,214)</u>	<u>(9,644,612)</u>
Cash flows from noncapital financing activities				
Receipt of cash associated with transfer of operations	<u>(56,337,845)</u>	<u>56,337,845</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received on investments	<u>167,069</u>	<u>66,383</u>	<u>233,452</u>	<u>177,894</u>
Net increase (decrease) in cash and cash equivalents	<u>(54,164,537)</u>	<u>52,265,792</u>	<u>(1,898,745)</u>	<u>7,921,620</u>
Cash and cash equivalents, beginning of year	<u>54,164,537</u>	<u>-</u>	<u>54,164,537</u>	<u>46,242,917</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 52,265,792</u>	<u>\$ 52,265,792</u>	<u>\$ 54,164,537</u>
Classified on the statement of net position as				
Cash and investments	\$ -	\$ 13,769,631	\$ 13,769,631	\$ 21,325,560
Current restricted cash and investments	-	34,941,340	34,941,340	29,287,091
Noncurrent restricted cash and investments	-	3,554,821	3,554,821	3,551,886
Total cash and investments	<u>\$ -</u>	<u>\$ 52,265,792</u>	<u>\$ 52,265,792</u>	<u>\$ 54,164,537</u>

continued...

## GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

### Combining Statement of Cash Flows (Unaudited) (with Comparative Totals for the Prior Year)

	Year Ended December 31, 2016			Year Ended December 31, 2015
	Six Months Ended June 30	Six Months Ended December 31	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (130,908)	\$ 2,436,234	\$ 2,305,326	\$ 141,550
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	9,187,644	9,100,479	18,288,123	16,684,925
Change in:				
Accounts receivable	(611,496)	(91,568)	(703,064)	(21,398)
Inventories	20,610	(113,669)	(93,059)	97,243
Prepaid expenses	78,569	(583,870)	(505,301)	(12,292)
Net pension asset and related deferred amounts	-	(5,036,798)	(5,036,798)	632,430
Accounts payable	(307,246)	2,032,767	1,725,521	155,011
Accrued liabilities	441,800	(348,656)	93,144	(301,391)
Due to other funds of Kent County	-	-	-	(2,213)
Unearned revenue	(112,652)	73,777	(38,875)	14,473
Net cash provided by operating activities	<u>\$ 8,566,321</u>	<u>\$ 7,468,696</u>	<u>\$ 16,035,017</u>	<u>\$ 17,388,338</u>

concluded

Other capital contributions received is net of the change in amounts due from other governments of \$4,993,331 and \$(4,711,387) for the years ended December 31, 2016 and December 31, 2015, respectively.

Purchase of capital assets is net of the change in contracts payable of \$2,951,654 and \$236,262 for the years ended December 31, 2016 and December 31, 2015, respectively.

## STATISTICAL SECTION

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# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## 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:

		<u>Page</u>
Financial Trends Schedules A and B	Financial trends information is intended to show how the governmental unit's financial position has changed over	60
Revenue Capacity Schedules C and D	Revenue capacity information is intended to show the factors affecting a governmental unit's ability to generate its own-source revenue.	64
Debt Capacity Information Schedule E	Debt capacity information is intended to show a governmental unit's debt burden and its ability to issue additional debt.	68
Demographic and Economic Schedules F and G	Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates.	70
Operating Information Schedules H and I	Operating information is intended to show contextual information about operations and resources to provide understanding and assessing the governmental unit's economic condition.	74

Through June 30, 2016, the Gerald R. Ford International Airport was reported as an enterprise fund of Kent County, Michigan. Effective July 1, 2016, operations (which were substantially unchanged) were transferred to a newly-created Authority. Since this change was in legal name only, the Airport has presented a full year of data for the current year and continued to include prior year data. The basic financial statements for the current year only include the six months of operations as an Authority. Accordingly, information in the statistical section for year 2016 as it relates to income statement activity will not agree to the basic financial statements, but rather to the unaudited supplementary information which immediately precedes this statistical section.

## GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

### Net Assets / Net Position and Changes in Net Assets / Net Position

Last Ten Fiscal Years  
(dollars in thousands)

	December 31,				
	2007	2008	2009	2010	2011
<b>Operating revenues</b>					
Airfield	\$ 8,502	\$ 9,023	\$ 8,729	\$ 9,372	\$ 9,811
Terminal	6,582	7,425	6,960	7,321	5,715
Ground transportation	11,417	10,886	9,818	14,745	15,511
Other	333	405	516	544	593
<b>Total operating revenues</b>	<u>26,834</u>	<u>27,739</u>	<u>26,023</u>	<u>31,982</u>	<u>31,630</u>
<b>Operating expenses</b>					
Salaries and fringes	8,804	8,840	8,588	8,925	8,263
Services and supplies	8,659	9,125	9,050	9,148	9,793
Depreciation	10,781	10,948	11,555	16,009	16,275
<b>Total operating expenses</b>	<u>28,244</u>	<u>28,913</u>	<u>29,193</u>	<u>34,082</u>	<u>34,331</u>
<b>Operating income (loss)</b>	<u>(1,410)</u>	<u>(1,174)</u>	<u>(3,170)</u>	<u>(2,100)</u>	<u>(2,701)</u>
<b>Nonoperating revenue (expenses)</b>					
Interest income	1,447	898	429	148	154
Interest expense	(4,159)	(4,053)	(3,684)	(9,147)	(8,187)
Other	95	15	66	22	50
<b>Total nonoperating revenue (expenses)</b>	<u>(2,617)</u>	<u>(3,140)</u>	<u>(3,189)</u>	<u>(8,977)</u>	<u>(7,983)</u>
<b>Loss before capital contributions</b>	<u>(4,027)</u>	<u>(4,314)</u>	<u>(6,359)</u>	<u>(11,077)</u>	<u>(10,684)</u>
<b>Capital contributions</b>					
Passenger facility charges	3,949	3,448	3,466	4,505	4,636
Customer facility charges	1,291	1,384	1,188	1,374	1,543
Other capital contributions	8,711	7,076	2,164	5,727	1,440
<b>Total capital contributions</b>	<u>13,951</u>	<u>11,908</u>	<u>6,818</u>	<u>11,606</u>	<u>7,619</u>
<b>Special Item</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets / net position</b>	<u>\$ 9,924</u>	<u>\$ 7,594</u>	<u>\$ 459</u>	<u>\$ 529</u>	<u>\$ (3,065)</u>
<b>Net assets / net position</b>					
Invested in capital assets, net of related debt / net investment in capital assets	\$ 147,818	\$ 147,665	\$ 155,704	\$ 150,727	\$ 146,699
Restricted for:					
Debt service	15,527	9,390	10,643	11,294	11,790
Capital improvements	4,401	11,769	2,923	3,418	2,684
Pension benefits	-	-	-	-	-
Unrestricted	11,265	17,781	17,794	22,154	22,114
<b>Total net assets / net position</b>	<u>\$ 179,011</u>	<u>\$ 186,605</u>	<u>\$ 187,064</u>	<u>\$ 187,593</u>	<u>\$ 183,287</u>

GASB Statement No. 63 and 65 were implemented for the year ended December 31, 2012. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Comparative information for the year ended December 31, 2011 was restated. Data for years 2010 and prior were not restated retroactively.

GASB Statement No. 68 was implemented for the year ended December 31, 2015. This resulted in presentation of the Authority's net pension liability on the statement of net position. Prior years were not restated.

Schedule A - Unaudited

December 31,				
2012	2013	2014	2015	2016
\$ 9,608	\$ 8,878	\$ 9,456	\$ 10,639	\$ 10,889
6,746	6,832	7,813	7,566	7,475
14,878	16,780	17,821	19,327	20,598
641	700	752	687	756
<u>31,873</u>	<u>33,190</u>	<u>35,842</u>	<u>38,219</u>	<u>39,718</u>
7,918	7,825	8,094	8,918	5,729
9,183	10,301	10,411	12,475	13,395
16,523	16,540	16,446	16,685	18,288
<u>33,624</u>	<u>34,666</u>	<u>34,951</u>	<u>38,078</u>	<u>37,412</u>
(1,751)	(1,476)	891	141	2,306
159	122	136	178	233
(8,321)	(8,165)	(7,971)	(7,269)	(6,873)
22	51	50	56	58
<u>(8,140)</u>	<u>(7,992)</u>	<u>(7,785)</u>	<u>(7,035)</u>	<u>(6,582)</u>
(9,891)	(9,468)	(6,894)	(6,894)	(4,276)
4,339	4,599	4,788	5,242	5,424
1,473	1,699	1,829	1,956	2,016
9,641	4,413	14,818	11,633	6,495
<u>15,453</u>	<u>10,711</u>	<u>21,435</u>	<u>18,831</u>	<u>13,935</u>
-	-	-	-	(21,184)
<u>\$ 5,562</u>	<u>\$ 1,243</u>	<u>\$ 14,541</u>	<u>\$ 11,937</u>	<u>\$ (11,525)</u>
\$ 142,094	\$ 140,926	\$ 150,950	\$ 161,636	\$ 152,970
12,387	13,355	13,253	10,424	11,511
5,791	9,307	13,269	17,762	23,027
-	-	-	-	6,734
<u>28,578</u>	<u>26,504</u>	<u>27,161</u>	<u>29,078</u>	<u>13,133</u>
<u>\$ 188,850</u>	<u>\$ 190,092</u>	<u>\$ 204,633</u>	<u>\$ 218,900</u>	<u>\$ 207,375</u>



## GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

### Changes in Cash and Cash Equivalents

Last Ten Fiscal Years

(dollars in thousands)

	December 31,		
	2007	2008	2009
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 27,801	\$ 27,825	\$ 26,721
Cash paid to suppliers	(8,473)	(9,604)	(9,628)
Cash paid to employees	(8,680)	(8,709)	(8,565)
<b>Net cash provided by operating activities</b>	<b>10,648</b>	<b>9,512</b>	<b>8,528</b>
<b>Capital and related financing activities</b>			
Passenger facility charges collected	3,996	3,559	3,364
Customer facility charges collected	1,286	1,388	1,200
Capital contributions received	8,711	3,221	1,103
Proceeds from sale of capital assets	95	15	66
Proceeds from sale of bonds	122,210	-	30,619
Cash transferred to escrow for defeased bonds	-	-	(31,112)
Purchase of capital assets	(26,750)	(80,745)	(47,245)
Principal paid on revenue bonds	(8,416)	(2,625)	(2,740)
Interest paid on revenue bonds	(4,144)	(8,390)	(9,035)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>96,988</b>	<b>(83,577)</b>	<b>(53,780)</b>
<b>Cash flow from investing activities</b>			
Interest received on investments	3,094	4,664	1,546
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>110,730</b>	<b>(69,401)</b>	<b>(43,706)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>37,604</b>	<b>148,334</b>	<b>78,933</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 148,334</b>	<b>\$ 78,933</b>	<b>\$ 35,227</b>

December 31,						
2010	2011	2012	2013	2014	2015	2016
\$ 31,964	\$ 32,652	\$ 33,058	\$ 33,942	\$ 36,550	\$ 39,373	\$ 38,976
(9,370)	(11,428)	(10,686)	(10,509)	(11,652)	(13,708)	(12,268)
<u>(8,807)</u>	<u>(8,302)</u>	<u>(6,994)</u>	<u>(7,843)</u>	<u>(8,108)</u>	<u>(8,277)</u>	<u>(10,673)</u>
<u>13,787</u>	<u>12,922</u>	<u>15,378</u>	<u>15,590</u>	<u>16,790</u>	<u>17,388</u>	<u>16,035</u>
4,303	4,689	4,319	4,705	4,777	5,130	5,383
1,358	1,544	1,460	1,682	1,825	1,948	2,010
3,900	1,154	7,105	1,480	8,119	16,345	11,488
22	30	28	51	50	68	118
-	41,049	-	-	-	127,556	-
-	(41,555)	-	-	-	(111,059)	-
<u>(5,476)</u>	<u>(7,416)</u>	<u>(6,879)</u>	<u>(8,843)</u>	<u>(21,496)</u>	<u>(35,338)</u>	<u>(22,528)</u>
<u>(3,595)</u>	<u>(4,180)</u>	<u>(4,645)</u>	<u>(5,220)</u>	<u>(5,715)</u>	<u>(6,290)</u>	<u>(6,870)</u>
<u>(9,220)</u>	<u>(9,059)</u>	<u>(7,987)</u>	<u>(8,382)</u>	<u>(8,206)</u>	<u>(8,004)</u>	<u>(7,768)</u>
<u>(8,708)</u>	<u>(13,744)</u>	<u>(6,599)</u>	<u>(14,527)</u>	<u>(20,646)</u>	<u>(9,644)</u>	<u>(18,167)</u>
<u>148</u>	<u>205</u>	<u>160</u>	<u>130</u>	<u>130</u>	<u>178</u>	<u>233</u>
5,227	(617)	8,939	1,193	(3,726)	7,922	(1,899)
<u>35,227</u>	<u>40,454</u>	<u>39,837</u>	<u>48,776</u>	<u>49,969</u>	<u>46,243</u>	<u>54,165</u>
<u>\$ 40,454</u>	<u>\$ 39,837</u>	<u>\$ 48,776</u>	<u>\$ 49,969</u>	<u>\$ 46,243</u>	<u>\$ 54,165</u>	<u>\$ 52,266</u>

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Passenger Activity Enplaned Passengers Last Ten Fiscal Years

	December 31,				
	2007	2008	2009	2010	2011
<b>Airline</b>					
Air Canada (Air Georgian)	-	2,630	4,003	3,940	3,764
AirTran	-	-	-	76,644	134,606
Allegiant Air	-	271	59,372	117,609	87,193
American Connection (Chautauqua)	-	-	-	21,626	45,874
American Eagle	118,146	100,075	104,240	81,540	68,948
American Eagle (SkyWest)	-	-	-	-	-
American Eagle (Trans States)	-	-	-	-	-
Chicago Express (ATA Connection)	-	-	-	-	-
Continental Connection	2,922	6,490	2,381	6,341	12,368
Continental Express (Express Jet)	96,081	87,745	87,601	86,571	79,578
Delta Airlines Inc.	356,506	302,849	204,988	236,343	207,147
Delta Connection (Atlantic Southeast)	61,087	63,375	61,335	27,436	41,171
Delta Connection (Chautauqua)	-	-	12,256	23,993	13,776
Delta Connection (Comair)	62,996	46,508	22,524	52,317	81,236
Delta Connection (Compass)	-	3,378	43,137	27,481	22,287
Delta Connection (Endeavor)	-	-	-	-	-
Delta Connection (Express Jet)	-	-	-	-	-
Delta Connection (Freedom)	-	-	15,227	11,831	-
Delta Connection (GoJet)	-	-	-	-	-
Delta Connection (Mesaba)	7,065	23,101	21,902	31,978	20,429
Delta Connection (Pinnacle)	74,034	68,889	70,472	77,584	69,247
Delta Connection (Shuttle America)	-	-	-	1,599	5,616
Delta Connection (Skywest)	-	-	459	2,305	12,547
Frontier Airlines (Chautauqua)	-	-	9,260	32,842	35,929
Frontier Airlines (Republic)	-	-	-	23,432	42,148
Midwest Connect (Skyway)	41,047	10,850	-	-	-
Midwest Connect (SkyWest)	-	35,276	25,118	-	-
Southwest	-	-	-	-	-
United Airlines Inc.	84,215	83,609	33,715	39,270	44,916
United Express (Chautauqua)	-	-	-	-	-
United Express (Commair)	-	-	-	-	-
United Express (Express Jet)	-	-	-	15,330	41,901
United Express (Go Jet)	23,040	29,358	20,314	34,087	16,370
United Express (Mesa)	1,977	8,340	40,700	10,360	837
United Express (Republic)	-	-	-	-	-
United Express (Shuttle America)	23,714	8,763	37,810	30,374	29,817
United Express (SkyWest)	45,243	24,837	9,467	23,044	19,033
United Express (Trans States)	-	-	-	-	-
US Airways Express (Air Wisconsin)	-	-	-	-	-
US Airways Express (Mesa)	-	-	-	-	-
Charters	846	816	1,524	1,783	1,710
<b>Total</b>	<b>998,919</b>	<b>907,160</b>	<b>887,805</b>	<b>1,097,660</b>	<b>1,138,448</b>

## Schedule C - Unaudited

December 31,					
2012	2013	2014	2015	2016	Share of Total 2016
4,502	3,033	-	-	-	0.0%
123,465	81,096	402	-	-	0.0%
76,759	76,409	79,810	98,367	115,409	8.7%
55,309	55,789	12,378	-	-	0.0%
68,008	67,708	125,534	130,401	106,093	8.0%
-	-	-	-	1,058	0.1%
3,678	-	-	-	-	0.0%
-	-	-	6,483	44,082	3.3%
-	-	-	-	-	0.0%
11,245	24,390	-	-	-	0.0%
223,783	248,038	304,962	360,390	376,802	28.2%
25,838	-	-	-	-	0.0%
26,165	43,827	14,734	-	-	0.0%
35,909	-	-	-	-	0.0%
11,789	6,063	18,727	22,075	7,019	0.5%
-	80,374	66,410	39,573	42,750	3.2%
-	48,550	37,860	35,728	26,463	2.0%
-	-	-	-	-	0.0%
-	3,938	8,943	16,255	22,499	1.7%
125	-	-	-	-	0.0%
102,544	-	-	-	-	0.0%
451	9,010	6,645	7,611	4,232	0.3%
18,961	30,919	29,335	35,293	42,521	3.2%
6,575	-	-	-	-	0.0%
46,614	31,052	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	72,603	201,816	211,118	245,711	18.4%
44,842	45,170	53,525	74,678	42,580	3.2%
11,556	-	7,455	-	-	0.0%
-	2,332	1,926	-	-	0.0%
99,911	89,588	60,931	45,936	66,898	5.0%
36,684	37,199	42,122	20,005	34,998	2.6%
11,055	-	-	-	-	0.0%
-	-	-	-	4,924	0.4%
18,939	12,499	17,960	29,504	10,963	0.8%
3,965	9,224	13,752	30,004	24,971	1.9%
-	44,453	47,197	31,312	38,196	2.9%
-	-	17,852	53,812	27,708	2.1%
-	-	-	31,493	46,728	3.5%
1,123	1,705	1,519	1,200	1,351	0.1%
<u>1,069,795</u>	<u>1,124,969</u>	<u>1,171,795</u>	<u>1,281,238</u>	<u>1,333,956</u>	<u>100.0%</u>

## GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

### Principal Revenue Sources and Revenues per Enplaned Passenger

Last Ten Fiscal Years

(dollars in thousands, except amounts per enplaned passenger)

	December 31,				
	2007	2008	2009	2010	2011
<b>Airline revenues</b>					
Landing fees	\$ 2,847	\$ 3,102	\$ 2,998	\$ 3,198	\$ 3,586
Apron fees	2,025	1,941	1,823	2,220	2,409
Terminal rents	5,165	5,865	5,433	5,908	4,302
<b>Total airline revenues</b>	<b>10,037</b>	<b>10,908</b>	<b>10,254</b>	<b>11,326</b>	<b>10,297</b>
Percentage of total revenues	29.9%	32.6%	32.9%	29.8%	27.1%
<b>Nonairline revenues</b>					
Parking	8,851	8,121	7,437	11,492	12,301
Rental car	2,788	3,053	2,683	3,521	3,512
Other	5,158	5,657	5,649	5,643	5,520
<b>Total nonairline revenues</b>	<b>16,797</b>	<b>16,831</b>	<b>15,769</b>	<b>20,656</b>	<b>21,333</b>
Percentage of total revenues	50.0%	50.3%	50.6%	54.3%	56.1%
<b>Nonoperating revenues</b>					
Passenger facility charges	3,949	3,448	3,466	4,505	4,636
Interest	1,447	898	429	148	154
Other	1,386	1,399	1,254	1,396	1,593
<b>Total nonoperating revenues</b>	<b>6,782</b>	<b>5,745</b>	<b>5,149</b>	<b>6,049</b>	<b>6,383</b>
Percentage of total revenues	20.2%	17.2%	16.5%	15.9%	16.8%
<b>Total revenues</b>	<b>\$ 33,616</b>	<b>\$ 33,484</b>	<b>\$ 31,172</b>	<b>\$ 38,031</b>	<b>\$ 38,013</b>
<b>Enplaned passengers</b>					
	998,919	907,160	887,805	1,097,660	1,138,448
Total revenue per enplaned passenger	\$ 37.06	\$ 37.72	\$ 28.40	\$ 33.41	\$ 35.53
Airline revenue per enplaned passenger	\$ 11.06	\$ 12.29	\$ 9.34	\$ 9.95	\$ 9.63
<b>Revenue rates</b>					
Landing fee (per 1,000 lbs MGLW)	\$ 2.34	\$ 2.40	\$ 2.66	\$ 2.85	\$ 2.42
Apron fee (per 1,000 lbs MGLW)	\$ 1.58	\$ 1.59	\$ 1.62	\$ 1.83	\$ 1.43
Annual terminal rental rate (per sq. ft.)	\$ 49.32	\$ 49.96	\$ 50.00	\$ 48.98	\$ 51.34

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

MGLW=maximum gross landed weight.

Schedule D - Unaudited

December 31,					
2012	2013	2014	2015	2016	
\$ 3,335	\$ 3,135	\$ 3,495	\$ 4,106	\$ 4,288	
2,252	1,863	1,956	2,503	2,573	
5,313	5,270	6,025	5,512	5,340	
<u>10,900</u>	<u>10,268</u>	<u>11,476</u>	<u>12,121</u>	<u>12,201</u>	
28.4%	25.9%	26.9%	26.6%	25.7%	
11,766	13,275	14,245	15,437	16,690	
3,413	3,821	3,892	4,170	4,219	
5,794	5,826	6,229	6,491	6,608	
<u>20,973</u>	<u>22,922</u>	<u>24,366</u>	<u>26,098</u>	<u>27,517</u>	
54.7%	57.8%	57.1%	57.2%	58.0%	
4,599	4,599	4,788	5,242	5,424	
122	122	136	178	233	
1,750	1,750	1,879	2,012	2,107	
<u>6,471</u>	<u>6,471</u>	<u>6,803</u>	<u>7,432</u>	<u>7,764</u>	
16.9%	16.3%	16.0%	16.3%	16.4%	
<u>\$ 38,344</u>	<u>\$ 39,661</u>	<u>\$ 42,645</u>	<u>\$ 45,651</u>	<u>\$ 47,482</u>	
1,069,795	1,124,969	1,171,795	1,281,238	1,333,956	
\$ 34.08	\$ 35.26	\$ 36.39	\$ 35.63	\$ 35.59	
\$ 9.69	\$ 9.13	\$ 9.79	\$ 9.46	\$ 9.15	
\$ 2.61	\$ 2.64	\$ 2.84	\$ 2.94	\$ 2.98	
\$ 1.46	\$ 1.57	\$ 1.73	\$ 1.86	\$ 1.79	
\$ 52.19	\$ 50.95	\$ 52.62	\$ 47.93	\$ 48.25	

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Ratios of Outstanding Debt, Debt Service, Debt Limits & Pledged Revenue Coverage Last Ten Fiscal Years

	December 31,		
	2007	2008	2009
Outstanding debt per enplaned passenger			
Outstanding debt by type (in thousands) -			
Revenue bonds (all airport net operating revenues pledged)	\$ 202,913	\$ 200,410	\$ 197,434
Outstanding debt per enplaned passenger	\$ 223.68	\$ 225.74	\$ 179.87
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))	0.46%	0.43%	0.46%
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))	0.86%	0.80%	0.89%
Net revenues			
Revenues	\$ 33,616	\$ 33,484	\$ 31,172
Less: operating expenses, less depreciation	17,463	17,965	17,638
Net revenues	<u>\$ 16,153</u>	<u>\$ 15,519</u>	<u>\$ 13,534</u>
Debt service			
Principal paid on revenue bonds	\$ 2,515	\$ 2,625	\$ 2,740
Interest expense on revenue bonds	4,056	4,052	3,684
Principal paid on notes payable	5,902	-	-
Interest expense on notes payable	88	-	-
Total debt service	<u>\$ 12,561</u>	<u>\$ 6,677</u>	<u>\$ 6,424</u>
Revenue bonds debt service coverage	2.5	2.3	2.1
Total debt service coverage	1.3	2.3	2.1
Debt service per enplaned passenger	\$ 12.57	\$ 7.36	\$ 7.24

### Debt limit information

For years prior to 2016, the airport was a component unit of the County of Kent, Michigan. No debt limit information is available for the airport individually because debt limits apply to the County as a whole, see the County of Kent, Michigan Comprehensive Annual Financial Report.

GASBs 63 and 65 were implemented for the year ended December 31, 2012. This resulted in reclassing deferred charges on refunding from revenue bonds to deferred outflows of resources. Comparative information for the year ended December 31, 2011 was restated. Data for years 2010 and prior were not restated retroactively.

<sup>(1)</sup> Other capital contributions has been included in revenue, prior years have not been restated.

Schedule E - Unaudited

December 31,						
2010	2011	2012	2013 <sup>(1)</sup>	2014	2015	2016
\$ 193,780	\$ 192,224	\$ 187,207	\$ 181,614	\$ 175,527	\$ 190,201	\$ 182,076
\$ 170.21	\$ 179.68	\$ 166.41	\$ 161.44	\$ 149.79	\$ 148.45	\$ 136.49
0.44%	0.40%	0.35%	0.33%	0.30%	0.31%	0.31%
0.83%	0.75%	0.68%	0.65%	0.62%	0.62%	0.62%
\$ 38,031	\$ 38,013	\$ 37,866	\$ 44,074	\$ 57,463	\$ 57,284	\$ 53,944
18,073	17,101	17,101	18,126	18,505	21,393	19,124
<u>\$ 19,958</u>	<u>\$ 20,912</u>	<u>\$ 20,765</u>	<u>\$ 25,948</u>	<u>\$ 38,958</u>	<u>\$ 35,891</u>	<u>\$ 34,820</u>
\$ 3,595	\$ 4,180	\$ 4,645	\$ 5,220	\$ 5,715	\$ 6,290	\$ 6,870
9,147	9,059	7,987	8,382	8,206	8,004	7,768
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,742</u>	<u>\$ 13,239</u>	<u>\$ 12,632</u>	<u>\$ 13,602</u>	<u>\$ 13,921</u>	<u>\$ 14,294</u>	<u>\$ 14,638</u>
1.6	1.6	1.6	1.9	2.8	2.5	2.4
1.6	1.6	1.6	1.9	2.8	2.5	2.4
\$ 11.61	\$ 11.63	\$ 11.81	\$ 12.09	\$ 11.88	\$ 11.16	\$ 10.97



# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Principal Employers in the Primary Trade Area

Calendar Years 2016 and 2007

Employer	County	Product or Service
Spectrum Health	Kent	Healthcare
Meijer Inc.	Kent	Retail food and merchandise
Axios Incorporated	Kent	Human resource and employment services
Mercy General Health Partners	Muskegon	Healthcare
Amway Corporation	Kent	Personal and household products
Gentex Corporation	Ottawa	Manufacturing - auto parts
Perrigo Company	Allegan	Manufacturing - pharmaceuticals
Herman Miller Inc.	Ottawa	Office furniture
Steelcase Inc.	Kent	Office furniture
Grand Valley State University	Ottawa	Education
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts
Grand Rapids Public Schools	Kent	Education
Farmers Insurance Group	Kent	Insurance
SpartanNash	Kent	Retail food
Gordon Food Services	Kent	Food services wholesaler
Metro Health Hospital	Kent	Healthcare
Howmet Corporation/Alcoa	Muskegon	Manufacturing - castings
Fifth Third Bank	Kent	Banking and financial services
Priority Health	Various	Healthcare
Holland Community Hospital	Ottawa	Healthcare
Ventra	Various	
Haworth Inc.	Ottawa	Manufacturing - furniture
Hope Network Industries	Kent	Packaging
Pine Rest Christian Hospital	Kent	Healthcare
Challenge Manufacturing	Kent/Ottawa	Manufacturing - metal stamping
Shape Corporation	Ottawa	Manufacturing - fabricated metal
Hearthside Food Solutions	Kent	Food Processing
U. S. Postal Service	Kent	Postal delivery
Cascade Engineering	Kent	Manufacturing - plastics
Kent County	Kent	Government
Wolverine World Wide	Kent	Manufacturing - footwear
Consumers Energy	Various	Public utility
GE Aviation Systems	Kent	Manufacturing - avionics systems
Roskam Baking	Kent	Food Processing
City of Grand Rapids	Kent	Government

Total employment

Source: The Right Place Inc.

(1) Data as of June 2017, most current information available

Schedule F - Unaudited



Number of Employees 2016 <sup>(1)</sup>	Percentage of Total Employment	Number of Employees 2007	Percentage of Total Employment
22,000	3.03%	14,308	2.19%
10,343	1.42%	8,290	1.27%
8,000	1.10%	4,100	0.63%
6,500	0.89%		0.00%
4,000	0.55%	4,000	0.61%
3,900	0.54%	2,674	0.41%
3,800	0.52%	2,500	0.38%
3,621	0.50%	4,300	0.66%
3,500	0.48%	5,000	0.77%
3,306	0.45%	2,098	0.32%
2,900	0.40%	2,175	0.33%
2,800	0.39%	2,885	0.44%
2,700	0.37%	2,500	0.38%
2,585	0.36%	4,605	0.71%
2,544	0.35%		0.00%
2,400	0.33%	2,122	0.33%
2,350	0.32%		0.00%
2,278	0.31%		0.00%
2,250	0.31%		0.00%
2,100	0.29%		0.00%
2,013	0.28%		0.00%
2,000	0.28%	3,000	0.46%
2,000	0.28%		0.00%
2,000	0.28%		0.00%
1,840	0.25%		0.00%
1,700	0.23%		0.00%
1,680	0.23%		0.00%
1,633	0.22%	2,450	0.38%
1,600	0.22%		0.00%
1,580	0.22%	2,052	0.31%
1,500	0.21%		0.00%
1,500	0.21%		0.00%
1,400	0.19%		0.00%
1,342	0.18%		0.00%
1,335	0.18%	2,601	0.40%
<b>727,147</b>		<b>652,107</b>	

## GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

### Population in the Primary Trade Area Last Ten Fiscal Years

	2007	2008	2009	2010
Allegan County	111,427	113,625	112,975	111,408
Barry County	59,969	59,501	58,890	59,173
Ionia County	65,189	64,269	63,833	63,905
Kent County	598,077	609,235	608,315	602,622
Mecosta County	-	-	-	-
Montcalm County	-	-	-	-
Muskegon County	173,738	174,854	174,344	172,188
Newaygo County	49,328	49,118	48,897	48,460
Ottawa County	260,037	262,556	260,364	263,801
	<u>1,317,765</u>	<u>1,333,158</u>	<u>1,327,618</u>	<u>1,321,557</u>
Per capita income	\$ 33,247	\$ 34,643	\$ 32,039	\$ 33,613
Total personal income ( <i>dollars in thousands</i> )	\$43,811,115	\$46,184,456	\$42,535,781	\$44,421,150
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Employment information:				
Civilian labor force	694,247	685,728	657,164	645,390
Employed	652,107	636,723	579,485	573,505
Unemployed	42,140	49,005	77,679	71,885
Unemployment rate	6.1%	7.1%	11.8%	11.1%

<sup>(1)</sup> Effective 2013, the Office of Management and Budget changed the combined statistical area to include Mecosta and Montcalm and exclude Newaygo counties.

Source: The Right Place Inc.

## Schedule G - Unaudited

2011	2012	2013 <sup>(1)</sup>	2014	2015	2016
111,845	111,895	112,531	113,847	113,847	111,408
58,937	59,004	59,907	59,281	59,107	59,173
64,156	63,903	64,073	64,294	63,976	63,905
608,077	614,079	621,700	629,237	629,237	602,622
-	43,229	43,108	43,186	43,226	42,798
-	63,081	63,105	62,893	63,046	63,342
172,864	170,112	171,008	172,344	172,344	172,188
48,650	-	-	-	-	-
266,171	269,329	272,701	276,292	276,292	263,801
<u>1,330,700</u>	<u>1,394,632</u>	<u>1,408,133</u>	<u>1,421,374</u>	<u>1,421,075</u>	<u>1,379,237</u>

\$ 36,321    \$ 38,622    \$ 38,981    \$ 40,715    \$ 42,495    \$ 42,386

\$48,331,808    \$53,863,932    \$54,890,528    \$57,871,576    \$60,387,903    \$58,460,339

2011	2012	2013	2014	2015	2016
644,039	684,253	693,742	727,023	806,984	755,219
589,045	631,033	650,465	687,736	773,497	727,147
54,994	53,220	43,277	39,287	33,487	28,072
8.5%	7.8%	6.2%	5.4%	4.1%	3.7%

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Full-time Equivalent Employees

Last Ten Fiscal Years

	December 31,			
	2007	2008	2009	2010
Administration	21	20	20	20
Maintenance	31	31	31	31
Parking	31	29	24	24
Firefighting	16	16	16	16
Public safety	33	33	33	33
<b>Total</b>	<b>132</b>	<b>129</b>	<b>124</b>	<b>124</b>
<b>Enplaned passengers per employee</b>	<b>7,568</b>	<b>7,032</b>	<b>7,160</b>	<b>8,852</b>
Operating revenues (in thousands)	\$ 26,834	\$ 27,739	\$ 26,023	\$ 31,982
Operating expenses (in thousands)	\$ 28,244	\$ 28,913	\$ 29,193	\$ 34,082
Salaries and fringes (in thousands)	\$ 8,804	\$ 8,840	\$ 8,588	\$ 8,925
<b>Payroll percentage of operating revenues</b>	<b>32.8%</b>	<b>31.9%</b>	<b>33.0%</b>	<b>27.9%</b>
<b>Payroll percentage of operating expenses</b>	<b>31.2%</b>	<b>30.6%</b>	<b>29.4%</b>	<b>26.2%</b>

Schedule H - Unaudited

December 31,					
2011	2012	2013	2014	2015	2016
20	20	17	18	18	20
31	31	31	32	32	32
1	1	1	1	1	1
16	16	16	16	16	17
33	33	33	33	33	32
<u>101</u>	<u>101</u>	<u>98</u>	<u>100</u>	<u>100</u>	<u>102</u>
<u>11,272</u>	<u>10,592</u>	<u>11,479</u>	<u>11,718</u>	<u>12,812</u>	<u>13,078</u>
\$ 31,630	\$ 33,190	\$ 33,190	\$ 35,842	\$ 38,219	\$ 39,718
\$ 34,331	\$ 34,666	\$ 34,666	\$ 34,951	\$ 38,078	\$ 37,412
\$ 8,263	\$ 7,825	\$ 7,825	\$ 8,094	\$ 8,918	\$ 5,729
<u>26.1%</u>	<u>23.6%</u>	<u>23.6%</u>	<u>22.6%</u>	<u>23.3%</u>	<u>14.4%</u>
<u>24.1%</u>	<u>22.6%</u>	<u>22.6%</u>	<u>23.2%</u>	<u>23.4%</u>	<u>15.3%</u>

# GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY

## Capital Asset Information

Last Ten Fiscal Years

	December 31,		
	2007	2008	2009
<b>Runways</b>			
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	101,378	97,501	87,883
Annual capacity	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
Runway utilization percentage	<u>36.53%</u>	<u>35.14%</u>	<u>31.67%</u>
<b>Terminal building</b>			
Exclusive area leased (sq. ft)	64,444	68,615	61,338
Exclusive area available (sq. ft)	<u>95,365</u>	<u>95,365</u>	<u>95,365</u>
Terminal occupancy percentage	<u>67.58%</u>	<u>71.95%</u>	<u>64.32%</u>
Enplanements	998,919	907,160	887,805
Planned capacity	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Terminal utilization percentage	<u>55.50%</u>	<u>50.40%</u>	<u>49.32%</u>
<b>Parking areas</b>			
Number of annual long-term exits (a)	229,531	207,982	200,106
Average long-term stay (days) (b)	<u>4.4</u>	<u>3.8</u>	<u>4.0</u>
Average annual long-term occupancy ((a*b)/365)	2,767	2,165	2,193
Number of long-term spaces available	<u>4,708</u>	<u>4,708</u>	<u>4,708</u>
Average annual long-term occupancy rate	<u>58.77%</u>	<u>45.99%</u>	<u>46.58%</u>

December 31,						
2010	2011	2012	2013	2014	2015	2016
87,073	87,545	85,306	75,998	75,128	76,256	81,558
<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
<u>31.38%</u>	<u>31.55%</u>	<u>30.74%</u>	<u>27.39%</u>	<u>27.07%</u>	<u>27.48%</u>	<u>29.39%</u>
65,064	65,260	65,260	60,832	72,089	74,782	65,718
<u>100,666</u>	<u>100,666</u>	<u>100,666</u>	<u>97,796</u>	<u>97,944</u>	<u>97,944</u>	<u>106,786</u>
<u>64.63%</u>	<u>64.83%</u>	<u>64.83%</u>	<u>62.20%</u>	<u>73.60%</u>	<u>76.35%</u>	<u>61.54%</u>
1,097,660	1,138,448	1,069,795	1,124,969	1,171,795	1,281,238	1,333,956
<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
<u>60.98%</u>	<u>63.25%</u>	<u>59.43%</u>	<u>62.50%</u>	<u>65.10%</u>	<u>71.18%</u>	<u>74.11%</u>
241,858	257,110	240,871	258,745	274,552	304,575	318,451
<u>3.8</u>	<u>4.0</u>	<u>4.4</u>	<u>4.3</u>	<u>4.5</u>	<u>3.9</u>	<u>4.0</u>
2,518	2,818	2,877	3,048	3,385	3,254	3,490
<u>6,509</u>	<u>6,509</u>	<u>6,509</u>	<u>6,918</u>	<u>6,918</u>	<u>6,918</u>	<u>7,071</u>
<u>38.68%</u>	<u>43.29%</u>	<u>44.20%</u>	<u>44.06%</u>	<u>48.93%</u>	<u>47.04%</u>	<u>49.35%</u>