GERALD R. FORD International Airport

Years Ended December 31, 2019 and 2018

Comprehensive Annual Financial Report

(A Component unit of the County of Kent, Michigan)

Prepared by: Finance and Administrative Department

President and CEO

Torrance A. Richardson, A.A.E.

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Elected Officers and Key Staff Members

GOVERNING BOARD

Dan Koorndyk
Board Chairman

Floyd Wilson, Jr.
Board Vice Chairman

Ted Vonk*
Secretary

Peter Beukema

Birgit Klohs

Roger Morgan*

Doug Small

Mary Kay Shaver
General Counsel

Tory Richardson, A.A.E.	President and CEO
Brian Picardat, A.A.E.	Vice President and CFO
Alex Peric, A.A.E.	Vice President and COO
Lisa M. Carr, C.M., P.E.M., C.T.A, ASC	Public Safety and Operations Director
Casey W. Ries, P.E.	Engineering and Planning Director
Tara M. Hernandez	Marketing and Communications Director
Allan Fawcett	Interim Human Resources Director

* Kent County Commissioner

May 14, 2020

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, 2019. This report was prepared by the Authority's Finance and Administration Division, and the financial statements were audited by Plante & Moran, PLLC, 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 3.

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 Airport 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 of Aeronautics 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 currently made up of two County Commissioners and five citizens at-large, all appointed by the County Commission. One Citizen Member must be from outside Kent County; this position was vacant as of December 31, 2019 awaiting an appointee from the County Commission. The Kent County Board of Commissioners recommended and approved Mr. Peter Beukema at the February 27, 2020 board meeting to fill this position at the Authority Board. 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.

Information on the Local Economy

There are eight counties in Southwest Michigan that make up the traffic base for the Gerald R. Ford International Airport (Airport). These counties are considered the Airport Catchment Area and constitute roughly a 50-mile radius centered around Grand Rapids. Grand Rapids and its surrounding communities have a diverse make up

Information on the Local Economy (continued)

of industries including health care, manufacturing, pharmaceuticals, agriculture, and technology. The region is economically solid and has been steadily growing in both population and economic output.

The downtown Grand Rapids area has seen an increase in destination activity, due in large part to the growing presence of both entertainment venues and craft food and beverage locations. There have been large investments in the area by Michigan State University and the University of Michigan, moving some of their medical school education venues to the area. This brings with it a younger population of students and young professionals, which in turn has prompted local developers to build and renovate dozens of buildings for apartments and condominiums. With this residential growth, the area has seen new restaurants and other entertainment options to afford this new population a variety of entertainment choices in close proximity to their residences. At the same time, the surrounding suburban areas have also seen growth as more families are moving to the area and building homes. The region as a whole is becoming more desirable to both live and work, and has been the recipient of numerous awards. Here is a selection of some of the awards from the past twelve months:

- Mid-Sized Metro for Economic Growth Potential (#1 – Grand Rapids) – Business Facilities
- Top U.S. Growth Cities for 2018 (#5 – Grand Rapids) – U-Haul
- The Top Five Most Popular Destinations for Millenials (#2 – Grand Rapids) – National Association of Realtors
- 25 Best Places to Live in the U.S. (#6 – Grand Rapids) – U.S. News and World Report
- Best Small Cities for Starting a Business (#1 – Holland) – WalletHub
- Best Food Cities in America (#25 – Grand Rapids) – WalletHub
- Top 10 Cities to Buy Affordable Homes on a $60k Salary – CNBC
  *Data courtesy of The Right Place, Inc.

The surrounding region is also host to the world headquarters for a collection of international businesses, from a variety of industries. These include Amway, BISSELL, Steelcase, Herman Miller, and Wolverine Worldwide – but there are over 130 international companies that call Southwest Michigan home.

Tourism is also a very large part of the regional economy. There are plenty of beaches and golf courses to visit in the summer, as well as skiing and snowmobiling in the winter. USA Today named Grand Rapids the Craft Beverage capital of the U.S., recognizing the popularity of the many craft breweries, distilleries, and coffee houses that are in the region.

The higher quality of life and the lower cost of living that Southwest Michigan offers, along with the economic activity generated from the many industries in the area, will continue to attract the population and the businesses that will help the Gerald R. Ford International Airport grow and prosper into the future.

Airport Outlook and Capital Planning

The financial outlook of the Authority is primarily dependent on the number of passengers as well as the frequency of aircraft operations at the Gerald R. Ford International Airport (Airport). In turn, these factors are reliant on the economic condition of the region, the airlines, and the passengers themselves. The financial health of the airlines can be a factor in determining new routes or expanded service as well as ticket pricing, and then these factors, along with the local economy, will influence the consumers' willingness to purchase air travel.

As of the end of 2019, the Airport has seen record passenger growth for 77 of the past 84 months, with 27 straight months of increasing year-over-year traffic. 2019 set a new record for annual passengers with nearly 3.6 million customers traveling through the terminal, which was a 9.9% increase from the previous year. As expected, this growth has pushed the Authority to plan for expansion in both the airfield and the terminal facilities to allow for a better customer experience.

Airport Outlook and Capital Planning (continued)

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 Airport, and for making the proper decisions to accommodate current and future customers and users of the 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 (PFCs), Customer Facility Charges (CFCs), Bond Issuance 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 $272,945,000. A large portion of this CIP is associated with the passenger growth that has already occurred and is projected to continue. This is a list of specific projects associated with this passenger growth:

Aircraft Apron Expansion
- Expansion of the existing apron, to accommodate both the weight of larger aircraft and the increase in operations
- A total project cost of $14.0M, scheduled to be completed in 2020
- Funded by a combination of federal grants and airport revenues

Expansion of Concourse ‘A’
- Widening the existing concourse and increasing the length to add eight gates to the terminal, increasing the total number of gates the Airport has from fifteen to twenty-three.
- A total project cost of $97.4M, scheduled to complete in 2022
- Funded by a combination of federal grants, PFCs, airport revenues, and an issuance of bonds

Consolidated Rental Car Facility
- A multi-level facility that incorporates all the rental car vendors into one area, with complete operations all in one place. This includes rental counters, return areas, fueling & washing, and short-term storage. This would allow for the current first level of the existing parking garage to be used exclusively for passenger parking, adding approximately 1,100 new parking spaces.
- A total project cost of $61.3M, scheduled to complete in 2021
- Funded by a combination of airport revenues, CFCs, and an issuance of bonds

Federal Inspection Station
- An expansion of the terminal building to house a passenger customs clearing station, to allow for international flights to come directly to the Airport. This addition would also incorporate an additional baggage carousel that could be used for both international and domestic flights.
- A total project cost of $28.0M, scheduled to complete in 2022
- Funded entirely by state and federal grants

In addition to these projects, the Airport has been in discussions with the Federal Aviation Administration (FAA) about relocation of the air traffic control tower. The current location of the tower, while allowing for full operations of the current air traffic, does not allow the Authority to engage on certain new building projects viewed as necessary to meet the needs of our customers. Specifically, certain projects the Authority is planning would have structures that impede the view of the runways and taxiways from the current tower. The cost to relocate the tower would be entirely funded by the FAA.

While these projects have been identified as necessary for accommodation of the passenger growth seen over the past several years, the reality of the current COVID-19 economic downturn will take precedence for determining when the projects will become truly necessary. As with all airports across the nation and the world, the Gerald R. Ford International Airport has seen a dramatic reduction in air traffic due to the various

Airport Outlook and Capital Planning (continued)

recommended and mandated government orders regarding staying at home and non-essential travel while the COVID-19 virus is prevalent. We are continuing to work with our airline tenants to ensure that we are making the proper financial decisions for capital projects and to continue operating the Airport safely. We are expectant that the passenger growth we have had over the past years will return in the future and are intent on creating the best customer experience for all our future passengers, while maintaining a fiscally responsible outlook on the timing of these capital projects.

Awards

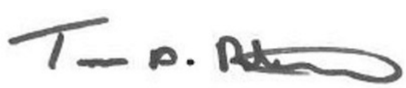
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-sixth 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.

Acknowledgements

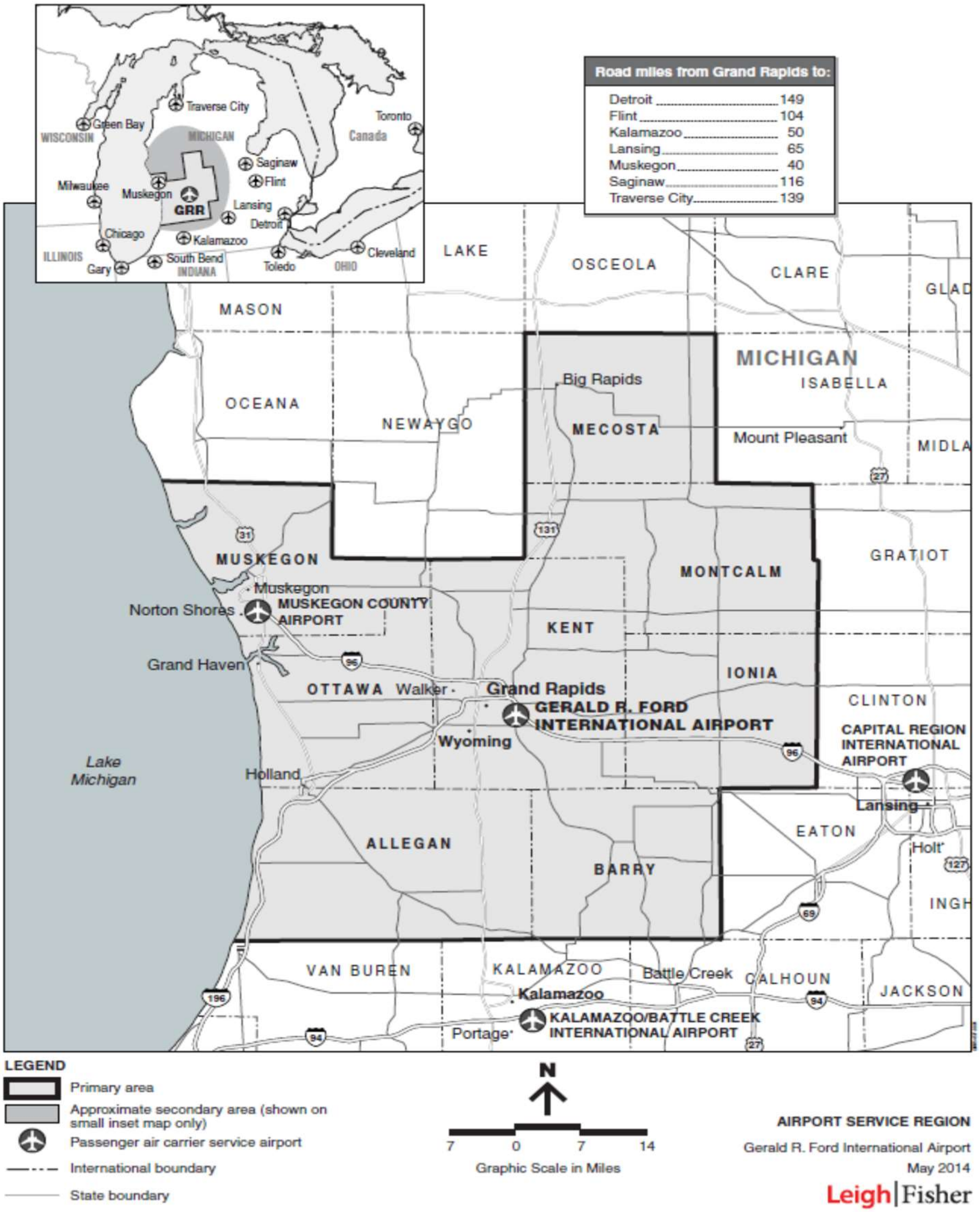
The preparation of this Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance & Administration Division. Each member of our finance division has our sincere appreciation for the contributions made in preparation of this report.

Respectfully submitted,

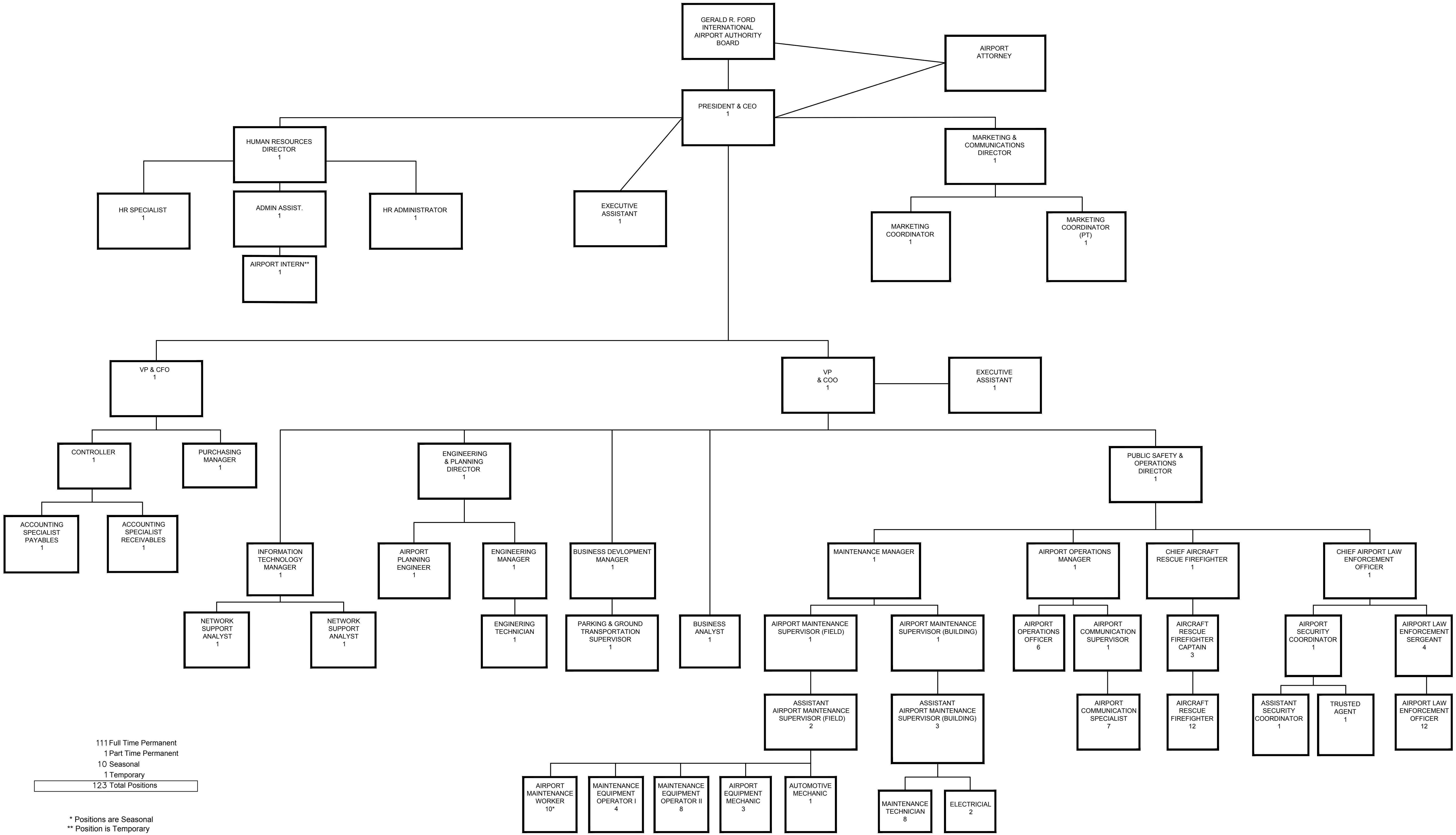


Torrance A. Richardson, A.A.E.
President and CEO

Service Area Map



GERALD R. FORD AIRPORT AUTHORITY
ORGANIZATIONAL CHART
EFFECTIVE JANUARY 2019



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Gerald R. Ford International Airport Authority, Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section

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Independent Auditor's Report

To the Board of Directors
Gerald R. Ford International Airport Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Gerald R. Ford International Airport Authority (the "Authority"), a component unit of the County of Kent, Michigan, as of and for the years ended December 31, 2019 and 2018 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Gerald R. Ford International Airport Authority as of December 31, 2019 and 2018 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Gerald R. Ford International Airport Authority

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplemental information, as identified 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, which 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 supplemental 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 that collectively comprise Gerald R. Ford International Airport Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; passenger facility charges collected and expended, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*; and introductory and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2020 on our consideration of Gerald R. Ford International Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Gerald R. Ford International Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 14, 2020

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 year ended December 31, 2019. 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.

FINANCIAL POSITION SUMMARY

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $275.1 million at December 31, 2019, a $31.1 million increase from December 31, 2018, compared to a $27.9 million increase in 2018.

A condensed summary of the Authority's net position at December 31 is provided below:

	2019	2018	2017
Assets			
Current and other assets	$ 60,649,976	$ 60,988,263	$ 57,232,638
Capital assets, net	377,649,361	346,957,790	333,872,590
Total assets	438,299,337	407,946,053	391,105,228
Deferred outflows of resources	6,631,591	8,667,247	7,167,748
Liabilities			
Long-term debt	155,478,772	164,463,012	173,490,782
Other liabilities	13,938,087	8,172,135	7,700,893
Total liabilities	169,416,859	172,635,147	181,191,675
Deferred inflows of resources	418,489	-	1,044,553
Net position			
Net investment in capital assets	227,528,455	189,170,383	167,820,231
Restricted	27,107,256	34,659,989	32,053,609
Unrestricted	20,459,869	20,147,781	16,162,908
Total net position	$ 275,095,580	$ 243,978,153	$ 216,036,748

The largest portion of the Authority's net position each year (82.7% and 77.5% at December 31, 2019 and 2018, respectively) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related debt outstanding used to acquire those capital assets. The 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 (9.9% and 14.2% at December 31, 2019 and 2018, respectively) represents resources that are subject to external restrictions on how they can be used under bond resolutions and Federal regulations. The remaining unrestricted net position (7.4% and 8.3% at December 31, 2019 and 2018, respectively) 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 change in net position for the year ended December 31 is provided below:

	2019	2018	2017
Operating revenues	$ 56,730,862	$ 49,175,216	$ 41,831,316
Operating expenses	(49,041,120)	(44,959,109)	(41,941,147)
Operating income	7,689,742	4,216,107	(109,831)
Nonoperating revenues (expenses)			
Investment earnings	513,611	241,091	125,884
Interest & other expenses	(5,837,149)	(6,506,680)	(6,505,053)
Passenger and customer facility charges	10,003,429	9,269,325	7,938,471
Gain on sale of capital assets	45,103	77,416	1,000
Total nonoperating revenues (expenses)	4,724,994	3,081,152	1,560,302
Income before capital contributions	12,414,736	7,297,259	1,450,471
Capital contributions	18,702,691	20,644,146	7,211,558
Change in net position	31,117,427	27,941,405	8,662,029
Net position, beginning of year	243,978,153	216,036,748	207,374,719
Net position, end of year	$ 275,095,580	$ 243,978,153	$ 216,036,748

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased 15.4% from $49.2 million in 2018 to $56.7 million in 2019 principally due to increased passenger growth as a result of the airport expansion.
- Operating expenses increased 9.1% from $45.0 million in 2018 to $49.0 million in 2019 principally due to increases in contractual services and supplies. These increases are also due to the passenger growth.
- As a result of the above, operating income increased from $4.2 million in 2018 to $7.7 million in 2019.
- Net non-operating revenues (expenses) increased from $3.1 million in 2018 to $4.7 million in 2019, due primarily to a 7.9% increase in Passenger and Customer facility charges and a 10.3% reduction in Interest & Other expenses.
- Capital contributions received in the form of grants from the Federal and State governments vary year to year and within the year, based on availability of grant funding and timing of federally funded projects.

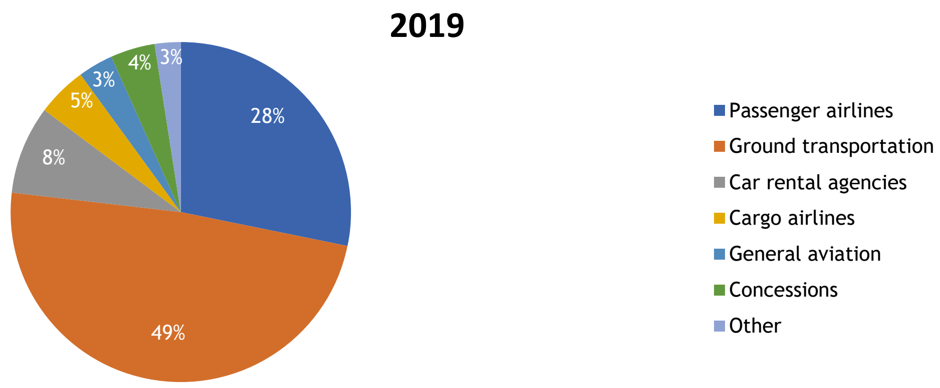
AIRLINE RATES AND CHARGES

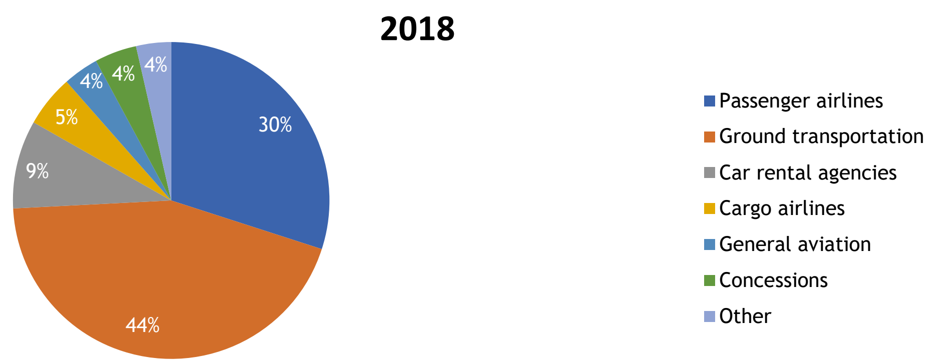
The Gerald R. Ford International Airport Authority Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Authority's annual operating and capital budgets which have been approved by the Gerald R. Ford International Airport Authority Board. The rates include the terminal rental rates, landing fees and airline apron fees. Rates as of December 31 are as follows:

	2019	2018	2017
Landing fees (per 1,000 lbs)	$ 2.97	$ 2.98	$ 2.84
Terminal rental rates (per square foot)	53.30	49.87	48.26
Airline apron fee (per 1,000 lbs)	1.62	1.70	1.81

REVENUES

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



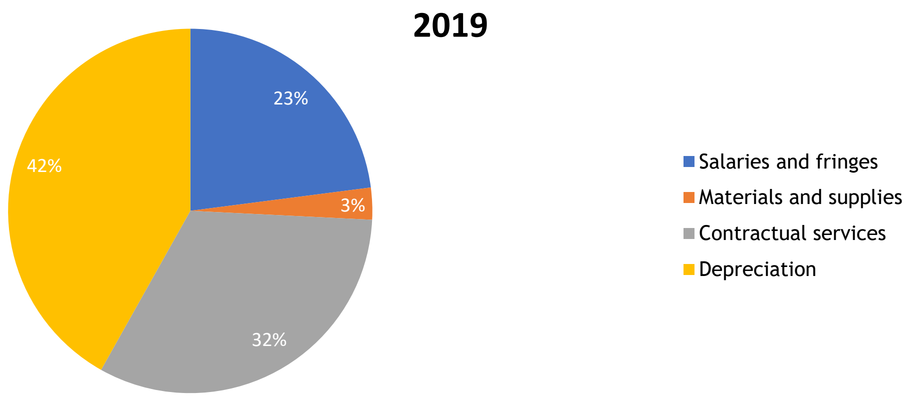


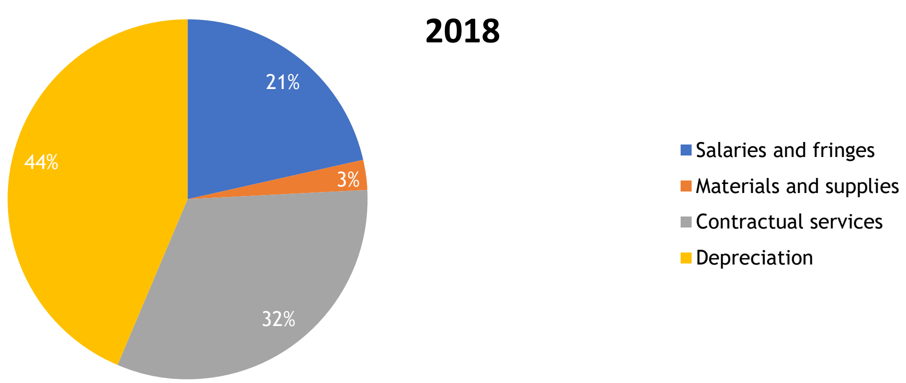
A summary of operating revenues for the year ended December 31, 2019 and 2018 is as follows:

Operating revenues	2019	Percent of Total	2018	Percent of Total
Charges for services:				
Passenger airlines	$ 16,007,045	28.2%	$ 14,741,958	30.0%
Ground transportation	27,575,128	48.6%	21,743,935	44.2%
Car rental agencies	4,756,636	8.4%	4,430,856	9.0%
Cargo airlines	2,708,634	4.8%	2,606,076	5.3%
General aviation	1,880,664	3.3%	1,782,545	3.6%
Concessions	2,396,024	4.2%	2,105,971	4.3%
Other	1,406,731	2.5%	1,763,875	3.6%
Total operating revenues	$ 56,730,862		$ 49,175,216	

EXPENSES

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





A summary of operating expenses for the year ended December 31, 2019 and 2018 is as follows:

Operating expenses	2019	Percent of Total	2018	Percent of Total
Salaries and fringes	$ 11,245,018	22.9%	$ 9,655,579	21.5%
Materials and supplies	1,398,068	2.9%	1,212,095	2.7%
Contractual services	15,876,214	32.4%	14,483,179	32.2%
Depreciation	20,521,820	41.8%	19,608,256	43.6%
Total operating expenses	$ 49,041,120		$ 44,959,109	

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 year ended December 31, 2019 the Authority had capital additions totaling $51,273,650. The major capital additions were:

Gateway Transformation - Phase II	$ 13,947,351
Terminal Apron Reconstruction	12,616,606
Terminal Apron Expansion	6,910,125
Chilled Water Plant	3,956,541
Eastside FBO Apron	3,799,076
Concourse 'A' Expansion - Design	2,271,903
Snow Removal Equipment	1,639,920
Police & Badging Office Relocation	913,045
Other	5,219,083

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. Additional information on the Authority's capital assets can be found in Note 4 of this report.

LONG-TERM DEBT ADMINISTRATION

In November 2018, the Authority issued $12.7 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 2009. This bond issue, 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.

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 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.

Additional information on the Authority's revenue bonds payable can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The economy of West Michigan has outperformed the rest of the state and country and this has been reflected in the passenger growth seen by the airport over the last seven years. Before the COVID-19 pandemic caused a worldwide economic downturn, the Authority had seen continued growth in the first 10 weeks of 2020 as well. As the full effect of the virus on our economy and on passengers' travel plans is still unknown, we have seen a significant drop in passenger numbers in the weeks following the State and Federal orders for the temporary stoppage of all non-essential travel.

While this decline has been seen for all sources of revenue, the impact has been greatest in our parking revenues which account for just over half of our total operating revenues and is entirely based on passenger activity. All other streams of revenue have some fixed portion, so the impact of passenger traffic is lower - but still noticable - on those revenues. The Authority did qualify for $16.2 Million in grants from the Federal CARES Act, which will offset some of those lost revenues, but not the entire amount of decline we are expecting and we are continually looking to reduce costs in every area to help offset the reduction of revenues caused by the severe drop in passenger numbers. Some of those cost reductions include our janitorial contract and the parking management contract, simply because the drop in passenger traffic results in less need for these expenses.

To further reduce our operating expenses, the Authority has reduced our workforce by way of several layoffs, furloughs, and by offering early retirement incentives to individuals who qualify. Although the Airport is considered an essential business, we have several personnel that are working remotely almost entirely, and others that are working remotely as much as half the time. We have not had any personnel not able to work because of sickness to themselves or a close family member, so have been fortunate to not have a serious concern for health and safety for any of our employees.

We do not foresee any of our vendors or contractors to not be able to continue providing their expected services to the Authority and our customers in the long-term, however we may need to restructure some contracts to help them stabilize while the economy continues to be so slow. The Authority is continuing to have contractors work on existing projects, but have delayed any future projects to not proceed past the design phase until the passenger traffic returns to the point of necessitating actual construction.

The Authority does not have a significant amount of assets held in investment accounts, so we have not had any losses due to financial market disruption. The retirement fund the Authority has for pensioned employees will have a loss, but the Authority had over-funded the account and does not foresee the need to contribute a large amount in order to stay compliant with regulations in place on the accounts. Even with the expectation of some employees excercising their option to early retire, the Authority is confident that the pension account is funded enough to accomodate the need for the foreseeable future.

As stated above, passenger traffic was on a record pace in 2020 through the second week of March. When the state and federal recommendations for stoppage of non-essential travel were put in place, passenger traffic dropped almost immediately to about 4% of our normal traffic. It stayed at this level throughout the remainder of March and all of April. There has been an increase in the first part of May, and we are estimating that passenger traffic will be at 10% of normal in May, then 30% in June, and 40% from July through the end of the year. We feel that this is a realistic forecast and not overly optimistic as to how quickly the public will return to air travel. The Authority is optimistic that the local West Michigan economy will rebound stronger than ever, and the airport will continue to be an important piece of infrastructure to make that happen. Even with the reductions in traffic and subsequent revenue decline, it is expected that the measures taken to reduce operating costs will be enough to keep airline rates to a minimal increase in 2020.

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,

Torrance A. Richardson, A.A.E.
President and CEO

Statement of Net Position

December 31, 2019 and 2018

		2019		2018
Assets				
Current assets:				
Cash and cash equivalents	$	19,080,227	$	20,740,606
Restricted cash and cash equivalents (Note 3)		12,270,539		12,127,877
Receivables:				
Accounts receivable - Net		2,679,929		2,549,185
Due from other governments		7,561,549		366,615
Inventory		321,737		221,407
Prepaid expenses and deposits		1,476,764		1,298,466
Total current assets		43,390,745		37,304,156
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents (Note 3)		8,490,863		17,048,526
Accounts receivable - Net (Note 3)		1,256,854		1,120,371
Net pension asset (Note 8)		7,511,514		5,515,210
Capital assets: (Note 4)				
Assets not subject to depreciation		68,581,189		30,172,676
Assets subject to depreciation - Net		309,068,172		316,785,114
Total noncurrent assets		394,908,592		370,641,897
Total assets		438,299,337		407,946,053
Deferred Outflows of Resources				
Deferred charges on bond refundings (Note 5)		5,357,866		5,807,456
Deferred pension costs (Note 8)		1,273,725		2,859,791
Total deferred outflows of resources		6,631,591		8,667,247
Liabilities				
Current liabilities:				
Payables:				
Accounts payable		1,861,642		2,166,959
Construction contracts payable		2,739,332		1,867,273
Payables from restricted assets:				
Accrued interest payable		3,277,750		3,143,637
Bonds payable (Note 5)		8,992,789		8,984,240
Unearned revenue:				
Unearned grant revenue		4,986,276		-
Unearned other revenue		256,158		330,336
Other accrued liabilities		816,929		663,930
Total current liabilities		22,930,876		17,156,375
Noncurrent liabilities - Bonds payable - Net of current portion (Note 5)		146,485,983		155,478,772
Total liabilities		169,416,859		172,635,147
Deferred Inflows of Resources - Deferred pension cost reductions (Note 8)		418,489		-
Net Position				
Net investment in capital assets		227,528,455		189,170,383
Restricted:				
Debt service		8,291,566		8,225,903
Debt reserve		3,007,360		3,004,354
Passenger facility charges - Capital improvements		3,444,508		12,594,823
Customer facility charges - Capital improvements		3,997,072		2,459,908
Pension benefits		8,366,750		8,375,001
Unrestricted		20,459,869		20,147,781
Total net position	**$**	**275,095,580**	**$**	**243,978,153**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenue		
Passenger airlines	$ 16,007,045	$ 14,741,958
Ground transportation	27,575,128	21,743,935
Car rental agencies	4,756,636	4,430,856
Cargo airlines	2,708,634	2,606,076
General aviation	1,880,664	1,782,545
Concessions	2,396,024	2,105,971
Other	1,406,731	1,763,875
Total operating revenue	56,730,862	49,175,216
Operating Expenses		
Salaries and fringes	11,245,018	9,655,579
Materials and supplies	1,398,068	1,212,095
Contractual services	15,876,214	14,483,179
Depreciation	20,521,820	19,608,256
Total operating expenses	49,041,120	44,959,109
Operating Income	7,689,742	4,216,107
Nonoperating Revenue (Expense)		
Gain on sale of assets	45,103	77,416
Interest earnings	513,611	241,091
Interest expense	(5,837,149)	(6,298,931)
Bond sale expenses	-	(207,749)
Passenger facility charges	7,372,099	6,886,079
Customer facility charges	2,631,330	2,383,246
Total nonoperating revenue	4,724,994	3,081,152
Income - Before capital contributions	12,414,736	7,297,259
Capital Contributions		
Capital grants	16,714,358	18,702,479
Capital donations	1,988,333	1,941,667
Total capital contributions	18,702,691	20,644,146
Change in Net Position	31,117,427	27,941,405
Net Position - Beginning of year	243,978,153	216,036,748
Net Position - End of year	**$ 275,095,580**	**$ 243,978,153**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Receipts from customers and users	$ 56,523,777	$ 48,894,612
Payments to suppliers	(17,698,927)	(15,697,799)
Payments to employees and fringes	(11,240,905)	(10,552,793)
Net cash and cash equivalents provided by operating activities	27,583,945	22,644,020
Cash Flows from Capital and Related Financing Activities		
Passenger facility charges collected	7,251,102	6,685,521
Customer facility charges collected	2,615,844	2,357,686
Capital contributions received	16,494,033	25,682,927
Proceeds from sale of capital assets	105,362	172,698
Purchase of capital assets	(50,401,591)	(32,065,987)
Issuance of revenue bonds	-	12,725,000
Principal paid on revenue bonds	(7,735,000)	(21,560,000)
Interest paid on revenue bonds	(6,502,686)	(6,236,307)
Payment of bond sale expenses	-	(207,749)
Net cash and cash equivalents used in capital and related financing activities	(38,172,936)	(12,446,211)
Cash Flows Provided by Investing Activities - Interest received	513,611	241,091
Net (Decrease) Increase in Cash and Cash Equivalents	(10,075,380)	10,438,900
Cash and Cash Equivalents - Beginning of year	49,917,009	39,478,109
Cash and Cash Equivalents - End of year	**$ 39,841,629**	**$ 49,917,009**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 19,080,227	$ 20,740,606
Current restricted cash and cash equivalents	12,270,539	12,127,877
Noncurrent restricted cash and cash equivalents	8,490,863	17,048,526
Total cash and cash equivalents	**$ 39,841,629**	**$ 49,917,009**
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities		
Operating income	$ 7,689,742	$ 4,216,107
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	20,521,820	19,608,256
Changes in assets and liabilities:		
Accounts receivable	(130,744)	(295,455)
Inventories	(100,330)	(3,714)
Prepaid expenses and deposits	(178,298)	(260,697)
Net pension asset and deferred pension costs and cost reductions	8,251	(883,206)
Accounts payable	(305,317)	283,938
Unearned other revenue	(74,178)	12,029
Other accrued liabilities	152,999	(33,238)
Total adjustments	19,894,203	18,427,913
Net cash and cash equivalents provided by operating activities	**$ 27,583,945**	**$ 22,644,020**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

Gerald R. Ford International Airport Authority (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 31 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.

Accounting and Reporting Principles

The Authority follows accounting principles and policies generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

This report includes the fund-based statements of the Authority. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Fund Accounting

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Authority reports all activity in a single enterprise fund. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Authority is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Basis of Accounting

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is 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.

Specific Balances and Transactions

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with a maturity of three months or less when acquired, and short-term accrued interest.

<u>Investments</u>

The Airport's investments are composed 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. Treasurys 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 and are classified as cash equivalents.

Note 1 - Significant Accounting Policies (Continued)

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 revenue at the time eligible project costs are incurred and reimbursement is requested. Cash received in advance of project costs being incurred is reported as unearned revenue.

Inventories and Prepaid Items

Inventories, which consist of fuel and runway deicers, are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods. For such payments, the Authority accrues prepaid items in the financial statements.

Restricted Assets

Restricted assets consist of monies and other resources whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like or through restrictions imposed by law through constitutional provisions or enabling legislation. The distinction between current and noncurrent restricted assets is that noncurrent assets are restricted for long-term debt service, reserves, and capital expenditures.

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 include land improvements, buildings and improvements, equipment, systems, office equipment and furniture, and vehicles. Capital assets are defined by the Authority as assets with an initial individual cost of more than $50,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, net of accumulated depreciation. Donated capital assets are recorded at estimated acquisition value at the date of donation. Interest incurred during the construction of capital assets is included as part of the capitalized value of the assets constructed.

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.

Note 1 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

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

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/Inflows of Resources

In addition to assets, the statement of net 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 future periods and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows related to pension costs, as well as for deferred losses on refunding. See Note 8 for details on pension costs. A deferred refunding loss 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows related to pension cost reductions. See Note 8 for details on pension costs.

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Significant Accounting Policies (Continued)

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 between 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.

Facility Charges and Capital Contributions

Passenger facility 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 2018 (previously 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. Passenger facility charges are recorded as nonoperating revenue when the underlying transaction between the airline and the passenger occurs.

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 nonoperating revenue. As of March 1, 2016, the amount collected in CFCs 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 CFCs 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 revenue, expenses, and changes in net position after nonoperating revenue (expenses) as capital contributions.

Pension

The Authority offers a pension plan, as described in Note 8. The Authority records a net pension asset for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For the purpose 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 Gerald R. Ford International Airport Authority Municipal Employees' Retirement System of Michigan pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension 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.

Note 1 - Significant Accounting Policies (Continued)

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. 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. The Authority's compensated absences liability is recorded as an other accrued liability on the statement of net position.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Reclassification

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the December 31, 2021 fiscal year.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements whereby capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the Authority's financial statements for the December 31, 2022 fiscal year.

Note 1 - Significant Accounting Policies (Continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 92 that relate to the effective date of GASB 87 and its associated implementation guidance are effective upon issuance. All other provisions of the statement are effective for the Authority's financial statements for the December 31, 2022 fiscal year.

In March, 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It establishes the definitions of public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. It requires governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 14, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. These measures included international travel restrictions, and, in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined.

The pandemic and the resulting restrictions have caused disruption in aviation activity and passenger traffic at the Authority and at airports around the world. As of the date of issuance of the financial statements, the Authority’s operations in 2020 have been significantly impacted, and the outlook for the airport sector has been revised to negative by the ratings agencies S&P and Fitch. The Authority continues to monitor the situation.

On March 25, 2020, Congress and the White House agreed to a COVID-19 assistance package, which includes $10 billion from the federal General Fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus. Through the assistance package, which was signed into law as the Coronavirus Aid, Relief, and Economic Security Act (the "Cares Act"), the Authority received grant revenue of approximately $16 million.

No impairments were recorded as of the balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment could change in the future. In addition, while the Authority’s results of operations, cash flows, and financial condition have been negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 2 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	2019	2018
Current assets:		
Cash and cash equivalents	$ 19,080,227	$ 20,740,606
Restricted cash and cash equivalents	12,270,539	12,127,877
Noncurrent assets - Restricted cash and cash equivalents	8,490,863	17,048,526
Total deposits and investments	$ 39,841,629	$ 49,917,009

These amounts are classified into the following deposits and investment categories:

	2019	2018
Deposits with financial institutions	$ 20,112,363	$ 35,505,773
Collateralized deposits	14,576,676	14,373,894
County of Kent, Michigan investment pool	5,130,713	15,465
Cash on hand	21,877	21,877
Total deposits and investments	$ 39,841,629	$ 49,917,009

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. 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 December 31, 2019 and 2018, the Authority had $34,093,353 and $49,266,763, respectively, of bank deposits that were uninsured. The Authority's collateralized deposits represent amounts held in bond reserve and redemption accounts that are collateralized by U.S. government Treasurys 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.

Custodial Credit Risk of Investments

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 the possession of an outside party. 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.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments, as identified above. 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.

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments to specific government securities, certificates of deposit, bank accounts with qualified financial institutions, and commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools, as identified above. The Authority has no investment policy that would further limit its investment choices. The county investment pool is not rated.

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 above. The Authority's investment policy minimizes concentration of credit risk by requiring that, with the exception of U.S. Treasurys and authorized pools, no more than 25 percent of the portfolio be invested in a single security type or with a single financial institution.

Note 3 - Restricted Assets

At December 31, 2019 and 2018, restricted assets are composed of the following:

	2019	2018
Current restricted cash and cash equivalents - Debt service	$ 12,270,539	$ 12,127,877
Noncurrent restricted cash and cash equivalents:		
Debt service	2,306,137	2,246,017
Passenger facility charges	2,369,739	11,641,051
Customer facility charges	3,814,987	2,293,309
Unspent bond proceeds	-	868,149
Noncurrent restricted accounts receivable:		
Passenger facility charges	1,074,769	953,772
Customer facility charges	182,085	166,599
Total noncurrent restricted assets	9,747,717	18,168,897
Total restricted assets	$ 22,018,256	$ 30,296,774

Note 4 - Capital Assets

Capital asset activity of the Authority was as follows:

	Balance January 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2019
Capital assets not being depreciated - Construction in progress	$ 30,172,676	$ (12,798,457)	$ 51,206,970	$ -	$ 68,581,189
Capital assets being depreciated:					
Land improvements	249,634,471	2,438,608	-	-	252,073,079
Buildings and improvements	312,267,582	4,717,962	-	-	316,985,544
Equipment	26,226,569	2,082,631	-	(119,207)	28,189,993
Systems	13,266,942	219,534	66,680	-	13,553,156
Office equipment and furniture	2,089,928	3,060,880	-	-	5,150,808
Vehicles	1,130,580	278,842	-	(99,326)	1,310,096
Subtotal	604,616,072	12,798,457	66,680	(218,533)	617,262,676
Accumulated depreciation:					
Land improvements	151,624,230	-	7,785,899	-	159,410,129
Buildings and improvements	117,769,534	-	10,185,705	-	127,955,239
Equipment	10,568,403	-	1,192,360	(119,207)	11,641,556
Systems	5,470,172	-	1,083,035	-	6,553,207
Office equipment and furniture	1,571,960	-	154,725	-	1,726,685
Vehicles	826,659	-	120,096	(39,067)	907,688
Subtotal	287,830,958	-	20,521,820	(158,274)	308,194,504
Net capital assets being depreciated	316,785,114	12,798,457	(20,455,140)	(60,259)	309,068,172
Net capital assets	$ 346,957,790	$ -	$ 30,751,830	$ (60,259)	$ 377,649,361

Note 4 - Capital Assets (Continued)

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated - Construction in progress	$ 11,626,872	$ (14,242,908)	$ 32,788,712	$ -	$ 30,172,676
Capital assets being depreciated:					
Land improvements	248,253,093	1,381,378	-	-	249,634,471
Buildings and improvements	309,294,293	2,973,289	-	-	312,267,582
Equipment	25,978,772	2,458,418	-	(2,210,621)	26,226,569
Systems	6,116,061	7,150,881	-	-	13,266,942
Office equipment and furniture	1,964,882	187,639	-	(62,593)	2,089,928
Vehicles	1,152,015	91,303	-	(112,738)	1,130,580
Subtotal	592,759,116	14,242,908	-	(2,385,952)	604,616,072
Accumulated depreciation:					
Land improvements	144,081,749	-	7,542,481	-	151,624,230
Buildings and improvements	107,687,625	-	10,081,909	-	117,769,534
Equipment	11,589,137	-	1,114,142	(2,134,876)	10,568,403
Systems	4,881,883	-	588,289	-	5,470,172
Office equipment and furniture	1,536,165	-	84,736	(48,941)	1,571,960
Vehicles	736,839	-	196,699	(106,879)	826,659
Subtotal	270,513,398	-	19,608,256	(2,290,696)	287,830,958
Net capital assets being depreciated	322,245,718	14,242,908	(19,608,256)	(95,256)	316,785,114
Net capital assets	$ 333,872,590	$ -	$ 13,180,456	$ (95,256)	$ 346,957,790

The construction in progress as of December 31, 2019 and 2018 of $68,581,189 and $30,172,676, respectively, relates to various projects being funded by federal, state, and authority funds.

Depreciation expense for the years ended December 31, 2019 and 2018 was $20,521,820 and $19,608,256, respectively.

The County of Kent, Michigan owns the land underlying the Authority's operations. The Authority has entered into a 40-year lease with the County to use the land for any purposes the Authority deems to be consistent with the best interest of operating the airport for a payment of $1. At the end of the 40-year term, the lease shall renew for successive 20-year terms unless either party gives proper notice of termination.

Construction Commitments

The Authority has active construction projects at year end. The projects include the Terminal Apron Reconstruction, Gateway Transformation Phase II, Terminal Apron Expansion, and Concourse 'A' Expansion, among others. At December 31, 2019, the Authority's commitments with contractors were approximately $30,702,534.

Note 5 - Long-term Debt

Long-term debt activity for the years ended December 31, 2019 and 2018 can be summarized as follows:

2019	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	$ 146,245,000	$ -	$ (7,735,000)	$ 138,510,000	$ 7,795,000
Unamortized bond premiums	18,218,012	-	(1,249,240)	16,968,772	1,197,789
Total bonds and contracts payable	$ 164,463,012	$ -	$ (8,984,240)	$ 155,478,772	$ 8,992,789

2018	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	$ 155,080,000	$ 12,725,000	$ (21,560,000)	$ 146,245,000	$ 7,735,000
Unamortized bond premiums	18,410,782	1,184,358	(1,377,128)	18,218,012	1,249,240
Total bonds and contracts payable	$ 173,490,782	$ 13,909,358	$ (22,937,128)	$ 164,463,012	$ 8,984,240

The Authority had deferred outflows of $5,357,866 and $5,807,456 related to deferred charges on bond refundings at December 31, 2019 and 2018, respectively.

Revenue Bonds

Revenue bonds payable consist of the following bond issues as of December 31, 2019 and 2018:

	Maturity Date	Interest Rate	2019	2018
Airport revenue refunding bonds, Series 2009	1/1/2019	2.00-5.00%	$ -	$ 2,015,000
Airport revenue refunding bonds, Series 2011	1/1/2028	2.00-5.00%	25,015,000	27,190,000
Airport revenue bonds, Series 2015	1/1/2035	1.50-5.00%	12,720,000	13,255,000
Airport revenue refunding bonds, Series 2015	1/1/2037	4.00-5.00%	88,050,000	91,060,000
Airport revenue refunding bonds, Series 2018	1/1/2025	5.00%	12,725,000	12,725,000
Total			$ 138,510,000	$ 146,245,000

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Other Debt		
Years Ending December 31	Principal	Interest	Total
2020	$ 7,795,000	$ 6,360,625	$ 14,155,625
2021	8,265,000	5,959,125	14,224,125
2022	8,680,000	5,535,500	14,215,500
2023	9,110,000	5,090,750	14,200,750
2024	9,570,000	4,623,750	14,193,750
2025-2029	40,950,000	16,678,975	57,628,975
2030-2034	33,065,000	8,471,725	41,536,725
2035-2037	21,075,000	1,524,450	22,599,450
Total	$ 138,510,000	$ 54,244,900	$ 192,754,900

There are a number of limitations and restrictions contained in the various bond indentures. All revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenue of the Authority. In compliance with bond agreements, the Authority has a letter of credit available totaling $11,435,300, which has not been drawn upon. The letter of credit expires on September 11, 2020. In addition, all bonds bear the limited tax pledge of the full faith and credit of the County of Kent, Michigan to advance necessary amounts to meet principal and interest payments in the event that revenue of the Authority is insufficient to meet requirements.

Bond Refunding

In November 2018, the Authority issued $12,725,000 in Series 2018 revenue bonds, with an average interest rate of 5.0 percent. The proceeds of these bonds were used to refund $14,190,000 of outstanding Series 2009 revenue refunding bonds, with an interest rate ranging from 4.0-5.0 percent. The net proceeds of $14,479,161 (after payment of $213,831 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to currently refund on the original bonds original scheduled to mature on January 1, 2022, except for the final payment of $2,015,000 due on January 1, 2019. As a result, the refunded portion of the Series 2009 revenue refunding bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next seven years by approximately $1,628,000, which represents an economic gain of approximately $1,503,000.

Pledged Revenue

The Authority has pledged airport revenue as security for outstanding bonds, which were issued to provide funding for various capital projects. The Authority has committed to appropriate each year, from certain airport revenue net of related operating expenses, amounts sufficient to cover the principal and interest requirements of the debt. Total principal and interest remaining on the debt is $192,754,900, with annual requirements ranging from $14,155,625 in 2019 to $7,149,000 in the final year. For the years ended December 31, 2019 and 2018, there was $7,735,000 and $7,370,000, respectively, in principal payments, and interest expense totaled $5,837,149 and $6,298,931, respectively. Net revenue pledged for debt service was $38,728,602 and $33,334,779 for the years ended December 31, 2019 and 2018, respectively.

Note 6 - Leases

Operating Leases

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, is as follows:

Years Ending	Amount
2020	$ 8,851,225
2021	8,601,723
2022	8,507,840
2023	6,208,369
2024	4,830,686
Thereafter	37,714,930
Total	$ 74,714,773

Note 7 - Risk Management

The Authority is exposed to various risks of loss during the normal course of operations. 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 catastrophic loss claims. No liability is recorded at December 31, 2019 and 2018 for outstanding claims or for any potential claims incurred but not reported as of that date.

The Michigan Municipal Risk Management Authority (MMRMA) risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to MMRMA that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Authority. Settled claims have not exceeded available coverage for any of the last three years. There was no estimated claims liability at December 31, 2019 and 2018, and there were no claim payments for the years then ended.

In March 2018, the Gerald R. Ford International Airport Authority was approached by the Michigan Department of Environmental Quality (MDEQ) Remediation and Redevelopment Division, Grand Rapids District Office, regarding historical use of firefighting foam. In response, the Authority began a stepwise approach to further understand the use of aqueous film-forming foam (AFFF) at the airport. Use is generally summarized as follows from our April 13, 2018 response to the MDEQ: "Firefighting materials at the airport (and all U.S. commercial airports) are specified and regulated by the Federal Aviation Administration. The military specification (Mil-Spec) specifying which aqueous film-forming foam is permitted to be used pursuant to FAA regulations has changed over time. The latest Mil-Spec from September 2016 requires AFFF formulations, and the immediately prior formulation contained some form of per- and polyfluoroalkyl substances (PFAS)." There are three main scenarios in which AFFF may be used at an airport: training, equipment testing, and to extinguish fuel-fed fires. The Authority has utilized best practices to meet FAA regulations in all of these use scenarios. Following the April 2018 letter, the Authority fostered a collaborative effort with regulatory agencies, including the MDEQ, Michigan Department of Health and Human Services, and the Kent County Health Department and conducted numerous water and soil tests in the vicinity of a former on-site firefighter training area. This investigation continued through 2019 and is ongoing. Management of the Authority is of the opinion that the outcome of legal actions will not have a material effect on the financial position of the Authority and, therefore, has not reflected loss reserves in the financial statements.

Note 8 - Pension Plan

Plan Description

The Authority participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amended the benefit provisions of the participants in MERS.

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 three-year period) and a multiplier of 2.5 percent. Participants are considered to be fully vested in the plan after five years. Normal retirement age is 60 with five or 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.

Employees hired on or after July 1, 2016 participate in a hybrid plan, with the exception of nonunion members hired on or after January 1, 2019 who participate only in a defined contribution plan (see Note 11). Benefit payments under the hybrid plan are calculated as final average compensation (based on a three-year period) and a multiplier of 1.5 percent. Participants are considered to be fully vested in the plan after six years. Employer defined contribution payments vest on a graded scale over six years. Employee contributions vest immediately. Normal retirement age is 60 with six years of service with an early retirement option available at age 55 with 25 years of service.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	98
Total employees covered by the plan	120

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members 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.

Note 8 - Pension Plan (Continued)

For the years ended December 31, 2019 and 2018, employee contributions to the closed defined benefit plan are expressed as a percentage of covered payroll and amount to 6.50 percent of covered payroll. For the years ended December 31, 2019 and 2018, employer contributions to the hybrid plan are expressed as a percentage of covered payroll and amount to 8.22 and 7.97 percent of covered payroll, respectively.

Net Pension Asset

The Authority has chosen to use its December 31 fiscal year end as its measurement date for the net pension asset.

The December 31, 2019 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the December 31, 2019 measurement date. The December 31, 2019 total pension liability was determined by an actuarial valuation performed as of December 31, 2018, which used updated procedures to roll forward the estimated liability to December 31, 2019.

The December 31, 2018 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the December 31, 2018 measurement date. The December 31, 2018 total pension liability was determined by an actuarial valuation performed as of December 31, 2017, which used updated procedures to roll forward the estimated liability to December 31, 2018.

Changes in the net pension asset during the measurement year were as follows:

	Increase (Decrease)		
Changes in Net Pension Asset	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2018	$ 17,995,163	$ 23,510,373	$ (5,515,210)
Changes for the year:			
Service cost	814,000	-	814,000
Interest	1,458,967	-	1,458,967
Changes in benefits	28,311	-	28,311
Differences between expected and actual experience	(488,237)	-	(488,237)
Contributions - Employer	-	270,677	(270,677)
Contributions - Employee	-	258,155	(258,155)
Net investment income	-	3,233,939	(3,233,939)
Benefit payments	(330,143)	(330,143)	-
Administrative expenses	-	(55,759)	55,759
Miscellaneous other charges	(102,333)	-	(102,333)
Net changes	1,380,565	3,376,869	(1,996,304)
Balance at December 31, 2019	$ 19,375,728	$ 26,887,242	$ (7,511,514)

The plan's fiduciary net position represents 138.8 percent of the total pension liability.

Note 8 - Pension Plan (Continued)

Changes in the net pension asset during the prior measurement year were as follows:

	Increase (Decrease)		
Changes in Net Pension Asset	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December, 2017	$ 16,118,957	$ 24,064,645	$ (7,945,688)
Changes for the year:			
Service cost	835,093	-	835,093
Interest	1,314,122	-	1,314,122
Differences between expected and actual experience	899,368	-	899,368
Contributions - Employer	-	325,207	(325,207)
Contributions - Employee	-	354,221	(354,221)
Net investment loss	-	(980,257)	980,257
Benefit payments	(205,774)	(205,774)	-
Administrative expenses	-	(47,669)	47,669
Miscellaneous other charges	(966,603)	-	(966,603)
Net changes	1,876,206	(554,272)	2,430,478
Balance at December 31, 2018	$ 17,995,163	$ 23,510,373	$ (5,515,210)

The plan's fiduciary net position represents 130.6 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the Authority recognized pension expense of $278,928. For the year ended December 31, 2018, the Authority recognized a reduction to pension expense of $557,997.

At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,096,426	$ 418,489	$ 1,293,227	$ -
Net difference between projected and actual earnings on pension plan investments	177,299	-	1,566,564	-
Total	$ 1,273,725	$ 418,489	$ 2,859,791	$ -

Note 8 - Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2020	$ 168,926
2021	216,941
2022	442,068
2023	(142,425)
2024	127,053
Thereafter	42,673
Total	$ 855,236

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.75 percent, an investment rate of return (net of investment expenses) of 8.00 percent, and the RP-2014 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 as of the December 31, 2019 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

Note 8 - Pension Plan (Continued)

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 percent, as well as what the Authority's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension asset of the Plan	$ (4,952,768)	$ (7,511,514)	$ (9,653,330)

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Health Care Savings Plan

The Authority sponsors a Health Care Savings Plan (HCSP) for employees. The HCSP allows for employee and employer contributions while employed to be used toward eligible medical expenses upon retirement. Employees contribute at a rate of 1 percent 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 six years. For the years ended December 31, 2019 and 2018, the Authority contributed $308,000 and $296,000, respectively, and employees contributed $81,392 and $78,139, respectively, to the HCSP.

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 payment of $1,039,133 to fully fund the HCSP for prior service credit was made in March 2017.

Note 10 - Deferred Compensation Plan

The Authority offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. The benefits of plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and are managed by these individuals. As such, these amounts have not been included in the accompanying financial statements. The Authority contributed $33,886 and $40,485 and employees contributed $235,544 and $196,070 to the deferred compensation plan for the years ended December 31, 2019 and 2018, respectively.

Note 11 - Defined Contribution Plan

The Authority sponsors a 401(a) plan for those employees hired on or after July 1, 2016. Those employees that participate in the hybrid plan (see Note 8) have the defined contribution portion of their plan held here. Nonunion employees hired on or after January 1, 2019 participate only in the defined contribution plan. Participants are considered to be fully vested in the plan after six years. Employer defined contribution payments vest on a graded scale over six years. Employee contributions vest immediately. The hybrid plan requires those employees in the plan to contribute 6.5 percent of covered payroll and provides for the Authority to make a required 2.0 percent contribution of covered payroll. The direct compensation plan requires those employees in the plan to contribute 5.0 percent of covered payroll and provides for the Authority to make a required matching contribution. The Authority contributed $75,096 and $58,756 and the employees contributed $223,948 and $191,034 to the defined contribution plan for the years ended December 31, 2019 and 2018, respectively.

Note 12 - Major Customers

Rentals and fees earned from passenger air carriers accounted for 28.2 and 30.0 percent of operating revenue for the years ended December 31, 2019 and 2018, respectively.

Note 13 - Concentrated Credit Risk

During the years ended December 31, 2019 and 2018, the Authority provided gate access to 17 passenger airlines and two all-cargo airlines. Additional revenue is 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.

Required Supplemental Information

Required Supplemental Information
Schedule of Changes in the Net Pension Asset and Related Ratios
MERS Agent Multiple-employer Defined Benefit Pension Plan

Last Four Fiscal Years

	2019	2018	2017	2016
Total Pension Liability				
Service cost	$ 814,000	$ 835,093	$ 829,449	$ 756,113
Interest	1,458,967	1,314,122	1,144,760	29,228
Changes in benefit terms	28,311	-	-	-
Differences between expected and actual experience	(488,237)	899,368	675,040	-
Benefit payments	(330,143)	(205,774)	(121,103)	(25,404)
Other changes	(102,333)	(966,603)	(27,001)	12,857,875
Net Change in Total Pension Liability	1,380,565	1,876,206	2,501,145	13,617,812
Total Pension Liability - Beginning of year	17,995,163	16,118,957	13,617,812	-
Total Pension Liability - End of year	**$ 19,375,728**	**$ 17,995,163**	**$ 16,118,957**	**$ 13,617,812**
Plan Fiduciary Net Position				
Contributions - Employer	$ 270,677	$ 325,207	$ 470,266	$ 16,038,027
Contributions - Member	258,155	354,221	417,953	3,529,014
Net investment income (loss)	3,233,939	(980,257)	2,798,042	1,020,983
Administrative expenses	(55,759)	(47,669)	(44,137)	(18,996)
Benefit payments	(330,143)	(205,774)	(121,103)	(25,404)
Net Change in Plan Fiduciary Net Position	3,376,869	(554,272)	3,521,021	20,543,624
Plan Fiduciary Net Position - Beginning of year	23,510,373	24,064,645	20,543,624	-
Plan Fiduciary Net Position - End of year	**$ 26,887,242**	**$ 23,510,373**	**$ 24,064,645**	**$ 20,543,624**
Authority's Net Pension Asset - Ending	**$ (7,511,514)**	**$ (5,515,210)**	**$ (7,945,688)**	**$ (6,925,812)**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	138.77 %	130.65 %	149.29 %	150.86 %
Covered Payroll	$ 6,748,311	$ 6,721,352	$ 6,721,352	$ 5,635,428
Authority's Net Pension Asset as a Percentage of Covered Payroll	(111.31)%	(82.06)%	(118.22)%	(122.90)%

*The Authority enrolled in this defined benefit pension plan in 2016. The Authority's beginning total pension liability in 2016 was recorded in the "other changes" section of the schedule above. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Required Supplemental Information
Schedule of Pension Contributions
MERS Agent Multiple-employer Defined Benefit Pension Plan

Last Four Fiscal Years

Years Ended December 31

	2019	2018	2017	2016
Actuarially determined contribution	$ 258,960	$ 146,856	$ 169,775	$ 15,881,370
Contributions in relation to the actuarially determined contribution	270,677	325,207	470,266	16,038,027
Contribution Excess	**$ 11,717**	**$ 178,351**	**$ 300,491**	**$ 156,657**
Covered Payroll	$ 6,748,311	$ 6,721,352	$ 6,721,352	$ 5,635,428
Contributions as a Percentage of Covered Payroll	4.01 %	4.84 %	7.00 %	284.59 %

*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 Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Authority's fiscal year ended December 31, 2019 were determined based on the actuarial valuation as of December 31, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	10 years (15 years for the hybrid plan)
Asset valuation method	10 years smoothed
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	7.75 percent, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the following tables: 1. RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent 2. RP-2014 Employee Mortality Tables 3. RP-2014 Juvenile Mortality Tables

Statistical Section

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:

Financial Trends **Schedules A and B**	Financial trends information is intended to show how the governmental unit's financial position has changed over time.
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.
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.
Demographic and Economic **Schedules F and G**	Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates.
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.

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 all years included in the Statistical Section.

Gerald R. Ford International Airport Authority

Schedule A
Net Assets / Net Position and Changes in Net Assets / Net Position

Last Ten Fiscal Years
(dollars in thousands)

	December 31,				
	2010	2011	2012	2013	2014
Operating revenues					
Airfield	$ 9,372	$ 9,811	$ 9,608	$ 8,878	$ 9,456
Terminal	7,321	5,715	6,746	6,832	7,813
Ground transportation	14,745	15,511	14,878	16,780	17,821
Other	544	593	641	700	752
Total operating revenues	31,982	31,630	31,873	33,190	35,842
Operating expenses					
Salaries and fringes	8,925	8,263	7,918	7,825	8,094
Services and supplies	9,148	9,793	9,183	10,301	10,411
Depreciation	16,009	16,275	16,523	16,540	16,446
Total operating expenses	34,082	34,331	33,624	34,666	34,951
Operating income (loss)	(2,100)	(2,701)	(1,751)	(1,476)	891
Nonoperating revenue (expenses)					
Interest income	148	154	159	122	136
Interest expense	(9,147)	(8,187)	(8,321)	(8,165)	(7,971)
Passenger facility charges	4,505	4,636	4,339	4,599	4,788
Customer facility charges	1,374	1,543	1,473	1,699	1,829
Other	22	50	22	51	50
Total nonoperating revenue (expenses)	(3,098)	(1,804)	(2,328)	(1,694)	(1,168)
Income (Loss) before capital contributions	(5,198)	(4,505)	(4,079)	(3,170)	(277)
Capital contributions	5,727	1,440	9,641	4,413	14,818
Special Item	-	-	-	-	-
Change in net assets / net position	$ 529	$ (3,065)	$ 5,562	$ 1,243	$ 14,541
Net assets / net position					
Invested in capital assets, net of related debt / net investment in capital assets	$ 150,727	$ 146,699	$ 142,094	$ 140,926	$ 150,950
Restricted for:					
Debt service	11,294	11,790	12,387	13,355	13,253
Capital improvements	3,418	2,684	5,791	9,307	13,269
Pension Benefits					
Unrestricted	22,154	22,114	28,578	26,504	27,161
Total net assets / net position	$ 187,593	$ 183,287	$ 188,850	$ 190,092	$ 204,633

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.

	December 31,			
2015	2016	2017	2018	2019
$ 10,639	$ 10,889	$ 11,695	$ 13,090	$ 13,935
7,566	7,475	7,776	8,723	9,644
19,327	20,598	21,568	26,175	32,332
687	756	792	1,187	820
38,219	39,718	41,831	49,175	56,731
8,918	5,729	9,590	9,656	11,245
12,475	13,395	13,444	15,695	17,274
16,685	18,288	18,907	19,608	20,522
38,078	37,412	41,941	44,959	49,041
141	2,306	(110)	4,216	7,690
178	233	126	241	514
(7,269)	(6,873)	(6,505)	(6,299)	(5,837)
5,242	5,424	5,786	6,886	7,372
1,956	2,016	2,152	2,383	2,631
56	58	1	(130)	45
163	858	1,560	3,081	4,725
304	3,164	1,450	7,297	12,415
11,633	6,495	7,212	20,644	18,702
-	(21,184)	-	-	-
$ 11,937	$ (11,525)	$ 8,662	$ 27,941	$ 31,117
$ 161,636	$ 152,970	$ 167,820	$ 189,170	$ 227,528
10,424	11,511	15,814	11,230	11,299
17,762	23,027	8,748	15,055	7,442
	6,734	7,492	8,375	8,367
29,078	13,133	16,163	20,148	20,460
$ 218,900	$ 207,375	$ 216,037	$ 243,978	$ 275,096

Schedule B
Changes in Cash and Cash Equivalents

Last Ten Fiscal Years
(dollars in thousands)

	December 31, 2010	December 31, 2011	December 31, 2012
Cash flows from operating activities			
Receipts from customers and users	$ 31,964	$ 32,652	$ 33,058
Cash paid to suppliers	(9,370)	(11,428)	(10,686)
Cash paid to employees	(8,807)	(8,302)	(6,994)
Net cash provided by operating activities	13,787	12,922	15,378
Capital and related financing activities			
Passenger facility charges collected	4,303	4,689	4,319
Customer facility charges collected	1,358	1,544	1,460
Capital contributions received	3,900	1,154	7,105
Proceeds from sale of capital assets	22	30	28
Proceeds from sale of bonds	-	41,049	-
Cash transferred to escrow for defeased bonds	-	(41,555)	-
Purchase of capital assets	(5,476)	(7,416)	(6,879)
Principal paid on revenue bonds	(3,595)	(4,180)	(4,645)
Interest and other bond expenses paid on revenue bonds	(9,220)	(9,059)	(7,987)
Net cash provided by (used in) capital and related financing activities	(8,708)	(13,744)	(6,599)
Cash flow from investing activities			
Interest received on investments	148	205	160
Net increase (decrease) in cash and cash equivalents	5,227	(617)	8,939
Cash and cash equivalents, beginning of year	35,227	40,454	39,837
Cash and cash equivalents, end of year	$ 40,454	$ 39,837	$ 48,776

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
	$ 33,942	$ 36,550	$ 39,373	$ 38,976	$ 41,768	$ 48,895	$ 56,524
	(10,509)	(11,652)	(13,708)	(12,268)	(14,628)	(15,698)	(17,699)
	(7,843)	(8,108)	(8,277)	(10,673)	(10,234)	(10,553)	(11,241)
	15,590	16,790	17,388	16,035	16,906	22,644	27,584
	4,705	4,777	5,130	5,383	5,627	6,686	7,251
	1,682	1,825	1,948	2,010	2,146	2,358	2,616
	1,480	8,119	16,345	11,488	3,975	25,683	16,494
	51	50	68	118	26	173	105
	-	-	127,556	-	-	12,725	-
	-	-	(111,059)	-	-	-	-
	(8,843)	(21,496)	(35,338)	(22,528)	(26,861)	(32,066)	(50,401)
	(5,220)	(5,715)	(6,290)	(6,870)	(7,255)	(21,560)	(7,735)
	(8,382)	(8,206)	(8,004)	(7,768)	(7,478)	(6,445)	(6,503)
	(14,527)	(20,646)	(9,644)	(18,167)	(29,820)	(12,446)	(38,173)
	130	130	178	233	126	241	514
	1,193	(3,726)	7,922	(1,899)	(12,788)	10,439	(10,075)
	48,776	49,969	46,243	54,165	52,266	39,478	49,917
	$ 49,969	$ 46,243	$ 54,165	$ 52,266	$ 39,478	$ 49,917	$ 39,842

Gerald R. Ford International Airport Authority

Schedule C
Passenger Activity - Enplaned Passengers

Last Ten Fiscal Years

	December 31,					
	2010	2011	2012	2013	2014	2015
Airline						
Air Canada (Air Georgian)	3,940	3,764	4,502	3,033	-	-
AirTran	76,644	134,606	123,465	81,096	402	-
Allegiant Air	117,609	87,193	76,759	76,409	79,810	98,367
American Airlines Inc.	-	-	-	-	-	-
American Connection (Chautauqua)	21,626	45,874	55,309	55,789	12,378	-
American Eagle (Air Wisconsin)	-	-	-	-	-	-
American Eagle (Envoy)	81,540	68,948	68,008	67,708	125,534	130,401
American Eagle (Piedmont)	-	-	-	-	-	-
American Eagle (Republic)	-	-	-	-	-	-
American Eagle (SkyWest)	-	-	-	-	-	-
American Eagle (Trans States)	-	-	3,678	-	-	-
Chicago Express (ATA Connection)	-	-	-	-	-	6,483
Continental Connection	6,341	12,368	-	-	-	-
Continental Express (Express Jet)	86,571	79,578	11,245	24,390	-	-
Delta Airlines Inc.	236,343	207,147	223,783	248,038	304,962	360,390
Delta Connection (Atlantic Southeast)	27,436	41,171	25,838	-	-	-
Delta Connection (Chautauqua)	23,993	13,776	26,165	43,827	14,734	-
Delta Connection (Comair)	52,317	81,236	35,909	-	-	-
Delta Connection (Compass)	27,481	22,287	11,789	6,063	18,727	22,075
Delta Connection (Endeavor)	-	-	-	80,374	66,410	39,573
Delta Connection (Express Jet)	-	-	-	48,550	37,860	35,728
Delta Connection (Freedom)	11,831	-	-	-	-	-
Delta Connection (GoJet)	-	-	-	3,938	8,943	16,255
Delta Connection (Mesaba)	31,978	20,429	125	-	-	-
Delta Connection (Pinnacle)	77,584	69,247	102,544	-	-	-
Delta Connection (Republic)	-	-	-	-	-	-
Delta Connection (Shuttle America)	1,599	5,616	451	9,010	6,645	7,611
Delta Connection (Skywest)	2,305	12,547	18,961	30,919	29,335	35,293
Frontier Airlines	-	-	-	-	-	-
Frontier Airlines (Chautauqua)	32,842	35,929	6,575	-	-	-
Frontier Airlines (Republic)	23,432	42,148	46,614	31,052	-	-
Midwest Connect (Skyway)	-	-	-	-	-	-
Midwest Connect (SkyWest)	-	-	-	-	-	-
Southwest	-	-	-	72,603	201,816	211,118
United Airlines Inc.	39,270	44,916	44,842	45,170	53,525	74,678
United Express (Air Wisconsin)	-	-	-	-	-	-
United Express (Chautauqua)	-	-	11,556	-	7,455	-
United Express (Commutair)	-	-	-	2,332	1,926	-
United Express (Express Jet)	15,330	41,901	99,911	89,588	60,931	45,936
United Express (Go Jet)	34,087	16,370	36,684	37,199	42,122	20,005
United Express (Mesa)	10,360	837	11,055	-	-	-
United Express (Republic)	-	-	-	-	-	-
United Express (Shuttle America)	30,374	29,817	18,939	12,499	17,960	29,504
United Express (SkyWest)	23,044	19,033	3,965	9,224	13,752	30,004
United Express (Trans States)	-	-	-	44,453	47,197	31,312
US Airways Express (Air Wisconsin)	-	-	-	-	17,852	53,812
US Airways Express (Mesa)	-	-	-	-	-	31,493
Charters	1,783	1,710	1,123	1,705	1,519	1,200
Total	**1,097,660**	**1,138,448**	**1,069,795**	**1,124,969**	**1,171,795**	**1,281,238**

December 31,				
2016	2017	2018	2019	**Total 2019**
-	-	-	-	0.00%
-	-	-	-	0.00%
115,409	128,130	161,101	235,353	13.04%
-	149	47,017	62,278	3.45%
-	-	-	-	0.00%
-	16,525	-	-	0.00%
106,093	112,343	103,457	105,537	5.85%
-	8,699	21,146	12,240	0.68%
-	-	18,568	12,988	0.72%
1,058	42,409	22,413	39,788	2.21%
-	18,028	14,924	-	0.00%
44,082	45,122	53,850	100,392	5.56%
-	-	-	-	0.00%
-	-	-	-	0.00%
376,802	434,084	411,039	433,908	24.05%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
7,019	1,398	-	-	0.00%
42,750	22,904	60,286	62,552	3.47%
26,463	27,971	10,823	-	0.00%
-	-	-	-	0.00%
22,499	11,294	27,850	13,007	0.72%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	7,151	10,912	28,701	1.59%
4,232	-	-	-	0.00%
42,521	28,665	65,105	85,824	4.76%
-	4,048	71,777	99,279	5.50%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
245,711	247,128	237,766	213,111	11.81%
42,580	91,641	99,421	109,852	6.09%
-	1,586	32,213	30,666	1.70%
-	-	-	-	0.00%
-	16,439	20,471	21,293	1.18%
66,898	48,176	38,227	26,818	1.49%
34,998	12,103	16,537	20,425	1.13%
-	-	1,051	4,802	0.27%
4,924	14,214	49,960	45,216	2.51%
10,963	-	-	-	0.00%
24,971	40,949	37,378	23,320	1.29%
38,196	30,891	6,710	15,141	0.84%
27,708	-	-	-	0.00%
46,728	-	-	-	0.00%
1,351	1,263	1,017	1,867	0.10%
1,333,956	**1,413,310**	**1,641,019**	**1,804,358**	**100%**

Schedule D
Principal Revenue Sources and Revenues per Enplaned Passenger

Last Ten Fiscal Years
(dollars in thousands, except amounts per enplaned passenger)

	December 31,				
	2010	2011	2012	2013	2014
Airline revenues					
Landing fees	$ 3,198	$ 3,586	$ 3,335	$ 3,135	$ 3,495
Apron fees	2,220	2,409	2,252	1,863	1,956
Terminal rents	5,908	4,302	5,313	5,270	6,025
Total airline revenues	11,326	10,297	10,900	10,268	11,476
Percentage of total revenues	29.8%	27.1%	28.8%	25.9%	26.9%
Nonairline revenues					
Parking	11,492	12,301	11,766	13,275	14,245
Rental car	3,521	3,512	3,413	3,821	3,892
Other	5,643	5,520	5,794	5,826	6,229
Total nonairline revenues	20,656	21,333	20,973	22,922	24,366
Percentage of total revenues	54.3%	56.1%	55.4%	57.8%	57.1%
Nonoperating revenues					
Passenger facility charges	4,505	4,636	4,339	4,599	4,788
Interest	148	154	159	122	136
Other	1,396	1,593	1,495	1,750	1,879
Total nonoperating revenues	6,049	6,383	5,993	6,471	6,803
Percentage of total revenues	15.9%	16.8%	15.8%	16.3%	16.0%
Total revenues	**$ 38,031**	**$ 38,013**	**$ 37,866**	**$ 39,661**	**$ 42,645**
Enplaned passengers	1,097,660	1,138,448	1,069,795	1,124,969	1,171,795
Total revenue per enplaned passenger	$ 34.65	$ 33.39	$ 35.40	$ 35.26	$ 36.39
Airline revenue per enplaned passenger	$ 10.32	$ 9.04	$ 10.19	$ 9.13	$ 9.79
Revenue rates					
Landing fee (per 1,000 lbs MGLW)	$ 2.85	$ 2.42	$ 2.61	$ 2.64	$ 2.84
Apron fee (per 1,000 lbs MGLW)	$ 1.83	$ 1.43	$ 1.46	$ 1.57	$ 1.73
Annual terminal rental rate (per sq. ft.)	$ 48.98	$ 51.34	$ 52.19	$ 50.95	$ 52.62

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.

December 31,				
2015	2016	2017	2018	2019
$ 4,106	$ 4,288	$ 4,595	$ 5,538	$ 6,038
2,503	2,573	2,924	3,164	3,307
5,512	5,340	5,488	6,040	6,662
12,121	12,201	13,007	14,742	16,007
26.6%	25.7%	26.1%	25.1%	23.8%
15,437	16,690	17,553	21,712	27,104
4,170	4,219	4,348	4,799	5,131
6,491	6,608	6,923	7,922	8,489
26,098	27,517	28,824	34,433	40,724
57.2%	58.0%	57.8%	58.6%	60.5%
5,242	5,424	5,786	6,886	7,372
178	233	126	241	514
2,012	2,074	2,153	2,461	2,676
7,432	7,731	8,065	9,588	10,562
16.3%	16.3%	16.2%	16.3%	15.7%
$ 45,651	**$ 47,449**	**$ 49,896**	**$ 58,763**	**$ 67,293**
1,281,238	1,333,956	1,413,310	1,641,019	1,804,358
$ 35.63	$ 35.57	$ 35.30	$ 35.81	$ 37.29
$ 9.46	$ 9.15	$ 9.20	$ 8.98	$ 8.87
$ 2.94	$ 2.98	$ 2.84	$ 2.98	$ 2.97
$ 1.86	$ 1.79	$ 1.81	$ 1.70	$ 1.62
$ 47.93	$ 48.25	$ 48.26	$ 49.87	$ 53.30

Gerald R. Ford International Airport Authority

Schedule E
Ratios of Outstanding Debt, Debt Service, Debt Limits &

Last Ten Fiscal Years

	December 31, 2010	2011	2012
Outstanding debt per enplaned passenger			
Outstanding debt by type (in thousands):			
Revenue bonds (all airport net operating revenues pledged)	$ 193,780	$ 192,224	$ 187,207
Outstanding debt per enplaned passenger	$ 170.21	$ 179.68	$ 166.41
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))	0.44%	0.40%	0.35%
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))	0.83%	0.75%	0.68%
Net revenues			
Revenues, net of capital contributions	$ 38,031	$ 38,013	$ 37,866
Less: operating expenses, less depreciation	18,073	18,056	17,101
Net revenues	$ 19,958	$ 19,957	$ 20,765
Debt service			
Principal paid on revenue bonds	$ 3,595	$ 4,180	$ 4,645
Interest expense on revenue bonds	9,147	9,059	7,987
Principal paid on notes payable	-	-	-
Interest expense on notes payable	-	-	-
Total debt service	$ 12,742	$ 13,239	$ 12,632
Revenue bonds debt service coverage	1.57	1.51	1.64
Debt service per enplaned passenger	$ 11.61	$ 11.63	$ 11.81

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 for more information.

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.

Pledged Revenue Coverage

						December 31,							
2013		2014		2015		2016		2017		2018		2019	
$	181,614	$	175,527	$	190,201	$	182,076	$	173,491	$	164,463	$	155,479
$	161.44	$	149.79	$	148.45	$	136.49	$	122.76	$	100.22	$	86.17
	0.33%		0.30%		0.31%		0.31%		0.27%		0.25%		0.22%
	0.65%		0.60%		0.62%		0.62%		0.54%		0.50%		0.45%
$	39,661	$	42,645	$	45,651	$	47,449	$	49,896	$	58,764	$	67,293
	18,126		18,505		21,393		19,124		23,034		25,351		28,519
$	21,535	$	24,140	$	24,258	$	28,325	$	26,862	$	33,413	$	38,774
$	5,220	$	5,715	$	6,290	$	6,870	$	7,255	$	8,835	$	7,735
	8,382		8,206		8,004		7,768		7,478		6,236		6,503
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
$	13,602	$	13,921	$	14,294	$	14,638	$	14,733	$	15,071	$	14,238
	1.58		1.73		1.70		1.94		1.82		2.22		2.72
$	12.09	$	11.88	$	11.16	$	10.97	$	10.42	$	9.18	$	7.89

Schedule F
Principal Employers in the Primary Trade Area

Calendar Years 2019 and 2010

Employer	County	Product or Service
Spectrum Health	Kent	Healthcare
Meijer Inc.	Kent	Retail food and merchandise
Mercy General Health Partners	Muskegon/Kent	Healthcare
Gentex Corporation	Ottawa	Manufacturing - auto parts
Gordon Food Services	Kent	Food services wholesaler
Amway Corporation	Kent	Personal and household products
Herman Miller Inc.	Ottawa	Office furniture
Perrigo Company	Allegan	Manufacturing - pharmaceuticals
Steelcase Inc.	Kent	Office furniture
Farmers Insurance Group	Kent	Insurance
Grand Valley State University	Ottawa	Education
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts
Grand Rapids Public Schools	Kent	Education
Ventra	Kent	Manufacturing - auto parts
Arconic Inc	Muskegon	Manufacturing - aerospace
Hope Network Industries	Kent	Packaging
Metro Health Hospital	Kent	Healthcare
Roskam Baking	Kent	Food Processing
Fifth Third Bank	West MI	Finance
SpartanNash	Kent	Retail food
Haworth Inc.	Ottawa	Manufacturing - furniture
Challenge Manufacturing	Kent/Ottawa	Manufacturing - metal stamping
Shape Corporation	Ottawa	Manufacturing - fabricated metal
Bradford White	Barry	Manufacturing - water heaters
Wolverine World Wide	Kent	Manufacturing - footwear
City of Grand Rapids	Kent	Government
City of Grand Rapids	Kent	Government
JBS Packerland	Allegan	Agriculture
ADAC Automotive	Kent	Manufacturing - auto parts
GE Aviation Systems	Kent	Manufacturing - avionics systems
Yanfeng Global Automotive	Ottawa	Manufacturing - auto parts
Total employment		

Source: The Right Place Inc.

(1) Data as of April 2020, most current information available

Number of Employees 2019 (1)	Percentage of Total Employment	Number of Employees 2010	Percentage of Total Employment
25,000	3.53%	16,092	2.81%
10,340	1.46%	7,421	1.29%
8,500	1.20%	3,529	0.62%
5,800	0.82%	2,317	0.40%
5,000	0.71%	1,600	0.28%
4,000	0.57%	4,000	0.70%
3,621	0.51%	3,800	0.66%
3,500	0.49%	3,200	0.56%
3,500	0.49%	4,800	0.84%
3,500	0.49%	2,157	0.38%
3,306	0.47%	1,964	0.34%
3,000	0.42%	1,750	0.31%
2,800	0.40%	3,463	0.60%
2,641	0.37%		0.00%
2,350	0.33%		0.00%
2,162	0.31%	1,436	0.25%
2,100	0.30%	2,163	0.38%
2,090	0.30%	1,300	0.23%
2,062	0.29%		0.00%
2,000	0.28%	4,200	0.73%
2,000	0.28%	2,450	0.43%
1,700	0.24%		0.00%
1,700	0.24%		0.00%
1,500	0.21%		0.00%
1,500	0.21%	1,640	0.29%
1,338	0.19%	1,678	0.29%
1,335	0.19%	1,675	0.29%
1,200	0.17%		0.00%
1,200	0.17%		0.00%
1,100	0.16%	1,600	0.28%
1,000	0.14%		0.00%
707,807		573,505	

Gerald R. Ford International Airport Authority

Schedule G
Population in the Primary Trade Area

Last Ten Fiscal Years

	2010	2011	2012	2013 [1]
Allegan County	111,408	111,845	111,895	112,531
Barry County	59,173	58,937	59,004	59,907
Ionia County	63,905	64,156	63,903	64,073
Kent County	602,622	608,077	614,079	621,700
Mecosta County	-	-	43,229	43,108
Montcalm County	-	-	63,081	63,105
Muskegon County	172,188	172,864	170,112	171,008
Newaygo County	48,460	48,650	-	-
Ottawa County	263,801	266,171	269,329	272,701
	1,321,557	1,330,700	1,394,632	1,408,133
Per capita income	$ 33,613	$ 36,321	$ 38,622	$ 38,981
Total personal income (dollars in thousands)	$ 44,421,150	$ 48,331,808	$ 53,863,932	$ 54,890,528

	2010	2011	2012	2013
Employment information:				
Civilian labor force	645,390	644,039	684,253	693,742
Employed	573,505	589,045	631,033	650,465
Unemployed	71,885	54,994	53,220	43,277
Unemployment rate	11.1%	8.5%	7.8%	6.2%

[1] 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.

2014	2015	2016	2017	2018	2019
113,847	113,847	111,408	116,447	114,145	115,250
59,281	59,107	59,173	60,586	59,607	60,057
64,294	63,976	63,905	64,291	64,147	64,176
629,237	629,237	602,622	648,594	636,376	643,140
43,186	43,226	42,798	43,391	43,181	43,264
62,893	63,046	63,342	63,550	62,956	63,209
172,344	172,344	172,188	173,693	172,707	173,043
-	-	-	-	-	-
276,292	276,292	263,801	286,383	280,243	284,034
1,421,374	1,421,075	1,379,237	1,456,935	1,433,362	1,446,173
$ 40,715	$ 42,495	$ 42,386	$ 43,586	$ 45,589	$ 47,952
$ 57,871,576	$ 60,387,903	$ 58,460,339	$ 63,501,969	$ 65,345,540	$ 69,346,888

2014	2015	2016	2017	2018	2018
727,023	806,984	755,219	760,020	733,509	744,132
687,736	773,497	727,147	730,625	691,961	707,807
39,287	33,487	28,072	29,395	41,548	36,325
5.4%	4.1%	3.7%	3.9%	5.7%	4.9%

Schedule H
Full-time Equivalent Employees

Last Ten Fiscal Years

	December 31, 2010	2011	2012	2013
Administration	20	20	20	17
Maintenance	31	31	31	31
Parking	24	1	1	1
Firefighting	16	16	16	16
Public safety	33	33	33	33
Total	124	101	101	98
Enplaned passengers per employee	8,852	11,272	10,592	11,479
Operating revenues (in thousands)	$ 31,982	$ 31,630	$ 31,873	$ 33,190
Operating expenses (in thousands)	$ 34,082	$ 34,331	$ 33,624	$ 34,666
Salaries and fringes (in thousands)	$ 8,925	$ 8,263	$ 7,918	$ 7,825
Payroll percentage of operating revenues	27.9%	26.1%	24.8%	23.6%
Payroll percentage of operating expenses	26.2%	24.1%	23.5%	22.6%

			December 31,			
	2014	2015	2016	2017	2018	2019
	18	18	20	23	24	24
	32	32	32	30	27	32
	1	1	1	1	1	1
	16	16	17	16	17	16
	33	33	32	34	34	35
	100	100	102	104	103	108
	11,718	12,812	13,078	13,590	15,932	16,707
	$ 35,842	$ 38,219	$ 39,718	$ 41,831	$ 49,175	$ 56,731
	$ 34,951	$ 38,078	$ 37,412	$ 41,941	$ 44,959	$ 49,041
	$ 8,094	$ 8,918	$ 5,729	$ 9,590	$ 9,656	$ 11,245
	22.6%	23.3%	14.4%	22.9%	19.6%	19.8%
	23.2%	23.4%	15.3%	22.9%	21.5%	22.9%

Gerald R.Ford International Airport Authority

Schedule I
Capital Asset Information

Last Ten Fiscal Years

	December 31,		
	2010	2011	2012
Runways			
8R/26L - East/West - 10,000 x 150 ft.			
8L/26R - East/West - 5,000 x 100 ft.			
17/35 - North/South - 8,500 x 150 ft.			
Total aircraft movements	87,073	87,545	85,306
Annual capacity	277,500	277,500	277,500
Runway utilization percentage	31.38%	31.55%	30.74%
Terminal building			
Exclusive area leased (sq. ft)	65,064	65,260	65,260
Exclusive area available (sq. ft)	100,666	100,666	100,666
Terminal occupancy percentage	64.63%	64.83%	64.83%
Enplanements	1,097,660	1,138,448	1,069,795
Planned capacity	1,800,000	1,800,000	1,800,000
Terminal utilization percentage	60.98%	63.25%	59.43%
Parking areas			
Number of annual long-term exits (a)	241,858	257,110	240,871
Average long-term stay (days) (b)	3.8	4.0	4.4
Average annual long-term occupancy ((a*b)/365)	2,518	2,818	2,877
Number of long-term spaces available	6,509	6,509	6,509
Average annual long-term occupancy rate	38.68%	43.29%	44.20%

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
	75,998	75,128	76,256	81,558	82,432	84,023	84,538
	277,500	277,500	277,500	277,500	277,500	277,500	277,500
	27.39%	27.07%	27.48%	29.39%	29.71%	30.28%	30.46%
	60,832	72,089	74,782	65,718	85,531	89,766	91,037
	97,796	97,944	97,944	106,786	105,104	105,104	100,312
	62.20%	73.60%	76.35%	61.54%	81.38%	85.41%	90.75%
	1,124,969	1,171,795	1,281,238	1,333,956	1,413,310	1,641,019	1,804,358
	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
	62.50%	65.10%	71.18%	74.11%	78.52%	91.17%	100.24%
	258,745	274,552	304,575	318,451	289,527	331,119	381,709
	4.3	4.5	3.9	4.0	4.6	4.2	4.5
	3,048	3,385	3,254	3,490	3,649	3,810	4,685
	6,918	6,918	6,918	7,071	7,071	7,124	7,324
	44.06%	48.93%	47.04%	49.35%	51.60%	53.48%	63.97%

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Gerald R. Ford International Airport Authority

We have audited, 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, the 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 year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Directors
Gerald R. Ford International Airport Authority

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

May 14, 2020

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Report on Compliance for the Major Federal Program and Passenger Facility Charge Program; Report on Internal Control Over Compliance as Required by the Uniform Guidance and the *Passenger Facility Charge Audit Guide for Public Agencies*

Independent Auditor's Report

To the Board of Directors
Gerald R. Ford International Airport Authority

Report on Compliance for Each Major Federal Program and for the Passenger Facility Charge Program

We have audited the Gerald R. Ford International Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2019. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The Authority's passenger facility charge program is identified in the schedule of passenger facility charges.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program and the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program and the passenger facility charge program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"). Those standards, the Uniform Guidance, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program and Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program and the passenger facility charge program for the year ended December 31, 2019.

To the Board of Directors
Gerald R. Ford International Airport Authority

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

May 14, 2020

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Airport Improvement Program:				
Master Plan Update	20.106	3-26-0039-053-2016	$ -	$ 16,845
Terminal Apron Design	20.106	3-26-0039-054-2016	-	22,025
Security Improvements	20.106	3-26-0039-055-2017	-	29,831
Terminal Apron Reconstruction - Phase 2	20.106	3-26-0039-056-2018	-	1,548,925
Terminal Apron Reconstruction - Phase 3	20.106	3-26-0039-057-2019	-	9,631,328
Terminal Apron Expansion	20.106	3-26-0039-058-2019	-	4,684,094
Total federal expenditures			**$ -**	**$ 15,933,048**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Gerald R. Ford International Airport Authority (the "Authority") under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	X Yes	___ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statements noted?	___ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	___ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	___ Yes	X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___ Yes	X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2019

Section II - Financial Statement Audit Findings

Reference Number	Finding
2019-001	**Finding Type** - Material weakness

Criteria - Gerald R. Ford International Airport Authority (the "Authority") is required to report its financial results for inclusion into the Authority's basic financial statements in accordance with generally accepted accounting principles (GAAP).

Condition - Funds received from a state grant during the year were recognized as revenue prior to the eligibility requirements for the grant being met. Specifically, eligible costs must be incurred prior to the recognition of revenue from the grant award.

Context - In the current year, the Authority entered into an agreement for grant money with the State. As a part of that agreement, the Authority received monies in advance of them being spent. This is a very unusual and infrequent situation for the Authority. Typically the Authority spends money first and is then reimbursed for those funds. As this was an unusual transaction it was inadvertently recorded as revenue and a journal entry was required during the audit to reduce the amount of revenue recognized in the financial records and instead reflect "unearned revenue" for the amount of grant funds received for which eligible costs had not been incurred.

Cause - Due to the unique and unusual nature of this transaction, it was inadvertently missed during the Authority's year-end review process.

Effect - As a result, revenue was overstated by $4.9 million at the commencement of the audit.

Recommendation - We recommend that when the Authority enters into new or unusual transaction, they consult various members of the finance team and the applicable Governmental Accounting Standards Board (GASB) pronouncements to ensure they reach the proper conclusion and that revenue is recorded in accordance with grant provisions.

Views of Responsible Officials and Planned Corrective Actions - An adjusting journal entry was prepared and posted as of December 31, 2019 to reclassify that portion of the grant not eligible to be recognized as revenue, as a deferred revenue. As eligible costs are incurred in the future, adjustments will be made to recognize the appropriate revenue amounts.

Section III - Federal Program Audit Findings

None

Schedule of Passenger Facility Charges

For the Year Ended December 31, 2019

Cumulative Balance - December 31, 2018	$	11,641,051
Receipts		
Passenger facility charges		7,251,097
Interest income		54,083
Total receipts		7,305,180
Disbursements		
Application No. 95-02-U-00-GRR		2,522,549
Application No. 17-07-C-00-GRR		14,053,939
Total disbursements		16,576,488
Decrease in cash balances		(9,271,308)
Cumulative Balance - December 31, 2019	$	2,369,743

See accompanying independent auditors' report and the notes to schedule of passenger facility charges.

Notes to Schedule of Passenger Facility Charges

Year Ended December 31, 2019

Note 1 - General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria:

- Preserve or enhance safety, security, or capacity of the national air transportation system.
- Reduce noise or mitigate noise impacts resulting from an airport.
- Furnish opportunities for enhanced competition between or among carriers.

Since 1995, the Federal Aviation Administration (FAA) has approved nine PFC applications and amendments submitted by the Gerald R. Ford International Airport Authority (the "Authority"). The Authority is currently authorized to collect PFCs in the amount of $4.50 per enplaned passenger up to a total for approved collections of $120.2 million. Project expenditures may include amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of December 31, 2019, the Authority had received approximately $99.5 million of PFC revenue and $2.8 of interest earnings. The Authority had expended approximately 99.9 million on approved projects.

Note 2 - Basis of Presentation

The accompanying schedule of passenger facility charges has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).