Years Ended December 31, 2020 and 2019

Annual Comprehensive 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.

Gerald R. Ford International Airport Authority

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Elected Officers and Key Staff Members

GOVERNING BOARD

Dan Koorndyk
Board Chairman

Floyd Wilson, Jr.
Board Vice Chairman

Birgit Klohs
Secretary

Peter Beukema

Emily Brieve*

Roger Morgan*

Doug Small

Mary Kay Shaver
General Counsel

Tory Richardson, A.A.E.	President and CEO
Alex Peric, A.A.E.	Vice President and COO
Matthew Zeilstra	Interim CFO
Lisa M. Carr, C.M., P.E.M., C.T.A.	Public Safety and Operations Director
Casey W. Ries, P.E.	Engineering and Planning Director
Stephen Clark, C.M.	Commercial Development Director
Maureen Lynch, P.H.R.	Human Resources Director

* Kent County Commissioner

June 10, 2021

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, 2020. 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 is currently held by Mr. Peter Beukema (Ottawa County). The Board is responsible for governing the affairs of the Authority and sets all policies under an Airport Lease and Asset Transfer Agreement with Kent County. On July 1, 2016 the Authority received an Airport Operating Certificate from the Federal Aviation Administration which transferred the operation from Kent County through the Gerald R. Ford International Airport Board to the Authority. The Authority adopted its own Board Policies but there were no significant changes to the Policies. However, there were some impacts on the Financial Statements due to the creation of the Board. These impacts are disclosed through these Financial Statements.

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 of industries including health care, manufacturing, pharmaceuticals, agriculture, and technology. Although the region experienced a downturn as the result of the COVID-19 pandemic, it is showing signs of coming back stronger than ever. Hospitality and tourism is coming back slower than some other industries, but overall the region is on the economic mend.

The downtown Grand Rapids area is still seeing an increase in housing options, and various entertainment venues for all ages and preferences. Along with the continued investments by various universities and colleges, pharmaceutical manufacturer Perrigo Company announced that it was building a new corporate headquarters in downtown Grand Rapids. This is the latest addition to what has become known as the "Medical Mile" in Grand Rapids, housing world-class healthcare alongside numerous educational offerings for the next generation of medical professionals. All of these things continue to make downtown Grand Rapids an area that is drawing more people for both a place to work and a place to live. The surrounding suburban areas also continue to see growth as more families are moving to the area and building homes. The region as a whole continues to win awards, showcasing why people should live or visit the area. Here are some of the awards earned in 2020:

- Top Cities Where U.S. Manufacturing is Thriving (#3 – Grand Rapids) – Advisor Smith
- Top Housing Market for Millenials (#2 – Grand Rapids) – ImproveNet
- Best Cities for First-Time Homebuyers (#1 – Grand Rapids) – SmartAsset
- 50 Best Places to Live in America (#13 – Grand Rapids) – Business Insider
- Most Affordable Places to Live in the U.S. (#9 – Grand Rapids) – U.S. News and World Report
  *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. Besides Perrigo, as mentioned above, these include Amway, BISSELL, Steelcase, Herman Miller, and Wolverine Worldwide – but there are over 130 international companies that call Southwest Michigan home.

Although 2020 brought a significant downturn to the tourism industry, it remains a 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. In February 2020, 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 quickly return to the passenger activity levels that were regularly breaking records before the COVID-19 crisis of 2020.

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.

With the worldwide economic impacts of the COVID-19 pandemic, the Airport saw a significant drop in passenger numbers from the previous year. After six years of setting new annual records of passengers, 2020 ended with a 51.0% decrease in total passengers. While that number is a huge decrease, it is actually slightly better than the industry average in the U.S. Each month continues to improve, and the Airport is seeing that our airline partners also are optimistic in our market. While passenger numbers dropped 51.0%, the aircraft operations dropped only 31.2%, and is rebounding more quickly as our airline partners add back flight operations. The upward trending pattern of both passengers and aircraft operations is driving the Airport to make decisions on how to accommodate this growth.

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 $446,662,000. 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:

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, anticipated for completion in 2024
- Funded by a combination of federal grants, PFCs, airport revenues, and an issuance of bonds

In-Line Baggage System

- Replacing the current multi-section baggage system with one complete system that moves luggage from check-in through TSA screening without necessitating human intervention at bottlenecks.
- A total project cost of $60.1M, scheduled to complete in 2023
- Funded by a combination of federal grants and airport revenues

Airport Outlook and Capital Planning (continued)

Consolidated Rental Car Facility

- A multi-level facility that incorporates all the rental car vendors into one area, with quick-turn 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 public parking spaces.
- A total project cost of $93.5, scheduled to complete in 2025
- 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 the screening of arriving international passengers at the Airport. This addition will also incorporate an additional baggage carousel that can be used for both international and domestic flights.
- A $10.0M investment in Phase 1 will be complete in 2021.
- Phase 2 of the full project will include U.S. Customs and Border Protection facilities with a cost of $26.8M, scheduled to complete in 2025.
- 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 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 seeing an upward trend of passengers over the final months of 2020 and the first quarter of 2021, and 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 annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2019. 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-seventh 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 ACFR 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.

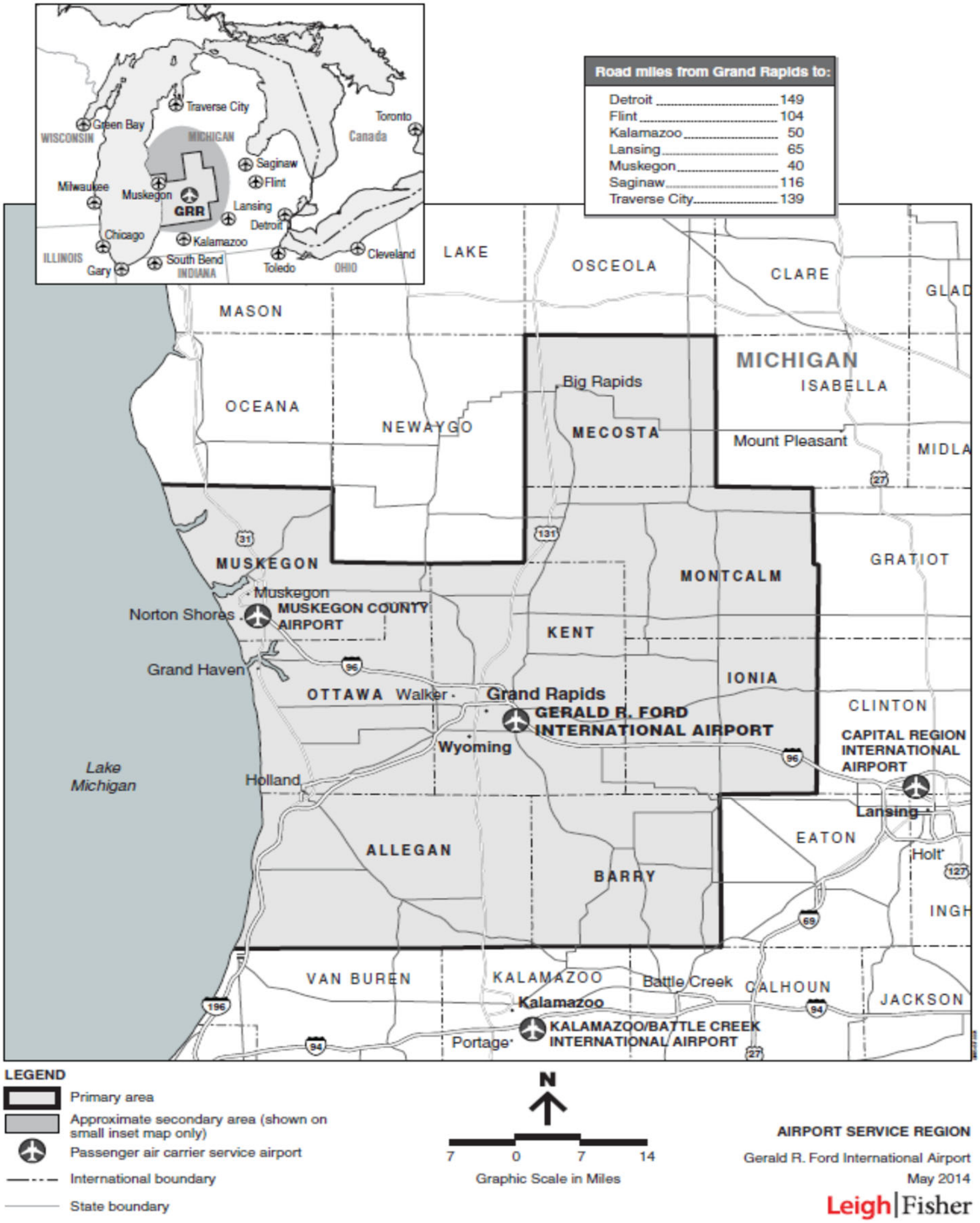
Acknowledgements

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.

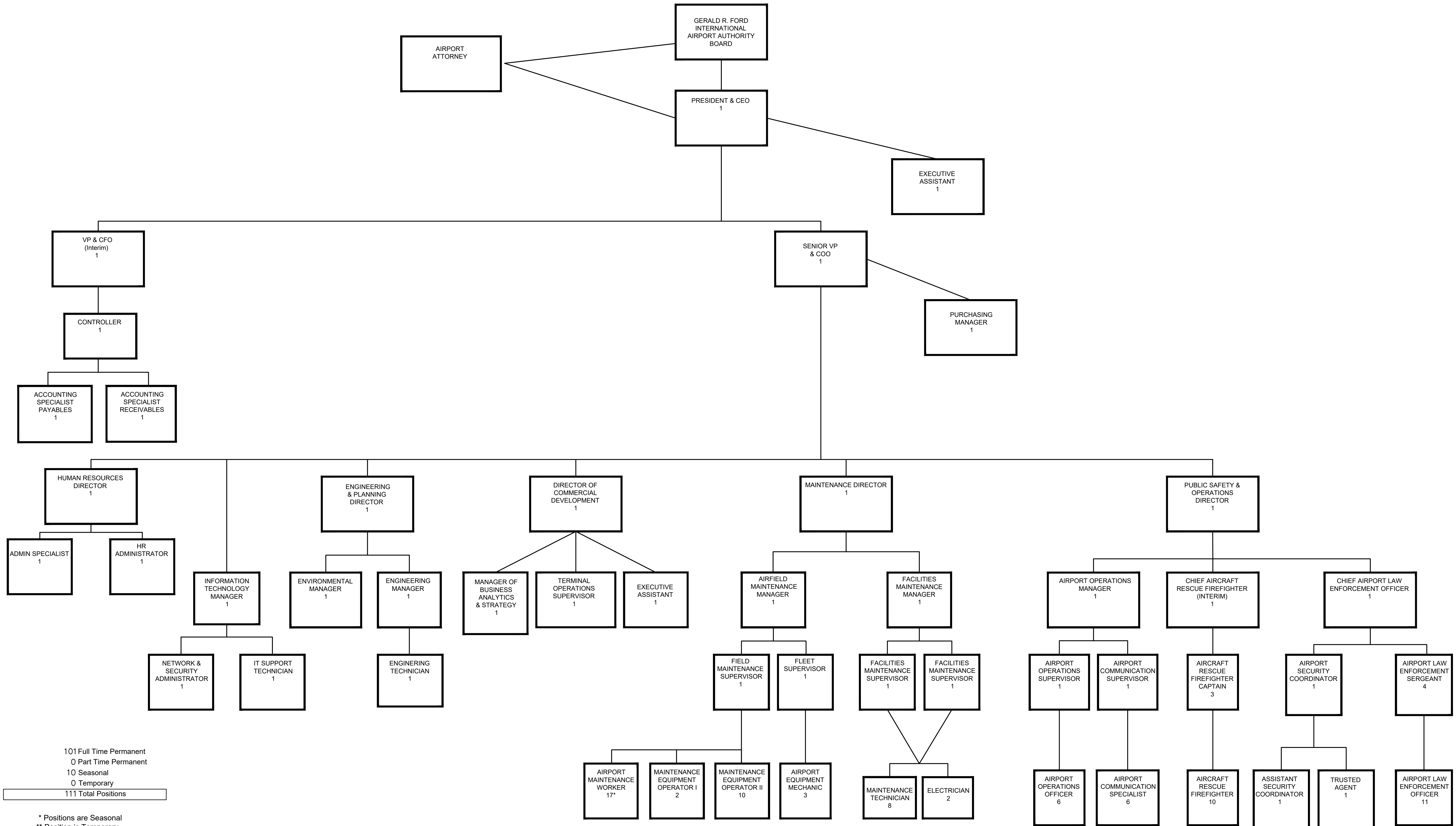
Respectfully submitted,

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

Service Area Map



GERALD R. FORD AIRPORT AUTHORITY
ORGANIZATIONAL CHART
EFFECTIVE JANUARY 2021



101	Full Time Permanent
0	Part Time Permanent
10	Seasonal
0	Temporary
111	Total Positions

* Positions are Seasonal
** Position is Temporary

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, 2019

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 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 years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Gerald R. Ford International Airport 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 financial statements referred to above present fairly, in all material respects, the financial position of the Gerald R. Ford International Airport Authority as of December 31, 2020 and 2019 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.

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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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 the 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, 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 section schedules, 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 June 10, 2021 on our consideration of the 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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gerald R. Ford International Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 10, 2021

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, 2020. 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 $295.1 million at December 31, 2020, a $20.0 million increase from December 31, 2019, compared to a $31.1 million increase in 2019.

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

	2020	2019	2018
Assets			
Current and other assets	$ 61,769,692	$ 60,649,976	$ 60,988,263
Capital assets, net	387,912,077	377,649,361	346,957,790
Total assets	449,681,769	438,299,337	407,946,053
Deferred outflows of resources	7,089,234	6,631,591	8,667,247
Liabilities			
Long-term debt	146,485,984	155,478,772	164,463,012
Other liabilities	13,759,319	13,938,087	8,172,135
Total liabilities	160,245,303	169,416,859	172,635,147
Deferred inflows of resources	1,390,130	418,489	-
Net position			
Net investment in capital assets	246,334,369	227,528,455	189,170,383
Restricted	28,554,682	27,107,256	34,659,988
Unrestricted	20,246,519	20,459,869	20,147,782
Total net position	$295,135,570	$275,095,580	$243,978,153

The largest portion of the Authority's net position each year (83.5% and 82.7% at December 31, 2020 and 2019, 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 (9.7% and 9.9% at December 31, 2020 and 2019, 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 (6.8% and 7.4% at December 31, 2020 and 2019, 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:

	2020	2019	2018
Operating revenues	$ 33,259,239	$ 56,730,862	$ 49,175,216
Operating expenses	(47,685,632)	(49,041,120)	(44,959,109)
Operating income	(14,426,393)	7,689,742	4,216,107
Nonoperating revenues (expenses)			
Investment earnings	166,048	513,611	241,091
Interest & other expenses	(5,417,553)	(5,837,149)	(6,506,680)
Passenger and customer facility charges	4,729,501	10,003,429	9,269,325
Gain on sale of capital assets	22,089	45,103	77,416
CARES Act Revenue	16,261,068	-	-
Total nonoperating revenues (expenses)	15,761,153	4,724,994	3,081,152
Gain before capital contributions	1,334,760	12,414,736	7,297,259
Capital contributions	18,705,230	18,702,691	20,644,146
Change in net position	20,039,990	31,117,427	27,941,405
Net position, beginning of year	275,095,580	243,978,153	216,036,748
Net position, end of year	$295,135,570	$275,095,580	$243,978,153

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues decreased 41.4% from $56.7 million in 2019 to $33.3 million in 2020 principally due to decreased passenger and airline traffic as a result of the COVID-19 pandemic.
- Operating Expenses decreased 2.8% from $49.0 million in 2019 to $47.7 million in 2019 principally due to decreases in contractual services and personnel expenses. These decreases were because of cost cutting measures to offset the decrease in operating revenues.
- As a result of the above, operating income decreased from a $7.7 million operating profit in 2019 to a $14.4 million operating loss in 2020.
- Net non-operating revenues (expenses) increased from $4.7 million in 2019 to $15.8 million in 2020, due primarily to the federal aid grant provided from the CARES act. Passenger and Customer facility charges did see a decrease of 52.7% from 2019.
- 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.

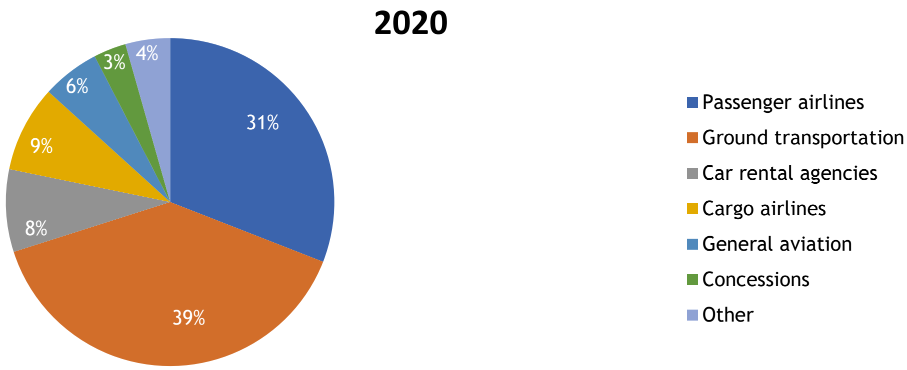
AIRLINE RATES AND CHARGES

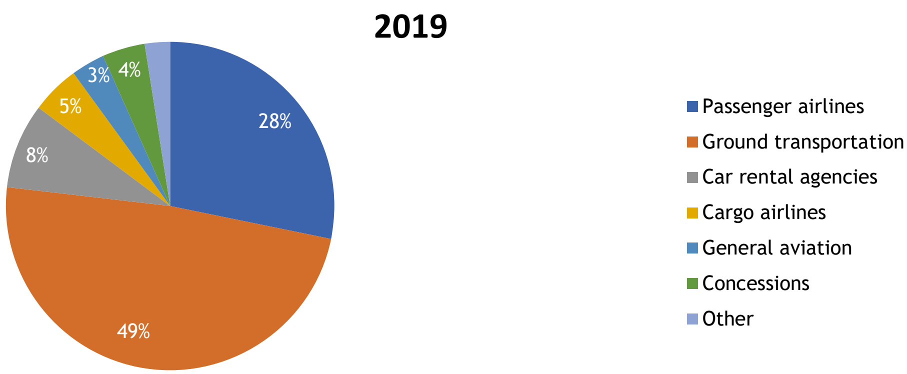
The Gerald R. Ford International Airport Authority Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Authority's annual operating and capital budgets which have been approved 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:

	2020	2019	2018
Landing fees (per 1,000 lbs)	$ 3.25	$ 2.97	$ 2.98
Terminal rental rates (per square foot)	60.36	53.30	49.87
Airline apron fee (per 1,000 lbs)	1.63	1.62	1.70

REVENUES

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



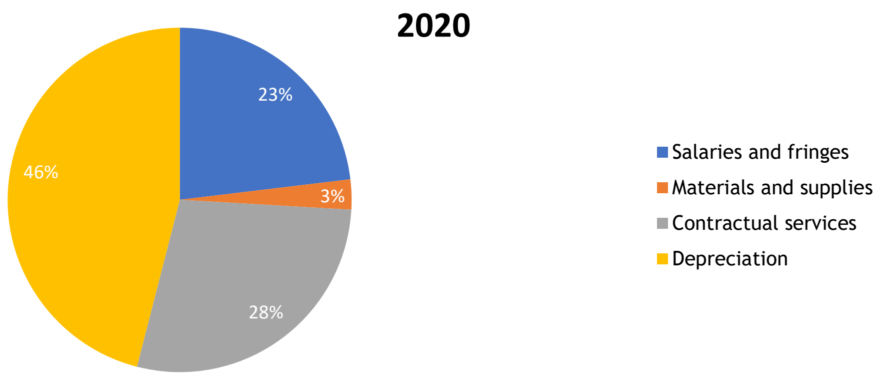


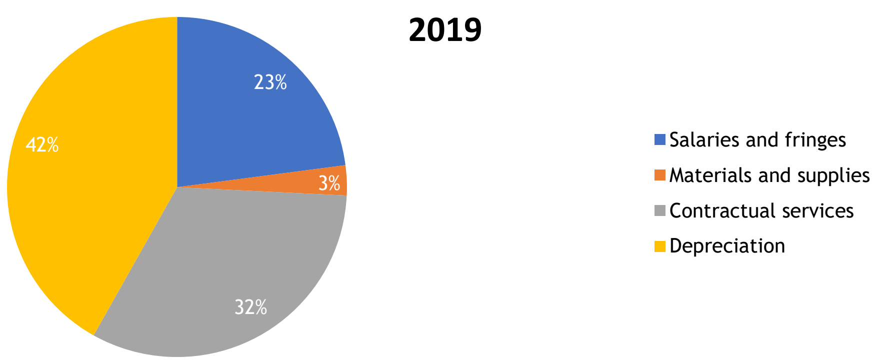
A summary of operating revenues for the year ended December 31, 2020 and 2019 is as follows:

Operating revenues	2020	Percent of Total	2019	Percent of Total
Charges for services:				
Passenger airlines	$ 10,291,303	30.9%	$ 16,007,045	28.2%
Ground transportation	13,012,681	39.1%	27,575,128	48.6%
Car rental agencies	2,703,958	8.1%	4,756,636	8.4%
Cargo airlines	2,833,984	8.5%	2,708,634	4.8%
General aviation	1,893,371	5.7%	1,880,664	3.3%
Concessions	1,060,902	3.2%	2,396,024	4.2%
Other	1,463,040	4.5%	1,406,731	2.5%
Total operating revenues	$ 33,259,239		$ 56,730,862	

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, 2020 and 2019 is as follows:

Operating expenses	2020	Percent of Total	2019	Percent of Total
Salaries and fringes	$ 11,013,514	23.1%	$ 11,245,018	22.9%
Materials and supplies	1,347,521	2.8%	1,398,068	2.9%
Contractual services	13,387,361	28.1%	15,876,214	32.4%
Depreciation	21,937,236	46.0%	20,521,820	41.8%
Total operating expenses	$ 47,685,632		$ 49,041,120	

FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental 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, 2020 the Authority had capital additions totaling $32,288,780. The major capital additions were:

Terminal Apron Expansion	$ 9,563,425
Federal Inspection Station	4,969,020
Concourse 'A' Expansion - Design	3,362,855
Gateway Transformation - Phase II	2,727,674
ConRAC Facility/Parking Structure Design	1,188,431
AOA Security Enhancements	982,005
Terminal Apron Reconstruction	855,850
Loading Dock Improvements	848,045
Other	7,791,475

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 was hit hard from the COVID-19 pandemic, as was most of the country and the world. Following the announcement of the pandemic and the subsequent State and Federal orders for the temporary stoppage of non-essential travel, the Airport's passenger numbers dropped to an unprecedented 4.0% of normal volume. While this was extremely unsettling, it was comparable to what was being seen throughout the industry. Since that time, late March of 2020, the Airport has seen a steady rise in the passenger activity which is slightly above the national average, finishing the 2020 calendar year at a 51.0% drop from the previous year's total passenger count. We continued to see growing numbers through the first quarter of 2021, and are currently following a trend to return to pre-pandemic numbers more quickly than originally expected. We do continue to see activity which is slightly above the national average, and expect this to continue or stay consistent with what is being seen in the industry.

While the decline of passengers resulted in a reduction in most sources of revenue, the impact was greatest in our parking revenues. Parking is entirely based on passenger activity and typically accounts for just over half of our total operating revenues; in 2020 that percentage dropped to 38.6%. The Authority did qualify for $16.2 Million in grants from the Federal CARES Act, which offset the majority of the realized drop in operating revenues we did have. We were also able to focus on contracting some additional tenants to lease available land and building space on the property, to help bolster the revenues not associated with passenger volume.

In the wake of the drop in operating revenues, the Authority was forced to look at ways to decrease our expenses in order to conserve the amount of cash on hand for normal operations. We reduced our workforce by way of several layoffs, furloughs, and by offering early retirement incentives to individuals who qualified. Since this decrease in headcount, we have slowly added back newly hired workers to fill those voids as needed. We also restructured some contractual services that were no longer needed to the extent that they were when the contracts originated, most notably

While many of our tenants were also forced to reduce their workforces, we did not lose any of the tenants we had on contract during the year. In fact, we actually increased the number of tenants overall. We continued to work with contractors on projects that were in the construction phase, and did not add any projects that were not deemed necessary for the safe continued operation of the airport. The Authority is continually prioritizing the projects needing to be completed, and is moving forward with new projects only when it makes sense both operationally and fiscally.

The Authority does not have a significant amount of assets held in investment accounts, so we did not have any losses realized in the financial markets. The retirement fund the Authority has for pensioned employees continues to be over-funded, and the Authority does not foresee the need to contribute a large amount in order to stay compliant with regulations in place on the accounts. Even with some employees exercising their option to early retirement, the Authority is confident that the pension account is funded enough to accommodate the need for the foreseeable future.

2020 was an unprecedented year for the travel industry as a whole. The COVID-19 pandemic created a market with huge supply, and next to no demand for months. As stated above, the Gerald R. Ford Airport is rebounding a bit faster than the national average and we are cautiously optimistic that we will emerge from this economic depression a bit sooner than we originally forecasted. Our airline partners are also seeing encouraging signs that the local customers are ready to travel again, and are steadily increasing their operations to be almost what they were pre-pandemic. We continue to be optimistic about the upward trends we are witnessing in passenger volume, but are careful to make responsible business decisions based on realistic expectations. The Authority is confident 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. With a better view of how the COVID-19 pandemic affected, and continues to affect, the Airport's business operations, we are confident that we can continue to take measures to contain or

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, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 20,406,455	$ 19,080,227
Restricted cash and cash equivalents (Note 3)	12,545,664	12,270,539
Receivables:		
Accounts receivable - Net	2,836,203	2,679,929
Due from other governments	5,461,658	7,561,549
Inventory	274,178	321,737
Prepaid expenses and deposits	1,944,469	1,476,764
Total current assets	43,468,627	43,390,745
Noncurrent assets:		
Restricted assets:		
Restricted cash and cash equivalents (Note 3)	10,335,560	8,490,863
Accounts receivable - Net (Note 3)	519,254	1,256,854
Net pension asset (Note 8)	7,446,251	7,511,514
Capital assets: (Note 4)		
Assets not subject to depreciation	69,668,847	68,581,189
Assets subject to depreciation - Net	318,243,230	309,068,172
Total noncurrent assets	406,213,142	394,908,592
Total assets	449,681,769	438,299,337
Deferred Outflows of Resources		
Deferred charges on bond refundings (Note 5)	4,908,276	5,357,866
Deferred pension costs (Note 8)	2,180,958	1,273,725
Total deferred outflows of resources	7,089,234	6,631,591
Liabilities		
Current liabilities:		
Payables:		
Accounts payable	2,791,789	1,861,642
Construction contracts payable	1,911,664	2,739,332
Payables from restricted assets:		
Accrued interest payable	3,082,875	3,277,750
Bonds payable (Note 5)	9,462,789	8,992,789
Unearned revenue:		
Unearned grant revenue	881,271	4,986,276
Unearned other revenue	262,874	256,158
Other accrued liabilities	4,828,846	816,929
Total current liabilities	23,222,108	22,930,876
Noncurrent liabilities - Bonds payable - Net of current portion (Note 5)	137,023,195	146,485,983
Total liabilities	160,245,303	169,416,859
Deferred Inflows of Resources - Deferred pension cost reductions (Note 8)	1,390,130	418,489
Net Position		
Net investment in capital assets	246,334,369	227,528,455
Restricted:		
Debt service	8,766,048	8,291,566
Debt reserve	3,009,929	3,007,360
Passenger facility charges - Capital improvements	4,364,484	3,444,508
Customer facility charges - Capital improvements	4,177,142	3,997,072
Pension benefits	8,237,079	8,366,750
Unrestricted	20,246,519	20,459,869
Total net position	**$ 295,135,570**	**$ 275,095,580**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenue		
Passenger airlines	$ 10,291,303	$ 16,007,045
Ground transportation	13,012,681	27,575,128
Car rental agencies	2,703,958	4,756,636
Cargo airlines	2,833,984	2,708,634
General aviation	1,893,371	1,880,664
Concessions	1,060,902	2,396,024
Other	1,463,040	1,406,731
Total operating revenue	33,259,239	56,730,862
Operating Expenses		
Salaries and fringes	11,013,514	11,245,018
Materials and supplies	1,347,521	1,398,068
Contractual services	13,387,361	15,876,214
Depreciation	21,937,236	20,521,820
Total operating expenses	47,685,632	49,041,120
Operating (Loss) Income	(14,426,393)	7,689,742
Nonoperating Revenue (Expense)		
Gain on sale of assets	22,089	45,103
Interest earnings	166,048	513,611
Interest expense	(5,417,553)	(5,837,149)
Passenger facility charges	3,427,561	7,372,099
Customer facility charges	1,301,940	2,631,330
CARES Act revenue	16,261,068	-
Total nonoperating revenue	15,761,153	4,724,994
Income - Before capital contributions	1,334,760	12,414,736
Capital Contributions		
Capital grants	16,955,230	16,714,358
Donations	1,750,000	1,988,333
Total capital contributions	18,705,230	18,702,691
Change in Net Position	20,039,990	31,117,427
Net Position - Beginning of year	275,095,580	243,978,153
Net Position - End of year	**$ 295,135,570**	**$ 275,095,580**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	$ 33,106,309	$ 56,523,777
Payments to suppliers	(14,145,512)	(17,698,927)
Payments to employees and fringes	(6,947,923)	(11,240,905)
Net cash and cash equivalents provided by operating activities	12,012,874	27,583,945
Cash Flows Provided by Noncapital Financing Activities - CARES Act funding received	13,730,010	-
Cash Flows from Capital and Related Financing Activities		
Passenger facility charges collected	4,056,804	7,251,102
Customer facility charges collected	1,410,297	2,615,844
Capital contributions received	19,231,174	16,494,033
Proceeds from sale of capital assets	74,682	105,362
Purchase of capital assets	(33,080,213)	(50,401,591)
Principal paid on revenue bonds	(7,795,000)	(7,735,000)
Interest paid on revenue bonds	(6,360,626)	(6,502,686)
Net cash and cash equivalents used in capital and related financing activities	(22,462,882)	(38,172,936)
Cash Flows Provided by Investing Activities - Interest received	166,048	513,611
Net Increase (Decrease) in Cash and Cash Equivalents	3,446,050	(10,075,380)
Cash and Cash Equivalents - Beginning of year	39,841,629	49,917,009
Cash and Cash Equivalents - End of year	**$ 43,287,679**	**$ 39,841,629**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 20,406,455	$ 19,080,227
Current restricted cash and cash equivalents	12,545,664	12,270,539
Noncurrent restricted cash and cash equivalents	10,335,560	8,490,863
Total cash and cash equivalents	**$ 43,287,679**	**$ 39,841,629**
Reconciliation of Operating (Loss) Income to Net Cash and Cash Equivalents from Operating Activities		
Operating (loss) income	$ (14,426,393)	$ 7,689,742
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Depreciation	21,937,236	20,521,820
Changes in assets and liabilities:		
Accounts receivable	(159,414)	(130,744)
Inventories	47,559	(100,330)
Prepaid expenses and deposits	(467,705)	(178,298)
Net pension asset and deferred pension costs and cost reductions	132,811	8,251
Accounts payable	950,760	(305,317)
Unearned other revenue	6,716	(74,178)
Other accrued liabilities	3,991,304	152,999
Total adjustments	26,439,267	19,894,203
Net cash and cash equivalents provided by operating activities	**$ 12,012,874**	**$ 27,583,945**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

The 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 23 domestic locations.

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

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.

Specific Balances and Transactions

Cash and Cash Equivalents

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.

Investments

The Authority'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. Treasury securities 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 moneys 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. There was no impairment loss recognized during 2020 or 2019.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 and/or balance sheet 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, Capital Contributions, and Other Grants

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 Authority 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 recognized when all eligibility criteria have been met, which is typically when the related allowable expenditures have been 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.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, included $10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the COVID-19 pandemic. During 2020, the Authority was awarded and utilized $16.3 million of the CARES Act funding to partially offset reductions in revenue caused by the pandemic.

Note 1 - Significant Accounting Policies (Continued)

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 Authority's share of 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 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.

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.

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.

Note 1 - Significant Accounting Policies (Continued)

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.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange of exchange-like transaction. The provisions of this statement are effective for the Authority’s financial statements for the year ending December 31, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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 June 10, 2021, which is the date the financial statements were available to be issued.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was enacted into law. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSA). CRRSA provides approximately $2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions. CRRSA grant funds must be obligated by no later than September 30, 2021. The Authority is eligible to receive funding of approximately $5.9 million.

Note 1 - Significant Accounting Policies (Continued)

On March 11, 2021, the president of the United States signed the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates $8 billion to assist to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the $8 billion appropriated, no more than $6.492 billion will be made available for primary airports, such as the Authority, for "costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments." ARPA further appropriates no more than $608 million to pay a federal share of 100 percent of the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a 100 percent federal share) for any airport redevelopment project and provides for no more than $800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. The allocation of amounts appropriated by ARPA has not yet been announced. Accordingly, it is not known at this time how much funding the Authority may be eligible to receive through ARPA.

Note 2 - Deposits and Investments

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

	2020	2019
Current assets:		
Cash and cash equivalents	$ 20,406,455	$ 19,080,227
Restricted cash and cash equivalents	12,545,664	12,270,539
Noncurrent assets - Restricted cash and cash equivalents	10,335,560	8,490,863
Total deposits and investments	$ 43,287,679	$ 39,841,629

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

	2020	2019
Deposits with financial institutions	$ 23,193,491	$ 20,112,363
Collateralized deposits	14,858,852	14,576,676
County of Kent, Michigan investment pool	5,213,559	5,130,713
Cash on hand	21,777	21,877
Total deposits and investments	$ 43,287,679	$ 39,841,629

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, 2020 and 2019, the Authority had $37,624,767 and $34,093,353, 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 treasury and agency securities. 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.

Note 2 - Deposits and Investments (Continued)

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.

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.

Investments in Entities that Calculate Net Asset Value per Share

The Authority participates in an investment pool managed by the County Treasurer.

At December 31, 2020 and 2019, the fair value of the county investment pool was $5,213,559 and $5,130,713, respectively. There were no unfunded commitments, no restrictions on redemption frequency, and no redemption notice periods.

Note 3 - Restricted Assets

At December 31, 2020 and 2019, restricted assets are composed of the following:

	2020	2019
Current restricted cash and cash equivalents - Debt service	$ 12,545,664	$ 12,270,539
Noncurrent restricted cash and cash equivalents:		
Debt service	2,313,188	2,306,137
Passenger facility charges	3,918,958	2,369,739
Customer facility charges	4,103,414	3,814,987
Noncurrent restricted accounts receivable:		
Passenger facility charges	445,526	1,074,769
Customer facility charges	73,728	182,085
Total noncurrent restricted assets	10,854,814	9,747,717
Total restricted assets	$ 23,400,478	$ 22,018,256

Note 4 - Capital Assets

Capital asset activity of the Authority was as follows:

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated - Construction in progress	$ 68,581,189	$ (31,164,887)	$ 32,288,780	$ (36,235)	$ 69,668,847
Capital assets being depreciated:					
Land improvements	252,073,079	23,517,921	-	-	275,591,000
Buildings and improvements	316,985,544	5,606,491	-	-	322,592,035
Equipment	28,189,993	612,931	-	(154,839)	28,648,085
Systems	13,553,156	1,329,357	-	(50,969)	14,831,544
Office equipment and furniture	5,150,808	-	-	-	5,150,808
Vehicles	1,310,096	98,187	-	(33,747)	1,374,536
Subtotal	617,262,676	31,164,887	-	(239,555)	648,188,008
Accumulated depreciation:					
Land improvements	159,410,129	-	8,615,345	-	168,025,474
Buildings and improvements	127,955,239	-	10,433,288	-	138,388,527
Equipment	11,641,556	-	1,310,729	(150,256)	12,802,029
Systems	6,553,207	-	1,194,056	(7,646)	7,739,617
Office equipment and furniture	1,726,685	-	235,162	-	1,961,847
Vehicles	907,688	-	148,656	(29,060)	1,027,284
Subtotal	308,194,504	-	21,937,236	(186,962)	329,944,778
Net capital assets being depreciated	309,068,172	31,164,887	(21,937,236)	(52,593)	318,243,230
Net capital assets	$ 377,649,361	$ -	$ 10,351,544	$ (88,828)	$ 387,912,077

Note 4 - Capital Assets (Continued)

	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

The construction in progress as of December 31, 2020 and 2019 of $69,668,847 and $68,581,189, respectively, relates to various projects being funded by federal, state, and authority funds.

Depreciation expense for the years ended December 31, 2020 and 2019 was $21,937,236 and $20,521,820, respectively.

The County of Kent, Michigan owns the land underlying the Authority's operations. In December 2015, the Authority 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, and Federal Inspection Station, among others. At December 31, 2020, the Authority's commitments with contractors were approximately $11,415,000.

Note 5 - Long-term Debt

Long-term debt activity for the years ended December 31, 2020 and 2019 can be summarized as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	$ 138,510,000	$ -	$ (7,795,000)	$ 130,715,000	$ 8,265,000
Unamortized bond premiums	16,968,772	-	(1,197,788)	15,770,984	1,197,789
Total bonds and contracts payable	$ 155,478,772	$ -	$ (8,992,788)	$ 146,485,984	$ 9,462,789

	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

The Authority had deferred outflows of $4,908,276 and $5,357,866 related to deferred charges on bond refundings at December 31, 2020 and 2019, respectively.

Revenue Bonds

Revenue bonds payable consist of the following bond issues as of December 31, 2020 and 2019:

	Maturity Date	Interest Rate	2020	2019
Airport revenue refunding bonds, Series 2011	1/1/2028	2.00-5.00%	$ 22,730,000	$ 25,015,000
Airport revenue bonds, Series 2015	1/1/2035	1.50-5.00%	12,175,000	12,720,000
Airport revenue refunding bonds, Series 2015	1/1/2037	4.00-5.00%	84,890,000	88,050,000
Airport revenue refunding bonds, Series 2018	1/1/2025	5.00%	10,920,000	12,725,000
Total			$ 130,715,000	$ 138,510,000

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:

Years Ending December 31	Other Debt Principal	Other Debt Interest	Total
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	10,045,000	4,145,425	14,190,425
2026-2030	36,940,000	14,798,225	51,738,225
2031-2035	34,490,000	7,042,375	41,532,375
2036-2037	13,615,000	689,125	14,304,125
Total	$ 130,715,000	$ 47,884,275	$ 178,599,275

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 at December 31, 2020. The letter of credit expires on December 1, 2023. 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.

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 $178,599,275, with annual requirements ranging from $14,224,125 in 2021 to $7,149,000 in the final year. For the years ended December 31, 2020 and 2019, there was $7,795,000 and $7,735,000, respectively, in principal payments, and interest expense totaled $5,417,553 and $5,837,149, respectively. Net revenue pledged for debt service was approximately $12,428,000 and $38,774,000 for the years ended December 31, 2020 and 2019, 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
2021	$ 8,427,546
2022	8,160,398
2023	5,811,778
2024	4,993,224
2025	4,287,189
Thereafter	45,171,907
Total	$ 76,852,042

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, 2020 and 2019 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, 2020 and 2019, 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, the 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 2020 and is ongoing. Management of the Authority is working closely and diligently with local, state, and federal agencies with an interest in bringing this matter to an acceptable conclusion for all parties involved. At this time, it is the opinion of the Authority that the outcome of any legal proceedings is unknown, and, therefore, the Authority has not reflected any 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.mersofmich.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.

Note 8 - Pension Plan (Continued)

Pension benefits vary based on date of hire. Employees with a hire date prior to July 1, 2016 that transferred employment from the County participate in a defined benefit plan. Service credit for employment as a county employee was retained. Benefit payments are calculated as final average compensation (based on a 3-year period) and a multiplier of 2.5 percent. Participants are considered to be fully vested in the plan after 5 years. Normal retirement age is 60 with 5 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 3-year period) and a multiplier of 1.5 percent. Participants are considered to be fully vested in the plan after 6 years. Employer defined contribution payments vest on a graded scale over 6 years. Employee contributions vest immediately. Normal retirement age is 60 with 6 years of service, with an early retirement option available at age 55 with 25 years of service.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	100
Total employees covered by the plan	128

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.

For the years ended December 31, 2020 and 2019, 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, 2020 and 2019, employer contributions to the hybrid plan are expressed as a percentage of covered payroll and amount to 7.89 and 8.22 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, 2020 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, 2020 measurement date. The December 31, 2020 total pension liability was determined by an actuarial valuation performed as of December 31, 2019, which used update procedures to roll forward the estimated liability to December 31, 2020.

Note 8 - Pension Plan (Continued)

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 update procedures to roll forward the estimated liability to December 31, 2019.

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, 2019	$ 19,375,728	$ 26,887,242	$ (7,511,514)
Changes for the year:			
Service cost	806,317	-	806,317
Interest	1,474,548	-	1,474,548
Differences between expected and actual experience	236,522	-	236,522
Changes in assumptions	1,258,367	-	1,258,367
Contributions - Employer	-	382,018	(382,018)
Contributions - Employee	-	213,923	(213,923)
Net investment income	-	3,506,368	(3,506,368)
Benefit payments	(753,882)	(753,882)	-
Administrative expenses	-	(54,679)	54,679
Miscellaneous other charges	337,139	-	337,139
Net changes	3,359,011	3,293,748	65,263
Balance at December 31, 2020	$ 22,734,739	$ 30,180,990	$ (7,446,251)

The plan's fiduciary net position represents 132.8 percent of the total pension liability.

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 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)

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

For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of $511,688 and $278,928, respectively.

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,102,358	$ 348,741	$ 1,096,426	$ 418,489
Changes in assumptions	1,078,600	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,041,389	177,299	-
Total	$ 2,180,958	$ 1,390,130	$ 1,273,725	$ 418,489

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
2021	$ 136,293
2022	361,420
2023	(223,073)
2024	46,405
2025	256,228
Thereafter	213,555
Total	$ 790,828

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (net of investment expenses) of 7.60 percent, and the RP-2014 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 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.

Note 8 - Pension Plan (Continued)

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, 2020 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	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

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 7.60 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 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension asset of the Plan	$ (4,445,745)	$ (7,446,251)	$ (9,940,467)

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.

Assumption Changes

From the time of the last measurement date at December 31, 2019 to December 31, 2020, the actuary modified significant assumptions that affect the measurement of the total pension liability. The actuary adjusted the assumed annual rate of return down from 7.75 percent to 7.35 percent (net of investment and administrative expenses), effective with the December 31, 2019 valuation. The assumed rate of wage inflation also decreased from 3.75 percent to 3.00 percent with the same effective date.

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, 2020 and 2019, the Authority contributed $219,250 and $308,000, respectively, and employees contributed $81,208 and $81,392, respectively, to the HCSP.

Note 9 - Health Care Savings Plan (Continued)

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 $35,614 and $33,886, and employees contributed $238,109 and $235,544 to the deferred compensation plan for the years ended December 31, 2020 and 2019, 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 6.5 percent of covered payroll and provides for the Authority to make a required 8.5 percent contribution of covered payroll. The Authority contributed $139,364 and $75,096, and the employees contributed $273,531 and $223,948 to the defined contribution plan for the years ended December 31, 2020 and 2019, respectively.

Note 12 - Concentrated Credit Risk

During the years ended December 31, 2020 and 2019, the Authority provided gate access to 14 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 Five Fiscal Years

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 806,317	$ 814,000	$ 835,093	$ 829,449	$ 756,113
Interest	1,474,548	1,458,967	1,314,122	1,144,760	29,228
Changes in benefit terms	-	28,311	-	-	-
Differences between expected and actual experience	236,522	(488,237)	899,368	675,040	-
Changes in assumptions	1,258,367	-	-	-	-
Benefit payments	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Other changes	337,139	(102,333)	(966,603)	(27,001)	12,857,875
Net Change in Total Pension Liability	3,359,011	1,380,565	1,876,206	2,501,145	13,617,812
Total Pension Liability - Beginning of year	19,375,728	17,995,163	16,118,957	13,617,812	-
Total Pension Liability - End of year	**$ 22,734,739**	**$ 19,375,728**	**$ 17,995,163**	**$ 16,118,957**	**$ 13,617,812**
Plan Fiduciary Net Position					
Contributions - Employer	$ 382,018	$ 270,677	$ 325,207	$ 470,266	$ 16,038,027
Contributions - Member	213,923	258,155	354,221	417,953	3,529,014
Net investment income (loss)	3,506,368	3,233,939	(980,257)	2,798,042	1,020,983
Administrative expenses	(54,679)	(55,759)	(47,669)	(44,137)	(18,996)
Benefit payments	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Net Change in Plan Fiduciary Net Position	3,293,748	3,376,869	(554,272)	3,521,021	20,543,624
Plan Fiduciary Net Position - Beginning of year	26,887,242	23,510,373	24,064,645	20,543,624	-
Plan Fiduciary Net Position - End of year	**$ 30,180,990**	**$ 26,887,242**	**$ 23,510,373**	**$ 24,064,645**	**$ 20,543,624**
Authority's Net Pension Asset - Ending	**$ (7,446,251)**	**$ (7,511,514)**	**$ (5,515,210)**	**$ (7,945,688)**	**$ (6,925,812)**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	132.75 %	138.77 %	130.65 %	149.29 %	150.86 %
Covered Payroll	$ 7,044,221	$ 6,748,311	$ 6,721,352	$ 6,721,352	$ 5,635,428
Authority's Net Pension Asset as a Percentage of Covered Payroll	(105.71)%	(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 Five Fiscal Years

Years Ended December 31

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 288,228	$ 258,960	$ 146,856	$ 169,775	$ 15,881,370
Contributions in relation to the actuarially determined contribution	382,018	270,677	325,207	470,266	16,038,027
Contribution Excess	**$ 93,790**	**$ 11,717**	**$ 178,351**	**$ 300,491**	**$ 156,657**
Covered Payroll	$ 7,044,221	$ 6,748,311	$ 6,721,352	$ 6,721,352	$ 5,635,428
Contributions as a Percentage of Covered Payroll	5.42 %	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, 2020 were determined based on the actuarial valuation as of December 31, 2018.

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)
Asset valuation method	10 years smoothed
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	8.00 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.

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

Last Ten Fiscal Years
(dollars in thousands)

	December 31,				
	2011	2012	2013	2014	2015
Operating revenues					
Airfield	$ 9,811	$ 9,608	$ 8,878	$ 9,456	$ 10,639
Terminal	5,715	6,746	6,832	7,813	7,566
Ground transportation	15,511	14,878	16,780	17,821	19,327
Other	593	641	700	752	687
Total operating revenues	31,630	31,873	33,190	35,842	38,219
Operating expenses					
Salaries and fringes	8,263	7,918	7,825	8,094	8,918
Services and supplies	9,793	9,183	10,301	10,411	12,475
Depreciation	16,275	16,523	16,540	16,446	16,685
Total operating expenses	34,331	33,624	34,666	34,951	38,078
Operating income (loss)	(2,701)	(1,751)	(1,476)	891	141
Nonoperating revenue (expenses)					
Interest income	154	159	122	136	178
Interest expense	(8,187)	(8,321)	(8,165)	(7,971)	(7,269)
Passenger facility charges	4,636	4,339	4,599	4,788	5,242
Customer facility charges	1,543	1,473	1,699	1,829	1,956
Federal Aid (CARES)	-	-	-	-	-
Other	50	22	51	50	56
Total nonoperating revenue (expenses)	(1,804)	(2,328)	(1,694)	(1,168)	163
Income (Loss) before capital contributions	(4,505)	(4,079)	(3,170)	(277)	304
Capital contributions	1,440	9,641	4,413	14,818	11,633
Special Item	-	-	-	-	-
Change in net assets / net position	$ (3,065)	$ 5,562	$ 1,243	$ 14,541	$ 11,937
Net assets / net position					
Invested in capital assets, net of related debt / net investment in capital assets	$ 146,699	$ 142,094	$ 140,926	$ 150,950	$ 161,636
Restricted for:					
Debt service	11,790	12,387	13,355	13,253	10,424
Capital improvements	2,684	5,791	9,307	13,269	17,762
Pension Benefits					
Unrestricted	22,114	28,578	26,504	27,161	29,078
Total net assets / net position	$ 183,287	$ 188,850	$ 190,092	$ 204,633	$ 218,900

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,				
2016	2017	2018	2019	2020
$ 10,889	$ 11,695	$ 13,090	$ 13,935	$ 11,011
7,475	7,776	8,723	9,644	5,597
20,598	21,568	26,175	32,332	15,717
756	792	1,187	820	934
39,718	41,831	49,175	56,731	33,259
5,729	9,590	9,656	11,245	11,014
13,395	13,444	15,695	17,274	14,735
18,288	18,907	19,608	20,522	21,937
37,412	41,941	44,959	49,041	47,686
2,306	(110)	4,216	7,690	(14,427)
233	126	241	514	166
(6,873)	(6,505)	(6,299)	(5,837)	(5,418)
5,424	5,786	6,886	7,372	3,428
2,016	2,152	2,383	2,631	1,302
-	-	-	-	16,261
58	1	(130)	45	22
858	1,560	3,081	4,725	15,761
3,164	1,450	7,297	12,415	1,334
6,495	7,212	20,644	18,702	18,705
(21,184)	-	-	-	-
$ (11,525)	$ 8,662	$ 27,941	$ 31,117	$ 20,039
$ 152,970	$ 167,820	$ 189,170	$ 227,528	$ 246,334
11,511	15,814	11,230	11,299	11,776
23,027	8,748	15,055	7,442	8,542
6,734	7,492	8,375	8,367	8,237
13,133	16,163	20,148	20,460	20,247
$ 207,375	$ 216,037	$ 243,978	$ 275,096	$ 295,136

Gerald R. Ford International Airport Authority

Schedule B
Changes in Cash and Cash Equivalents

Last Ten Fiscal Years
(dollars in thousands)

	December 31,		
	2011	2012	2013
Cash flows from operating activities			
Receipts from customers and users	$ 32,652	$ 33,058	$ 33,942
Cash paid to suppliers	(11,428)	(10,686)	(10,509)
Cash paid to employees	(8,302)	(6,994)	(7,843)
Net cash provided by operating activities	12,922	15,378	15,590
Non-Capital financing activities			
CARES Act funding received	-	-	-
Capital and related financing activities			
Passenger facility charges collected	4,689	4,319	4,705
Customer facility charges collected	1,544	1,460	1,682
Capital contributions received	1,154	7,105	1,480
Proceeds from sale of capital assets	30	28	51
Proceeds from sale of bonds	41,049	-	-
Cash transferred to escrow for defeased bonds	(41,555)	-	-
Purchase of capital assets	(7,416)	(6,879)	(8,843)
Principal paid on revenue bonds	(4,180)	(4,645)	(5,220)
Interest and other bond expenses paid on revenue bonds	(9,059)	(7,987)	(8,382)
Net cash provided by (used in) capital and related financing activities	(13,744)	(6,599)	(14,527)
Cash flow from investing activities			
Interest received on investments	205	160	130
Net increase (decrease) in cash and cash equivalents	(617)	8,939	1,193
Cash and cash equivalents, beginning of year	40,454	39,837	48,776
Cash and cash equivalents, end of year	$ 39,837	$ 48,776	$ 49,969

December 31,						
2014	2015	2016	2017	2018	2019	2020
$ 36,550	$ 39,373	$ 38,976	$ 41,768	$ 48,895	$ 56,524	$ 33,106
(11,652)	(13,708)	(12,268)	(14,628)	(15,698)	(17,699)	(10,276)
(8,108)	(8,277)	(10,673)	(10,234)	(10,553)	(11,241)	(10,817)
16,790	17,388	16,035	16,906	22,644	27,584	12,013
-	-	-	-	-	-	13,730
4,777	5,130	5,383	5,627	6,686	7,251	4,057
1,825	1,948	2,010	2,146	2,358	2,616	1,410
8,119	16,345	11,488	3,975	25,683	16,494	19,231
50	68	118	26	173	105	75
-	127,556	-	-	12,725	-	-
-	(111,059)	-	-	-	-	-
(21,496)	(35,338)	(22,528)	(26,861)	(32,066)	(50,401)	(33,080)
(5,715)	(6,290)	(6,870)	(7,255)	(21,560)	(7,735)	(7,795)
(8,206)	(8,004)	(7,768)	(7,478)	(6,445)	(6,503)	(6,361)
(20,646)	(9,644)	(18,167)	(29,820)	(12,446)	(38,173)	(22,463)
130	178	233	126	241	514	166
(3,726)	7,922	(1,899)	(12,788)	10,439	(10,075)	3,446
49,969	46,243	54,165	52,266	39,478	49,917	39,842
$ 46,243	$ 54,165	$ 52,266	$ 39,478	$ 49,917	$ 39,842	$ 43,288

Schedule C
Passenger Activity - Enplaned Passengers

Last Ten Fiscal Years

	December 31,					
	2011	2012	2013	2014	2015	2016
Airline						
Air Canada (Air Georgian)	3,764	4,502	3,033	-	-	-
AirTran	134,606	123,465	81,096	402	-	-
Allegiant Air	87,193	76,759	76,409	79,810	98,367	115,409
American Airlines Inc.	-	-	-	-	-	-
American Connection (Chautauqua)	45,874	55,309	55,789	12,378	-	-
American Eagle (Air Wisconsin)	-	-	-	-	-	-
American Eagle (Envoy)	68,948	68,008	67,708	125,534	130,401	106,093
American Eagle (Piedmont)	-	-	-	-	-	-
American Eagle (PSA)	-	-	-	-	6,483	44,082
American Eagle (Republic)	-	-	-	-	-	-
American Eagle (SkyWest)	-	-	-	-	-	1,058
American Eagle (Trans States)	-	3,678	-	-	-	-
Continental Connection	12,368	-	-	-	-	-
Continental Express (Express Jet)	79,578	11,245	24,390	-	-	-
Delta Airlines Inc.	207,147	223,783	248,038	304,962	360,390	376,802
Delta Connection (Atlantic Southeast)	41,171	25,838	-	-	-	-
Delta Connection (Chautauqua)	13,776	26,165	43,827	14,734	-	-
Delta Connection (Comair)	81,236	35,909	-	-	-	-
Delta Connection (Compass)	22,287	11,789	6,063	18,727	22,075	7,019
Delta Connection (Endeavor)	-	-	80,374	66,410	39,573	42,750
Delta Connection (Express Jet)	-	-	48,550	37,860	35,728	26,463
Delta Connection (Freedom)	-	-	-	-	-	-
Delta Connection (GoJet)	-	-	3,938	8,943	16,255	22,499
Delta Connection (Mesaba)	20,429	125	-	-	-	-
Delta Connection (Pinnacle)	69,247	102,544	-	-	-	-
Delta Connection (Republic)	-	-	-	-	-	-
Delta Connection (Shuttle America)	5,616	451	9,010	6,645	7,611	4,232
Delta Connection (Skywest)	12,547	18,961	30,919	29,335	35,293	42,521
Frontier Airlines	-	-	-	-	-	-
Frontier Airlines (Chautauqua)	35,929	6,575	-	-	-	-
Frontier Airlines (Republic)	42,148	46,614	31,052	-	-	-
Midwest Connect (Skyway)	-	-	-	-	-	-
Midwest Connect (SkyWest)	-	-	-	-	-	-
Southwest	-	-	72,603	201,816	211,118	245,711
United Airlines Inc.	44,916	44,842	45,170	53,525	74,678	42,580
United Express (Air Wisconsin)	-	-	-	-	-	-
United Express (Chautauqua)	-	11,556	-	7,455	-	-
United Express (Commutair)	-	-	2,332	1,926	-	-
United Express (Express Jet)	41,901	99,911	89,588	60,931	45,936	66,898
United Express (Go Jet)	16,370	36,684	37,199	42,122	20,005	34,998
United Express (Mesa)	837	11,055	-	-	-	-
United Express (Republic)	-	-	-	-	-	4,924
United Express (Shuttle America)	29,817	18,939	12,499	17,960	29,504	10,963
United Express (SkyWest)	19,033	3,965	9,224	13,752	30,004	24,971
United Express (Trans States)	-	-	44,453	47,197	31,312	38,196
US Airways Express (Air Wisconsin)	-	-	-	17,852	53,812	27,708
US Airways Express (Mesa)	-	-	-	-	31,493	46,728
Charters	1,710	1,123	1,705	1,519	1,200	1,351
Total	**1,138,448**	**1,069,795**	**1,124,969**	**1,171,795**	**1,281,238**	**1,333,956**

	December 31,				
	2017	2018	2019	2020	**Total 2020**
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	128,130	161,101	235,353	180,189	20.27%
	149	47,017	62,278	41,622	4.68%
	-	-	-	-	0.00%
	16,525	-	-	-	0.00%
	112,343	103,457	105,537	53,014	5.96%
	8,699	21,146	12,240	5,811	0.65%
	45,122	53,850	100,392	58,848	6.62%
	-	18,568	12,988	15,146	1.70%
	42,409	22,413	39,788	23,076	2.60%
	18,028	14,924	-	-	0.00%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	434,084	411,039	433,908	156,899	17.65%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	1,398	-	-	-	0.00%
	22,904	60,286	62,552	41,837	4.71%
	27,971	10,823	-	-	0.00%
	-	-	-	-	0.00%
	11,294	27,850	13,007	531	0.06%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	7,151	10,912	28,701	6,182	0.70%
	-	-	-	-	0.00%
	28,665	65,105	85,824	23,798	2.68%
	4,048	71,777	99,279	40,658	4.57%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	247,128	237,766	213,111	128,330	14.44%
	91,641	99,421	109,852	22,908	2.58%
	1,586	32,213	30,666	3,920	0.44%
	-	-	-	-	0.00%
	16,439	20,471	21,293	3,549	0.40%
	48,176	38,227	26,818	3,142	0.35%
	12,103	16,537	20,425	21,876	2.46%
	-	1,051	4,802	8,319	0.94%
	14,214	49,960	45,216	22,239	2.50%
	-	-	-	-	0.00%
	40,949	37,378	23,320	24,789	2.79%
	30,891	6,710	15,141	983	0.11%
	-	-	-	-	0.00%
	-	-	-	-	0.00%
	1,263	1,017	1,867	1,258	0.14%
	1,413,310	**1,641,019**	**1,804,358**	**888,924**	**100.00%**

Gerald R. Ford International Airport Authority

Schedule D
Principal Revenue Sources and Revenues per Enplaned Passenger

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

	December 31,				
	2011	2012	2013	2014	2015
Airline revenues					
Landing fees	$ 3,586	$ 3,335	$ 3,135	$ 3,495	$ 4,106
Apron fees	2,409	2,252	1,863	1,956	2,503
Terminal rents	4,302	5,313	5,270	6,025	5,512
Total airline revenues	10,297	10,900	10,268	11,476	12,121
Percentage of total revenues	27.1%	28.8%	25.9%	26.9%	26.6%
Nonairline revenues					
Parking	12,301	11,766	13,275	14,245	15,437
Rental car	3,512	3,413	3,821	3,892	4,170
Other	5,520	5,794	5,826	6,229	6,491
Total nonairline revenues	21,333	20,973	22,922	24,366	26,098
Percentage of total revenues	56.1%	55.4%	57.8%	57.1%	57.2%
Nonoperating revenues					
Passenger facility charges	4,636	4,339	4,599	4,788	5,242
Interest	154	159	122	136	178
Other	1,593	1,495	1,750	1,879	2,012
Total nonoperating revenues	6,383	5,993	6,471	6,803	7,432
Percentage of total revenues	16.8%	15.8%	16.3%	16.0%	16.3%
Total revenues	**$ 38,013**	**$ 37,866**	**$ 39,661**	**$ 42,645**	**$ 45,651**
Enplaned passengers	1,138,448	1,069,795	1,124,969	1,171,795	1,281,238
Total revenue per enplaned passenger	$ 33.39	$ 35.40	$ 35.26	$ 36.39	$ 35.63
Airline revenue per enplaned passenger	$ 9.04	$ 10.19	$ 9.13	$ 9.79	$ 9.46
Revenue rates					
Landing fee (per 1,000 lbs MGLW)	$ 2.42	$ 2.61	$ 2.64	$ 2.84	$ 2.94
Apron fee (per 1,000 lbs MGLW)	$ 1.43	$ 1.46	$ 1.57	$ 1.73	$ 1.86
Annual terminal rental rate (per sq. ft.)	$ 51.34	$ 52.19	$ 50.95	$ 52.62	$ 47.93

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.

In 2020, total nonoperating revenues exclude CARES Act revenue.

	December 31,			
2016	2017	2018	2019	2020
$ 4,288	$ 4,595	$ 5,538	$ 6,038	$ 4,368
2,573	2,924	3,164	3,307	1,909
5,340	5,488	6,040	6,662	4,007
12,201	13,007	14,742	16,007	10,284
25.7%	26.1%	25.1%	23.8%	26.9%
16,690	17,553	21,712	27,104	12,834
4,219	4,348	4,799	5,131	3,084
6,608	6,923	7,922	8,489	7,057
27,517	28,824	34,433	40,724	22,975
58.0%	57.8%	58.6%	60.5%	60.2%
5,424	5,786	6,886	7,372	3,428
233	126	241	514	166
2,074	2,153	2,461	2,676	1,324
7,731	8,065	9,588	10,562	4,918
16.3%	16.2%	16.3%	15.7%	12.9%
$ 47,449	**$ 49,896**	**$ 58,763**	**$ 67,293**	**$ 38,177**
1,333,956	1,413,310	1,641,019	1,804,358	888,924
$ 35.57	$ 35.30	$ 35.81	$ 37.29	$ 42.95
$ 9.15	$ 9.20	$ 8.98	$ 8.87	$ 11.57
$ 2.98	$ 2.84	$ 2.98	$ 2.97	$ 3.25
$ 1.79	$ 1.81	$ 1.70	$ 1.62	$ 1.63
$ 48.25	$ 48.26	$ 49.87	$ 53.30	$ 60.36

Gerald R. Ford International Airport Authority

Schedule E

Ratios of Outstanding Debt, Debt Service, Debt Limits &

Last Ten Fiscal Years

	December 31, 2011	December 31, 2012	December 31, 2013
Outstanding debt per enplaned passenger			
Outstanding debt by type (in thousands):			
Revenue bonds (all airport net operating revenues pledged)	$ 192,224	$ 187,207	$ 181,614
Outstanding debt per enplaned passenger	$ 179.68	$ 166.41	$ 161.44
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))	0.40%	0.35%	0.33%
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))	0.75%	0.68%	0.65%
Net revenues			
Revenues, net of capital contributions	$ 38,013	$ 37,866	$ 39,661
Less: operating expenses, less depreciation	18,056	17,101	18,126
Net revenues	$ 19,957	$ 20,765	$ 21,535
Debt service			
Principal paid on revenue bonds	$ 4,180	$ 4,645	$ 5,220
Interest expense on revenue bonds	9,059	7,987	8,382
Principal paid on notes payable	-	-	-
Interest expense on notes payable	-	-	-
Total debt service	$ 13,239	$ 12,632	$ 13,602
Revenue bonds debt service coverage	1.51	1.64	1.58
Debt service per enplaned passenger	$ 11.63	$ 11.81	$ 12.09

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,			
2014	2015	2016	2017	2018	2019	2020
$ 175,527	$ 190,201	$ 182,076	$ 173,491	$ 164,463	$ 155,479	$ 146,486
$ 149.79	$ 148.45	$ 136.49	$ 122.76	$ 100.22	$ 86.17	$ 164.79
0.30%	0.31%	0.31%	0.27%	0.25%	0.22%	0.21%
0.60%	0.62%	0.62%	0.54%	0.50%	0.45%	0.42%
$ 42,645	$ 45,651	$ 47,449	$ 49,896	$ 58,764	$ 67,293	$ 38,177
18,505	21,393	19,124	23,034	25,351	28,519	25,749
$ 24,140	$ 24,258	$ 28,325	$ 26,862	$ 33,413	$ 38,774	$ 12,428
$ 5,715	$ 6,290	$ 6,870	$ 7,255	$ 8,835	$ 7,735	$ 7,795
8,206	8,004	7,768	7,478	6,236	6,503	6,361
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 13,921	$ 14,294	$ 14,638	$ 14,733	$ 15,071	$ 14,238	$ 14,156
1.73	1.70	1.94	1.82	2.22	2.72	0.88
$ 11.88	$ 11.16	$ 10.97	$ 10.42	$ 9.18	$ 7.89	$ 15.92

Schedule F
Principal Employers in the Primary Trade Area

Calendar Years 2020 and 2011

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
Amazon	Kent	Logistics
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
Priority Health	Kent	Healthcare
JBS Packerland	Allegan	Agriculture
ADAC Automotive	Kent	Manufacturing - auto parts
GE Aviation Systems	Kent	Manufacturing - avionics systems
Herbruck's Poultry Ranch	Ionia	Agriculture
Dematic	Kent	Manufacturing - Machinery
Yanfeng Global Automotive	Ottawa	Manufacturing - auto parts
Total employment		

Source: The Right Place Inc.

[1] Data as of April 2021, most current information available

Number of Employees 2020 (1)	Percentage of Total Employment	Number of Employees 2011	Percentage of Total Employment
25,000	3.75%	16,600	2.82%
10,340	1.55%	7,725	1.31%
8,500	1.27%	4,000	0.68%
5,800	0.87%	3,091	0.52%
5,000	0.75%	1,633	0.28%
4,500	0.67%		0.00%
3,791	0.57%	4,258	0.72%
3,621	0.54%	3,131	0.53%
3,500	0.52%	3,227	0.55%
3,500	0.52%	3,297	0.56%
3,500	0.52%	2,254	0.38%
3,306	0.50%	3,100	0.53%
3,000	0.45%	1,906	0.32%
2,800	0.42%	3,653	0.62%
2,641	0.40%		0.00%
2,350	0.35%		0.00%
2,162	0.32%	1,600	0.27%
2,100	0.31%	2,450	0.42%
2,090	0.31%		0.00%
2,062	0.31%	2,030	0.34%
2,000	0.30%	7,372	1.25%
2,000	0.30%	2,500	0.42%
1,700	0.25%		0.00%
1,700	0.25%		0.00%
1,500	0.22%		0.00%
1,500	0.22%	1,675	0.28%
1,335	0.20%	1,700	0.29%
1,279	0.19%		
1,200	0.18%		0.00%
1,200	0.18%		0.00%
1,100	0.16%	1,436	0.24%
1,020	0.15%		
1,000	0.15%		
1,000	0.15%		0.00%
667,470		589,045	

Gerald R. Ford International Airport Authority

Schedule G
Population in the Primary Trade Area

Last Ten Fiscal Years

	2011	2012	2013 (1)	2014
Allegan County	111,845	111,895	112,531	113,847
Barry County	58,937	59,004	59,907	59,281
Ionia County	64,156	63,903	64,073	64,294
Kent County	608,077	614,079	621,700	629,237
Mecosta County	-	43,229	43,108	43,186
Montcalm County	-	63,081	63,105	62,893
Muskegon County	172,864	170,112	171,008	172,344
Newaygo County	48,650	-	-	-
Ottawa County	266,171	269,329	272,701	276,292
	1,330,700	1,394,632	1,408,133	1,421,374
Per capita income	$ 36,321	$ 38,622	$ 38,981	$ 40,715
Total personal income (dollars in thousands)	$ 48,331,808	$ 53,863,932	$ 54,890,528	$ 57,871,576

	2011	2012	2013	2014
Employment information:				
Civilian labor force	644,039	684,253	693,742	727,023
Employed	589,045	631,033	650,465	687,736
Unemployed	54,994	53,220	43,277	39,287
Unemployment rate	8.5%	7.8%	6.2%	5.4%

(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.

2015	2016	2017	2018	2019	2020
113,847	111,408	116,447	114,145	115,250	116,143
59,107	59,173	60,586	59,607	60,057	60,540
63,976	63,905	64,291	64,147	64,176	64,300
629,237	602,622	648,594	636,376	643,140	648,121
43,226	42,798	43,391	43,181	43,264	43,251
63,046	63,342	63,550	62,956	63,209	63,413
172,344	172,188	173,693	172,707	173,043	173,297
-	-	-	-	-	-
276,292	263,801	286,383	280,243	284,034	286,558
1,421,075	1,379,237	1,456,935	1,433,362	1,446,173	1,455,623
$ 42,495	$ 42,386	$ 43,586	$ 45,589	$ 47,952	$ 48,027
$ 60,387,903	$ 58,460,339	$ 63,501,969	$ 65,345,540	$ 69,346,888	$ 69,909,206

2015	2016	2017	2018	2018	2019
806,984	755,219	760,020	733,509	744,132	700,592
773,497	727,147	730,625	691,961	707,807	667,470
33,487	28,072	29,395	41,548	36,325	33,122
4.1%	3.7%	3.9%	5.7%	4.9%	4.7%

Gerald R.Ford International Airport Authority

Schedule H
Full-time Equivalent Employees

Last Ten Fiscal Years

	December 31,			
	2011	2012	2013	2014
Administration	20	20	17	18
Maintenance	31	31	31	32
Parking	1	1	1	1
Firefighting	16	16	16	16
Public safety	33	33	33	33
Total	101	101	98	100
Enplaned passengers per employee	11,272	10,592	11,479	11,718
Operating revenues (in thousands)	$ 31,630	$ 31,873	$ 33,190	$ 35,842
Operating expenses (in thousands)	$ 34,331	$ 33,624	$ 34,666	$ 34,951
Salaries and fringes (in thousands)	$ 8,263	$ 7,918	$ 7,825	$ 8,094
Payroll percentage of operating revenues	26.1%	24.8%	23.6%	22.6%
Payroll percentage of operating expenses	24.1%	23.5%	22.6%	23.2%

December 31,					
2015	2016	2017	2018	2019	2020
18	20	23	24	24	19
32	32	30	27	32	26
1	1	1	1	1	1
16	17	16	17	16	12
33	32	34	34	35	31
100	102	104	103	108	89
12,812	13,078	13,590	15,932	16,707	9,988
$ 38,219	$ 39,718	$ 41,831	$ 49,175	$ 56,731	$ 33,259
$ 38,078	$ 37,412	$ 41,941	$ 44,959	$ 49,041	$ 47,686
$ 8,918	$ 5,729	$ 9,590	$ 9,656	$ 11,245	$ 11,014
23.3%	14.4%	22.9%	19.6%	19.8%	33.1%
23.4%	15.3%	22.9%	21.5%	22.9%	23.1%

Gerald R. Ford International Airport Authority

Schedule I
Capital Asset Information

Last Ten Fiscal Years

	December 31, 2011	December 31, 2012	December 31, 2013
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	87,545	85,306	75,998
Annual capacity	277,500	277,500	277,500
Runway utilization percentage	31.55%	30.74%	27.39%
Terminal building			
Exclusive area leased (sq. ft)	65,260	65,260	60,832
Exclusive area available (sq. ft)	100,666	100,666	97,796
Terminal occupancy percentage	64.83%	64.83%	62.20%
Enplanements	1,138,448	1,069,795	1,124,969
Planned capacity	1,800,000	1,800,000	1,800,000
Terminal utilization percentage	63.25%	59.43%	62.50%
Parking areas			
Number of annual long-term exits (a)	257,110	240,871	258,745
Average long-term stay (days) (b)	4.0	4.4	4.3
Average annual long-term occupancy ((a*b)/365)	2,818	2,877	3,048
Number of long-term spaces available	6,509	6,509	6,918
Average annual long-term occupancy rate	43.29%	44.20%	44.06%

December 31,						
2014	2015	2016	2017	2018	2019	2020
75,128	76,256	81,558	82,432	84,023	84,538	58,170
277,500	277,500	277,500	277,500	277,500	277,500	277,500
27.07%	27.48%	29.39%	29.71%	30.28%	30.46%	20.96%
72,089	74,782	65,718	85,531	89,766	91,037	91,037
97,944	97,944	106,786	105,104	105,104	100,312	100,312
73.60%	76.35%	61.54%	81.38%	85.41%	90.75%	90.75%
1,171,795	1,281,238	1,333,956	1,413,310	1,641,019	1,804,358	888,924
1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
65.10%	71.18%	74.11%	78.52%	91.17%	100.24%	49.38%
274,552	304,575	318,451	289,527	331,119	381,709	157,518
4.5	3.9	4.0	4.6	4.2	4.5	5.2
3,385	3,254	3,490	3,649	3,810	4,685	2,235
6,918	6,918	7,071	7,071	7,124	7,324	7,668
48.93%	47.04%	49.35%	51.60%	53.48%	63.97%	29.15%

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 10, 2021.

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) as a basis for designing 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 2020-001, 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 financial statements. 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.

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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

June 10, 2021

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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, 2020. 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, 2020. 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 a 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, 2020.

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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 the 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 the major federal program and the passenger facility charge program 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

June 10, 2021

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Airport Improvement Program:				
Terminal Apron Reconstruction - Phase 3	20.106	3-26-0039-057-2019	$ -	$ 810,540
Terminal Apron Expansion	20.106	3-26-0039-058-2019	-	7,808,278
Expand Terminal Building/Reconstruct Service Road	20.106	3-26-0039-059-2020	-	3,856,895
COVID-19 Airport Improvement Program	20.106	3-26-0039-060-2020	-	16,261,068
Total			**$ -**	**$ 28,736,781**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Gerald R. Ford International Airport Authority (the “Authority”) under programs of the federal government for the year ended December 31, 2020. 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, 2020

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:	$862,103			
Auditee qualified as low-risk auditee?		Yes	X	No

Section II - Financial Statement Audit Findings

Reference Number	Finding
2020-001	**Finding Type** - Material weakness

Criteria - The Gerald R. Ford International Airport Authority (the "Authority") should maintain adequate segregation of duties, including preventive and detective controls to safeguard assets and ensure timely and accurate financial reporting.

Condition - Beginning in July 2020, the internal controls of the Authority lacked adequate segregation of duties related to certain account reconciliations, additions, deletions, or modifications of vendors in the accounting software and uploading of vendor payment information. Further details regarding these internal control deficiencies are as follows:

(a) Cash account reconciliation functions were performed by one individual who was not restricted from accessing cash receipts, cash disbursements, and journal entry functions. This individual also had access to the check stock and electronic printer with signatures to process accounts payable transactions unilaterally.

(b) There was no secondary, independent review performed over bank reconciliations or check registers once prepared.

(c) Changes to vendor properties in the accounting software do not require dual authorization. In addition, the uploading of vendor payment information from the accounting software to the online bank portal is done using an unsecured manual file.

Context - No audit adjustments were identified, and no unsupported disbursements or journal entries were detected as a result of our sampling procedures. However, the lack of adequate segregation of duties in these areas could result in a material misappropriation of assets that could be concealed in the financial records, making the likelihood of detection remote.

Cause - The Authority did not adequately revise internal control procedures to maintain adequate segregation of duties after temporary workforce reductions resulting from the COVID-19 pandemic.

Effect - While no audit adjustments or misappropriation of assets were detected as a result of audit procedures, the lack of adequate segregation of duties could result in a material error in financial reporting or material misappropriation of assets not being detected timely.

Recommendation - The Authority should implement adequate segregation of duties (including preventive and detective controls) to eliminate or restrict the ability of a single individual to initiate disbursements without secondary approval and handle all functions, including reconciliations, receipts, disbursements, and journal entry functions.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2020-001 (Cont.)	**Views of Responsible Officials and Planned Corrective Actions** - The Authority agrees that the functions noted above should be segregated to mitigate the risk of financial reporting errors or misappropriation of assets. As a result, the Authority will implement the following actions in response to the internal control deficiency noted: (a) Until such time that our internal workforce returns to an adequate level to maintain proper segregation of duties, the Authority will hire an outside source to perform regular month-end accounting tasks, such as cash account reconciliations and posting of journal entries. (b) A secondary review of bank reconciliations will be documented. (c) We will work with our software provider to further limit the access of vendor payment information to users. Any changes to vendor information will be documented with proper reviews and approvals.

Section III - Federal Program Audit Findings

None

Schedule of Passenger Facility Charges

Year Ended December 31, 2020

Collections	Amount Approved for Use	Cumulative Total - December 31, 2019	Quarter 1 January - March	Quarter 2 April - June	Quarter 3 July - September	Quarter 4 October - December	Year Ended December 31, 2020	Cumulative Total - December 31, 2020
Passenger facility charge collections		$ 99,504,850	$ 2,500,978	$ 205,250	$ 466,948	$ 883,621	$ 4,056,797	$ 103,561,647
Interest earned		2,759,412	6,563	995	746	111	8,415	2,767,827
Total passenger facility charge collections received		**$ 102,264,262**	**$ 2,507,541**	**$ 206,245**	**$ 467,694**	**$ 883,732**	**$ 4,065,212**	**$ 106,329,474**
Application 95-02-U-00-GRR	$ 94,359,802	$ 74,088,623	$ 629,000	$ 629,000	$ 629,000	$ 629,000	$ 2,516,000	$ 76,604,623
Application 05-03-I-00-GRR	2,133,827	2,133,827	-	-	-	-	-	2,133,827
Application 07-04-C-00-GRR	7,403,893	7,403,893	-	-	-	-	-	7,403,893
Application 14-06-C-00-GRR	2,214,234	2,214,234	-	-	-	-	-	2,214,234
Application 17-07-C-00-GRR	14,053,939	14,053,939	-	-	-	-	-	14,053,939
Total passenger facility charge collections expended	**$ 120,165,695**	**$ 99,894,516**	**$ 629,000**	**$ 629,000**	**$ 629,000**	**$ 629,000**	**$ 2,516,000**	**$ 102,410,516**

See independent auditor’s report and notes to schedule of passenger facility charges.

Notes to Schedule of Passenger Facility Charges

Year Ended December 31, 2020

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, 2020, the Authority had received approximately $103.5 million of PFC revenue and $2.8 of interest earnings. The Authority had expended approximately $102.4 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). Debt expenditures incurred by the Authority represent payments into a sinking fund.