Gerald R. Ford International Airport

Years Ended December 31, 2021 and 2020

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.

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Elected Officers and Key Staff Members

GOVERNING BOARD

Dan Koorndyk
Board Chairman

Floyd Wilson, Jr.
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
Maria Kim	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
Kevin Delaney	Maintenance and Asset Management Director
Maureen Lynch, P.H.R.	Human Resources Director

* Kent County Commissioner

May 25, 2022

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, 2021. 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 4.

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). As of the issuance of this Financial Report, one Citizen Member position is vacant due to the unexpected passing of Vice Chairman Dr. Floyd Wilson, Jr. It is expected that the Kent County Board of Commissioners will appoint a replacement for his position within the next 60 days. 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, much of the economy has rebounded strongly and is at levels seen prior to COVID or even better. Hospitality and tourism are coming back slower than some other industries, but the region is recovering nicely overall.

The downtown Grand Rapids area is still seeing a large amount of new construction, both housing and commercial development. There are many new dining options to visit, of all types of cuisines and price points. The entertainment venues returned from a 2020 year that was interrupted by a pandemic and stay-at-home orders on a state and federal level, with the Van Andel Arena being the central downtown venue for both sporting events and high-profile concerts. The DeVos Convention Center was utilized as a COVID-19 vaccination site and started to host large conventions in the later part of the year, which helped to bolster the hotels and restaurants that struggled during the beginning of 2021 while many people were still staying away from public areas to avoid potential exposure. All 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. Grand Rapids and the West Michigan region continues to win awards, showcasing why people should live or visit the area. Here are some of the awards earned in 2021:

- Best Places to Raise a Family in the U.S. – (#1 – Grand Rapids) – Rocket Homes
- Best Places to Live in Michigan in 2021-2022 (#2 – Grand Rapids) – U.S. News and World Report
- Best Business Climate (Mid-Sized) – (#3 – Grand Rapids) – Business Facilities
- Best Foodie Cities in America in 2021 – (#17 – Grand Rapids) - WalletHub
- Best Places to Live for Quality of Life in the U.S. – (#13 – Grand Rapids) – U.S. News and World Report
- Most Affordable Places to Live in the U.S. (#7 – 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. These include Fortune 500 companies such as SpartanNash, UFP Industries, Steelcase, and MillerKnoll, as well as other familiar brands such as Amway, Perrigo, BISSELL, and Wolverine Worldwide. Although these examples are some of the most recognizable by most people, there are over 130 international companies that call Southwest Michigan home.

The tourism industry took a big hit in 2020 but saw significant rebounding in 2021 – especially during the summer months when outside activities are the most popular with both West Michigan residents and those that travel here for summer vacations. There are plenty of beaches and golf courses to visit in the summer, and "lake life" is almost seen as a required activity. The annual USA Today reader's poll named Grand Rapids the Best Beer City in the U.S. for the third time in ten years, bringing to attention the more than 40 craft breweries located within a 30-minute drive of downtown, many of which have full kitchens as well.

Information on the Local Economy (Continued)

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 continue its return to the record-breaking passenger levels which were seen in the years prior to the COVID-19 pandemic.

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.

In 2021, the airport's passenger numbers continued to recover from the COVID-19 recession slightly faster than the national average. The second half of the year saw each month reach between 88% and 98% of the comparable month of 2019. The year ended with a total of 2.9 million total passengers, which was 81.6% of the record 2019 numbers and the 3rd best year in our history. We have continued to see passenger levels at about 95% of our 2019 record levels, and our airline partners are optimistic that our market will return to full capacity in the near future. The upward trending pattern of both passengers and aircraft operations is driving the Airport to return to projects which were put on hold during 2020, as we need to address the facility needs 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 $473,248,600. 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 $107.0M, anticipated for completion in 2024
- Funded by a combination of federal grants, PFCs, airport revenues, and an issuance of bonds

Airport Outlook and Capital Planning (Continued)

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 $34.4M, scheduled to complete in 2024
- Funded by a combination of federal grants and airport revenues

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 2024
- Funded by a combination of airport revenues, CFCs, and an issuance of bonds

North Parking Structure

- Phase 1 of a second multi-level parking structure is being planned to accommodate the growing need for covered parking which is close to the terminal.
- A total cost of $53.0 million for Phase 1 of the structure, scheduled to complete in 2025
- Funded entirely by airport revenues, with 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 was completed in 2021.
- Phase 2 of the full project will include U.S. Customs & Border Protection facilities with a cost of $26.8M, scheduled to complete in 2024.
- 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 in the years prior to pandemic, and now being seen in the recovery as well, we continue to monitor current activity to ensure that we are making decisions for our future with the best information at our disposal. We continue to discuss project plans with our airline partners and other tenants to ensure that we are making the proper financial decisions for capital projects and to continue operating the Airport safely.

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 Gerald R. Ford International Airport Authority for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2020. 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-eighth consecutive year the Authority received the award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive 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.

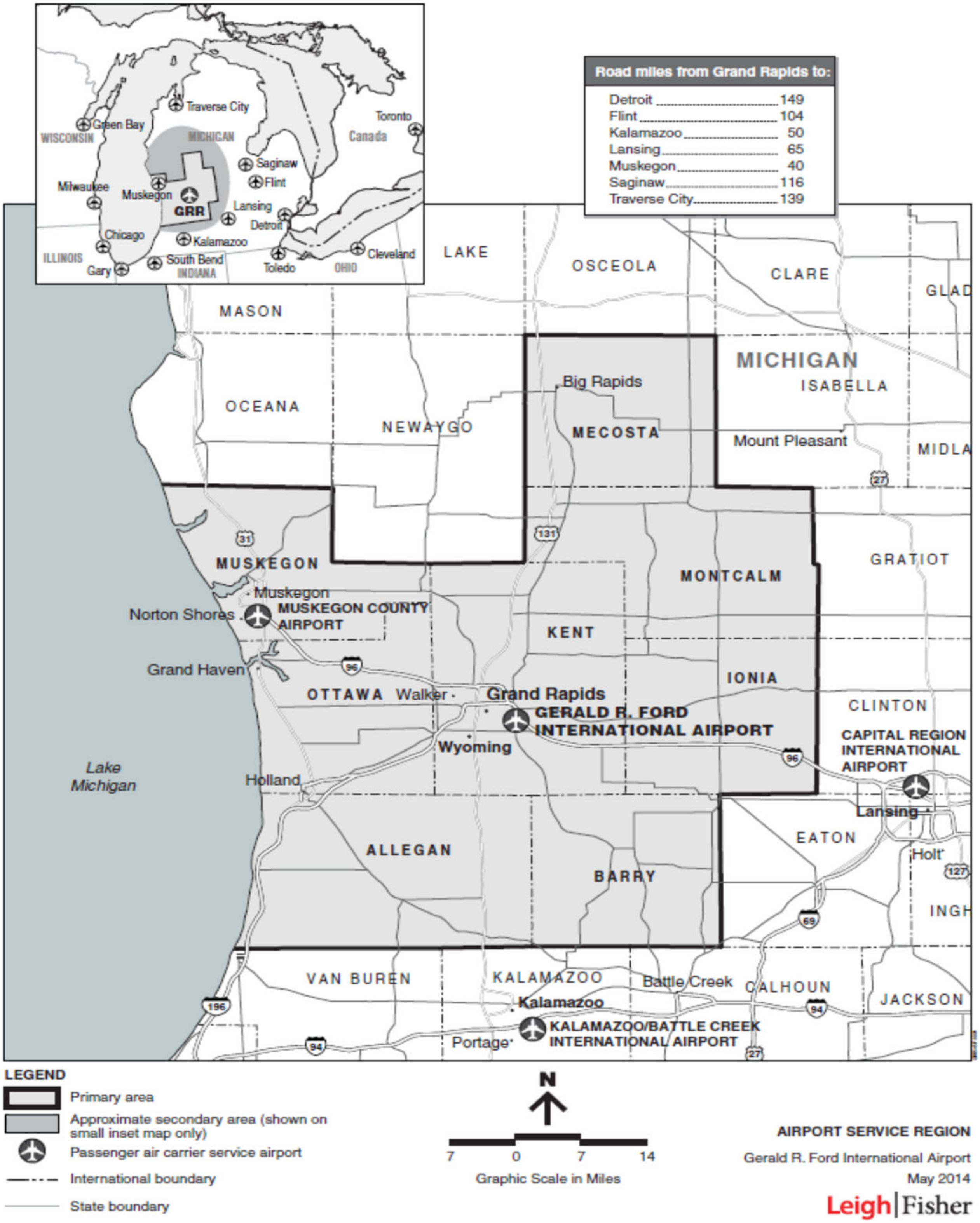
Acknowledgements

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.

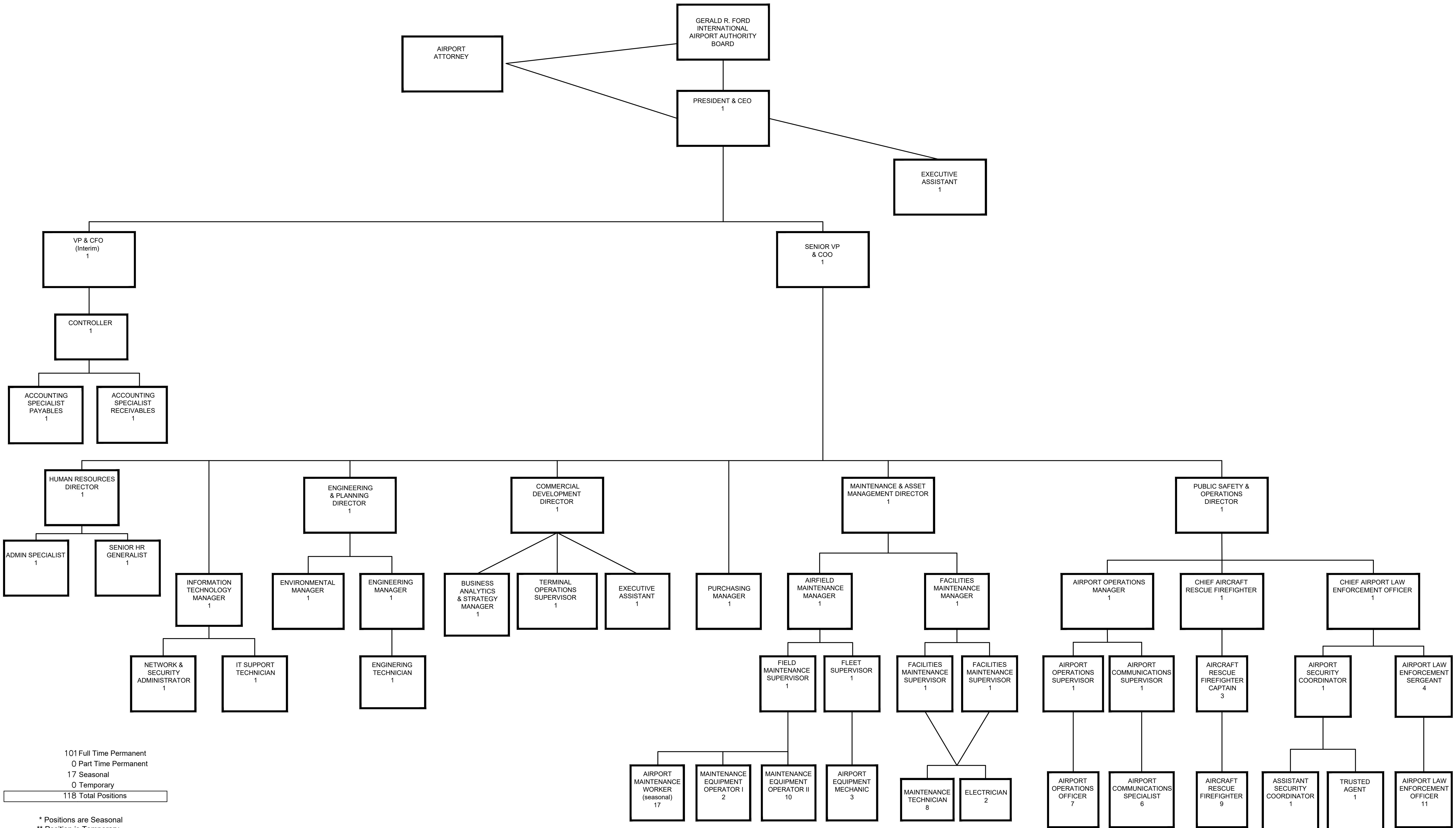
Respectfully submitted,

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

Service Area Map



GERALD R. FORD AIRPORT AUTHORITY
ORGANIZATIONAL CHART
EFFECTIVE OCTOBER 2021



101	Full Time Permanent
0	Part Time Permanent
17	Seasonal
0	Temporary
118	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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

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Independent Auditor's Report

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

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Gerald R. Ford International Airport Authority (the "Authority"), a component unit of the County of Kent, Michigan, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2021 and 2020 and the respective 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 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* (the "Uniform Guidance"), and the schedule of passenger facility charges, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration and the requirements in 14 CFR 158.63 (collectively, the "Guide") are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical section schedules but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the 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 Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 25, 2022

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, 2021. 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 $313.3 million at December 31, 2021, an $18.2 million increase from December 31, 2020, compared to a $20.0 million increase in 2020.

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

	2021	2020	2019
Assets			
Current and other assets	$194,892,672	$ 61,769,692	$ 60,649,976
Capital assets, net	382,267,508	387,912,077	377,649,361
Total assets	577,160,180	449,681,769	438,299,337
Deferred outflows of resources	6,853,142	7,089,234	6,631,591
Liabilities			
Long-term debt	256,133,856	146,485,984	155,478,772
Other liabilities	11,875,359	13,759,319	13,938,087
Total liabilities	268,009,215	160,245,303	169,416,859
Deferred inflows of resources	2,698,002	1,390,130	418,489
Net position			
Net investment in capital assets	249,384,070	246,334,369	227,528,455
Restricted	31,534,148	28,554,682	27,107,256
Unrestricted	32,387,887	20,246,519	20,459,869
Total net position	$313,306,105	$295,135,570	$275,095,580

The largest portion of the Authority's net position each year (79.6% and 83.5% at December 31, 2021 and 2020, 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 (10.1% and 9.7% at December 31, 2021 and 2020, 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 (10.3% and 6.9% at December 31, 2021 and 2020, 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:

	2021	2020	2019
Operating revenues	$ 50,308,206	$ 33,259,239	$ 56,730,862
Operating expenses	(52,651,312)	(47,685,632)	(49,041,120)
Operating income	(2,343,106)	(14,426,393)	7,689,742
Nonoperating revenues (expenses)			
Investment earnings	86,596	166,048	513,611
Interest & other expenses	(5,556,018)	(5,417,553)	(5,837,149)
Passenger and customer facility charges	8,014,493	4,729,501	10,003,429
Gain on sale of capital assets	87,393	22,089	45,103
CARES Act Revenue	-	16,261,068	-
CRRSA Act Revenue	5,509,118	-	-
Total nonoperating revenues (expenses)	8,141,582	15,761,153	4,724,994
Gain before capital contributions	5,798,476	1,334,760	12,414,736
Capital contributions	12,372,059	18,705,230	18,702,691
Change in net position	18,170,535	20,039,990	31,117,427
Net position, beginning of year	295,135,570	275,095,580	243,978,153
Net position, end of year	$313,306,105	$295,135,570	$275,095,580

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased 51.3% from $33.3 million in 2020 to $50.3 million in 2021 principally due to increased passenger and airline traffic as the Airport recovers from the recession caused by the COVID-19 pandemic.
- Operating Expenses increased 10.4% from $47.7 million in 2020 to $52.7 million in 2021 principally due to increases in contractual services and personnel expenses. These increases were done to reestablish services and personnel which were part of the cost cutting measures taken during the COVID-19 pandemic to offset the decrease in operating revenues during that time period.
- As a result of the above, operating income increased from a $14.4 million operating loss in 2020 to a $2.3 million operating loss in 2021.
- Net non-operating revenues (expenses) decreased from $15.8 million in 2020 to $8.1 million in 2021, due primarily to the difference between federal aid provided from the CARES act ($16.3 million in 2020) and the CRRSA Act ($5.5 million in 2021). Passenger and Customer facility charges did see an increase of 69.5% from 2020, gaining back much of the 52.7% reduction seen in 2020.
- 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.

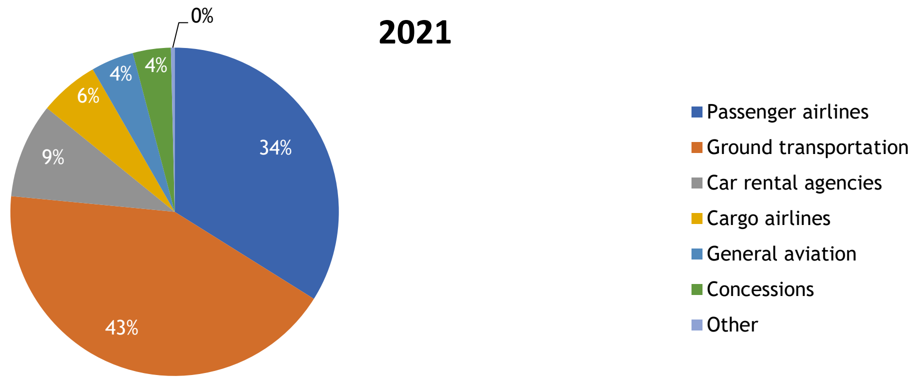
AIRLINE RATES AND CHARGES

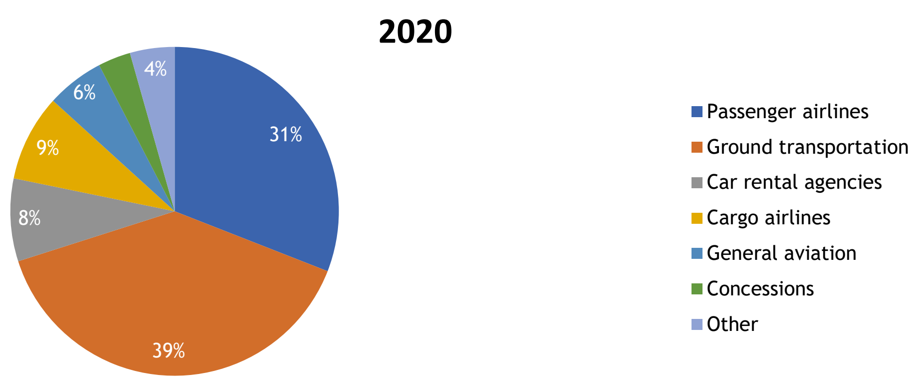
The Gerald R. Ford International Airport Authority Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Authority's annual operating and capital budgets which have been approved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

	2021	2020	2019
Landing fees (per 1,000 lbs)	$ 3.59	$ 3.25	$ 2.97
Terminal rental rates (per square foot)	59.79	60.36	53.30
Airline apron fee (per 1,000 lbs)	1.79	1.63	1.62

REVENUES

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



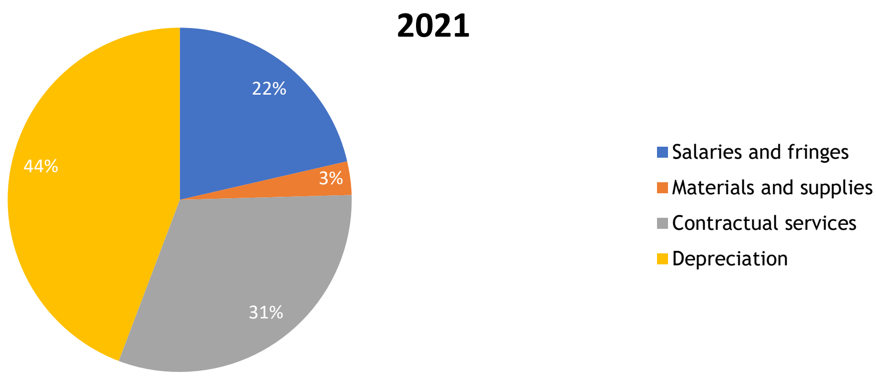


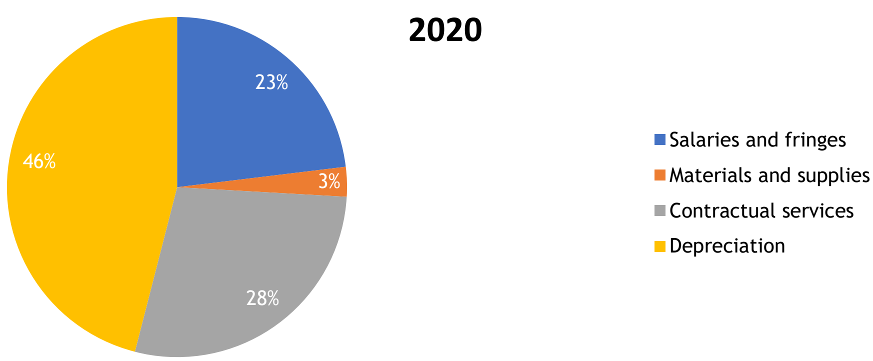
A summary of operating revenues for the year ended December 31, 2021 and 2020 is as follows:

Operating revenues	2021	Percent of Total	2020	Percent of Total
Charges for services:				
Passenger airlines	$ 17,059,566	33.9%	$ 10,291,303	30.9%
Ground transportation	21,441,629	42.6%	13,012,681	39.1%
Car rental agencies	4,690,116	9.3%	2,703,958	8.1%
Cargo airlines	2,935,032	5.8%	2,833,984	8.5%
General aviation	2,117,453	4.2%	1,893,371	5.7%
Concessions	1,876,308	3.7%	1,060,902	3.2%
Other	188,102	0.5%	1,463,040	4.5%
Total operating revenues	$ 50,308,206		$ 33,259,239	

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, 2021 and 2020 is as follows:

Operating expenses	2021	Percent of Total	2020	Percent of Total
Salaries and fringes	$ 11,275,778	21.4%	$ 11,013,514	23.1%
Materials and supplies	1,655,930	3.1%	1,347,521	2.8%
Contractual services	16,431,046	31.2%	13,387,361	28.1%
Depreciation	23,288,558	44.3%	21,937,236	46.0%
Total operating expenses	$ 52,651,312		$ 47,685,632	

FINANCIAL STATEMENTS

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

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

For the year ended December 31, 2021 the Authority had capital additions totaling $17,690,450. The major capital additions were:

Federal Inspection Station	$ 4,919,501
Primary Communications / Emergency Operations Center	3,184,831
Concourse 'A' Expansion - Design	2,104,203
Economy Parking Lot Resurfacing	1,303,765
Perimeter Gate Replacement	834,447
Terminal Apron Reconstruction	591,496
Gateway Transformation - Phase II	358,473
FedEx Operation Center Improvements	224,082
Checked Baggage System - Design	183,092
Other	3,986,560

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 2021, the Authority issued $93.7 million of Revenue Bonds to pay the construction cost of expanding and renovating concourse A. 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 July 2021, the Authority issued $19.8 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 2011. 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 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.

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

During 2021, the Airport saw significant recovery in passenger activity from the decline in 2020 caused by the COVID-19 pandemic. The year ended with 2.9 million total passengers, which was 81.6% of 2019 (the base year for pandemic recovery analysis). This total was the third highest in our history.

Total operating revenues were $50.3 million in 2021, just 11.3% below our record year of 2019. Recovery in parking revenues does continue to lag slightly behind the passenger activity (78.4% of 2019), but we have been able to continue adding several new sources of revenue in the form of land development agreeements and leases.

We have continued to see passenger and airline activity at about 95% of our pre-pandemic activity throughout the first four months of 2022, and are optimistic that we are on the cusp of being able to say we are fully recovered.

The Authority did qualify for and recognized $5.5 million in grant revenue from the Federal CRRSA Act, which we used to offset operational expenses during the year.

As passenger and aircraft activity rebounded, the Authority reevaluated some of the cost cutting measures put in place during the pandemic. Many of the personnel positions that had been vacated due to layoffs and early retirements were replaced with newly hired employees, and still others are actively being recruited in order to position our staff back to 100% occupancy. Several operating expenses which had been reduced because of the lower traffic were revisited and adjusted back up to match the needs of the current state of business.

Many of our tenants struggled in 2021 with staffing shortages, as we were all somewhat surprised at the rate our passengers were returning to travel. Staffing was an issue for many industries around the country, but food service and retail saw the most difficulty in recruiting and retaining the necessary workforce to keep operations running at optimum capacity. Our airport was no exception to this, and this can be seen in our concessions volume also lagging behind the passenger activity. As with 2020, we are proud to have retained every tenant under contract. We continued to work with contractors on projects that were in the construction phase, and only added projects that were deemed necessary for both the safe continued operation of the airport, as well as addressing the future space needs of our increasing passenger numbers. 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 had 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.

2021 results show how quickly we have made progress to fully recovering from the COVID-19 pandemic. There are still some steps left to take, but we are optimistic that the future is brighter than ever for the Gerald R. Ford International Airport. Our airline partners are seeing encouraging signs that the local customers are ready and willing to travel again, both for leisure and business needs. The Authority is confident that the local West Michigan economy will continue to rebound, 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 has affected, and continues to affect, the Airport's business operations, we are confident that we can continue to take measures to contain or reduce operating costs in order to keep airline rates at or near the current rates for 2022.

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 Chief Financial Officer, 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, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 20,606,530	$ 20,406,455
Restricted cash and cash equivalents (Note 3)	12,305,303	12,545,664
Receivables:		
Accounts receivable - Net	1,048,722	2,836,203
Due from other governments	17,908,457	5,461,658
Inventory	307,883	274,178
Prepaid expenses and deposits	1,933,060	1,944,469
Total current assets	54,109,955	43,468,627
Noncurrent assets:		
Restricted assets:		
Restricted cash and cash equivalents (Note 3)	131,696,294	10,335,560
Accounts receivable - Net (Note 3)	1,077,582	519,254
Net pension asset (Note 8)	8,008,841	7,446,251
Capital assets: (Note 4)		
Assets not subject to depreciation	46,972,841	69,668,847
Assets subject to depreciation - Net	335,294,667	318,243,230
Total noncurrent assets	523,050,225	406,213,142
Total assets	577,160,180	449,681,769
Deferred Outflows of Resources		
Deferred charges on bond refundings (Note 5)	3,582,237	4,908,276
Deferred pension costs (Note 8)	3,270,905	2,180,958
Total deferred outflows of resources	6,853,142	7,089,234
Liabilities		
Current liabilities:		
Payables:		
Accounts payable	2,291,270	2,791,789
Construction contracts payable	3,798,319	1,911,664
Payables from restricted assets:		
Accrued interest payable	2,458,589	3,082,875
Bonds payable (Note 5)	9,846,714	9,462,789
Unearned revenue:		
Unearned grant revenue	-	881,271
Unearned other revenue	725,392	262,874
Other accrued liabilities	2,601,789	4,828,846
Total current liabilities	21,722,073	23,222,108
Noncurrent liabilities - Bonds payable - Net of current portion (Note 5)	246,287,142	137,023,195
Total liabilities	268,009,215	160,245,303
Deferred Inflows of Resources - Deferred pension cost reductions (Note 8)	2,698,002	1,390,130
Net Position		
Net investment in capital assets	249,384,070	246,334,369
Restricted:		
Debt service	9,294,705	8,766,048
Debt reserve	757,781	3,009,929
Passenger facility charges - Capital improvements	8,079,969	4,364,484
Customer facility charges - Capital improvements	4,819,949	4,177,142
Pension benefits	8,581,744	8,237,079
Unrestricted	32,387,887	20,246,519
Total net position	**$ 313,306,105**	**$ 295,135,570**

See notes to financial statements.

Gerald R. Ford International Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenue		
Passenger airlines	$ 17,059,566	$ 10,291,303
Ground transportation	21,441,629	13,012,681
Car rental agencies	4,690,116	2,703,958
Cargo airlines	2,935,032	2,833,984
General aviation	2,117,453	1,893,371
Concessions	1,876,308	1,060,902
Other	188,102	1,463,040
Total operating revenue	50,308,206	33,259,239
Operating Expenses		
Salaries and fringes	11,275,778	11,013,514
Materials and supplies	1,655,930	1,347,521
Contractual services	16,431,046	13,387,361
Depreciation	23,288,558	21,937,236
Total operating expenses	52,651,312	47,685,632
Operating Loss	(2,343,106)	(14,426,393)
Nonoperating Revenue (Expense)		
Gain on sale of assets	87,393	22,089
Interest earnings	86,596	166,048
Interest expense	(5,556,018)	(5,417,553)
Passenger facility charges	6,242,500	3,427,561
Customer facility charges	1,771,993	1,301,940
CARES Act revenue	-	16,261,068
CRRSA Act revenue	5,509,118	-
Total nonoperating revenue	8,141,582	15,761,153
Income - Before capital contributions	5,798,476	1,334,760
Capital Contributions		
Capital grants	12,022,059	16,955,230
Donations	350,000	1,750,000
Total capital contributions	12,372,059	18,705,230
Change in Net Position	18,170,535	20,039,990
Net Position - Beginning of year	295,135,570	275,095,580
Net Position - End of year	**$ 313,306,105**	**$ 295,135,570**

See notes to financial statements.

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from customers and users	$ 52,556,013	$ 33,106,309
Payments to suppliers	(18,486,269)	(14,145,512)
Payments to employees and fringes	(13,968,830)	(6,947,923)
Net cash and cash equivalents provided by operating activities	20,100,914	12,012,874
Cash Flows Provided by Noncapital Financing Activities - COVID-19 grant funding received	2,531,058	13,730,010
Cash Flows from Capital and Related Financing Activities		
Passenger facility charges collected	5,739,228	4,056,804
Customer facility charges collected	1,716,937	1,410,297
Capital contributions received	2,029,084	19,231,174
Proceeds from sale of capital assets	133,959	74,682
Purchase of capital assets - Net of capital accruals	(15,803,900)	(33,080,213)
Issuance of revenue bonds	140,322,110	-
Principal paid on revenue bonds	(28,600,000)	(7,795,000)
Interest paid on revenue bonds	(6,112,886)	(6,360,626)
Payment of bond sale expenses	(816,895)	-
Net cash and cash equivalents provided by (used in) capital and related financing activities	98,607,637	(22,462,882)
Cash Flows Provided by Investing Activities - Interest received	80,839	166,048
Net Increase in Cash and Cash Equivalents	121,320,448	3,446,050
Cash and Cash Equivalents - Beginning of year	43,287,679	39,841,629
Cash and Cash Equivalents - End of year	**$ 164,608,127**	**$ 43,287,679**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 20,606,530	$ 20,406,455
Current restricted cash and cash equivalents	12,305,303	12,545,664
Noncurrent restricted cash and cash equivalents	131,696,294	10,335,560
Total cash and cash equivalents	**$ 164,608,127**	**$ 43,287,679**
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	$ (2,343,106)	$ (14,426,393)
Adjustments to reconcile operating loss income to net cash from operating activities:		
Depreciation	23,288,558	21,937,236
Changes in assets and liabilities:		
Accounts receivable	1,790,621	(159,414)
Inventories	(33,705)	47,559
Prepaid expenses and deposits	11,409	(467,705)
Net pension asset and deferred pension costs and cost reductions	(347,805)	132,811
Accounts payable	(500,519)	950,760
Unearned other revenue	462,518	6,716
Other accrued liabilities	(2,227,057)	3,991,304
Total adjustments	22,444,020	26,439,267
Net cash and cash equivalents provided by operating activities	**$ 20,100,914**	**$ 12,012,874**

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 31 domestic locations.

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

Accounting and Reporting Principles

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

Report Presentation

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

Fund Accounting

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

Basis of Accounting

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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, capital expenditures, and unspent bond proceeds.

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.

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 2021 or 2020.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows related to pension costs, as well as for deferred losses on refunding. See Note 8 for details on pension costs. A deferred refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets 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 approximately $16,300,000 million of the CARES Act funding to partially offset reductions in revenue caused by the pandemic.

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 (CRRSA) Act, 2021. The CRRSA Act 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. The Authority was awarded approximately $5,900,000 of the CRRSA Act funding in total, of which approximately $5,500,000 was utilized for the year ended December 31, 2021 to partially offset reductions in revenue caused by the pandemic. For the year ended December 31, 2020, the Authority did not expend any of these funds.

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 help 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 Authority is eligible to receive funding of approximately $13,900,000. For the year ended December 31, 2021, the Authority did not expend any of these funds.

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.

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 or 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 May 25, 2022, which is the date the financial statements were available to be issued.

The Bipartisan Infrastructure Law (BIL), another major legislative act, was signed on November 15, 2021. The BIL included $25.0 billion in funds for airport-related projects. These funds can be invested in runways, taxiways, safety, and sustainability projects, as well as terminal, airport-transit connections, and roadway projects. The Authority will receive formula-based amounts of approximately $6.1 million per year (for 2022 and 2023) with the amounts to be recalculated for 2024, 2025, and 2026. In addition to the formula-based amounts, the BIL includes competitive grants for airport terminal development projects that address the aging infrastructure of the nation's airports. The first competitive grant is scheduled to be awarded in late 2022, with new funds to be awarded annually through 2026. The Authority applied for competitive grants in March 2022.

Note 2 - Deposits and Investments

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

	2021	2020
Current assets:		
Cash and cash equivalents	$ 20,606,530	$ 20,406,455
Restricted cash and cash equivalents	12,305,303	12,545,664
Noncurrent assets - Restricted cash and cash equivalents	131,696,294	10,335,560
Total deposits and investments	$ 164,608,127	$ 43,287,679

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

	2021	2020
Deposits with financial institutions	$ 146,833,007	$ 23,193,491
Collateralized deposits	12,511,075	14,858,852
County of Kent, Michigan investment pool	5,242,261	5,213,559
Cash on hand	21,784	21,777
Total deposits and investments	$ 164,608,127	$ 43,287,679

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, 2021 and 2020, the Authority had bank deposits of $158,901,263 and $37,624,767, respectively, 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.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a specific policy pertaining to custodial credit risk for deposits that is more restrictive than state law.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments, as identified above. The Authority’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's investments do not have identifiable maturity dates.

Note 2 - Deposits and Investments (Continued)

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk, as identified in the list of authorized investments above. The Authority's investment policy minimizes concentration of credit risk by requiring that, with the exception of U.S. Treasurys and authorized pools, no more than 25 percent of the portfolio be invested in a single security type or with a single financial institution.

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, 2021 and 2020, the fair value of the county investment pool was $5,242,261 and $5,213,559, respectively. There were no unfunded commitments, no restrictions on redemption frequency, and no redemption notice periods.

Note 3 - Restricted Assets

At December 31, 2021 and 2020, restricted assets are composed of the following:

	2021	2020
Current restricted cash and cash equivalents - Debt service	$ 12,305,303	$ 12,545,664
Noncurrent restricted cash and cash equivalents:		
Debt service	205,772	2,313,188
Passenger facility charges	7,131,176	3,918,958
Customer facility charges	4,691,165	4,103,414
Unspent bond proceeds	119,668,181	-
Noncurrent restricted accounts receivable:		
Passenger facility charges	948,798	445,526
Customer facility charges	128,784	73,728
Total noncurrent restricted assets	132,773,876	10,854,814
Total restricted assets	$ 145,079,179	$ 23,400,478

Note 4 - Capital Assets

Capital asset activity of the Authority was as follows:

	Balance January 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2021
Capital assets not being depreciated - Construction in progress	$ 69,668,847	$ (40,386,456)	$ 17,690,450	$ -	$ 46,972,841
Capital assets being depreciated:					
Land improvements	275,591,000	35,875,481	-	-	311,466,481
Buildings and improvements	322,592,034	1,930,265	-	-	324,522,299
Equipment	28,648,086	2,001,540	-	(322,510)	30,327,116
Systems	14,831,544	343,216	-	-	15,174,760
Office equipment and furniture	5,150,808	84,496	-	-	5,235,304
Vehicles	1,374,536	151,458	-	(64,680)	1,461,314
Subtotal	648,188,008	40,386,456	-	(387,190)	688,187,274
Accumulated depreciation:					
Land improvements	168,025,474	-	9,587,989	-	177,613,463
Buildings and improvements	138,388,526	-	10,619,810	-	149,008,336
Equipment	12,802,029	-	1,370,055	(276,050)	13,896,034
Systems	7,739,617	-	1,312,194	-	9,051,811
Office equipment and furniture	1,961,847	-	239,046	-	2,200,893
Vehicles	1,027,284	-	159,464	(64,678)	1,122,070
Subtotal	329,944,777	-	23,288,558	(340,728)	352,892,607
Net capital assets being depreciated	318,243,231	40,386,456	(23,288,558)	(46,462)	335,294,667
Net capital assets	$ 387,912,078	$ -	$ (5,598,108)	$ (46,462)	$ 382,267,508

Note 4 - Capital Assets (Continued)

	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

The construction in progress as of December 31, 2021 and 2020 of $46,972,841 and $69,668,847, respectively, relates to various projects being funded by federal, state, and authority funds.

Depreciation expense for the years ended December 31, 2021 and 2020 was $23,288,558 and $21,937,236, 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 Police Relocation, Concourse A Expansion, and Economy Lot Resurface, among others. At December 31, 2021, the Authority's commitments with contractors were approximately 84,800,000.

Note 5 - Long-term Debt

Long-term debt activity for the years ended December 31, 2021 and 2020 can be summarized as follows:

2021	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	$ 130,715,000	$ 113,465,000	$ (28,600,000)	$ 215,580,000	$ 8,795,000
Unamortized bond premiums	15,770,984	26,857,110	(2,074,238)	40,553,856	1,051,714
Total bonds and contracts payable	$ 146,485,984	$ 140,322,110	$ (30,674,238)	$ 256,133,856	$ 9,846,714

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

The Authority had deferred outflows of $3,582,237 and $4,908,276 related to deferred charges on bond refundings at December 31, 2021 and 2020, respectively.

Revenue Bonds

Revenue bonds payable consist of the following bond issues as of December 31, 2021 and 2020:

	Maturity Date	Interest Rate	2021	2020
Airport revenue refunding bonds, Series 2011	1/1/2028	2.00-5.00%	$ -	$ 22,730,000
Airport revenue bonds, Series 2015	1/1/2035	1.50-5.00%	11,600,000	12,175,000
Airport revenue refunding bonds, Series 2015	1/1/2037	4.00-5.00%	81,565,000	84,890,000
Airport revenue refunding bonds, Series 2018	1/1/2025	5.00%	8,950,000	10,920,000
Airport revenue refunding bonds, Series 2021	1/1/2028	4.00-5.00%	19,815,000	-
Airport revenue bonds, Series 2021	1/1/2051	5.00%	93,650,000	-
Total			$ 215,580,000	$ 130,715,000

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
2022	$ 8,795,000	$ 7,515,143	$ 16,310,143
2023	9,295,000	9,140,690	18,435,690
2024	9,635,000	8,798,437	18,433,437
2025	9,980,000	8,435,262	18,415,262
2026	9,175,000	8,079,859	17,254,859
2027-2031	42,795,000	34,910,931	77,705,931
2032-2036	45,500,000	25,338,188	70,838,188
2037-2041	25,030,000	16,468,750	41,498,750
2042-2046	24,330,000	10,920,500	35,250,500
2047-2051	31,045,000	4,031,375	35,076,375
Total	$ 215,580,000	$ 133,639,135	$ 349,219,135

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 $17,844,417, which has not been drawn upon at December 31, 2021. 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.

Bond Refunding

In July 2021, the Authority issued $19,815,000 in Series 2021 revenue refunding bonds with an interest rate ranging from 4.0-5.0 percent. The proceeds of these bonds were used to refund $20,335,000 of outstanding Series 2011 revenue refunding bonds and $153,761 of accrued interest, with an interest rate ranging from 2.0-5.0 percent. The net proceeds of $22,037,761 (including cash on hand of $2,300,761 and after payment of $78,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities and a deposit of $1,549,000 into a redemption account. Those securities were deposited in an irrevocable trust with an escrow agent to currently refund on the Series 2011 revenue refunding bonds originally scheduled to mature on January 1, 2028. As a result, the Series 2011 revenue refunding bonds have been removed from long-term debt. The refunding reduced total debt service payments over the next seven years by approximately $3,353,000, which represents an economic gain of approximately $3,264,000.

Pledged Revenue

The Authority has pledged airport revenue as security for outstanding bonds, which were issued to provide funding for various capital projects. The Authority has committed to appropriate each year, from certain airport revenue net of related operating expenses, amounts sufficient to cover the principal and interest requirements of the debt. Total principal and interest remaining on the debt is $349,219,135, with annual requirements ranging from $16,310,143 in 2022 to $6,995,625 in the final year. For the years ended December 31, 2021 and 2020, there was $8,265,000 and $7,795,000, respectively, in principal payments, and interest expense totaled $5,556,018 and $5,417,553, respectively. Net revenue pledged for debt service was approximately $29,134,000 and $12,428,000 for the years ended December 31, 2021 and 2020, 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
2022	$ 9,171,277
2023	6,625,071
2024	5,720,162
2025	4,934,170
2026	4,906,846
Thereafter	53,498,854
Total	$ 84,856,380

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, 2021 and 2020 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, 2021 and 2020, 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 Michigan Department of Environment, Great Lakes, and Energy (EGLE - formerly the MDEQ), Michigan Department of Health and Human Services, and the Kent County Health Department and conducted numerous water and soil tests in the vicinity of a former on-site firefighter training area. This investigation has continued through 2021 and is still 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 have, therefore, 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.

Pension benefits vary based on date of hire. Employees with a hire date prior to July 1, 2016 who 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, 2020
Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	81
Total employees covered by the plan	124

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, 2021 and 2020, 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, 2021 and 2020, employer contributions to the hybrid plan are expressed as a percentage of covered payroll and amount to 7.74 and 7.89 percent, respectively, of covered payroll.

Note 8 - Pension Plan (Continued)

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, 2021 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, 2021 measurement date. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to December 31, 2021.

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.

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, 2020	$ 22,734,739	$ 30,180,990	$ (7,446,251)
Changes for the year:			
Service cost	655,857	-	655,857
Interest	1,711,977	-	1,711,977
Differences between expected and actual experience	1,276,417	-	1,276,417
Changes in assumptions	523,947	-	523,947
Contributions - Employer	-	322,812	(322,812)
Contributions - Employee	-	165,719	(165,719)
Net investment income	-	4,247,101	(4,247,101)
Benefit payments	(1,073,304)	(1,073,304)	-
Administrative expenses	-	(48,728)	48,728
Miscellaneous other charges	(43,884)	-	(43,884)
Net changes	3,051,010	3,613,600	(562,590)
Balance at December 31, 2021	$ 25,785,749	$ 33,794,590	$ (8,008,841)

The plan's fiduciary net position represents 131.1 percent of the total pension liability.

Note 8 - Pension Plan (Continued)

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

Changes in Net Pension Asset	Increase (Decrease) 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.

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

For the years ended December 31, 2021 and 2020, the Authority recognized pension (recovery) expense of $(21,853) and $511,688, respectively.

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,935,449	$ 278,993	$ 1,102,358	$ 348,741
Changes in assumptions	1,335,456	-	1,078,600	-
Net difference between projected and actual earnings on pension plan investments	-	2,419,009	-	1,041,389
Total	$ 3,270,905	$ 2,698,002	$ 2,180,958	$ 1,390,130

Note 8 - Pension Plan (Continued)

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

Years Ending December 31	Amount
2022	$ 265,997
2023	(318,497)
2024	(49,018)
2025	160,805
2026	513,616
Total	$ 572,903

Actuarial Assumptions

The total pension liability in the December 31, 2020 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 Pub-2010 mortality tables scaled to MERS' experience on a liability-weighted basis.

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.

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, 2021 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 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

Note 8 - Pension Plan (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Authority, calculated using the discount rate of 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	$ (4,477,123)	$ (8,008,841)	$ (10,882,892)

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, 2021 and 2020, the Authority contributed $292,000 and $219,250, respectively, and employees contributed $84,298 and $81,208, respectively, to the HCSP.

Employees hired before July 1, 2016 were previously part of the Kent County Voluntary Employees' Beneficiary Association (VEBA), a defined benefit other postemployment benefits plan. Upon transferring to the Authority, these employees are no longer eligible under the VEBA. Accordingly, the Authority provided these employees with a contribution to their new HCSP account for prior service credit under the County. The total of contributions due for prior service credit was $2,497,500, of which $1,458,387 was contributed in the six months ended December 31, 2016 ($436,193 from the Authority'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 $37,397 and $35,614, and employees contributed $229,161 and $238,109 to the deferred compensation plan for the years ended December 31, 2021 and 2020, 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 who 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 $208,150 and $139,364, and the employees contributed $333,144 and $273,531 to the defined contribution plan for the years ended December 31, 2021 and 2021, respectively.

Note 12 - Concentrated Credit Risk

During the years ended December 31, 2021 and 2020, the Authority provided gate access to 18 passenger airlines and 2 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 Six Fiscal Years

	2021	2020	2019	2018	2017	2016*
Total Pension Liability						
Service cost	$ 655,857	$ 806,317	$ 814,000	$ 835,093	$ 829,449	$ 756,113
Interest	1,711,977	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	1,276,417	236,522	(488,237)	899,368	675,040	-
Changes in assumptions	523,947	1,258,367	-	-	-	-
Benefit payments	(1,073,304)	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Other changes	(43,884)	337,139	(102,333)	(966,603)	(27,001)	12,857,875
Net Change in Total Pension Liability	3,051,010	3,359,011	1,380,565	1,876,206	2,501,145	13,617,812
Total Pension Liability - Beginning of year	22,734,739	19,375,728	17,995,163	16,118,957	13,617,812	-
Total Pension Liability - End of year	**$25,785,749**	**$22,734,739**	**$19,375,728**	**$17,995,163**	**$16,118,957**	**$13,617,812**
Plan Fiduciary Net Position						
Contributions - Employer	$ 322,812	$ 382,018	$ 270,677	$ 325,207	$ 470,266	$16,038,027
Contributions - Member	165,719	213,923	258,155	354,221	417,953	3,529,014
Net investment income (loss)	4,247,101	3,506,368	3,233,939	(980,257)	2,798,042	1,020,983
Administrative expenses	(48,728)	(54,679)	(55,759)	(47,669)	(44,137)	(18,996)
Benefit payments	(1,073,304)	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Net Change in Plan Fiduciary Net Position	3,613,600	3,293,748	3,376,869	(554,272)	3,521,021	20,543,624
Plan Fiduciary Net Position - Beginning of year	30,180,990	26,887,242	23,510,373	24,064,645	20,543,624	-
Plan Fiduciary Net Position - End of year	**$33,794,590**	**$30,180,990**	**$26,887,242**	**$23,510,373**	**$24,064,645**	**$20,543,624**
Authority's Net Pension Asset - Ending	**$ (8,008,841)**	**$ (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	131.06 %	132.75 %	138.77 %	130.65 %	149.29 %	150.86 %
Covered Payroll	$ 5,884,728	$ 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	(136.10)%	(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 Six Fiscal Years

Year Ended December 31

	2021	2020	2019	2018	2017	2016*
Actuarially determined contribution	$ 322,812	$ 288,228	$ 258,960	$ 146,856	$ 169,775	$5,881,370
Contributions in relation to the actuarially determined contribution	322,812	382,018	270,677	325,207	470,266	6,038,027
Contribution Excess	**$ -**	**$ 93,790**	**$ 11,717**	**$ 178,351**	**$ 300,491**	**$ 156,657**
Covered Payroll	$5,884,728	$7,044,221	$6,748,311	$6,721,352	$6,721,352	$5,635,428
Contributions as a Percentage of Covered Payroll	5.49 %	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, 2021 were determined based on the actuarial valuation as of December 31, 2019.

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	3.00 percent
Investment rate of return	7.60 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

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,				
	2012	2013	2014	2015	2016
Operating revenues					
Airfield	$ 9,608	$ 8,878	$ 9,456	$ 10,639	$ 10,889
Terminal	6,746	6,832	7,813	7,566	7,475
Ground transportation	14,878	16,780	17,821	19,327	20,598
Other	641	700	752	687	756
Total operating revenues	31,873	33,190	35,842	38,219	39,718
Operating expenses					
Salaries and fringes	7,918	7,825	8,094	8,918	5,729
Services and supplies	9,183	10,301	10,411	12,475	13,395
Depreciation	16,523	16,540	16,446	16,685	18,288
Total operating expenses	33,624	34,666	34,951	38,078	37,412
Operating income (loss)	(1,751)	(1,476)	891	141	2,306
Nonoperating revenue (expenses)					
Interest income	159	122	136	178	233
Interest expense	(8,321)	(8,165)	(7,971)	(7,269)	(6,873)
Passenger facility charges	4,339	4,599	4,788	5,242	5,424
Customer facility charges	1,473	1,699	1,829	1,956	2,016
Federal Aid (CARES/CRRSA)	-	-	-	-	-
Other	22	51	50	56	58
Total nonoperating revenue (expenses)	(2,328)	(1,694)	(1,168)	163	858
Income (Loss) before capital contributions	(4,079)	(3,170)	(277)	304	3,164
Capital contributions	9,641	4,413	14,818	11,633	6,495
Special Item	-	-	-	-	(21,184)
Change in net assets / net position	$ 5,562	$ 1,243	$ 14,541	$ 11,937	$ (11,525)
Net assets / net position					
Invested in capital assets, net of related debt / net investment in capital assets	$ 142,094	$ 140,926	$ 150,950	$ 161,636	$ 152,970
Restricted for:					
Debt service	12,387	13,355	13,253	10,424	11,511
Capital improvements	5,791	9,307	13,269	17,762	23,027
Pension Benefits					6,734
Unrestricted	28,578	26,504	27,161	29,078	13,133
Total net assets / net position	$ 188,850	$ 190,092	$ 204,633	$ 218,900	$ 207,375

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,		
2017	2018	2019	2020	2021
$ 11,695	$ 13,090	$ 13,935	$ 11,011	$ 13,781
7,776	8,723	9,644	5,597	9,415
21,568	26,175	32,332	15,717	26,132
792	1,187	820	934	980
41,831	49,175	56,731	33,259	50,308
9,590	9,656	11,245	11,014	11,276
13,444	15,695	17,274	14,735	18,087
18,907	19,608	20,522	21,937	23,288
41,941	44,959	49,041	47,686	52,651
(110)	4,216	7,690	(14,427)	(2,343)
126	241	514	166	87
(6,505)	(6,299)	(5,837)	(5,418)	(5,556)
5,786	6,886	7,372	3,428	6,243
2,152	2,383	2,631	1,302	1,772
-	-	-	16,261	5,509
1	(130)	45	22	87
1,560	3,081	4,725	15,761	8,142
1,450	7,297	12,415	1,334	5,799
7,212	20,644	18,702	18,705	12,372
-	-	-	-	-
$ 8,662	$ 27,941	$ 31,117	$ 20,039	$ 18,171
$ 167,820	$ 189,170	$ 227,528	$ 246,334	$ 249,384
15,814	11,230	11,299	11,776	10,052
8,748	15,055	7,442	8,542	12,900
7,492	8,375	8,367	8,237	8,582
16,163	20,148	20,460	20,247	32,388
$ 216,037	$ 243,978	$ 275,096	$ 295,136	$ 313,306

Gerald R. Ford International Airport Authority

Schedule B
Changes in Cash and Cash Equivalents

Last Ten Fiscal Years
(dollars in thousands)

	December 31,		
	2012	2013	2014
Cash flows from operating activities			
Receipts from customers and users	$ 33,058	$ 33,942	$ 36,550
Cash paid to suppliers	(10,686)	(10,509)	(11,652)
Cash paid to employees	(6,994)	(7,843)	(8,108)
Net cash provided by operating activities	15,378	15,590	16,790
Non-Capital financing activities			
COVID-19 grant funding received	-	-	-
Capital and related financing activities			
Passenger facility charges collected	4,319	4,705	4,777
Customer facility charges collected	1,460	1,682	1,825
Capital contributions received	7,105	1,480	8,119
Proceeds from sale of capital assets	28	51	50
Proceeds from sale of bonds	-	-	-
Cash transferred to escrow for defeased bonds	-	-	-
Purchase of capital assets	(6,879)	(8,843)	(21,496)
Principal paid on revenue bonds	(4,645)	(5,220)	(5,715)
Interest and other bond expenses paid on revenue bonds	(7,987)	(8,382)	(8,206)
Net cash provided by (used in) capital and related financing activities	(6,599)	(14,527)	(20,646)
Cash flow from investing activities			
Interest received on investments	160	130	130
Net increase (decrease) in cash and cash equivalents	8,939	1,193	(3,726)
Cash and cash equivalents, beginning of year	39,837	48,776	49,969
Cash and cash equivalents, end of year	$ 48,776	$ 49,969	$ 46,243

December 31,						
2015	2016	2017	2018	2019	2020	2021
$ 39,373	$ 38,976	$ 41,768	$ 48,895	$ 56,524	$ 33,106	$ 52,556
(13,708)	(12,268)	(14,628)	(15,698)	(17,699)	(10,276)	(18,486)
(8,277)	(10,673)	(10,234)	(10,553)	(11,241)	(10,817)	(13,969)
17,388	16,035	16,906	22,644	27,584	12,013	20,101
-	-	-	-	-	13,730	2,531
5,130	5,383	5,627	6,686	7,251	4,057	5,739
1,948	2,010	2,146	2,358	2,616	1,410	1,717
16,345	11,488	3,975	25,683	16,494	19,231	2,029
68	118	26	173	105	75	134
127,556	-	-	12,725	-	-	139,505
(111,059)	-	-	-	-	-	-
(35,338)	(22,528)	(26,861)	(32,066)	(50,401)	(33,080)	(15,804)
(6,290)	(6,870)	(7,255)	(21,560)	(7,735)	(7,795)	(28,600)
(8,004)	(7,768)	(7,478)	(6,445)	(6,503)	(6,361)	(6,113)
(9,644)	(18,167)	(29,820)	(12,446)	(38,173)	(22,463)	98,607
178	233	126	241	514	166	81
7,922	(1,899)	(12,788)	10,439	(10,075)	3,446	121,320
46,243	54,165	52,266	39,478	49,917	39,842	43,288
$ 54,165	$ 52,266	$ 39,478	$ 49,917	$ 39,842	$ 43,288	$ 164,608

Gerald R. Ford International Airport Authority

Schedule C

Passenger Activity - Enplaned Passengers

Last Ten Fiscal Years

	December 31,					
	2012	2013	2014	2015	2016	2017
Airline						
Air Canada (Air Georgian)	4,502	3,033	-	-	-	-
AirTran	123,465	81,096	402	-	-	-
Allegiant Air	76,759	76,409	79,810	98,367	115,409	128,130
American Airlines Inc.	-	-	-	-	-	149
American Connection (Chautauqua)	55,309	55,789	12,378	-	-	-
American Eagle (Air Wisconsin)	-	-	-	-	-	16,525
American Eagle (Envoy)	68,008	67,708	125,534	130,401	106,093	112,343
American Eagle (Piedmont)	-	-	-	-	-	8,699
American Eagle (PSA)	-	-	-	6,483	44,082	45,122
American Eagle (Republic)	-	-	-	-	-	-
American Eagle (SkyWest)	-	-	-	-	1,058	42,409
American Eagle (Trans States)	3,678	-	-	-	-	18,028
Continental Connection	-	-	-	-	-	-
Continental Express (Express Jet)	11,245	24,390	-	-	-	-
Delta Airlines Inc.	223,783	248,038	304,962	360,390	376,802	434,084
Delta Connection (Atlantic Southeast)	25,838	-	-	-	-	-
Delta Connection (Chautauqua)	26,165	43,827	14,734	-	-	-
Delta Connection (Comair)	35,909	-	-	-	-	-
Delta Connection (Compass)	11,789	6,063	18,727	22,075	7,019	1,398
Delta Connection (Endeavor)	-	80,374	66,410	39,573	42,750	22,904
Delta Connection (Express Jet)	-	48,550	37,860	35,728	26,463	27,971
Delta Connection (Freedom)	-	-	-	-	-	-
Delta Connection (GoJet)	-	3,938	8,943	16,255	22,499	11,294
Delta Connection (Mesaba)	125	-	-	-	-	-
Delta Connection (Pinnacle)	102,544	-	-	-	-	-
Delta Connection (Republic)	-	-	-	-	-	7,151
Delta Connection (Shuttle America)	451	9,010	6,645	7,611	4,232	-
Delta Connection (Skywest)	18,961	30,919	29,335	35,293	42,521	28,665
Frontier Airlines	-	-	-	-	-	4,048
Frontier Airlines (Chautauqua)	6,575	-	-	-	-	-
Frontier Airlines (Republic)	46,614	31,052	-	-	-	-
Midwest Connect (Skyway)	-	-	-	-	-	-
Midwest Connect (SkyWest)	-	-	-	-	-	-
Southwest	-	72,603	201,816	211,118	245,711	247,128
United Airlines Inc.	44,842	45,170	53,525	74,678	42,580	91,641
United Express (Air Wisconsin)	-	-	-	-	-	1,586
United Express (Chautauqua)	11,556	-	7,455	-	-	-
United Express (Commutair)	-	2,332	1,926	-	-	16,439
United Express (Express Jet)	99,911	89,588	60,931	45,936	66,898	48,176
United Express (Go Jet)	36,684	37,199	42,122	20,005	34,998	12,103
United Express (Mesa)	11,055	-	-	-	-	-
United Express (Republic)	-	-	-	-	4,924	14,214
United Express (Shuttle America)	18,939	12,499	17,960	29,504	10,963	-
United Express (SkyWest)	3,965	9,224	13,752	30,004	24,971	40,949
United Express (Trans States)	-	44,453	47,197	31,312	38,196	30,891
US Airways Express (Air Wisconsin)	-	-	17,852	53,812	27,708	-
US Airways Express (Mesa)	-	-	-	31,493	46,728	-
Charters	1,123	1,705	1,519	1,200	1,351	1,263
Total	**1,069,795**	**1,124,969**	**1,171,795**	**1,281,238**	**1,333,956**	**1,413,310**

December 31, 2018	2019	2020	2021	Total 2021
-	-	-	-	0.00%
-	-	-	-	0.00%
161,101	235,353	180,189	276,564	18.83%
47,017	62,278	41,622	78,448	5.34%
-	-	-	-	0.00%
-	-	-	-	0.00%
103,457	105,537	53,014	76,053	5.18%
21,146	12,240	5,811	41,519	2.83%
53,850	100,392	58,848	29,996	2.04%
18,568	12,988	15,146	53,814	3.66%
22,413	39,788	23,076	26,464	1.80%
14,924	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
411,039	433,908	156,899	238,710	16.26%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
60,286	62,552	41,837	76,049	5.18%
10,823	-	-	-	0.00%
-	-	-	-	0.00%
27,850	13,007	531	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
10,912	28,701	6,182	-	0.00%
-	-	-	-	0.00%
65,105	85,824	23,798	76,018	5.18%
71,777	99,279	40,658	68,741	4.68%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
237,766	213,111	128,330	212,987	14.51%
99,421	109,852	22,908	108,194	7.37%
32,213	30,666	3,920	28,109	1.91%
-	-	-	-	0.00%
20,471	21,293	3,549	823	0.06%
38,227	26,818	3,142	-	0.00%
16,537	20,425	21,876	15,758	1.07%
1,051	4,802	8,319	8,658	0.59%
49,960	45,216	22,239	22,981	1.57%
-	-	-	-	0.00%
37,378	23,320	24,789	27,771	1.89%
6,710	15,141	983	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
1,017	1,867	1,258	705	0.05%
1,641,019	**1,804,358**	**888,924**	**1,468,362**	**100.00%**

Schedule D
Principal Revenue Sources and Revenues per Enplaned Passenger

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

	December 31, 2012	2013	2014	2015	2016
Airline revenues					
Landing fees	$ 3,335	$ 3,135	$ 3,495	$ 4,106	$ 4,288
Apron fees	2,252	1,863	1,956	2,503	2,573
Terminal rents	5,313	5,270	6,025	5,512	5,340
Total airline revenues	10,900	10,268	11,476	12,121	12,201
Percentage of total revenues	28.8%	25.9%	26.9%	26.6%	25.7%
Nonairline revenues					
Parking	11,766	13,275	14,245	15,437	16,690
Rental car	3,413	3,821	3,892	4,170	4,219
Other	5,794	5,826	6,229	6,491	6,608
Total nonairline revenues	20,973	22,922	24,366	26,098	27,517
Percentage of total revenues	55.4%	57.8%	57.1%	57.2%	58.0%
Nonoperating revenues					
Passenger facility charges	4,339	4,599	4,788	5,242	5,424
Interest	159	122	136	178	233
Other	1,495	1,750	1,879	2,012	2,074
Total nonoperating revenues	5,993	6,471	6,803	7,432	7,731
Percentage of total revenues	15.8%	16.3%	16.0%	16.3%	16.3%
Total revenues	**$ 37,866**	**$ 39,661**	**$ 42,645**	**$ 45,651**	**$ 47,449**
Enplaned passengers	1,069,795	1,124,969	1,171,795	1,281,238	1,333,956
Total revenue per enplaned passenger	$ 35.40	$ 35.26	$ 36.39	$ 35.63	$ 35.57
Airline revenue per enplaned passenger	$ 10.19	$ 9.13	$ 9.79	$ 9.46	$ 9.15
Revenue rates					
Landing fee (per 1,000 lbs MGLW)	$ 2.61	$ 2.64	$ 2.84	$ 2.94	$ 2.98
Apron fee (per 1,000 lbs MGLW)	$ 1.46	$ 1.57	$ 1.73	$ 1.86	$ 1.79
Annual terminal rental rate (per sq. ft.)	$ 52.19	$ 50.95	$ 52.62	$ 47.93	$ 48.25

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

MGLW = maximum gross landed weight.

December 31,				
2017	2018	2019	2020	2021
$ 4,595	$ 5,538	$ 6,038	$ 4,368	$ 6,136
2,924	3,164	3,307	1,909	2,584
5,488	6,040	6,662	4,007	6,790
13,007	14,742	16,007	10,284	15,510
26.1%	25.1%	23.8%	26.9%	26.5%
17,553	21,712	27,104	12,834	21,251
4,348	4,799	5,131	3,084	5,077
6,923	7,922	8,489	7,057	8,470
28,824	34,433	40,724	22,975	34,798
57.8%	58.6%	60.5%	60.2%	59.5%
5,786	6,886	7,372	3,428	6,243
126	241	514	166	87
2,153	2,461	2,676	1,324	1,859
8,065	9,588	10,562	4,918	8,189
16.2%	16.3%	15.7%	12.9%	14.0%
$ 49,896	**$ 58,763**	**$ 67,293**	**$ 38,177**	**$ 58,497**
1,413,310	1,641,019	1,804,358	888,924	1,468,362
$ 35.30	$ 35.81	$ 37.29	$ 42.95	$ 39.84
$ 9.20	$ 8.98	$ 8.87	$ 11.57	$ 10.56
$ 2.84	$ 2.98	$ 2.97	$ 3.25	$ 3.59
$ 1.81	$ 1.70	$ 1.62	$ 1.63	$ 1.79
$ 48.26	$ 49.87	$ 53.30	$ 60.36	$ 59.79

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

Last Ten Fiscal Years

	December 31, 2012		2013		2014	
Outstanding debt per enplaned passenger						
Outstanding debt by type (in thousands):						
Revenue bonds (all airport net operating revenues pledged)	$	187,207	$	181,614	$	175,527
Outstanding debt per enplaned passenger	$	166.41	$	161.44	$	149.79
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))		0.35%		0.33%		0.30%
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))		0.68%		0.65%		0.60%
Net revenues						
Revenues, net of capital contributions	$	37,866	$	39,661	$	42,645
Less: operating expenses, less depreciation		17,101		18,126		18,505
Net revenues	$	20,765	$	21,535	$	24,140
Debt service						
Principal paid on revenue bonds	$	4,645	$	5,220	$	5,715
Interest expense on revenue bonds		7,987		8,382		8,206
Principal paid on notes payable		-		-		-
Interest expense on notes payable		-		-		-
Total debt service	$	12,632	$	13,602	$	13,921
Revenue bonds debt service coverage		1.64		1.58		1.73
Debt service per enplaned passenger	$	11.81	$	12.09	$	11.88

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 Annual Comprehensive 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,			
2015	2016	2017	2018	2019	2020	2021
$ 190,201	$ 182,076	$ 173,491	$ 164,463	$ 155,479	$ 146,486	$ 256,134
$ 148.45	$ 136.49	$ 122.76	$ 100.22	$ 86.17	$ 164.79	$ 174.44
0.31%	0.31%	0.27%	0.25%	0.22%	0.21%	0.34%
0.62%	0.62%	0.54%	0.50%	0.45%	0.42%	0.68%
$ 45,651	$ 47,449	$ 49,896	$ 58,764	$ 67,293	$ 38,177	$ 58,497
21,393	19,124	23,034	25,351	28,519	25,749	29,363
$ 24,258	$ 28,325	$ 26,862	$ 33,413	$ 38,774	$ 12,428	$ 29,134
$ 6,290	$ 6,870	$ 7,255	$ 8,835	$ 7,735	$ 7,795	$ 8,265
8,004	7,768	7,478	6,236	6,503	6,361	6,113
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 14,294	$ 14,638	$ 14,733	$ 15,071	$ 14,238	$ 14,156	$ 14,378
1.70	1.94	1.82	2.22	2.72	0.88	2.03
$ 11.16	$ 10.97	$ 10.42	$ 9.18	$ 7.89	$ 15.92	$ 9.79

Schedule F
Principal Employers in the Primary Trade Area

Calendar Years 2021 and 2012

Employer	County	Product or Service
Spectrum Health	Kent	Healthcare
Mercy General Health Partners	Muskegon/Kent	Healthcare
Meritage Hospitality Group	Kent	Retail food
Gordon Food Services	Kent	Food services wholesaler
Meijer Inc.	Kent	Retail food and merchandise
Amazon	Kent	Logistics
Gentex Corporation	Ottawa	Manufacturing - auto parts
Amway Corporation	Kent	Personal and household products
Miller Knoll	Ottawa	Office furniture
Farmers Insurance Group	Kent	Insurance
Perrigo Company	Allegan	Manufacturing - pharmaceuticals
Steelcase Inc.	Kent	Office furniture
Grand Valley State University	Ottawa	Education
Metro Health Hospital	Kent	Healthcare
Grand Rapids Public Schools	Kent	Education
Ventra	Kent/Ionia	Manufacturing - auto parts
SpartanNash	Kent	Retail food
TCF Bank	Kent	Finance
Arconic Inc	Muskegon	Manufacturing - aerospace
Hope Network Industries	Kent	Packaging
Roskam Baking	Kent	Food Processing
Fifth Third Bank	West MI	Finance
Haworth Inc.	Ottawa	Manufacturing - furniture
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts
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
General Motors Components Holdings	Kent	Manufacturing - auto parts
JBS Packerland	Allegan	Agriculture
GE Aviation Systems	Kent	Manufacturing - avionics systems
Lake Michigan Credit Union	Kent	Finance
Herbruck's Poultry Ranch	Ionia	Agriculture
Independent Bank	Kent	Finance
Yanfeng Global Automotive	Ottawa	Manufacturing - auto parts
Total employment		

Source: The Right Place Inc.
(1) Data as of May 2022, most current information available

Number of Employees 2021 (1)	Percentage of Total Employment	Number of Employees 2012	Percentage of Total Employment
25,000	3.46%	18,000	2.85%
8,500	1.18%	3,653	0.58%
7,000	0.97%		0.00%
5,000	0.69%	1,669	0.26%
5,000	0.69%	7,725	1.22%
4,500	0.62%		0.00%
4,500	0.62%	2,730	0.43%
3,791	0.53%	5,233	0.83%
3,621	0.50%	3,100	0.49%
3,500	0.48%	2,500	0.40%
3,500	0.48%	3,800	0.60%
3,500	0.48%	3,227	0.51%
3,306	0.46%	3,991	0.63%
3,000	0.42%	1,396	0.22%
2,800	0.39%	3,297	0.52%
2,750	0.38%		0.00%
2,500	0.35%	4,258	0.67%
2,500	0.35%		0.00%
2,350	0.33%		0.00%
2,162	0.30%	1,436	0.23%
2,100	0.29%		0.00%
2,062	0.29%	2,729	0.43%
2,000	0.28%	2,450	0.39%
2,000	0.28%	2,300	0.36%
1,700	0.24%		0.00%
1,700	0.24%		0.00%
1,500	0.21%		0.00%
1,500	0.21%	1,640	0.26%
1,335	0.18%	2,050	0.32%
1,279	0.18%		
1,200	0.17%		0.00%
1,200	0.17%		0.00%
1,100	0.15%	1,953	0.31%
1,032	0.14%		
1,000	0.14%		
1,000	0.14%		
1,000	0.14%		0.00%
721,940		631,033	

Gerald R. Ford International Airport Authority

Schedule G
Population in the Primary Trade Area

Last Ten Fiscal Years

	2012	2013 (1)	2014	2015
Allegan County	111,895	112,531	113,847	113,847
Barry County	59,004	59,907	59,281	59,107
Ionia County	63,903	64,073	64,294	63,976
Kent County	614,079	621,700	629,237	629,237
Mecosta County	43,229	43,108	43,186	43,226
Montcalm County	63,081	63,105	62,893	63,046
Muskegon County	170,112	171,008	172,344	172,344
Newaygo County	-	-	-	-
Ottawa County	269,329	272,701	276,292	276,292
	1,394,632	1,408,133	1,421,374	1,421,075
Per capita income	$ 38,622	$ 38,981	$ 40,715	$ 42,495
Total personal income (dollars in thousands)	$ 53,863,932	$ 54,890,528	$ 57,871,576	$ 60,387,903

	2012	2013	2014	2015
Employment information:				
Civilian labor force	684,253	693,742	727,023	806,984
Employed	631,033	650,465	687,736	773,497
Unemployed	53,220	43,277	39,287	33,487
Unemployment rate	7.8%	6.2%	5.4%	4.1%

(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.

2016	2017	2018	2019	2020	2021
111,408	116,447	114,145	115,250	116,143	117,104
59,173	60,586	59,607	60,057	60,540	61,045
63,905	64,291	64,147	64,176	64,300	64,401
602,622	648,594	636,376	643,140	648,121	652,617
42,798	43,391	43,181	43,264	43,251	43,481
63,342	63,550	62,956	63,209	63,413	63,516
172,188	173,693	172,707	173,043	173,297	173,679
-	-	-	-	-	-
263,801	286,383	280,243	284,034	286,558	289,162
1,379,237	1,456,935	1,433,362	1,446,173	1,455,623	1,465,005
$ 42,386	$ 43,586	$ 45,589	$ 47,952	$ 48,027	$ 51,835
$ 58,460,339	$ 63,501,969	$ 65,345,540	$ 69,346,888	$ 69,909,206	$ 75,938,534

2016	2017	2018	2019	2020	2021
755,219	760,020	733,509	744,132	700,592	757,908
727,147	730,625	691,961	707,807	667,470	721,940
28,072	29,395	41,548	36,325	33,122	35,968
3.7%	3.9%	5.7%	4.9%	4.7%	4.7%

Gerald R. Ford International Airport Authority

Schedule H
Full-time Equivalent Employees

Last Ten Fiscal Years

	December 31,			
	2012	2013	2014	2015
Administration	20	17	18	18
Maintenance	31	31	32	32
Parking	1	1	1	1
Firefighting	16	16	16	16
Public safety	33	33	33	33
Total	101	98	100	100
Enplaned passengers per employee	10,592	11,479	11,718	12,812
Operating revenues (in thousands)	$ 31,873	$ 33,190	$ 35,842	$ 38,219
Operating expenses (in thousands)	$ 33,624	$ 34,666	$ 34,951	$ 38,078
Salaries and fringes (in thousands)	$ 7,918	$ 7,825	$ 8,094	$ 8,918
Payroll percentage of operating revenues	24.8%	23.6%	22.6%	23.3%
Payroll percentage of operating expenses	23.5%	22.6%	23.2%	23.4%

December 31,					
2016	2017	2018	2019	2020	2021
20	23	24	24	19	20
32	30	27	32	26	34
1	1	1	1	1	1
17	16	17	16	12	16
32	34	34	35	31	36
102	104	103	108	89	107
13,078	13,590	15,932	16,707	9,988	13,723
$ 39,718	$ 41,831	$ 49,175	$ 56,731	$ 33,259	$ 50,308
$ 37,412	$ 41,941	$ 44,959	$ 49,041	$ 47,686	$ 52,651
$ 5,729	$ 9,590	$ 9,656	$ 11,245	$ 11,014	$ 11,276
14.4%	22.9%	19.6%	19.8%	33.1%	22.4%
15.3%	22.9%	21.5%	22.9%	23.1%	21.4%

Gerald R. Ford International Airport Authority

Schedule I
Capital Asset Information

Last Ten Fiscal Years

	December 31, 2012	2013	2014
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	85,306	75,998	75,128
Annual capacity	277,500	277,500	277,500
Runway utilization percentage	30.74%	27.39%	27.07%
Terminal building			
Exclusive area leased (sq. ft)	65,260	60,832	72,089
Exclusive area available (sq. ft)	100,666	97,796	97,944
Terminal occupancy percentage	64.83%	62.20%	73.60%
Enplanements	1,069,795	1,124,969	1,171,795
Planned capacity	1,800,000	1,800,000	1,800,000
Terminal utilization percentage	59.43%	62.50%	65.10%
Parking areas			
Number of annual long-term exits (a)	240,871	258,745	274,552
Average long-term stay (days) (b)	4.4	4.3	4.5
Average annual long-term occupancy ((a*b)/365)	2,877	3,048	3,385
Number of long-term spaces available	6,509	6,918	6,918
Average annual long-term occupancy rate	44.20%	44.06%	48.93%

December 31,						
2015	2016	2017	2018	2019	2020	2021
76,256	81,558	82,432	84,023	84,538	58,170	74,876
277,500	277,500	277,500	277,500	277,500	277,500	277,500
27.48%	29.39%	29.71%	30.28%	30.46%	20.96%	26.98%
74,782	65,718	85,531	89,766	91,037	91,037	93,830
97,944	106,786	105,104	105,104	100,312	100,312	103,160
76.35%	61.54%	81.38%	85.41%	90.75%	90.75%	90.96%
1,281,238	1,333,956	1,413,310	1,641,019	1,804,358	888,924	1,468,362
1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
71.18%	74.11%	78.52%	91.17%	100.24%	49.38%	81.58%
304,575	318,451	289,527	331,119	381,709	157,518	265,428
3.9	4.0	4.6	4.2	4.5	5.2	5.3
3,254	3,490	3,649	3,810	4,685	2,235	3,854
6,918	7,071	7,071	7,124	7,324	7,668	7,668
47.04%	49.35%	51.60%	53.48%	63.97%	29.15%	50.26%

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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, 2021 and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 25, 2022.

Report on 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 2021-001, that we consider to be a material weakness.

Report on 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

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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

Purpose of This Report

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

Plante & Moran, PLLC

May 25, 2022

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

Independent Auditor's Report

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

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

Opinion on Each Major Federal Program and 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 identified as subject to audit in the 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, 2021. 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. 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 and the requirements in 14 CFR 158.63 (collectively, the "Guide"), for the year ended December 31, 2021. The passenger facility charge program is identified in the schedule of passenger facility charges.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program and passenger facility charge program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program and Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration and the requirements in 14 CFR 158.63. Our responsibilities under those standards, the Uniform Guidance, and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's major federal program and the passenger facility charge program.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program and the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as Finding 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Governmental Auditing Standards require the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

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 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 will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2021-002 to be a material weakness.

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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

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 Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

May 25, 2022

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Agency/Pass-through Agency/Program Title	ALN	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Airport Improvement Program:				
Master Plan Update	20.106	3-26-0039-053-2016	$ -	$ 7,123
Terminal Apron Reconstruction - Phase 2	20.106	3-26-0039-056-2018	-	10,417
Terminal Apron Reconstruction - Phase 3	20.106	3-26-0039-057-2019	-	579,312
Terminal Apron Expansion	20.106	3-26-0039-058-2019	-	34,107
Expand Terminal Building/Reconstruct Service Road	20.106	3-26-0039-059-2020	-	344,075
Federal Inspection Station	20.106	3-26-0039-061-2021	-	4,880,318
COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	20.106	3-26-0039-062-2021	-	5,509,118
Eastside FBO Apron	20.106	3-26-0039-063-2021	-	4,814,981
Total			**$ -**	**$ 16,179,451**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

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, 2021. 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, 2021

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?	X	Yes		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)?	X	Yes		No

Identification of major programs:

ALN	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?		Yes	X	No

Section II - Financial Statement Audit Findings

Reference Number	Finding
2021-001	**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 - During 2021, 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 and disbursement reconciliation functions were reviewed by one individual who was not restricted from accessing cash receipts, cash disbursements, and journal entry functions.

(b) 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.

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.

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) The Authority filled the CFO position with a new permanent FTE in April 2022, allowing for more segregation of duties related to review and approvals of disbursement activity. In addition, the Authority has added a position of staff accountant to the department in order to fulfill adequate segregation of duties related to cash and disbursement account reconciliation. This position is expected to be filled during Q2 of 2022. With the addition of these two FTE positions, the Authority will also properly limit the system access of all current employees in order to further mitigate risk of fraudulent activity.

(b) 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.

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2021

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2021-002	**ALN, Federal Agency, and Program Name** - 20,106, Federal Aviation Administration, Airport Improvement Program	None

Federal Award Identification Number and Year - 3-26-0039-061-2021; 2021

Pass-through Entity - N/A

Finding Type - Material weakness and material noncompliance with laws and regulations

Repeat Finding - No

Criteria - According to the wage rate requirements under 40 U.S.C. Sections 3141 to 3148, employees who perform work on federally funded construction projects in excess of $2,000 are required to be paid no less than the prevailing wages and fringe benefits specified by the Department of Labor. Organizations that authorize such projects and finance them with federal funds are required to monitor the contractor's or subcontractor's compliance with such wage requirements.

Condition - During the audit, it was noted that the Authority does not have a process in place to ensure compliance with these requirements whether the responsibility is performed by the Authority directly or delegated to construction managers with required monitoring by the Authority.

Questioned Costs - None

Identification of How Questioned Costs Were Computed - N/A

Context - The Authority did not have a control in place to ensure review of certified payrolls was being performed to monitor wage rate requirements applicable to federally funded construction projects. In our testing population of one out of nine projects, we found no instances where certified payrolls were not prepared.

Cause and Effect - No control was in place at the Authority for monitoring of the wage rate requirements. This lack of review could result in noncompliance with grant requirements or questioned costs.

Recommendation - We recommend the Authority obtain and review documentation demonstrating that wage rates paid by contractors or subcontractors for construction projects were authorized by the Authority and paid for with federal funds.

Views of Responsible Officials and Corrective Action Plan - The Authority will ensure that all future contracts for third-party construction administration include the stipulation that the awarded firm is responsible for obtaining and reviewing certified payrolls of all contractors working on applicable federally funded projects. In addition, the Authority's staff will periodically audit this function and document that it is being performed.

Schedule of Passenger Facility Charges

Year Ended December 31, 2021

Collections	Amount Approved for Use	Cumulative Total - December 31, 2020	Quarter 1 January - March	Quarter 2 April - June	Quarter 3 July - September	Quarter 4 October - December	Year Ended December 31, 2021	Cumulative Total - December 31, 2021
Passenger facility charge collections		$ 103,561,647	$ 904,466	$ 1,421,510	$ 1,749,768	$ 1,663,574	$ 5,739,318	$ 109,300,965
Interest earned		2,767,827	95	95	134	71	395	2,768,222
Total passenger facility charge collections received		**$ 106,329,474**	**$ 904,561**	**$ 1,421,605**	**$ 1,749,902**	**$ 1,663,645**	**$ 5,739,713**	**$ 112,069,187**
Application 95-02-U-00-GRR	$ 94,359,802	$ 76,604,623	$ 631,092	$ 632,136	$ 632,136	$ 632,136	$ 2,527,500	$ 79,132,123
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**	**$ 102,410,516**	**$ 631,092**	**$ 632,136**	**$ 632,136**	**$ 632,136**	**$ 2,527,500**	**$ 104,938,016**

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

Notes to Schedule of Passenger Facility Charges

Year Ended December 31, 2021

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, 2021, the Authority had received approximately $109.3 million of PFC revenue and $2.8 million of interest earnings. The Authority had expended approximately $104.9 million on approved projects.

Note 2 - Basis of Presentation

The accompanying schedule of passenger facility charges has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). Debt expenditures incurred by the Authority represent payments into a sinking fund.