

**Kent County Department of Aeronautics
An Enterprise Fund of
Kent County, Michigan**



Comprehensive Annual Financial Report

Year Ended December 31, 2007



BDO Seidman, LLP
Accountants and Consultants



**Kent County Department
of Aeronautics
Kent County, Michigan**

**Comprehensive Annual Financial Report
An Enterprise Fund of Kent County**
Year Ended December 31, 2007

Prepared by:

Kent County Department of Aeronautics

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

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

Kent County Department of Aeronautics Kent County, Michigan

Aeronautics Board

John Van Laar
Chair

Thomas G. O'Hare
Vice Chair

Dean A. Agee*

Joseph D. Jones

Theodore J. Vonk*

Richard A. Vander Molen*

Kent County Department of Aeronautics An Enterprise Fund of Kent County

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

Phillip E. Johnson, A.A.E. Deputy Executive Director

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

Robert W. Benstein, A.A.E. Public Safety & Operations Director

Thomas R. Ecklund, P.E. Facilities Director

*Kent County Commissioner

Kent County Department of Aeronautics Kent County, Michigan

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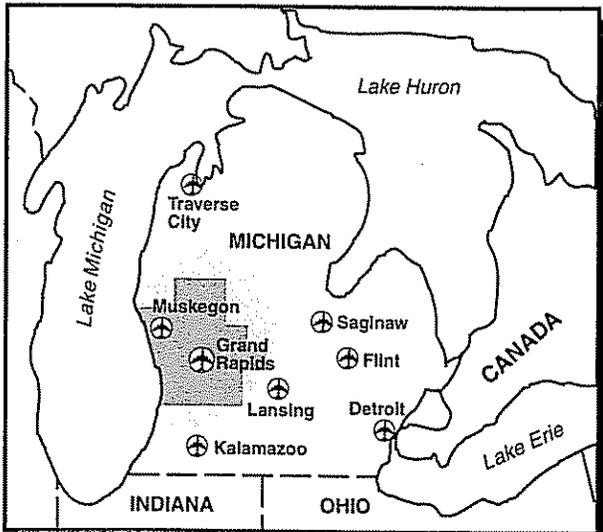
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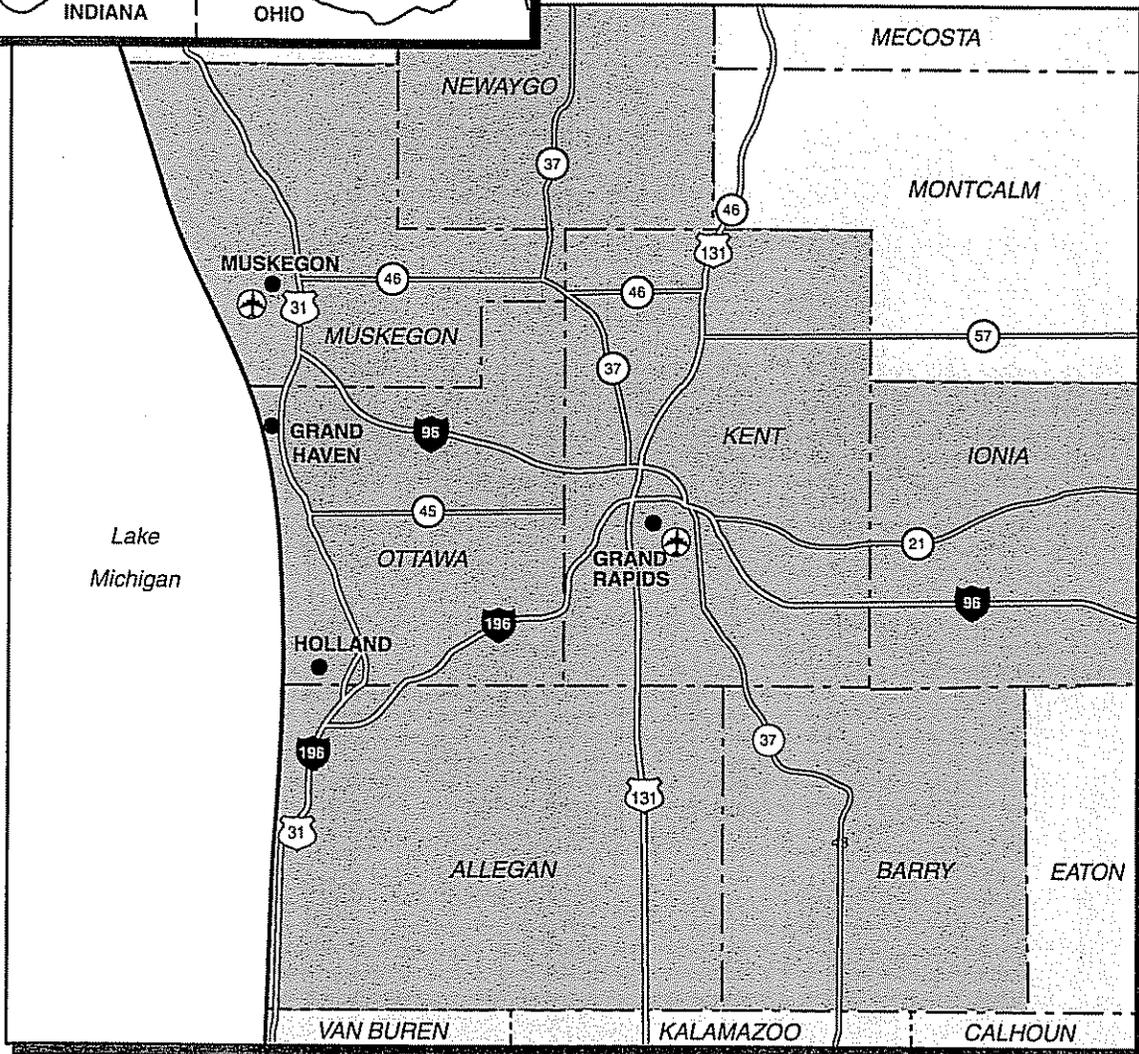
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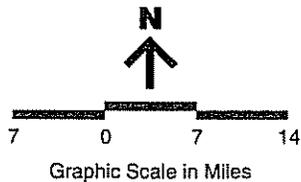


Road miles from Grand Rapids:	
Detroit	149
Flint	104
Kalamazoo.....	50
Lansing	65
Muskegon	40
Saginaw.....	116
Traverse City.....	139



LEGEND

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



AIRPORT SERVICE REGION
Gerald R. Ford International Airport
August 2007

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kent County

Department of Aeronautics

Michigan

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

December 31, 2006

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



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

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GERALD R. FORD INTERNATIONAL AIRPORT

Kent County Department of Aeronautics

AERONAUTICS BOARD

JOHN VAN LAAR, Chairman
THOMAS G. O'HARE, Vice Chairman
DEAN A. AGEE
JOSEPH D. JONES
DANIEL M. KOORNDYK
RICHARD R. VANDER MOLEN

AERONAUTICS STAFF

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

June 6, 2008

Kent County Aeronautics Board
Kent County, Michigan

We are pleased to submit the Kent County, Michigan, Department of Aeronautics (Department) Financial Report for the year ended December 31, 2007. This report was prepared by the Department's Finance and Administration Division, and the financial statements were audited by BDO Seidman, LLP, an independent firm of Certified Public Accountants. This report is prepared for the purpose of disclosing the Department's financial condition and to provide the reader additional information about the Department's mission, goals and operating trends.

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

REPORTING ENTITY AND ITS SERVICES

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

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

AIRPORT SERVICE AREA

The region served by the Airport is shown on page iii. The primary geographical area served by the Airport is the seven-county Grand Rapids Combined Statistical Area (the "Grand Rapids MSA" or the "MSA"), which consists of Allegan, Barry, Ionia, Kent, Muskegon, Newaygo and Ottawa counties. The primary area is generally defined as the area with the principal concentration of population and economic activity that, therefore, generates the majority of airline passenger traffic at an airport. In 2007, the population of the Grand Rapids MSA was 1,330,384, with Kent County accounting for 601,970, Ottawa County accounting for 259,606, Muskegon County accounting for 177,234, Allegan County accounting for 114,972, Ionia County accounting for 65,337, Barry County accounting for 60,744 and Newaygo County accounting for 50,521 of this total, respectively. The City of Grand Rapids, located in Kent County, accounts for 192,643 or approximately 14.5% of the population in the Grand Rapids MSA.

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

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

AIRLINE ACTIVITY

The Airport is served with non-stop service by American Eagle to Chicago O'Hare, and Dallas-Forth Worth; Continental Express to Cleveland, Houston and New York-Newark; Delta Connection to Cincinnati and Atlanta; Northwest Airlines and Northwest AirlinK to Detroit, Minneapolis, New York-LaGuardia, Orlando, Washington DC-Reagan National and Memphis; Midwest Connect to Milwaukee; and United Airlines and United Express to Chicago O'Hare and Denver. Northwest Airlines/AirlinK has the largest market share at 43.8% of the 2007 enplaned passengers. This was followed by United Airlines/Express at 17.8%, Delta Connection at 12.4%, American Eagle at 11.8%, Continental Express at 10.0% and Midwest Connect at 4.1%.

The Airport's enplaned passengers decreased in 2007 by 1.3% compared to 2006. In 2007 there were 13,358 less enplanements than 2006. The Airport's Master Plan forecasts annual growth rates of 3.5-4.0% per annum in 2007 and years after. However, with traffic being down an average 2.5% each of the last two years and with the airline industry still in the process of reorganizing itself, and an economic downturn the Department expects flat traffic the next few years.

ACCOUNTING SYSTEM INTERNAL CONTROL AND BUDGETARY CONTROL

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

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

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

AWARDS AND RECOGNITIONS

Government Finance Officers Association Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. 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 fourteenth consecutive year the Department received the award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

American Association of Airport Executives

Finance & Administration Director, Brian Picardat, A.A.E., was appointed Chairman of the American Association of Airport Executives (AAAE) Finance & Administration Committee. The AAAE is a 4,500 member National organization representing airport management professionals.

Great Lakes Chapter of American Association of Airport Executives

Deputy Executive Director Phillip E. Johnson, A.A.E. was elected 1st Vice President of the Great Lakes Chapter of AAAE, an organization representing airport management professionals for 12 states and 2 Canadian Provinces.

Michigan Association of Airport Executives

Finance & Administration Director, Brian Picardat, A.A.E., was elected 2nd Vice President of the Michigan Association of Airport Executives, an organization of Michigan airport management professionals.

Executive Director, James A. Koslosky, A.A.E., was named "Airport Manager of the Year" for 2007 by the Michigan Association of Airport Executives.

West Michigan Tourist Association

Marketing & Communications Manager, Bruce Schedlbauer, APR, was elected 1st Vice Chair of the Board of Directors of the West Michigan Tourist Association, an organization responsible for promoting and supporting the travel and tourism industry throughout the western half of Michigan's lower peninsula.

Michigan Concrete Paving Association

The Kent County Department of Aeronautics was presented with the Michigan Concrete Paving Association Award in the Airports-General Aviation Facilities category for the Taxiway J reconstruction project completed in 2007. The Michigan Concrete Paving Association is a statewide professional organization of the Concrete Paving industry.

Federal Aviation Administration - Great Lakes Region

The Kent County Department of Aeronautics was presented with the Airport Safety Excellence Award from the Federal Aviation Administration-Great Lakes Region (FAA-GLR). Certificated airport operators that have made notable contributions to safety and operations are selected for this award by Airport Certification/Safety Inspection staff in the Federal Aviation Administration's Airports Division, Safety/Standards Branch. The FAA-GLR oversees 95 Federal Aviation Regulation Part 139 Certificated airports.

CAPITAL IMPROVEMENT AND AIRPORT DEVELOPMENT

The Five Year Capital Improvement Plan (CIP) for the fiscal years 2007 through 2011 was estimated at approximately \$187.3 million. The largest portion of the cost is for the Terminal Area and Parking Improvement Program. Other projects include the reconstruction of two taxiways, replacement of the Passenger Loading Bridges, expansion of the passenger aircraft ramp, and the expansion of the terminal building for an in-line baggage inspection area.

The Master Plan Update completed in June 2004 identified the need for additional parking to meet demand through 2023. To accommodate the demand, the Department finalized design of a 4,900 space parking structure and started construction in September 2007. The Terminal Area & Parking Improvement program, whose main component is the Parking Structure, is estimated to cost \$138 million.

To make room for expansion of our Express Shuttle Lot, which is needed during construction of the parking structure, the Department relocated the rental car service facilities in 2006 at a cost of approximately \$7 million.

The two taxiway projects and expansion of the passenger aircraft ramp projects are estimated at \$12.5 million. The one taxiway project was completed in September 2007 and the other taxiway and ramp project is slated for 2010 and 2011. The replacement of the Passenger Loading Bridges is estimated at \$7 million and is expected to begin in 2008. Finally, the expansion of the terminal building for an in-line baggage inspection area is estimated at \$30 million and expected to begin in 2010.

CASH MANAGEMENT

Cash, equivalents, investments and accrued interest of the Department's funds are combined in the County's pooled cash and investment system (Money Max). The primary investments of the system are obligations in the U.S. Government and certificates of deposit. State statutes require that the certificates of deposit, saving accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan which are also a member of a federal or national insurance corporation. In 2007, the total interest income earned by the Department was \$1.4 million. This compared to the interest income of \$1.8 million in 2006.

RISK MANAGEMENT

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

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

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

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

Settlement of a claim is subject to final approval by the County and is based upon the recommendation of its insurers, contracted claims administrator and civil counsel. At this time, there are no material legal actions pending against the Department which might result in settlement or judgment in excess of \$0.5 million.

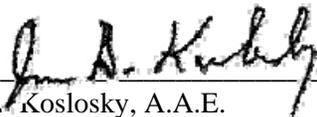
OTHER INFORMATION

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



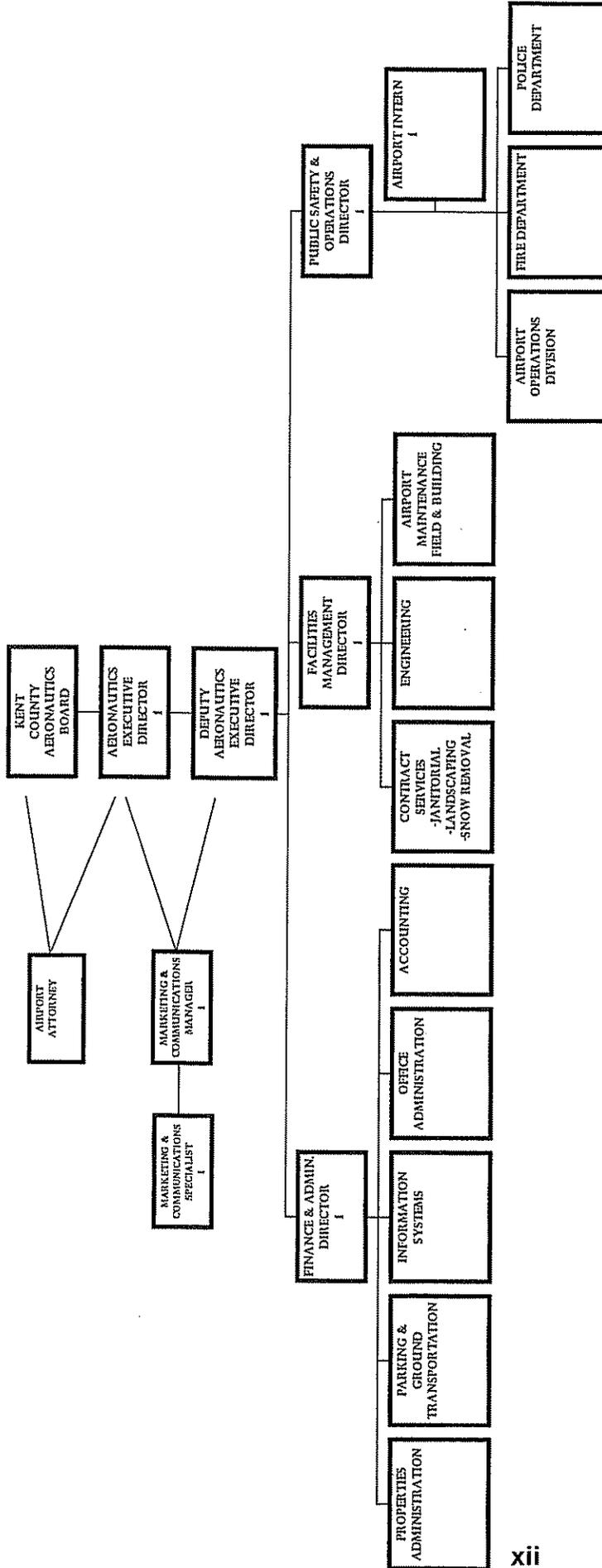
James A. Koslosky, A.A.E.
Executive Director



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

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**KENT COUNTY DEPARTMENT OF AERONAUTICS
ORGANIZATIONAL CHART
APRIL 1, 2008**



114 Full Time Permanent
12 Part-Time Permanent
126 Total Permanent Positions
& Seasonal/Temporary
134 Total Positions
122.7 FTE

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Financial Section

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Independent Auditors' Report

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

We have audited the accompanying statements of net assets of Kent County Department of Aeronautics (an Enterprise Fund of the County of Kent, Michigan) as of December 31, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the Kent County Department of Aeronautics. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements of Kent County Department of Aeronautics are intended to present the financial position, changes in its net assets and cash flows of the proprietary fund type of only that portion of the funds of the County of Kent that are attributable to the transactions of the Department of Aeronautics.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kent County Department of Aeronautics as of December 31, 2007 and 2006, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Kent County Department of Aeronautics. These sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

BDO Seidman, LLP

Grand Rapids, Michigan
June 6, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Gerald R. Ford International Airport's activities and financial performance provide an introduction to the financial statements of the Kent County Department of Aeronautics (Department) for the fiscal year ended December 31, 2007. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introduction Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

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

FINANCIAL POSITION SUMMARY

Total net assets serve over time as a useful indicator of the Department's financial position. The Department's assets exceed liabilities by \$179.0 million at December 31, 2007, a \$9.9 million increase from December 31, 2006. This compares to a \$5.7 million increase in 2006 from 2005.

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

	2007	2006	2005
Assets			
Current	\$ 151,183,650	\$ 37,352,338	\$ 36,815,807
Capital assets	237,853,790	222,337,701	219,577,168
Other non-current	4,893,143	6,632,832	6,366,521
Total assets	393,930,583	266,322,871	262,759,496
Liabilities			
Current liabilities	14,631,075	12,108,091	10,880,851
Revenue bonds payable	200,288,378	85,128,048	88,497,955
Total liabilities	214,919,453	97,236,139	99,378,806
Net Assets			
Invested in capital assets, net of related debt	147,817,960	139,941,301	134,898,921
Restricted	19,928,526	9,483,604	7,594,026
Unrestricted	11,264,644	19,661,827	20,887,743
Total Net Assets	\$ 179,011,130	\$ 169,086,732	\$ 163,380,690

The largest portion of the Department's net assets each year (82.6% at December 31, 2007) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related debt outstanding used to acquire those capital assets. The Department uses these capital assets to provide facilities to its tenants, users and customers.

Consequently, these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Department's net assets (11.1% at December 31, 2007) represents resources that are subject to external restrictions on how they can be used under Bond resolutions and Federal regulations. The remaining *unrestricted net assets* (6.3% at December 31, 2007) may be used to meet any of the Department's ongoing obligations.

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues were flat from \$26.8 million in 2006 to \$26.8 million in 2007 principally due to flat passenger traffic. In 2006, operating revenues were up 2.9% from 2005 principally due to rate increases in parking operations.
- Operating expenses increased by 9.0% from \$25.9 million in 2006 to \$28.2 million in 2007 principally due to an increase in salaries and fringes due to health insurance increases and the inclusion of other post retirement benefits and contractual costs. In 2006, operating expenses only increased 0.3% from 2005 due to an increase in depreciation expense.
- As a result of the above, operating income in 2007 decreased 251.6% or \$2.3 million from 2006. This was after a 251.1% operating income increase in 2006 from 2005.
- Net non-operating revenue was flat from \$2.6 million revenue in 2006 to \$2.6 million revenue in 2007 due principally to flat passenger traffic which effected passenger facility charges. This follows a significant increase in net non-operating revenue in 2006 from a net non-operating expense in 2005.
- Capital contributions received in the form of grants from federal and state governments increased from \$2.2 million in 2006 to \$8.7 million in 2007. In 2006 capital contributions decreased slightly in 2006 from 2005. The amount of capital contributions will vary year to year based on close-out of federally funded projects.

SUMMARY OF CHANGES IN NET ASSETS

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

<i>Year ended December 31,</i>	2007	2006	2005
Total operating revenues	\$ 26,834,255	\$ 26,831,253	\$ 26,080,153
Total operating expenses	(28,243,508)	(25,901,630)	(25,815,354)
Operating income (loss)	(1,409,253)	929,623	264,799
Non-operating revenues (expenses)			
Passenger facility charges	3,949,108	4,058,959	2,889,520
Customer facility charges	1,291,203	1,263,045	256,083
Interest revenue	1,446,676	1,801,318	1,034,357
Interest expense	(4,159,251)	(4,539,294)	(4,680,223)
Gain on sale of capital assets	95,254	12,471	3,932
Total non-operating revenues (expenses)	2,622,990	2,596,499	(496,331)
Income (loss) before capital contributions	1,213,737	3,526,122	(231,532)
Capital contributions	8,710,661	2,179,920	2,315,261
Increase in Net Assets	\$ 9,924,398	\$ 5,706,042	\$ 2,083,729

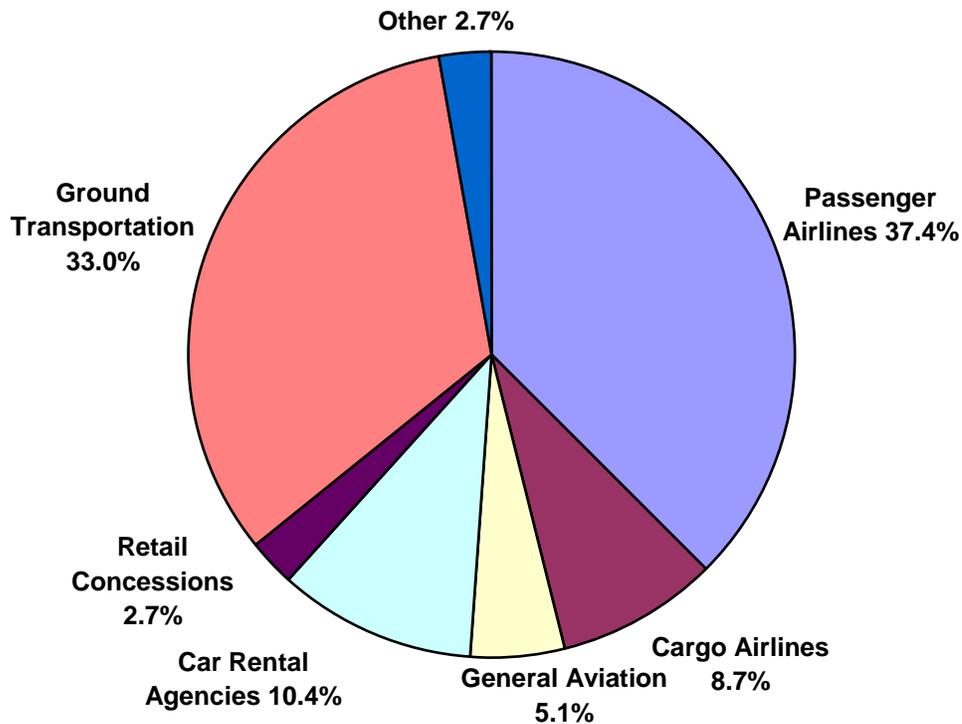
AIRLINE RATES AND CHARGES

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

<i>Year ended December 31,</i>	2007	2006	2005
Landing fees (per 1,000 lbs.)	\$ 2.34	\$ 2.04	\$ 2.07
Terminal rental rates (per square foot)	49.32	50.77	51.35
Airline apron fee (per 1,000 lbs.)	1.58	1.32	1.20

REVENUES

The following chart shows the major sources and the percentage of operating revenues for the year ended December 31, 2007:

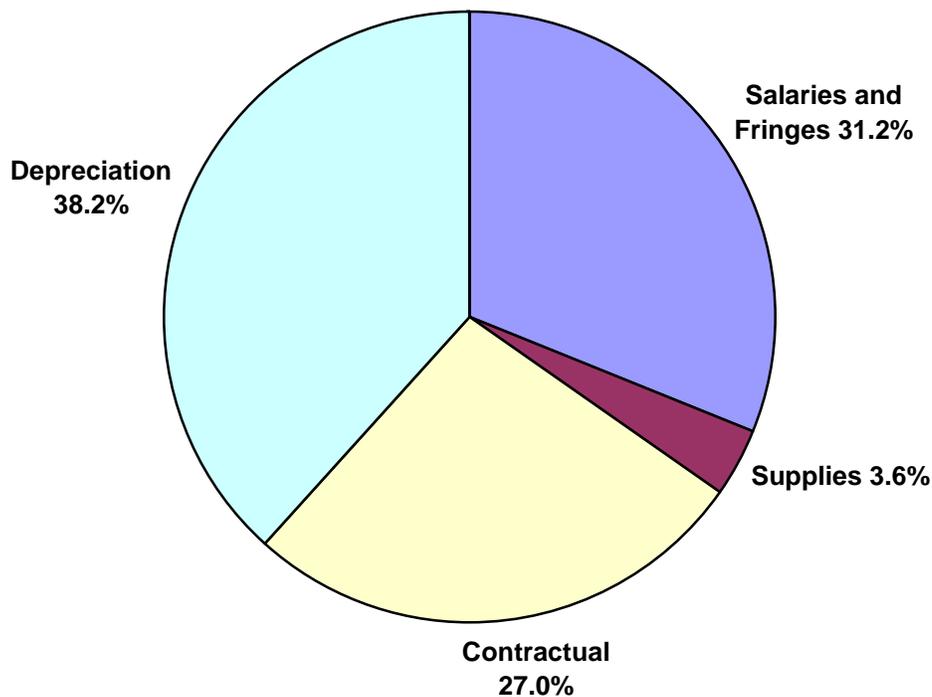


A summary of operating revenues for the year ended December 31, 2007, and the amount and percentage of change in relation to prior year amounts is as follows:

<i>Year ended December 31,</i>	2007 Amount	Percent of Total	Increase (Decrease) From 2006	Percent Increase (Decrease)
Revenues				
Charges for services:				
Passenger airlines	\$ 10,037,191	37.4%	\$ 144,518	1.5%
Ground transportation	8,850,851	33.0	(85,540)	(1.0)
Car rental agencies	2,787,726	10.4	161,343	6.1
Cargo airlines	2,323,568	8.7	(132,352)	(5.4)
General aviation	1,384,901	5.1	(3,239)	(0.2)
Rental concessions	715,479	2.7	(31,772)	(4.3)
Other	734,539	2.7	(49,956)	(6.4)
Total Operating Revenues	\$ 26,834,255	100.0%	\$ 3,002	0.0

EXPENSES

The following chart shows the major operating categories and the percentage of operating expenses for the year ended December 31, 2007:



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

<i>Year ended December 31,</i>	2007 Amount	Percent of Total	Increase (Decrease) From 2006	Percent Increase (Decrease)
Operating Expenses				
Salaries and fringes	\$ 8,803,760	31.2%	\$ 1,002,102	12.8%
Supplies	1,021,634	3.6	298,606	41.3
Contractual	7,637,269	27.0	813,757	11.9
Depreciation	10,780,845	38.2	227,413	2.2
Total Operating Expenses	\$ 28,243,508	100.0%	\$ 2,341,878	9.0

SUMMARY OF CASH FLOW ACTIVITIES

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

<i>Year ended December 31,</i>	2007	2006	2005
Net cash provided by operating activities	\$ 10,648,309	\$ 11,625,579	\$ 12,000,337
Net cash provided by investing activity	3,093,958	1,869,242	1,012,504
Net cash provided by (used for) capital and related financing activities	96,987,612	(13,644,244)	(8,264,308)
Net increase (decrease) in cash and cash equivalents	110,729,879	(149,423)	4,748,533
Cash and cash equivalents, beginning of year	37,603,766	37,753,189	33,004,656
Cash and Cash Equivalents, end of year	\$ 148,333,645	\$ 37,603,766	\$ 37,753,189

The Department's available cash and cash equivalents increased from \$37.6 million at the end of 2006 to \$148.3 million at the end of 2007 due to the proceeds from the Bond sale in 2007. This compares to a decrease from \$37.8 million at the end of 2005 to \$37.6 million at the end of 2006 due to the increase in net cash used for capital and related financing activities.

FINANCIAL STATEMENTS

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

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2007, completed projects totaling \$9,327,796 were closed from construction-in-progress to their respective capital accounts. The major completed projects were:

Rental car service facilities	\$ 5,770,769
Concourse B-6 holdroom	2,132,706
Other	1,424,321

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

LONG-TERM DEBT ADMINISTRATION

The Department re-entered the Bond Market in May 1995 when they issued \$40.0 million of Airport Revenue Bonds to assist in financing the Five-Year Capital Improvement Plan.

As a department of the County, the Department cannot sell bonds without the authorization of the County Board of Commissioners. The Airport sold limited tax general obligation revenue bonds in 1995 utilizing the County's favorable bond rating. The County's bond rating was AAA with Standard & Poor's and AA with Moody for this issue.

In January 1998, the Department issued \$56.2 million of Airport Revenue Bonds without the limited tax general obligation of the County. The Department's bond rating was A- with Standard & Poor's and A2 with Moody for this issue. However, this issue was insured by MBIA Insurance Corporation, qualifying for Standard & Poor's rating of AAA and Moody's Aaa.

In March 1999, the Department issued \$37.5 million of Airport Revenue Refunding Bonds to advance refund the 1995 Bonds mentioned above. This bond issue, like the 1995 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 Aa1 from Moody's.

On September 20, 2001 Standard & Poor's placed all of its North American airport ratings on credit watch with negative implications, including the Gerald R. Ford International Airport. Airports were put on credit watch due to uncertainties and the financial repercussions to the airports and airlines from prolonged decline in activity, increased security costs and effects of economic recession. On March 1, 2002 Standard & Poor's affirmed the Gerald R. Ford International Airport's rating at A- with a stable outlook. The rating has not changed since that time.

In September 2007, the Department issued \$117.36 million of Airport Revenue Bonds to finance the construction of the Terminal Area Parking and Improvement Program. This bond issue, like the 1995 Bonds and the 1999 Refunding Bonds, was sold with the limited tax general obligation of the County and utilizes the County's Bond Rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

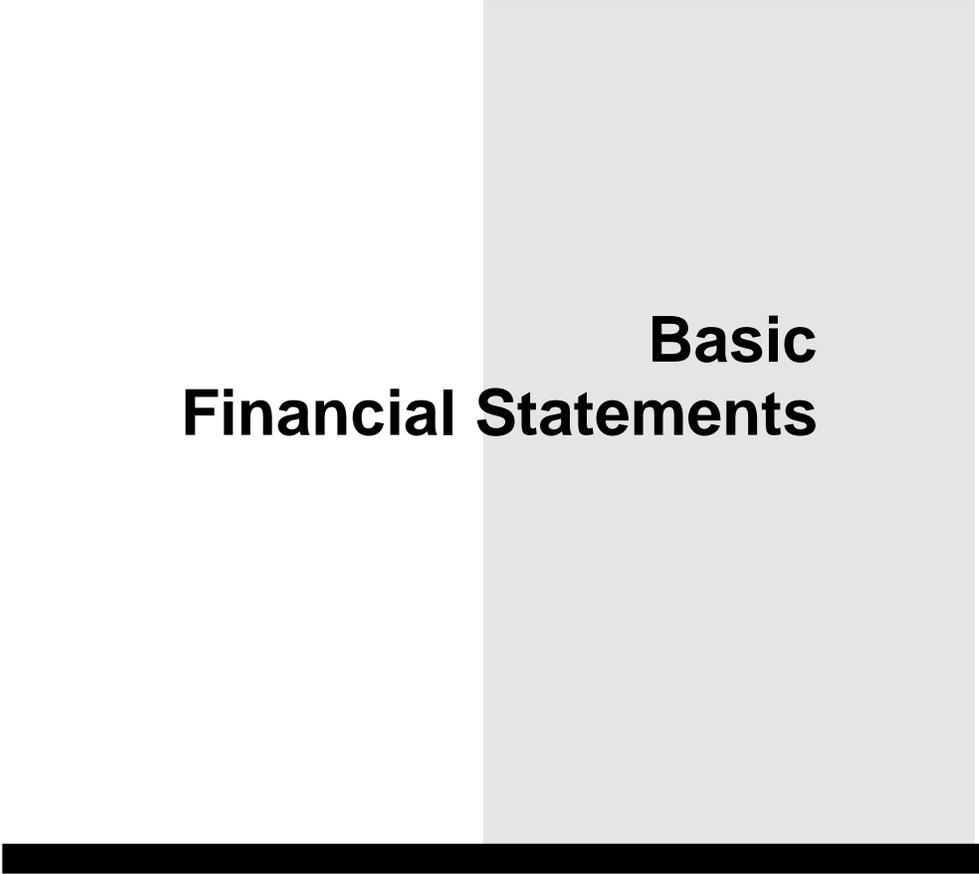
On October 12, 2007, Moody's Investor Services revised the outlook on the A2 bond rating of the 1998 Bonds to negative from stable. Moody's indicated the key credit concern for this change was the airport's ability to generate revenues to adequately support its recent addition of substantial debt (Series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

See Note 6 to the Financial Statements for more detailed information on the Department's Revenue Bonds Payable.

Respectfully submitted,



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



**Basic
Financial Statements**

<i>December 31,</i>	2007	2006
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 6,799,412	\$ 22,492,651
Accounts receivable, less allowances of \$324,577 and \$779,134 for possible losses	966,119	1,380,470
Due from restricted funds (Note 3)	5,104,377	4,055,702
Inventories	54,294	57,445
Prepaid expenses	61,099	65,173
Restricted assets (Note 3):		
Cash and cash equivalents	137,732,729	8,793,043
Accounts receivable	465,620	507,854
Total Current Assets	151,183,650	37,352,338
Non-Current Assets		
Restricted assets - cash and cash equivalents, net (Note 3)	3,801,504	6,318,072
Capital assets (Note 4):		
Land and construction in progress	43,316,938	33,423,805
Other capital assets, net of accumulated depreciation	194,536,852	188,913,896
Bond issue costs, less accumulated amortization of \$173,405 and \$148,161	1,091,639	314,760
Total Non-Current Assets	242,746,933	228,970,533
Total Assets	\$393,930,583	\$266,322,871

Kent County Department of Aeronautics Kent County, Michigan

Statements of Net Assets

<i>December 31,</i>	2007	2006
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 744,046	\$ 474,528
Construction contracts payable	1,756,128	1,274,402
Accrued liabilities	843,072	739,175
Current maturity of note payable to related party (Note 5)	-	969,620
Payable from restricted assets:		
Accrued interest	3,558,452	2,079,664
Due to unrestricted funds (Note 3)	5,104,377	4,055,702
Current maturities of revenue bonds payable (Note 6)	2,625,000	2,515,000
Total Current Liabilities	14,631,075	12,108,091
Non-Current Liabilities		
Note payable to related party, less current maturity (Note 5)	-	4,931,888
Revenue bonds payable, plus net bond premium, less current maturities and deferred loss (Note 6)	200,288,378	80,196,160
Total Non-Current Liabilities	200,288,378	85,128,048
Total Liabilities	214,919,453	97,236,139
Net Assets (Note 8)		
Invested in capital assets, net of related debt	147,817,960	139,941,301
Restricted for capital improvements	4,401,115	495,012
Restricted for debt service	15,527,411	8,988,592
Unrestricted	11,264,644	19,661,827
Total Net Assets	179,011,130	169,086,732
Total Liabilities and Net Assets	\$393,930,583	\$266,322,871

See accompanying notes to financial statements.

Kent County Department of Aeronautics

Kent County, Michigan

Statements of Revenues, Expenses and Changes in Net Assets

<i>Year ended December 31,</i>	2007	2006
Operating Revenues (Notes 6, 7 and 10)		
Charges for services:		
Passenger airlines	\$ 10,037,191	\$ 9,892,673
Ground transportation	8,850,851	8,936,391
Car rental agencies	2,787,726	2,626,383
Cargo airlines	2,323,568	2,455,920
General aviation	1,384,901	1,388,140
Other concessions	715,479	747,251
Other	734,539	784,495
Total Operating Revenues	26,834,255	26,831,253
Operating Expenses		
Salaries and fringes	8,803,760	7,801,658
Supplies	1,021,634	723,028
Contractual	7,637,269	6,823,512
Depreciation	10,780,845	10,553,432
Total Operating Expenses	28,243,508	25,901,630
Operating Income (Loss)	(1,409,253)	929,623
Non-Operating Revenues (Expenses)		
Passenger facility charges	3,949,108	4,058,959
Customer facility charges	1,291,203	1,263,045
Interest revenue	1,446,676	1,801,318
Interest expense	(4,159,251)	(4,539,294)
Gain on sale of capital assets	95,254	12,471
Total Non-Operating Revenues	2,622,990	2,596,499
Income Before Capital Contributions	1,213,737	3,526,122
Capital Contributions	8,710,661	2,179,920
Increase in Net Assets	9,924,398	5,706,042
Net Assets, beginning of year	169,086,732	163,380,690
Net Assets, end of year	\$ 179,011,130	\$ 169,086,732

See accompanying notes to financial statements.

Kent County Department of Aeronautics Kent County, Michigan

Statements of Cash Flows

<i>Year ended December 31,</i>	2007	2006
Operating Activities		
Cash received from providing services	\$ 27,800,741	\$ 27,368,970
Cash paid to suppliers	(7,770,564)	(7,457,596)
Cash paid to employees	(8,679,593)	(7,836,948)
Internal activity - cash payments to other funds	(702,275)	(448,847)
Net cash provided by operating activities	10,648,309	11,625,579
Capital and Related Financing Activities		
Customer facility charges	1,286,076	1,263,807
Capital contributions	8,710,661	2,179,920
Passenger facility charges	3,996,470	4,086,070
Proceeds from sale of capital assets	94,878	145,471
Proceeds from sale of bonds	122,210,266	-
Purchase of capital assets	(26,750,118)	(13,514,887)
Principal paid on capital debt	(8,416,508)	(3,343,755)
Interest paid on capital debt	(4,144,113)	(4,460,870)
Net cash provided by (used for) capital and related financing activities	96,987,612	(13,644,244)
Investing Activity		
Investment earnings	3,093,958	1,869,242
Net Increase (Decrease) in Cash and Cash Equivalents	110,729,879	(149,423)
Cash and Cash Equivalents, beginning of year	37,603,766	37,753,189
Cash and Cash Equivalents, end of year	\$ 148,333,645	\$ 37,603,766
Displayed as		
Cash, investments and accrued interest	\$ 6,799,412	\$ 22,492,651
Current restricted cash, investments and accrued interest	137,732,729	8,793,043
Non-current restricted cash, investments and accrued interest	3,801,504	6,318,072
	\$ 148,333,645	\$ 37,603,766

Continued on the following page.

Kent County Department of Aeronautics

Kent County, Michigan

Statements of Cash Flows

<i>Year ended December 31,</i>	2007	2006
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (1,409,253)	\$ 929,623
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	10,780,845	10,553,432
Changes in assets and liabilities:		
Accounts receivable	414,351	79,884
Inventory	3,151	1,992
Prepaid expenses	4,074	3,577
Accounts payable and contracts payable	751,244	(60,652)
Accrued liabilities	103,897	117,723
Net Cash Provided by Operating Activities	\$ 10,648,309	\$ 11,625,579

See accompanying notes to financial statements.

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Basis of Accounting

The Kent County Department of Aeronautics (an Enterprise Fund of the County of Kent, Michigan) (Department) is a proprietary fund which uses the accrual basis of accounting. The Department is responsible for operating the Gerald R. Ford International Airport (Airport). Revenues are recognized when earned and expenses are recognized when incurred. Under this basis of accounting, the Department has elected to apply only applicable Financial Accounting Standards Board (FASB) statements and interpretations, issued before November 30, 1989, except those that conflict with or contradict Government Accounting Standards Board (GASB) pronouncements.

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions that are capital, financing or investing related are reported as non-operating revenues. All expenses related to operating the Airport are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash, investments with maturities of three months or less when purchased, restricted assets and accrued interest.

Cash, equivalents, investments and accrued interest are combined in County of Kent, Michigan's (County) pooled cash and investment system (Money Max) which is managed by the treasurer. Investments underlying the Money Max system consist primarily of certificates of deposit and U.S. Treasury notes. Investments of the system are reported at fair value. Investment income earned as a result of cash pooling is allocated to the appropriate funds.

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

Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

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. Management monitors credit exposure and assesses the adequacy of the allowance for possible losses regularly.

Inventories

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

Capital Assets

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

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

Construction in progress, consisting primarily of expenditures on ground transportation improvements, is capitalized as incurred. As of December 31, 2007 and 2006, estimated costs to complete were approximately \$121,901,000 and \$126,130,000, respectively.

The Department reviews long-lived assets, including land, buildings and other capital assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair 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 realizable value and a current charge to income is recognized.

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

Compensated Absences

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

Long-Term Obligations

Bond issuance costs, premiums and loss on refundings of long-term indebtedness are deferred and amortized over the life of the respective bonds using the straight-line method.

Passenger Airline Charges

The Department sets rates and charges for landing fees, terminal rental rates and apron fees that are charged to the airlines annually based on the adopted operating and capital budgets. These rates and charges are adopted by the Aeronautics Board in October and are effective January 1. At the end of the year, the Department does a re-calculation of the rates based on actual activity and audited information. The difference of the rates and charges is then either credited to the airlines if they have overpaid during the course of the year, or billed to the airlines if they underpaid during the year. The Department billed the airlines \$442,388 in fiscal year 2007 and \$518,936 in fiscal year 2006.

Passenger Facility Charges

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

Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

Customer Facility Charges

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

Capital Contributions

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

Grants for capital asset acquisition, facility development and rehabilitation are reported in the statement of revenues, expenses and changes in net assets, after non-operating revenues and expenses as capital contributions.

Risk Management

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

Use of Estimates

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

Budgets

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

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

2. Cash, Investments and Accrued Interest

Statutes and various bond indentures authorize the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, United States government or federal agency obligation repurchase agreements and mutual funds composed of the types of investment vehicles named previously.

The Department participates in the Kent County Investment Pool that is available for use by most funds. Each fund's portion of the pool is displayed on the statement of net assets. The various deposits and investments held separately are presented in their respective fund.

Investments underlying the Kent County Investment Pool consist primarily of certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury notes and agency obligations, which are carried at fair value.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. Additional information regarding interest rate risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report. At December 31, 2007, the Department had the following investments:

<i>Investment Type</i>	Fair Value	Investment Maturity Less Than 1 Year
Money market mutual fund	\$ 19,085,738	\$ 19,085,738
Kent County investment pool	129,247,907	129,247,907
	\$ 148,333,645	\$ 148,333,645

Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. Additional information regarding credit risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report. At December 31, 2007, the Department had the following credit ratings:

<i>Rated Investments</i>	Fair Value	Quality Ratings	
		AAA	Unrated
Money market mutual fund	\$ 19,085,738	\$ 19,085,738	\$ -
Kent County investment pool	129,247,907	-	129,247,907
Totals by Ratings	\$ 148,333,645	\$ 19,085,738	\$ 129,247,907

3. Restricted Assets

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

<i>December 31,</i>	2007	2006
Current restricted assets		
Capital improvements	\$ 122,448,370	\$ 4,042,860
Cash and cash equivalents - debt service	15,284,359	4,750,183
	\$ 137,732,729	\$ 8,793,043
Accounts receivable		
Passenger facility charges	\$ 378,068	\$ 425,429
Customer facility charges	87,552	82,425
	\$ 465,620	\$ 507,854
Non-current restricted assets		
Cash and cash equivalents - debt service	\$ 3,801,504	\$ 6,318,072
Due from restricted funds		
Advance from General Fund for PFC projects	\$ 5,104,377	\$ 4,055,702

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

4. Capital Assets

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

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets not being depreciated				
Land	\$ 21,184,076	\$ -	\$ -	\$ 21,184,076
Construction in progress	12,239,729	20,034,444	10,141,311	22,132,862
Total	\$ 33,423,805	\$ 20,034,444	\$ 10,141,311	\$ 43,316,938
Capital assets being depreciated				
Land improvements	\$ 191,585,187	\$ 8,163,392	\$ -	\$ 199,748,579
Buildings	92,874,674	7,903,474	1,094,182	99,683,966
Equipment	10,177,346	111,852	414,774	9,874,424
Equipment - systems	3,751,835	52,800	-	3,804,635
Office equipment	2,091,550	90,266	-	2,181,816
Vehicles	410,971	82,017	148,995	343,993
Total	300,891,563	16,403,801	1,657,951	315,637,413
Less accumulated depreciation for				
Land improvements	70,680,888	6,521,529	-	77,202,417
Buildings	33,404,275	3,123,099	1,094,182	35,433,192
Equipment	6,160,100	575,748	414,774	6,321,074
Equipment - systems	591,125	366,198	-	957,323
Office equipment	784,612	154,734	-	939,346
Vehicles	356,667	39,537	148,995	247,209
Total	111,977,667	10,780,845	1,657,951	121,100,561
Capital Assets Being Depreciated, net	\$ 188,913,896	\$ 5,622,956	\$ -	\$ 194,536,852

Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance January 1, 2006	Increases	Decreases	Balance December 31, 2006
Capital assets not being depreciated				
Land	\$ 21,317,076	\$ -	\$ 133,000	\$ 21,184,076
Construction in progress	4,349,148	13,541,059	5,650,478	12,239,729
Total	\$ 25,666,224	\$ 13,541,059	\$ 5,783,478	\$ 33,423,805
Capital assets being depreciated				
Land improvements	\$ 192,411,318	\$ 886,823	\$ 1,712,954	\$ 191,585,187
Buildings	92,641,762	232,912	-	92,874,674
Equipment	9,206,613	1,227,145	256,412	10,177,346
Equipment - systems	3,081,051	3,209,504	2,538,720	3,751,835
Office equipment	2,232,086	-	140,536	2,091,550
Vehicles	471,549	-	60,578	410,971
Total	300,044,379	5,556,384	4,709,200	300,891,563
Less accumulated depreciation for				
Land improvements	65,984,189	6,409,653	1,712,954	70,680,888
Buildings	30,368,765	3,035,510	-	33,404,275
Equipment	5,881,938	534,574	256,412	6,160,100
Equipment - systems	2,793,690	336,155	2,538,720	591,125
Office equipment	771,240	153,908	140,536	784,612
Vehicles	333,613	83,632	60,578	356,667
Total	106,133,435	10,553,432	4,709,200	111,977,667
Capital Assets Being Depreciated, net	\$ 193,910,944	\$ (4,997,048)	\$ -	\$ 188,913,896

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

Depreciation expense was charged to functions as follows:

<i>December 31,</i>	2007	2006
Airfield	\$ 4,800,077	\$ 5,002,310
Other land and buildings	253,431	230,517
General aviation	310,487	70,307
Terminal building	2,508,959	2,378,707
Airline apron	340,973	370,583
Maintenance	267,875	252,911
Administration	190,882	190,534
Air cargo	990,126	1,005,127
Ground transportation	1,118,035	1,052,436
Total Depreciation Expense	\$ 10,780,845	\$ 10,553,432

5. Note Payable to Related Party

In fiscal year 2003, the County advanced \$9,775,000 to the Department for the purchase of 169 acres of land adjacent to runway 17/35. The note is payable over 10 years in equal annual payments of \$1,229,286, including interest of 4.4%.

Note payable activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Note Payable Related Party	\$ 5,901,508	\$ -	\$ 5,901,508	\$ -

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Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

6. Revenue Bonds Payable

Revenue bonds payable consists of the following:

<i>December 31,</i>	2007	2006
Airport Revenue Bonds, Series 1998, 4.5%-5.0%, annual principal ranges from \$1,370,000 in 2008 to \$3,560,000 in 2028, plus interest.	\$ 48,050,000	\$49,360,000
Airport Revenue Refunding Bonds, Series 1999, 4.5%-5.0%, annual principal ranges from \$1,255,000 in 2008 to \$2,750,000 in 2025, plus interest.	34,095,000	35,300,000
Airport Revenue Bonds, Series 2007, 4.0%-5.0%, annual principal ranges from \$600,000 in 2010 to \$7,785,000 in 2037, plus interest.	117,360,000	-
	199,505,000	84,660,000
Plus net bond premium on Series 2007 Bonds	5,242,625	-
Less net deferred loss on advance refunding of Series 1995 Bonds	(1,834,247)	(1,948,840)
Less current maturities	(2,625,000)	(2,515,000)
Revenue Bonds Payable, plus net bond premium, less current maturities and net deferred loss	\$ 200,288,378	\$80,196,160

Revenue bonds payable activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Airport Revenue Bonds, Series 1998	\$49,360,000	\$ -	\$ 1,310,000	\$ 48,050,000
Airport Revenue Bonds, Series 1999	35,300,000	-	1,205,000	34,095,000
Airport Revenue Bonds, Series 2007	-	117,360,000	-	117,360,000
	\$84,660,000	\$ 117,360,000	\$ 2,515,000	\$ 199,505,000

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

Revenue bonds payable activity for the year ended December 31, 2006 was as follows:

	Balance January 1, 2006	Increases	Decreases	Balance December 31, 2006
Airport Revenue Bonds, Series 1998	\$ 50,615,000	\$ -	\$ 1,255,000	\$ 49,360,000
Airport Revenue Bonds, Series 1999	36,460,000	-	1,160,000	35,300,000
	\$ 87,075,000	\$ -	\$ 2,415,000	\$ 84,660,000

The annual requirement to pay principal and interest on revenue bonds payable to maturity is as follows:

<i>Year ending December 31,</i>	Airport Revenue Bonds Series 1998	Airport Revenue Bonds Series 1999	Airport Revenue Bonds Series 2007	Total Annual Requirement
2008	\$ 3,709,808	\$ 2,859,819	\$ 4,445,158	\$ 11,014,785
2009	3,706,092	2,857,106	5,777,100	12,340,298
2010	3,703,070	2,856,806	6,365,100	12,924,976
2011	3,705,650	2,853,806	6,782,100	13,341,556
2012	3,699,002	2,852,994	7,083,100	13,635,096
2013-2017	18,470,791	14,226,798	39,484,125	72,181,714
2018-2022	18,394,250	14,173,462	40,458,250	73,025,962
2023-2027	18,313,000	8,462,250	40,340,125	67,115,375
2028-2032	3,649,000	-	40,185,625	43,834,625
2033-2037	-	-	39,991,875	39,991,875
	\$ 77,350,663	\$ 51,143,041	\$ 230,912,558	\$ 359,406,262

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Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

Revenue bonds payable:

Airport Revenue Bonds, Series 1998

<i>Year ending December 31,</i>	Interest Payments	Principal Payments	Total Interest and Principal Payments
2008	\$ 2,339,808	\$ 1,370,000	\$ 3,709,808
2009	2,276,092	1,430,000	3,706,092
2010	2,208,070	1,495,000	3,703,070
2011	2,135,650	1,570,000	3,705,650
2012	2,059,002	1,640,000	3,699,002
2013-2017	8,985,791	9,485,000	18,470,791
2018-2022	6,314,250	12,080,000	18,394,250
2023-2027	2,893,000	15,420,000	18,313,000
2028	89,000	3,560,000	3,649,000
	\$ 29,300,663	\$ 48,050,000	\$ 77,350,663

Airport Revenue Bonds, Series 1999

<i>Year ending December 31,</i>	Interest Payments	Principal Payments	Total Interest and Principal Payments
2008	\$ 1,604,819	\$ 1,255,000	\$ 2,859,819
2009	1,547,106	1,310,000	2,857,106
2010	1,486,806	1,370,000	2,856,806
2011	1,423,806	1,430,000	2,853,806
2012	1,357,994	1,495,000	2,852,994
2013-2017	5,666,798	8,560,000	14,226,798
2018-2022	3,358,462	10,815,000	14,173,462
2023-2025	602,250	7,860,000	8,462,250
	\$ 17,048,041	\$ 34,095,000	\$ 51,143,041

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

Airport Revenue Bonds, Series 2007

<i>Year ending December 31,</i>	Interest Payments	Principal Payments	Total Interest and Principal Payments
2008	\$ 4,445,158	\$ -	\$ 4,445,158
2009	5,777,100	-	5,777,100
2010	5,765,100	600,000	6,365,100
2011	5,732,100	1,050,000	6,782,100
2012	5,683,100	1,400,000	7,083,100
2013-2017	27,069,125	12,415,000	39,484,125
2018-2022	23,428,250	17,030,000	40,458,250
2023-2027	18,605,125	21,735,000	40,340,125
2028-2032	12,450,625	27,735,000	40,185,625
2033-2037	4,596,875	35,395,000	39,991,875
	\$ 113,552,558	\$ 117,360,000	\$ 230,912,558

All revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenues of the Department. In compliance with the Series 1999 and 2007 Bond agreement, the Department has available a letter of credit totaling \$11,067,500 which has not been drawn upon. The Series 1998 Bond reserve requirement is funded with cash in the amount of \$3,787,648. In addition, the Series 1999 and 2007 Bonds bear the pledge of the full faith and credit of the County to advance necessary amounts to meet principal and interest payments in the event Department revenues are insufficient to meet requirements. The Series 1998 Bonds are not additionally secured by the County.

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Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

7. Leases

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

<i>Year ending December 31,</i>	
2008	\$ 6,758,860
2009	6,752,604
2010	6,659,109
2011	6,561,347
2012	6,102,163
2013-2047	15,057,599

8. Net Assets

Net assets at December 31, 2007 and 2006 were comprised of the following:

<i>December 31,</i>	2007	2006
Invested in capital assets, net of related debt		
Land	\$ 21,184,076	\$ 21,184,076
Construction in progress	22,132,862	12,239,729
Land improvements	199,748,579	191,585,187
Buildings	99,683,966	92,874,674
Machinery and equipment	16,204,868	16,431,702
Accumulated depreciation	(121,100,561)	(111,977,667)
Net bond issue costs	1,091,639	314,760
Current maturities of revenue bonds payable	(2,625,000)	(2,515,000)
Long-term maturities of revenue bonds payable	(88,502,469)	(80,196,160)
	147,817,960	139,941,301
Restricted for capital improvements	4,401,115	495,012
Restricted for debt service	15,527,411	8,988,592
Unrestricted	11,264,644	19,661,827
Total Net Assets	\$ 179,011,130	\$ 169,086,732

Kent County Department of Aeronautics Kent County, Michigan

Notes to Financial Statements

9. Retirement Plan and Other Postemployment Benefits

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

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

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

<i>Year ended December 31,</i>	<i>Contribution</i>
2007	\$ 559,339
2006	462,179
2005	437,022

The contribution requirements of Plan members are established and may be amended through union agreements. All member contributions are one-half (1/2) of the normal cost plus the amortized unfunded actuarial liability not to exceed a contribution rate of 6.50%. The Department is required to contribute to actuarially determined rates expressed as a percentage of covered payroll. The contribution expensed as a percentage of covered payroll was 8.83% and 7.90% in 2007 and 2006, respectively.

The County provides access to employer sponsored health care insurance coverage to retired employees or beneficiaries of deceased employees who are receiving a retirement benefit. The County pays a monthly flat dollar subsidy for retirees ranging between \$250 and \$350 per month depending upon the applicable employee group. The subsidy is

Kent County Department of Aeronautics

Kent County, Michigan

Notes to Financial Statements

prorated if the retiree has less than 25 years of service at the time of retirement. The Kent County VEBA Trust administers this single-employer defined benefit plan. At December 31, 2006, the date of the most recent actuarial valuation, membership in the Other Postemployment Benefits (OPEB) consisted of 448 retirees and beneficiaries currently receiving benefits and 1,840 active employees entitled to benefits but not yet receiving them. The County completed its first actuarial valuation of OPEB as of December 31, 2006. The unfunded actuarial accrued liability attributable to service accrued by plan members as of December 31, 2006 was \$40,650,129. The annual OPEB costs, the percentage contributed and the net OPEB obligation for the current and two preceding years were as follows:

<i>Year ended December 31,</i>	Annual OPEB Costs (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
2007	\$ 4,641,474	100%	\$ -
2006	N/A	N/A	-
2005	N/A	N/A	-

The Department's share of the fiscal year 2007 contribution is \$194,877.

10. Major Customers

Rentals and fees earned from passenger air carriers accounted for approximately 37.4% and 36.9% of total revenues in 2007 and 2006, respectively.

11. Concentration of Credit Risk

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

**Statistical Section
(unaudited)**



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Kent County Department of Aeronautics Kent County, Michigan

Statistical Section Information

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 Information

Financial trends information is intended to show how the governmental unit's financial position has changed over time. See Schedules A and B.

Revenue Capacity Information

Revenue capacity information is intended to show the factors affecting a governmental unit's ability to generate its own-source revenue. See Schedules C and D.

Debt Capacity Information

Debt capacity information is intended to show a governmental unit's debt burden and its ability to issue additional debt. See Schedule E.

Demographic and Economic Information

Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates. See Schedules F and G. Note that the Grand Rapids CSA is currently enjoying significant building of medical facilities for treatment, research and education.

Operation Information

Operation information is intended to show contextual information about operations and resources to provide understanding and assessing the governmental unit's economic condition. See Schedules H and I.

	1998	1999	2000	2001	2002
Operating Revenues					
Airfield	\$ 3,940	\$ 5,366	\$ 6,354	\$ 6,718	\$ 8,055
Terminal	4,650	2,853	4,609	5,446	5,909
Ground transportation	5,162	7,072	7,659	8,104	8,218
Other	694	316	340	353	327
Total operating revenues	14,446	15,607	18,962	20,621	22,509
Non-Operating Revenues					
Interest income	3,905	2,077	1,947	1,313	579
Passenger facility charges	2,395	2,407	2,632	2,506	2,581
Improvement charges	-	-	-	-	-
Other	21	15	35	13	-
Total non-operating revenues	6,321	4,499	4,614	3,832	3,160
Total Revenues	20,767	20,106	23,576	24,453	25,669
Operating Expenses					
Salaries and benefits	4,211	4,882	5,011	5,374	6,002
Services and supplies	2,837	3,137	4,269	4,680	6,380
Depreciation	5,666	5,809	8,398	9,072	9,668
Total operating expenses	12,714	13,828	17,678	19,126	22,050
Non-Operating Expenses					
Interest	5,058	3,229	4,204	4,739	4,649
Other	-	-	-	-	1,123
Total non-operating expenses	5,058	3,229	4,204	4,739	5,772
Total Expenses	17,772	17,057	21,882	23,865	27,822
Capital Contributions	-	2,892	806	23,485	4,807
Increase in Net Assets	\$ 2,995	\$ 5,941	\$ 2,500	\$ 24,073	\$ 2,654
Net Assets at Year-End					
Invested in capital assets, net of related debt	\$ 63,251	\$ 96,549	\$ 101,389	\$ 127,448	\$ 126,746
Restricted	48,558	18,486	14,478	7,042	6,776
Unrestricted	4,380	7,095	8,763	14,213	17,836
Total Net Assets	\$ 116,189	\$ 122,130	\$ 124,630	\$ 148,703	\$ 151,358

Kent County Department of Aeronautics Kent County, Michigan

Net Assets and Changes in Net Assets, Last Ten Years (dollars in thousands) (unaudited)

Schedule A

2003	2004	2005	2006	2007
\$ 9,030	\$ 8,271	\$ 8,182	\$ 8,596	\$ 8,502
7,012	6,790	6,839	6,549	6,582
8,708	9,475	10,658	11,326	11,417
325	344	401	360	333
<u>25,075</u>	<u>24,880</u>	<u>26,080</u>	<u>26,831</u>	<u>26,834</u>
328	423	1,034	1,801	1,447
2,687	2,881	2,890	4,059	3,949
-	-	256	1,263	1,291
57	25	4	13	95
<u>3,072</u>	<u>3,329</u>	<u>4,184</u>	<u>7,136</u>	<u>6,782</u>
<u>28,147</u>	<u>28,209</u>	<u>30,264</u>	<u>33,967</u>	<u>33,616</u>
6,508	7,018	7,579	7,802	8,804
6,694	6,571	8,279	7,547	8,659
9,647	9,716	9,957	10,553	10,781
<u>22,849</u>	<u>23,305</u>	<u>25,815</u>	<u>25,902</u>	<u>28,244</u>
4,553	4,888	4,680	4,539	4,159
-	-	-	-	-
<u>4,553</u>	<u>4,888</u>	<u>4,680</u>	<u>4,539</u>	<u>4,159</u>
<u>27,402</u>	<u>28,193</u>	<u>30,495</u>	<u>30,441</u>	<u>32,403</u>
<u>4,202</u>	<u>4,976</u>	<u>2,315</u>	<u>2,180</u>	<u>8,711</u>
<u>\$ 4,947</u>	<u>\$ 4,992</u>	<u>\$ 2,084</u>	<u>\$ 5,706</u>	<u>\$ 9,924</u>
\$ 133,912	\$ 136,940	\$ 134,899	\$ 139,941	\$ 155,083
6,772	6,945	7,594	9,484	19,928
15,621	17,412	20,888	19,662	4,000
<u>\$ 156,305</u>	<u>\$ 161,297</u>	<u>\$ 163,381</u>	<u>\$ 169,087</u>	<u>\$ 179,011</u>

	1998	1999	2000	2001
Operating Activities				
Cash received from providing services	\$ 14,577	\$ 17,312	\$ 19,244	\$ 19,545
Cash paid to suppliers	(2,837)	(3,138)	(6,197)	(5,461)
Cash paid to employees	(4,211)	(4,882)	(5,027)	(5,316)
Net cash provided by operating activities	7,529	9,292	8,020	8,768
Capital and Related Financing Activities				
Passenger facility charges	2,395	2,407	2,553	2,545
Customer facility charges	-	-	-	-
Capital contributions	-	2,892	806	21,836
Proceeds from sale of capital assets	21	15	35	13
Proceeds from issuance of note payable	-	-	-	-
Bond proceeds	56,180	37,480	-	-
Bond issue costs and deferred loss on advance refundings	-	(3,196)	-	-
Purchase of capital assets	(39,117)	(38,661)	(11,760)	(31,676)
Principle paid on capital debt	-	(35,175)	(825)	(1,935)
Interest paid on capital debt	(5,058)	(3,229)	(4,452)	(4,691)
Net cash provided by (used for) capital and related activities	14,421	(37,467)	(13,643)	(13,908)
Investing Activity				
Investment earnings	3,905	2,077	1,947	1,313
Net Increase (Decrease) in Cash and Cash Equivalents	25,855	(26,098)	(3,676)	(3,827)
Cash and Cash Equivalents, beginning of year	28,927	54,782	28,684	25,008
Cash and Cash Equivalents, end of year	\$ 54,782	\$ 28,684	\$ 25,008	\$ 21,181

Kent County Department of Aeronautics Kent County, Michigan

Changes in Cash and Cash Equivalents, Last Ten Years (dollars in thousands) (unaudited)

Schedule B

2002	2003	2004	2005	2006	2007
\$ 23,649	\$ 25,043	\$ 25,028	\$ 27,528	\$ 27,369	\$ 27,801
(7,093)	(7,451)	(7,192)	(8,056)	(7,906)	(8,473)
(5,915)	(6,153)	(7,201)	(7,472)	(7,837)	(8,680)
10,641	11,439	10,635	12,000	11,626	10,648
2,673	2,634	2,855	2,765	4,086	3,996
-	-	-	173	1,264	1,286
6,457	4,202	1,740	2,055	2,180	8,711
21	63	24	43	146	95
-	9,775	-	-	-	-
-	-	-	-	-	122,210
-	-	-	-	-	-
(8,243)	(14,790)	(7,435)	(5,496)	(13,515)	(26,750)
(2,025)	(2,110)	(4,260)	(3,199)	(3,344)	(8,416)
(4,561)	(4,468)	(4,773)	(4,605)	(4,461)	(4,144)
(5,678)	(4,694)	(11,849)	(8,264)	(13,644)	96,988
579	329	422	1,012	1,869	3,094
5,542	7,074	(792)	4,748	(149)	110,730
21,181	26,723	33,797	33,005	37,753	37,604
\$ 26,723	\$ 33,797	\$ 33,005	\$ 37,753	\$ 37,604	\$ 148,334

	1998	1999	2000	2001	2002
Airlines					
American Eagle	102,047	93,783	113,451	109,691	100,299
Delta Connection (Atlantic Southeast)	-	-	31,938	42,159	49,553
Delta Connection (Comair)	30,847	30,629	72,689	49,513	59,207
Continental Connection	-	-	-	-	-
Continental Express (Express Jet)	30,659	32,944	32,962	39,911	48,291
United Express (Go Jet)	-	-	-	-	-
United Express (Mesa)	-	-	-	-	-
Northwest Airlink (Mesaba)	-	-	-	-	-
Northwest Airlines Inc.	293,821	336,910	384,889	368,485	374,730
Northwest Airlink (Pinnacle)	-	-	-	-	-
United Express (Shuttle America)	-	-	-	-	-
Midwest Connect (Skyway)	20,586	24,599	37,711	37,051	28,011
United Express (Skywest Airlines)	-	-	-	-	-
United Airlines Inc.	149,786	141,992	124,002	128,708	139,932
United Express (Air Wisconsin)	-	-	-	-	-
US Airways Express (Air Wisconsin)	-	-	-	-	-
United Express (Chautauqua)	-	-	-	-	-
Chicago Express (ATA Connection)	12,503	16,474	25,672	41,889	50,030
Delta Airlines Inc.	116,041	115,400	30,001	-	13,370
US Airways Express (Mesa)	-	-	-	2,348	4,980
Delta Connection (Atlantic Coast)	-	-	-	-	6,593
United Express (Atlantic Coast)	-	-	-	3,444	6,660
US Airways Express (Trans States)	-	-	-	28,465	52,126
Air Canada (Air Georgian)	-	-	4,484	8,394	9,148
American Eagle (Trans States)	-	-	-	1,832	24,724
US Airways Express (Chautauqua)	23,788	24,470	27,805	5,500	-
TWE (Trans States)	19,986	18,270	15,574	18,048	-
US Airways Inc.	67,587	47,365	53,934	32,738	-
PSA Airlines, Inc.	9,955	9,438	7,763	-	-
Midwest Express Airlines Inc.	18,242	13,386	-	-	-
Charters	883	1,395	5,390	3,518	886
Total	896,731	907,055	968,265	921,694	968,540

Kent County Department of Aeronautics Kent County, Michigan

Passenger Activity Enplaned Passengers, Last Ten Years (unaudited)

Schedule C

2003	2004	2005	2006	Share of Total 2006	2007	Share of Total 2007
93,998	104,529	130,640	126,225	12.5%	118,146	11.8%
37,879	14,907	80,153	63,926	6.3%	61,087	6.1%
69,972	110,479	66,730	61,873	6.1%	62,996	6.3%
-	92	624	678	0.1%	2,922	0.3%
58,676	73,362	75,601	97,811	9.7%	96,081	9.7%
-	-	-	875	0.1%	23,040	2.3%
-	-	1,939	13,009	1.3%	1,977	0.2%
17,862	27,669	17,791	9,649	1.0%	7,065	0.7%
380,551	420,365	431,470	414,513	40.9%	356,506	35.7%
8,593	13,397	14,643	39,621	3.9%	74,034	7.4%
-	-	8,036	13,033	1.3%	23,714	2.4%
30,009	31,732	36,073	35,893	3.5%	41,047	4.1%
-	7,083	6,816	25,641	2.5%	45,243	4.5%
114,699	107,607	80,265	108,665	10.7%	84,215	8.4%
25,623	25,191	38,049	-	-	-	-
-	-	770	-	-	-	-
-	-	12,705	-	-	-	-
57,004	53,872	8,055	-	-	-	-
14,231	30,300	7,540	-	-	-	-
-	8,867	29,033	-	-	-	-
13,426	649	-	-	-	-	-
25,872	15,906	-	-	-	-	-
43,764	31,236	-	-	-	-	-
2,459	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,101	337	290	865	0.1%	846	0.1%
995,719	1,077,580	1,047,223	1,012,277	100.0%	998,919	100.0%

	1998	1999	2000	2001	2002
Airline Revenues					
Landing fees	\$ 2,108	\$ 2,068	\$ 2,063	\$ 2,437	\$ 3,753
Apron fees	272	905	1,086	1,004	1,024
Terminal rents	1,975	2,046	3,728	4,542	4,898
Total airline revenues	4,355	5,019	6,877	7,983	9,675
Percentage of total revenues	21.0%	25.0%	29.2%	32.6%	37.7%
Non-Airline Revenues					
Parking	5,162	5,257	5,783	6,309	6,343
Rental car	1,897	1,933	2,021	1,944	2,027
Other	3,032	3,398	4,281	4,385	4,464
Total non-airline revenues	10,091	10,588	12,085	12,638	12,834
Percentage of total revenues	48.6%	52.7%	51.3%	51.7%	50.0%
Non-Operating Revenues					
Passenger facility charges	2,395	2,407	2,632	2,506	2,581
Interest	3,905	2,077	1,947	1,313	579
Other	21	15	35	13	-
Total non-operating revenues	6,321	4,499	4,614	3,832	3,160
Percentage of total revenues	30.4%	22.4%	19.6%	15.7%	12.3%
Total Revenues	\$ 20,767	\$ 20,106	\$ 23,576	\$ 24,453	\$ 25,669
Enplaned passengers	896,731	907,055	968,265	921,694	968,540
Total revenue per enplaned passenger	\$ 23.16	\$ 22.17	\$ 24.35	\$ 26.53	\$ 26.50
Airline revenue per enplaned passenger	\$ 4.86	\$ 5.53	\$ 7.10	\$ 8.66	\$ 9.99
Revenue Rates					
Landing fee (per 1,000 lbs. MGLW)	\$ 1.54	\$ 1.42	\$ 1.51	\$ 1.77	\$ 1.90
Apron fee (per 1,000 lbs. MGLW)	\$ 0.64	\$ 0.61	\$ 0.70	\$ 0.69	\$ 0.70
Annual terminal rental rate (per sq. ft.)	\$ 18.01	\$ 18.63	\$ 34.69	\$ 42.58	\$ 45.88

MGLW = maximum gross landed weight.

Kent County Department of Aeronautics Kent County, Michigan

Principle Revenue Sources and Revenues per Enplaned Passenger, Last Ten Years (dollars in thousands, except amounts per enplaned passenger) (unaudited)

Schedule D

2003	2004	2005	2006	2007
\$ 2,957	\$ 3,120	\$ 2,723	\$ 2,576	\$ 2,847
1,711	1,567	1,640	1,803	2,025
6,714	5,575	5,340	5,513	5,165
11,382	10,262	9,703	9,892	10,037
40.4%	36.4%	32.1%	29.1%	29.9%
6,618	7,331	8,354	8,937	8,851
2,296	2,321	2,486	2,626	2,788
4,779	4,966	5,537	5,376	5,158
13,693	14,618	16,377	16,939	16,797
48.6%	51.8%	54.1%	49.9%	50.0%
2,687	2,881	2,890	4,059	3,949
328	423	1,034	1,801	1,447
57	25	260	1,276	1,386
3,072	3,329	4,184	7,136	6,782
10.9%	11.8%	13.8%	21.0%	20.1%
\$ 28,147	\$ 28,209	\$ 30,264	\$ 33,967	\$ 33,616
995,719	1,077,580	1,047,223	1,012,277	998,919
\$ 28.27	\$ 26.18	\$ 28.90	\$ 33.56	\$ 33.65
\$ 11.43	\$ 9.52	\$ 9.27	\$ 9.77	\$ 10.05
\$ 2.13	\$ 2.13	\$ 2.07	\$ 2.04	\$ 2.34
\$ 1.07	\$ 1.07	\$ 1.20	\$ 1.32	\$ 1.58
\$ 53.57	\$ 52.38	\$ 51.35	\$ 50.77	\$ 49.32

	1998	1999	2000
Outstanding Debt per Enplaned Passenger			
Outstanding debt by type (in thousands):			
Revenue bonds (all airport net operating revenues pledged)	\$ 96,180	\$ 95,734	\$ 95,023
Notes payable	-	-	-
Total Outstanding Debt	\$ 96,180	\$ 95,734	\$ 95,023
Outstanding Debt per Enplaned Passenger	\$ 107.26	\$ 105.54	\$ 98.14
Outstanding debt ratio for service area (total outstanding debt/[per capita income*trade area population])			
Outstanding debt ratio for Kent County (total outstanding debt/[per capita income*county population])			
Net Revenues			
Revenues	\$ 20,767	\$ 20,106	\$ 23,576
Less: operating expenses, less depreciation	7,048	8,020	9,279
Net Revenues	\$ 13,719	\$ 12,086	\$ 14,297
Debt Service			
Principle paid on capital debt	\$ -	\$ -	\$ 825
Interest	5,058	4,782	4,824
Principle paid on notes payable	-	-	-
Interest	-	-	-
Total Debt Service	\$ 5,058	\$ 4,782	\$ 5,649
Revenue Bonds Debt Service Coverage	2.7	2.5	2.5
Total Debt Service Coverage	2.7	2.5	2.5
Debt Service per Enplaned Passenger	\$ 5.64	\$ 5.27	\$ 5.83

Debt Limit Information

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

Kent County Department of Aeronautics Kent County, Michigan

Ratios of Outstanding Debt, Debt Service, Debt Limits and Pledged Revenue Coverage, Last Ten Years (unaudited)

Schedule E

2001	2002	2003	2004	2005	2006	2007
\$ 93,203	\$ 91,293	\$ 89,297	\$ 87,207	\$ 85,011	\$ 82,711	\$ 202,913
-	-	9,775	7,720	6,831	5,902	-
\$ 93,203	\$ 91,293	\$ 99,072	\$ 94,927	\$ 91,842	\$ 88,613	\$ 202,913
\$ 101.12	\$ 94.26	\$ 99.50	\$ 88.09	\$ 87.70	\$ 87.54	\$ 203.13
					\$ 0.0028	\$ 0.0064
					\$ 0.0059	\$ 0.0134
\$ 24,453	\$ 25,669	\$ 28,147	\$ 28,209	\$ 30,264	\$ 33,967	\$ 33,616
10,054	12,382	13,202	13,589	15,859	15,348	17,463
\$ 14,399	\$ 13,287	\$ 14,945	\$ 14,620	\$ 14,405	\$ 18,619	\$ 16,153
\$ 1,935	\$ 2,025	\$ 2,110	\$ 2,205	\$ 2,310	\$ 2,415	\$ 2,515
4,739	4,649	4,553	4,485	4,340	4,238	4,056
-	-	-	2,055	889	929	5,902
-	-	-	403	341	301	88
\$ 6,674	\$ 6,674	\$ 6,663	\$ 9,148	\$ 7,880	\$ 7,883	\$ 12,561
2.2	2.0	2.2	2.2	2.2	2.8	2.5
2.2	2.0	2.2	1.6	1.8	2.4	1.3
\$ 7.24	\$ 6.89	\$ 6.69	\$ 8.49	\$ 7.52	\$ 7.79	\$ 12.57

Kent County Department of Aeronautics Kent County, Michigan

Principle Employers in the Primary Trade Area Calendar Years 2007, 2006 and 1997 (unaudited)

Schedule F

Employer	County	Product or Service	Number 2007	Percentage of Total Employment 2007	Number 2006	Number 1997
Spectrum Health	Kent	Healthcare	14,308	2.19%	13,000	5331
Meijer Inc	Kent	Retail food and merchandise	8,290	1.27%	7,000	9881
Steelcase Inc.	Kent	Office furniture	5,000	0.77%	5,000	7500
Spartan Stores Inc.	Kent	Retail food	4,605	0.71%	2,989	1855
Herman Miller Inc.	Ottawa	Office furniture	4,300	0.66%	5,920	3247
Axios Incorporated	Kent	Human resource and employment services	4,100	0.63%	3,886	
Alticor Inc.	Kent	Personal and household products	4,000	0.61%	3,900	5419
Wal-Mart Stores Inc.	Various	Retail food and merchandise	3,515	0.54%	3,432	
Grand Rapids Public Schools	Kent	Education	2,885	0.44%	2,885	3700
Gentex Corporation	Ottawa	Manufacturing - auto parts	2,674	0.41%	2,186	
Saint Mary's Health Care	Kent	Healthcare	2,635	0.40%	2,700	2300
City of Grand Rapids	Kent	Government	2,601	0.40%	2,491	1788
Farmers Insurance Group/Foremost	Kent	Insurance	2,500	0.38%	1,500	
General Motors Corp.	Kent	Manufacturing - auto parts	2,500	0.38%	2,500	3806
Perrigo Company	Allegan	Manufacturing - pharmaceuticals	2,500	0.38%	2,500	
U.S. Postal Service	Various	Postal delivery	2,450	0.38%	2,500	3491
Johnson Controls Inc.	Ottawa	Manufacturing - auto parts	2,450	0.38%	3,250	
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts	2,175	0.33%	2,175	1455
Metro Health Hospital	Kent	Healthcare	2,122	0.33%	2,200	1648
Grand Valley State University	Ottawa	Education	2,098	0.32%	2,023	
Kent County	Kent	Government	2,052	0.31%	2,128	1900
Total Employment			652,309		657,759	

Source: The Right Place, Inc.

Kent County Department of Aeronautics Kent County, Michigan

Population in the Primary Trade Area (unaudited)

					Schedule G		
					Percentage Change		
	2007	2006	2000	1990	2006- 2007	2000- 2007	1990- 2000
Allegan County	114,972	114,813	105,665	90,509	0.14%	8.8%	16.7%
Barry County	60,744	60,211	56,755	50,057	0.89%	7.0%	13.4%
Ionia County	65,337	65,365	61,518	57,024	-0.04%	6.2%	7.9%
Kent County	601,970	599,667	574,335	500,631	0.38%	4.8%	14.7%
Muskegon County	177,234	175,959	170,200	158,983	0.72%	4.1%	7.1%
Newaygo County	50,521	50,543	47,874	38,202	-0.04%	5.5%	25.3%
Ottawa County	259,606	256,729	238,314	187,768	1.12%	8.9%	26.9%
	1,330,384	1,323,287	1,254,661	1,083,174	0.54%	6.0%	15.8%
Per Capita Income	\$ 23,900	\$ 23,714	\$ 20,570	\$ 13,348	0.78%	16.2%	54.1%
	2007	2006	2005	2004			
Employment Information							
Civilian labor force	695,297	698,950	639,148	624,094			
Employed	652,309	657,759	602,255	581,637			
Unemployed	42,986	41,191	36,893	42,457			
Unemployment Rate	6.2%	5.9%	5.8%	6.8%			

Source: Michigan Labor Market Information

	1998	1999	2000	2001
Administration	19	18	19	22
Maintenance	24	29	31	31
Parking	26	26	26	26
Firefighting	15	15	15	16
Public safety	27	28	28	28
Total	111	116	119	123
Enplaned Passengers per Employee	8,079	7,819	8,137	7,493
Operating revenues (in thousands)	\$ 14,446	\$ 15,607	\$ 18,962	\$ 20,621
Operating expenses (in thousands)	12,714	13,828	17,677	19,126
Salaries and fringes (in thousands)	4,211	4,882	5,011	5,374
Payroll Percentage of Operating Revenues	29.1%	31.3%	26.4%	26.1%
Payroll Percentage of Operating Expenses	33.1%	35.3%	28.3%	28.1%

Kent County Department of Aeronautics Kent County, Michigan

Department Employees, Last Ten Years (unaudited)

Schedule H

2002	2003	2004	2005	2006	2007
22	22	22	22	22	21
31	30	31	31	31	31
26	29	29	29	29	31
16	17	16	16	16	16
28	28	36	36	36	33
123	126	134	134	134	132
7,874	7,903	8,042	7,815	7,554	7,568
\$ 22,509	\$ 25,075	\$ 24,880	\$ 26,080	\$ 26,831	\$ 26,834
22,050	22,849	23,305	25,815	25,902	28,244
6,002	6,508	7,018	7,579	7,802	8,804
26.7%	26.0%	28.2%	29.1%	29.1%	32.8%
27.2%	28.5%	30.1%	29.4%	30.1%	31.2%

	1998	1999	2000	2001
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	137,738	138,332	136,465	126,224
Annual capacity	277,500	277,500	277,500	277,500
Runway Utilization Percentage	49.64%	49.85%	49.18%	45.49%
Terminal Building				
Exclusive area leased	63,657	63,657	65,157	67,464
Exclusive area available	73,230	73,230	85,295	85,295
Terminal Occupancy Percentage	86.93%	86.93%	76.39%	79.09%
Enplanements	896,731	907,055	968,265	921,694
Planned capacity	1,800,000	1,800,000	1,800,000	1,800,000
Terminal Utilization Percentage	49.82%	50.39%	53.79%	51.21%
Parking Areas				
Number of annual long-term exits (a)	-	214,499	234,630	262,315
Average long-term stay (days) (b)	-	3.9	4.0	3.2
Average annual long-term occupancy ([a*b]/365)	-	2,292	2,571	2,300
Number of long-term spaces available	-	3,733	3,733	3,733
Average Annual Long-Term Occupancy Rate	-	61.40%	68.88%	61.61%

Kent County Department of Aeronautics Kent County, Michigan

Capital Asset Information, Last Ten Years (unaudited)

Schedule I

2002	2003	2004	2005	2006	2007
125,622	110,128	116,455	112,314	112,608	101,378
277,500	277,500	277,500	277,500	277,500	277,500
45.27%	39.69%	41.97%	40.47%	40.58%	36.53%
65,996	62,741	71,729	67,500	63,750	64,444
83,712	83,712	95,325	96,200	95,365	95,365
78.84%	74.95%	75.25%	70.17%	66.85%	67.58%
968,540	995,719	1,077,580	1,047,223	1,012,277	998,919
1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
53.81%	55.32%	59.87%	58.18%	56.24%	55.50%
233,662	216,878	245,024	191,377	185,503	229,531
3.7	3.7	4.0	3.4	3.8	4.4
2,369	2,198	2,685	1,783	1,931	2,767
4,733	4,733	5,483	5,483	5,483	4,708
50.04%	46.45%	48.97%	32.51%	35.22%	58.77%

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