

**KENT COUNTY
DEPARTMENT OF AERONAUTICS
(An Enterprise Fund of
The County of Kent, Michigan)**



Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

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(An Enterprise Fund of
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Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

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
(An Enterprise Fund of the County of Kent, Michigan)

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Aeronautics Board

Joseph Tomaselli

Chair

Richard A. Vander Molen*

Vice Chair

Terri Lynn Land

Roger Morgan*

Theodore J. Vonk*

Floyd Wilson, Jr.

Kent County Department of Aeronautics **(An Enterprise Fund of the County of Kent, Michigan)**

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

AERONAUTICS BOARD

JOHN VAN LAAR, Chairman
THEODORE J. VONK, Vice Chairman
DEAN A. AGEE
JOSEPH TOMASELLI
RICHARD A. VANDER MOLEN
FLOYD WILSON, JR.

AERONAUTICS STAFF

JAMES A. KOSLOSKY, A.A.E. Executive Director
PHILLIP E. JOHNSON, A.A.E. Deputy Executive 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 15, 2011

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, 2010. This report was prepared by the Department's Finance and Administration Division, and the financial statements were audited by Rehmann Robson, 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. The auditors' unqualified opinion has been included in this report. The Department's **Management Discussion and Analysis** provides an introduction to the Financial Statements and can be found starting on page 3.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the 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.

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 and sets all policies. There were no significant changes to the Aeronautics Board Policies or any significant impacts on the Financial Statements due to the Boards Policies.

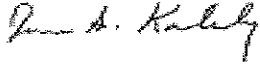
As an enterprise fund, users of the Department facilities provide the revenues to operate, maintain and provide necessary services and facilities. The Department is not supported by general tax revenues of the County. The Department is responsible for operating the Gerald R. Ford International Airport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

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, 2009. 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 seventeenth consecutive year the Department received the award.

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

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

Respectfully submitted,



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

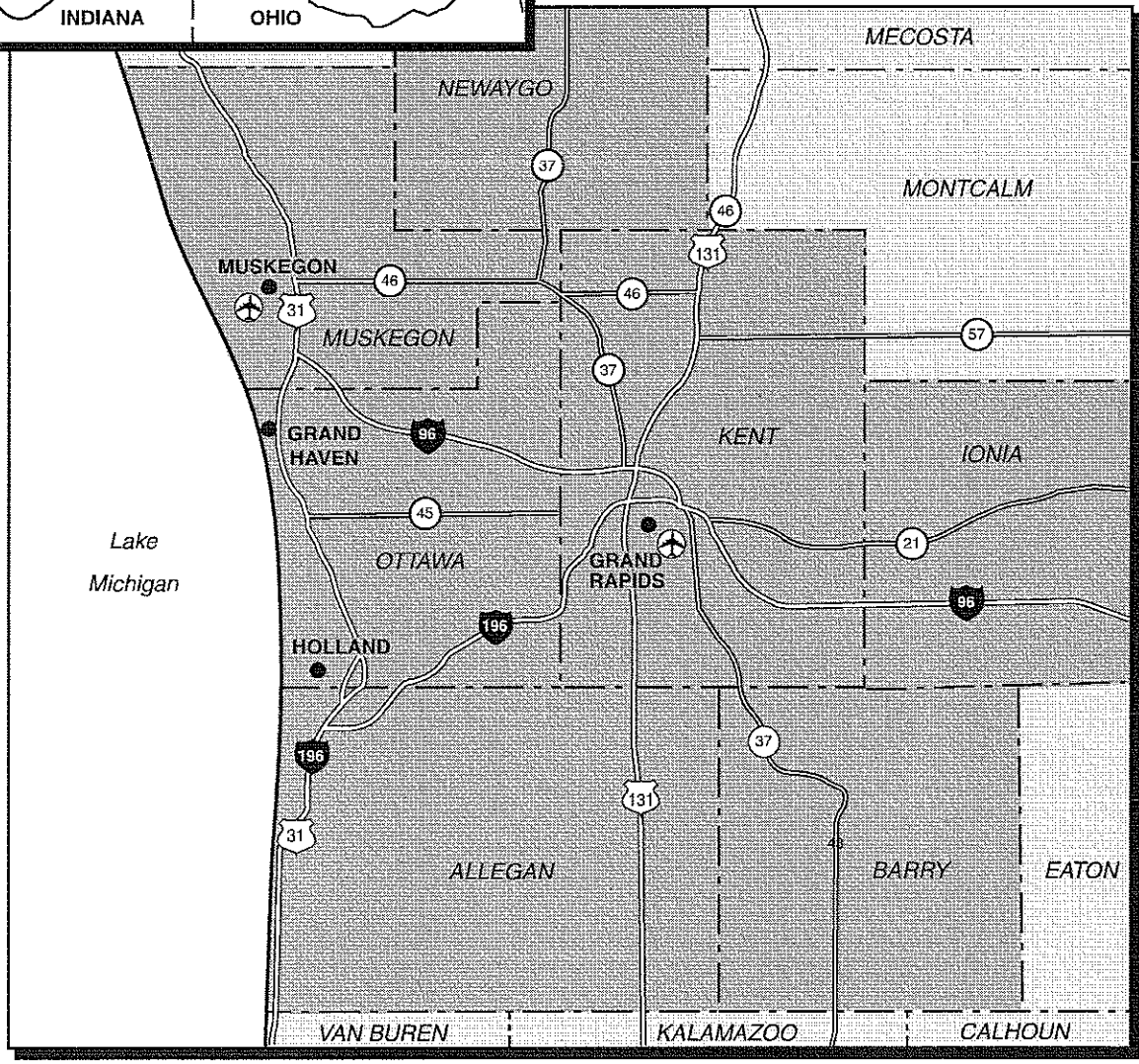


Brian Picardat, A.A.E.
Finance & Administration Director






BP/ld



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

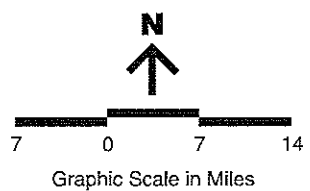
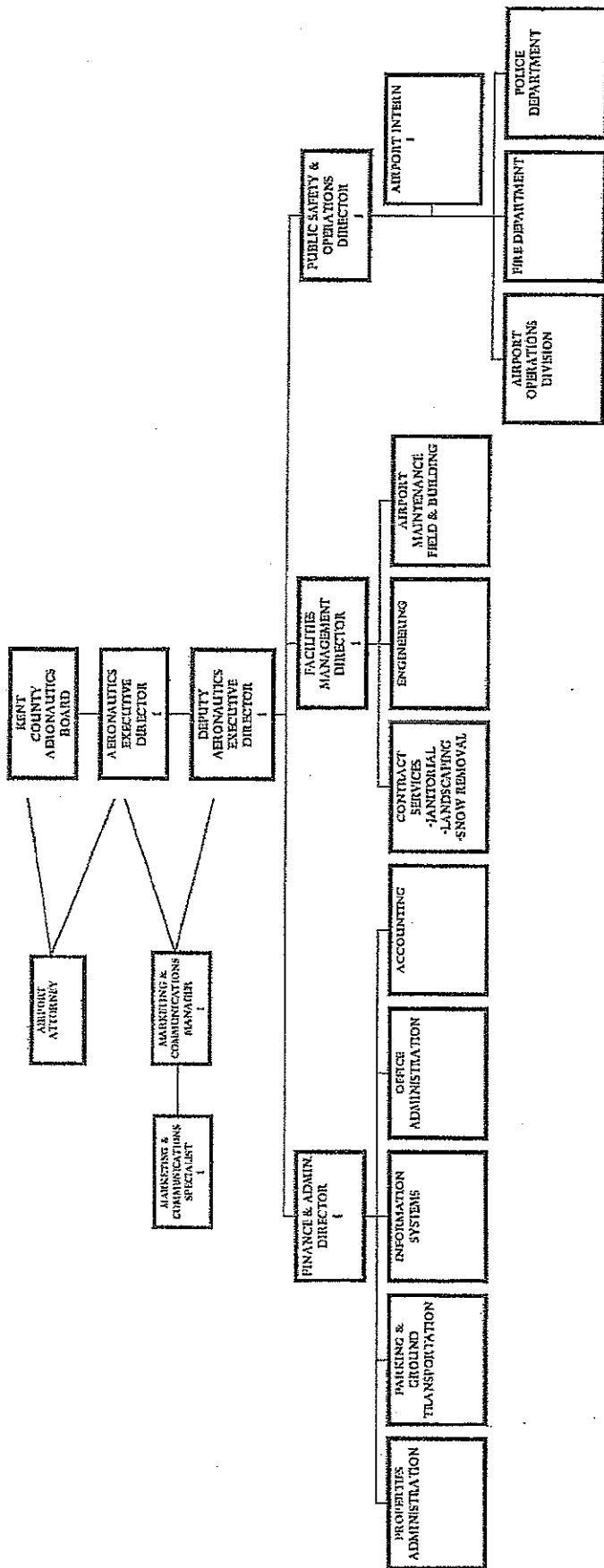


Figure 1
AIRPORT SERVICE REGION
 Gerald R. Ford International Airport
 August 2007

KENT COUNTY DEPARTMENT OF AERONAUTICS
 ORGANIZATIONAL CHART
 APRIL 1, 2009



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, 2009

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.



President

Executive Director

INDEPENDENT AUDITORS' REPORT

June 15, 2011

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

We have audited the accompanying financial statements of the *Kent County Department of Aeronautics*, (an enterprise fund of the County of Kent, Michigan) as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Kent County Department of Aeronautics' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 discussed in Note 1, the financial statements present only the Kent County Department of Aeronautics Enterprise Fund and do not purport to, and do not, present fairly the financial position of the County of Kent, Michigan, as of December 31, 2010 and 2009, and the changes in its financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kent County Department of Aeronautics, as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic 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 primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also separately issued our report dated June 15, 2011 on our consideration of the Kent County Department of Aeronautics' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink, reading "Lehmann Lohorn". The signature is written in a cursive style with a large initial 'L'.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management 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, 2010. 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 \$187.6 million at December 31, 2010, a \$0.5 million increase from December 31, 2009. This is comparable to the \$0.5 million increase in 2009.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Current	\$ 37,034,514	\$ 33,222,887	\$ 76,998,640
Capital assets	344,507,052	353,137,616	314,755,926
Other non-current	<u>6,984,300</u>	<u>5,048,909</u>	<u>4,874,677</u>
Total assets	<u>388,525,866</u>	<u>391,409,412</u>	<u>396,629,243</u>
Liabilities			
Current liabilities	11,391,597	10,565,195	12,354,368
Revenue bonds payable	<u>189,541,760</u>	<u>193,780,294</u>	<u>197,669,655</u>
Total liabilities	<u>200,933,357</u>	<u>204,345,489</u>	<u>210,024,023</u>
Net assets			
Invested in capital assets, net of related debt	150,726,758	155,703,788	147,664,798
Restricted	14,711,632	13,191,445	21,159,452
Unrestricted	<u>22,154,119</u>	<u>18,168,690</u>	<u>17,780,970</u>
Total net assets	<u>\$ 187,592,509</u>	<u>\$ 187,063,923</u>	<u>\$ 186,605,220</u>

The largest portion of the Department's net assets each year (80.4% and 83.2% at December 31, 2010 and 2009, 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 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 (7.8% and 7.1% at December 31, 2010 and 2009, 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 assets* (11.8% and 9.7% at December 31, 2010 and 2009, respectively) may be used to meet any of the Department's ongoing obligations.

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:

	2010	2009	2008
Total operating revenue	\$ 31,982,082	\$ 26,023,443	\$ 27,738,994
Total operating expenses	<u>(34,081,755)</u>	<u>(29,193,043)</u>	<u>(28,913,429)</u>
Operating income (loss)	<u>(2,099,673)</u>	<u>(3,169,600)</u>	<u>(1,174,435)</u>
Non-operating revenues (expenses)			
Passenger Facility Charges	4,504,920	3,466,075	3,447,882
Customer Facility Charges	1,373,865	1,187,772	1,384,590
Interest Revenue	147,823	428,769	897,872
Interest Expense	(9,147,189)	(3,684,404)	(4,052,138)
Gain on sale of Capital Assets	22,013	66,089	14,755
Total non-operating revenues (expenses)	<u>(3,098,568)</u>	<u>1,464,301</u>	<u>1,692,961</u>
Income (loss) before capital contributions	(5,198,241)	(1,705,299)	518,526
Capital contributions	5,726,827	2,164,002	7,075,564
Increase in net assets	<u>\$ 528,586</u>	<u>\$ 458,703</u>	<u>\$ 7,594,090</u>

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased 22.9% from \$26.0 million in 2009 to \$32.0 million in 2010 principally due to an increase in parking revenues. In 2009, operating revenues were down from 2008 principally due to a decrease in airline and parking revenues.
- Operating expenses increased by 16.7% from \$29.2 million in 2009 to \$34.1 million in 2010 principally due to an increase in depreciation. In 2009, operating expenses increased 6.2% from 2008 due to an increase in depreciation.
- As a result of the above, operating loss decreased by 33.8% from \$3.2 million in 2009 to \$2.1 million in 2010. This was after a 169.9% operating loss increase in 2009 from 2008.
- Net non-operating revenues (expenses) were down 311.6% from \$1.5 million in 2009 to a net non-operating expense of \$3.1 million in 2010 due principally to interest expense increase and the first full year payment of the 2007 bonds. This follows a 13.5% decrease in net non-operating revenue from 2008 to 2009.
- Capital contributions received in the form of grants from federal and state governments increased from \$2.2 million in 2009 to \$5.7 million in 2010. In 2009 capital contributions decreased from 2008. The amount of capital contributions will vary year to year based on close-out of federally funded projects.

AIRLINE RATES AND CHARGES

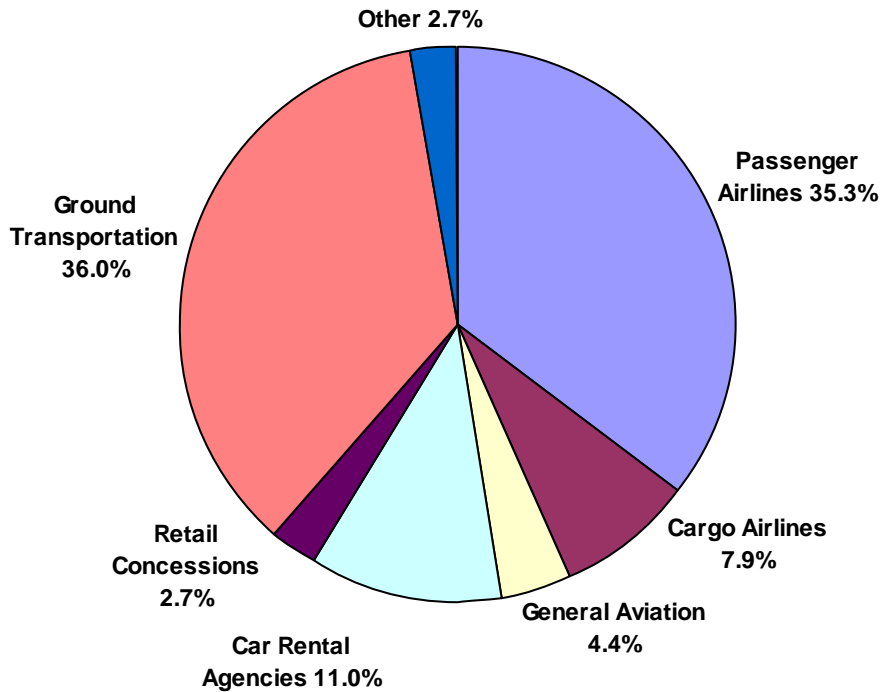
The Aeronautics Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Department's annual operating and capital budgets which have been approved by the Aeronautics Board,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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Landing fees (per 1,000 lbs.)	\$ 2.85	\$ 2.66	\$ 2.40
Terminal rental rates (per square foot)	48.98	50.00	49.96
Airline apron fee (per 1,000 lbs.)	1.83	1.62	1.59

REVENUES

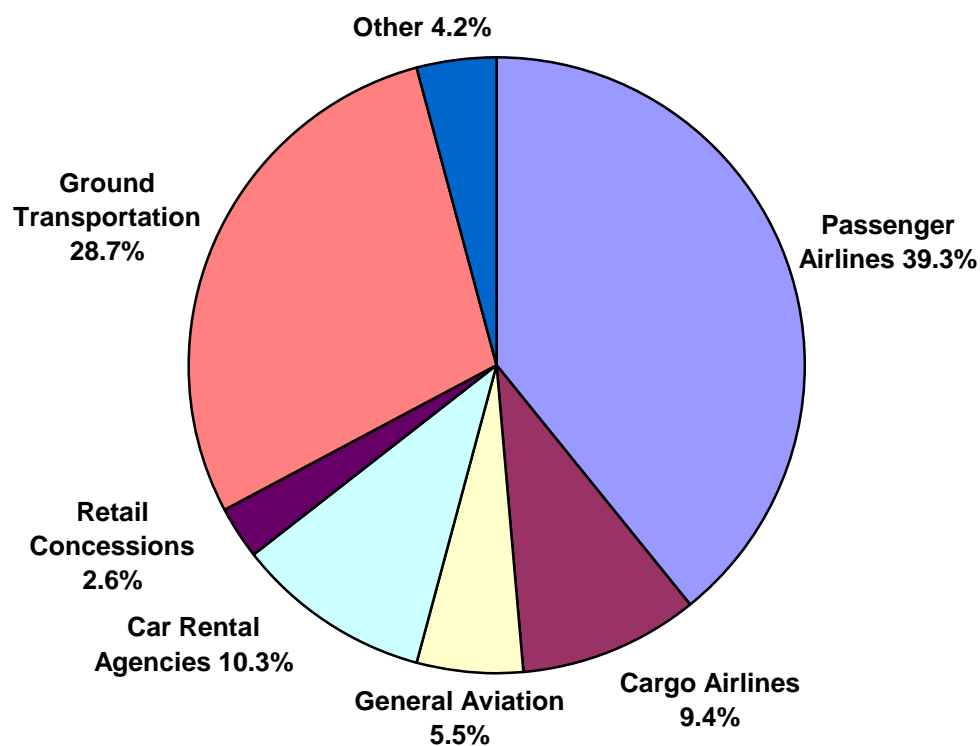
The following chart shows the major sources and the percentage of operating revenues for the year ended December 31:

2010



	<u>2010 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2009</u>	<u>Percent Increase/ (Decrease)</u>
Revenue				
Charges for services:				
Passenger Airlines	\$ 11,298,424	35.3%	\$ 1,073,546	10.5%
Ground Transportation	11,524,855	36.0	4,052,144	54.2
Car Rental Agencies	3,520,866	11.0	838,152	31.2
Cargo Airlines	2,522,360	7.9	76,129	3.1
General Aviation	1,406,163	4.4	(33,577)	(2.3)
Retail Concessions	859,067	2.7	179,849	26.5
Other	850,347	2.7	(227,604)	(21.1)
Total operating revenues	<u>\$ 31,982,082</u>	<u>100.0%</u>	<u>\$ 5,958,639</u>	<u>22.9%</u>

2009

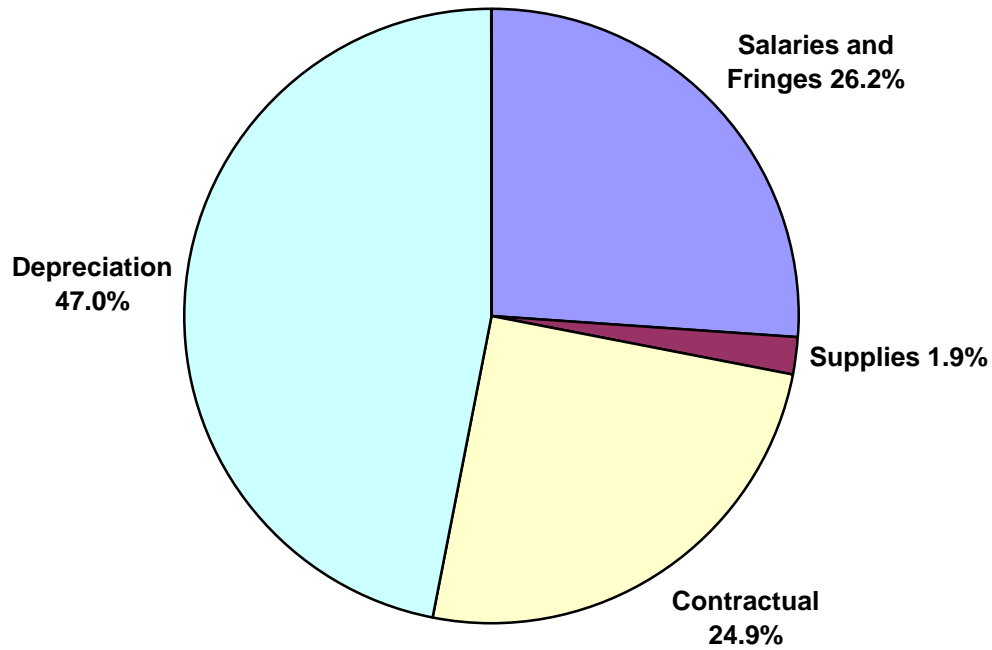


	<u>2009 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2008</u>	<u>Percent Increase/ (Decrease)</u>
Revenue				
Charges for services:				
Passenger Airlines	\$ 10,224,878	39.3%	\$ (683,204)	(6.3)%
Ground Transportation	7,472,711	28.7	(647,938)	(8.0)
Car Rental Agencies	2,682,714	10.3	(369,955)	(12.1)
Cargo Airlines	2,446,231	9.4	(113,271)	(4.4)
General Aviation	1,439,740	5.5	(64,388)	(4.3)
Retail Concessions	679,218	2.6	(94,077)	(12.2)
Other	1,077,951	4.2	257,282	31.4
Total operating revenues	<u>\$ 26,023,443</u>	<u>100.0%</u>	<u>\$(1,715,551)</u>	<u>(6.2)%</u>

EXPENSES

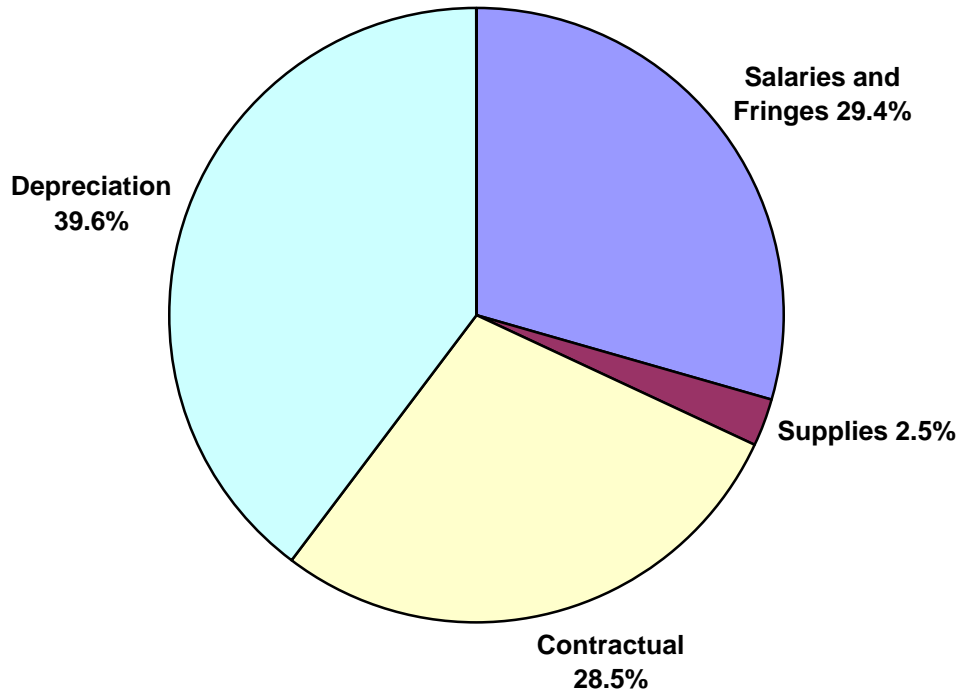
The following chart shows the major operating categories and the percentage of operating expenses for the year ended December 31:

2010



	<u>2010 Amount</u>	<u>Percent of Total</u>	<u>Increase/ Decrease From 2009</u>	<u>Percent Increase (Decrease)</u>
Operating expenses				
Salaries and Fringes	\$ 8,925,316	26.2%	\$ 337,881	3.9 %
Supplies	645,701	1.9	(93,978)	(12.7)
Contractual	8,502,177	24.9	191,655	2.3
Depreciation	<u>16,008,561</u>	<u>47.0</u>	<u>4,453,154</u>	<u>38.5</u>
Total operating expenses	<u>\$ 34,081,755</u>	<u>100.0%</u>	<u>\$ 4,888,712</u>	<u>16.7 %</u>

2009



	<u>2009 Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease From 2008</u>	<u>Percent Increase</u>
Operating expenses				
Salaries and Fringes	\$ 8,587,435	29.4%	\$ (252,991)	(2.9)%
Supplies	739,679	2.5	(322,952)	(30.4)
Contractual	8,310,522	28.5	248,155	3.1
Depreciation	<u>11,555,407</u>	<u>39.6</u>	<u>607,402</u>	<u>5.5</u>
Total operating expenses	<u>\$ 29,193,043</u>	<u>100.0%</u>	<u>\$ 279,614</u>	<u>1.0%</u>

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.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net cash provided by operating activities	\$ 13,787,176	\$ 8,528,335	\$ 9,511,728
Net cash used in capital and related financing activities	(8,707,510)	(53,780,583)	(83,576,518)
Net cash provided by investing activities	<u>147,823</u>	<u>1,545,819</u>	<u>4,664,087</u>
Net increase (decrease) in cash and cash equivalents	5,227,489	(43,706,429)	(69,400,703)
Cash and cash equivalents, beginning of year	<u>35,226,513</u>	<u>78,932,942</u>	<u>148,333,645</u>
Cash and cash equivalents, end of year	<u>\$ 40,454,002</u>	<u>\$ 35,226,513</u>	<u>\$ 78,932,942</u>

The Department's available cash and cash equivalents increased from \$35.2 million at the end of 2009 to \$40.5 million at the end of 2010 due to an increase in net cash from operating activities. This was due to an increase in passenger activity of 23.4% and a full year of revenue from the parking structure which opened in November 2009. This compares to a decrease from \$78.9 million at the end of 2008 to \$35.2 million at the end of 2009 due to the spend down of bond proceeds on the Terminal Area Parking Improvement Program in 2009.

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 2010 and 2009, completed projects totaling \$7,076,097 and \$144,683,635, respectively were closed to their respective capital accounts. The major completed projects were:

2010:

Passenger Loading Bridges	\$ 2,684,880
Taxiway Z	2,167,158
Other	2,224,059

2009:

Terminal and Parking Improvements with four level parking garage.	\$ 141,902,133
Other	2,781,502

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

As a department of the County, the Department cannot sell bonds without the authorization of the County Board of Commissioners.

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

In September 2007, the Department issued \$117.4 million of Airport Revenue Bonds to finance the construction of the Terminal Area Parking and Improvement Program. This bond issue, 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 29, 2009, Moody's Investor Services downgraded the underlying rating of the 1998 Bonds from A2 negative outlook to A3 stable outlook. Moody's indicated the key credit concern for this change was the Airport's ability to generate revenues to adequately support the large increase in debt service requirements from the Series 2007 Bonds issue and the locally weak economy.

On February 2009, Standard & Poor's downgraded the Airport's rating to BBB+ with a stable outlook from A- with a stable outlook. Standard & Poor's indicated the key credit concerns were the amount of additional debt taken on with the Series 2007 Bonds and the declining traffic. On March 30, 2011 Standard & Poor's affirmed the Airport's BBB+ rating with a stable outlook.

See Note 5 to the Financial Statements for more detailed information on the Department's revenue bonds payable.



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

**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)**

Statements of Net Assets

December 31

	<u>2010</u>	<u>2009</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 21,515,123	\$ 17,827,017
Accounts receivable, less allowance for uncollectible of \$158,358 and \$309,016.	1,472,922	1,069,704
Inventories	142,253	164,071
Prepaid expenses	50,767	65,361
Restricted assets:		
Cash and cash equivalents	13,194,181	13,655,143
Accounts receivable	659,268	441,591
Total current assets	<u>37,034,514</u>	<u>33,222,887</u>
Noncurrent assets		
Restricted assets - cash and cash equivalents, less current portion	5,744,698	3,744,353
Capital assets, net:		
Land and construction in progress	24,393,545	24,110,711
Other capital assets, net of accumulated depreciation	320,113,507	329,026,905
Bond issuance costs, net of accumulated amortization	1,239,602	1,304,556
Total noncurrent assets	<u>351,491,352</u>	<u>358,186,525</u>
Total assets	<u>388,525,866</u>	<u>391,409,412</u>
Liabilities		
Current liabilities		
Accounts payable	1,110,250	833,262
Construction contracts payable	192,334	440,893
Accrued liabilities	875,764	780,260
Unearned revenue	88,200	207,604
Payable from restricted assets:		
Accrued interest	4,570,384	4,649,642
Construction retainage	316,131	-
Current maturities of revenue bonds payable, bond premium and deferred loss	4,238,534	3,653,534
Total current liabilities	<u>11,391,597</u>	<u>10,565,195</u>
Noncurrent liabilities		
Revenue bonds payable, plus net bond premium, and less deferred loss, net of current maturities	189,541,760	193,780,294
Total liabilities	<u>200,933,357</u>	<u>204,345,489</u>
Net assets		
Invested in capital assets, net of related debt	150,726,758	155,703,788
Restricted for:		
Capital improvements	3,417,527	2,923,050
Debt service	11,294,105	10,268,395
Unrestricted	22,154,119	18,168,690
Total net assets	<u>\$ 187,592,509</u>	<u>\$ 187,063,923</u>

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

**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)**

Statements of Revenue, Expenses and Changes in Fund Net Assets

For the Years Ended December 31

	<u>2010</u>	<u>2009</u>
Operating revenues		
Charges for services:		
Passenger airlines	\$ 11,298,424	\$ 10,224,878
Ground transportation	11,524,855	7,472,711
Car rental agencies	3,520,866	2,682,714
Cargo airlines	2,522,360	2,446,231
General aviation	1,406,163	1,439,740
Other concessions	859,067	679,218
Other	850,347	1,077,951
Total operating revenues	<u>31,982,082</u>	<u>26,023,443</u>
Operating expenses		
Salaries and fringes	8,925,316	8,587,435
Supplies	645,701	739,679
Contractual	8,502,177	8,310,522
Depreciation	16,008,561	11,555,407
Total operating expenses	<u>34,081,755</u>	<u>29,193,043</u>
Operating loss	<u>(2,099,673)</u>	<u>(3,169,600)</u>
Nonoperating revenues (expenses)		
Passenger facility charges	4,504,920	3,466,075
Customer facility charges	1,373,865	1,187,772
Interest revenue	147,823	428,769
Interest expense	(9,147,189)	(3,684,404)
Gain of sale of capital assets	22,013	66,089
Total nonoperating revenues	<u>(3,098,568)</u>	<u>1,464,301</u>
Change in net assets before capital contributions	(5,198,241)	(1,705,299)
Capital contributions	<u>5,726,827</u>	<u>2,164,002</u>
Change in net assets	528,586	458,703
Net assets, beginning of year	<u>187,063,923</u>	<u>186,605,220</u>
Net assets, end of year	<u>\$ 187,592,509</u>	<u>\$ 187,063,923</u>

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

**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)**

Statements of Cash Flows

For the Years Ended December 31

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 31,963,960	\$ 26,721,150
Payments to suppliers	(8,712,354)	(8,943,237)
Payments to employees	(8,807,236)	(8,564,560)
Internal activity - cash payments to other funds of Kent County	(657,194)	(685,018)
	<u>13,787,176</u>	<u>8,528,335</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities		
Passenger facility charges collected	4,303,297	3,363,919
Customer facility charges collected	1,357,824	1,199,775
Capital contributions received	3,900,028	1,102,767
Proceeds from sale of capital assets	22,013	66,089
Proceeds from sale of bonds	-	30,110,000
Proceeds from bond premium	-	823,224
Cash transferred to escrow for defeased bonds	-	(31,111,980)
Cash paid for issuance costs	-	(314,489)
Purchase of capital assets	(5,475,646)	(47,245,269)
Principal paid on capital debt	(3,595,000)	(2,740,000)
Interest paid on capital debt	(9,220,026)	(9,034,619)
	<u>(8,707,510)</u>	<u>(53,780,583)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Interest and dividends received	147,823	1,545,819
	<u>147,823</u>	<u>1,545,819</u>
Net increase (decrease) in cash and cash equivalents	5,227,489	(43,706,429)
Cash and cash equivalents, beginning of year	35,226,513	78,932,942
	<u>35,226,513</u>	<u>78,932,942</u>
Cash and cash equivalents, end of year	<u>\$ 40,454,002</u>	<u>\$ 35,226,513</u>
Statement of net assets classifications of cash and cash equivalents:		
Cash and cash equivalents	\$ 21,515,123	\$ 17,827,017
Current restricted cash and cash equivalents	13,194,181	13,655,143
Noncurrent restricted cash and cash equivalents	5,744,698	3,744,353
	<u>\$ 40,454,002</u>	<u>\$ 35,226,513</u>

Continued...

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Statements of Cash Flows (Concluded)

For the Years Ended December 31

	<u>2010</u>	<u>2009</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,099,673)	\$ (3,169,600)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	16,008,561	11,555,407
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(403,231)	141,109
Inventories	21,818	(26,994)
Prepaid expenses	14,594	(9)
Accounts payable	269,007	19,919
Accrued liabilities	95,504	8,503
Unearned revenue	(119,404)	-
Net cash provided by operating activities	<u>\$ 13,787,176</u>	<u>\$ 8,528,335</u>

Noncash financing activities

The Department received noncash capital contributions of \$1,826,799 and \$1,190,589 for the years ended December 31, 2010 and 2009, respectively.

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

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Kent County Department of Aeronautics (the “Department”) conform to generally accepted account principles as applied to enterprise funds of governmental units. The following is a summary of the significant policies.

Reporting Entity

The Department is a proprietary fund of the County of Kent, Michigan (the “County”) and is governed by a six-member Board of Aeronautics whose members are appointed by the County Board of Commissioners. The Department is responsible for operating the Gerald R. Ford International Airport (the “Airport”).

Basis of Presentation

All operations of the Department are accounted for in a single enterprise fund (a type of proprietary fund). Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Department are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The economic resources measurement focus and the accrual basis of accounting are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

Cash, cash equivalents, investments and accrued interest are combined in the County’s pooled cash and investment system (Money Max) which is managed by the County Treasurer. Investments of the system are reported at fair value or amortized cost, as appropriate. For the purpose of the statement of cash flows, the Department considers all highly liquid investments with an original maturity of three months or less and short-term accrued interest to be cash equivalents.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Investments

Investments underlying the Kent County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury notes, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to the appropriate funds, including the Department.

State statutes and County policy authorize the Department to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through 12/31/97.

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.

Inventories

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

Prepaid Expenses

The Department incurred expenses prior to year-end for services that will be performed in the next fiscal year. In these situations, the Department records an asset to reflect the investment in future services.

Restricted Assets

Assets that are restricted for specific uses by bond requirements or other legal requirements are classified as restricted assets.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Bond Discounts, Premiums, Deferred Refunding Costs and Bond Issuance Costs

Premiums, discounts, deferred refunding costs and bond issuance costs associated with various bond issues are being amortized by the interest or straight-line methods over the repayment periods of the related bonds. Amortization of these items is charged to interest expense.

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:

<u>Assets</u>	<u>Years</u>
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, 2010 and 2009, estimated costs to complete were approximately \$20,694,000 and \$4,024,000, 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 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.

Compensated Absences

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

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 recalculation of the rates based on actual activity and audited information. The difference of the rates and charges is then either credited to the airlines if they have overpaid during the year or billed to the airlines if they underpaid during the year. The Department billed the airlines \$993,090 in fiscal year 2010 and \$985,922 in fiscal year 2009.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Passenger Facilities Charges

Passenger facilities charges (PFC) are collected from airlines that service the airport for each enplaned passenger and such charges must be used to fund capital projects. The 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 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. Consequently, revenue is recognized when earned and is classified as nonoperating revenue.

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. Consequently, revenue is recognized when earned and is classified as nonoperating revenue.

Capital Contributions

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program 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 assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in net assets, after nonoperating revenues and expenses as capital contributions.

Risk Management

The Department of Aeronautics is exposed to various risk of loss during the normal course of operation. 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. The Department also purchases commercial insurance for coverage of catastrophic loss. Claims have not exceeded available coverage for any of the last three years.

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
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform with the 2010 presentation.

2. DEPOSITS AND INVESTMENTS

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

	2010	2009
Current assets:		
Cash and cash equivalents	\$ 21,515,123	\$ 17,827,017
Restricted cash and cash equivalents	13,194,181	13,655,143
Noncurrent assets:		
Restricted cash and cash equivalents	5,744,698	3,744,353
	\$ 40,454,002	\$ 35,226,513

For note disclosure purposes, the above amounts are broken out into the following classes:

	Maturity	Interest Rate	Fair Value		Credit Ratings
			2010	2009	
Investments					
Money market mutual funds	N/A	Various	\$ 14,495,355	\$ 12,404,114	S&P AAA
Kent County investment pool	Various	Various	25,957,047	22,820,799	Various
Total investments			40,452,402	35,224,913	
Cash on hand			1,600	1,600	
Total investments and cash on hand			\$ 40,454,002	\$ 35,226,513	

The Department participates in the Kent County Investment Pool. Investments underlying the Kent County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury notes, which are carried at fair value. Additional information regarding interest rate risk and credit risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above in Note 1. The Department'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 maturity dates for each investment are identified above for investments held at year-end. Additional information regarding interest rate risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The Department's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The ratings for each class of investments are identified above for significant classifications of investments held at year-end.

Additional information regarding credit risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law does not require and the Department does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than state law. Additional information regarding custodial credit risk can be found in the notes to the financial statements of Kent County's Comprehensive Annual Financial Report.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The Department's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

3. RESTRICTED ASSETS

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

	2010	2009
Current restricted cash and cash equivalents:		
Debt service	\$ 10,119,791	\$ 11,173,684
Capital improvements	2,758,259	2,481,459
Construction retainage	316,131	-
Total current restricted cash and cash equivalents	\$ 13,194,181	\$ 13,655,143
Current restricted accounts receivable:		
Capital improvements:		
Passenger facility charges	\$ 571,008	\$ 369,372
Customer facility charges	88,260	72,219
Total current restricted accounts receivable	\$ 659,268	\$ 441,591
Noncurrent restricted cash and cash equivalents:		
Debt service	\$ 5,744,698	\$ 3,744,353

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 21,184,076	\$ -	\$ -	\$ 21,184,076
Construction in progress	2,926,635	5,543,217	(5,260,383)	3,209,469
Total capital assets not being depreciated	<u>24,110,711</u>	<u>5,543,217</u>	<u>(5,260,383)</u>	<u>24,393,545</u>
Capital assets being depreciated:				
Land improvements	209,421,559	2,213,722	(963,201)	210,672,080
Buildings and improvements	243,999,098	1,238,960	(2,013,586)	243,224,472
Equipment	10,321,985	2,762,035	(377,083)	12,706,937
Equipment – systems	4,148,005	820,609	(175,233)	4,793,381
Office furniture	2,251,637	19,066	(155,295)	2,115,408
Vehicles	339,104	40,771	-	379,875
Total capital assets being depreciated	<u>470,481,388</u>	<u>7,095,163</u>	<u>(3,684,398)</u>	<u>473,892,153</u>
Accumulated depreciation				
Land improvements	88,963,519	6,843,023	(963,201)	94,843,341
Buildings and improvements	42,349,761	8,053,229	(2,013,586)	48,389,404
Equipment	7,030,465	570,766	(377,083)	7,224,148
Equipment – systems	1,698,438	393,743	(175,233)	1,916,948
Office furniture	1,219,524	120,563	(155,295)	1,184,792
Vehicles	192,776	27,237	-	220,013
Total accumulated depreciation	<u>141,454,483</u>	<u>16,008,561</u>	<u>(3,684,398)</u>	<u>153,778,646</u>
Net capital assets being depreciated	<u>329,026,905</u>	<u>(8,913,398)</u>	<u>-</u>	<u>320,113,507</u>
Capital assets, net	<u>\$353,137,616</u>	<u>\$ (3,370,181)</u>	<u>\$ (5,260,383)</u>	<u>\$344,507,052</u>

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 21,184,076	\$ -	\$ -	\$ 21,184,076
Construction in progress	97,673,173	48,695,063	(143,441,601)	2,926,635
Total capital assets not being depreciated	<u>118,857,249</u>	<u>48,695,063</u>	<u>(143,441,601)</u>	<u>24,110,711</u>
Capital assets being depreciated:				
Land improvements	208,696,226	2,409,612	(1,684,279)	209,421,559
Buildings and improvements	102,096,965	141,902,133	-	243,999,098
Equipment	10,650,637	-	(328,652)	10,321,985
Equipment – systems	3,856,293	291,712	-	4,148,005
Office furniture	2,233,119	18,518	-	2,251,637
Vehicles	332,636	61,660	(55,192)	339,104
Total capital assets being depreciated	<u>327,865,876</u>	<u>144,683,635</u>	<u>(2,068,123)</u>	<u>470,481,388</u>
Accumulated depreciation				
Land improvements	83,835,848	6,811,950	(1,684,279)	88,963,519
Buildings and improvements	38,659,767	3,689,994	-	42,349,761
Equipment	6,849,884	509,233	(328,652)	7,030,465
Equipment – systems	1,329,036	369,402	-	1,698,438
Office furniture	1,071,454	148,070	-	1,219,524
Vehicles	221,210	26,758	(55,192)	192,776
Total accumulated depreciation	<u>131,967,199</u>	<u>11,555,407</u>	<u>(2,068,123)</u>	<u>141,454,483</u>
Net capital assets being depreciated	<u>195,898,677</u>	<u>133,128,228</u>	<u>-</u>	<u>329,026,905</u>
Capital assets, net	<u>\$ 314,755,926</u>	<u>\$ 181,823,291</u>	<u>\$ (143,441,601)</u>	<u>\$353,137,616</u>

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

5. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended December 31, 2010 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Airport Revenue Bonds, Series 1998, due in annual installments of \$1,570,000 to \$3,560,000 through 2028; interest at 4.0% to 5.0%	\$ 45,250,000	\$ -	\$ 1,495,000	\$ 43,755,000	\$ 1,570,000
Airport Revenue Refunding Bonds, Series 1999, partially refunded in May 2009; paid off in full January 2010; interest at 4.5%	1,370,000	-	1,370,000	-	-
Airport Revenue Bonds, Series 2007, due in annual installments of \$1,050,000 to \$7,785,000 through 2037; interest at 4.0% to 5.0%	117,360,000	-	600,000	116,760,000	1,050,000
Airport Revenue Refunding Bonds, Series 2009, due in annual installments of \$1,560,000 to \$2,645,000 through 2025; interest at 2.0% to 5.0%	<u>30,110,000</u>	<u>-</u>	<u>130,000</u>	<u>29,980,000</u>	<u>1,560,000</u>
Total revenue bonds payable	194,090,000	-	3,595,000	190,495,000	4,180,000
Add: bond premium	5,870,360	-	232,626	5,637,734	232,626
Less: deferred loss on refunding	<u>(2,526,532)</u>	<u>-</u>	<u>(174,092)</u>	<u>(2,352,440)</u>	<u>(174,092)</u>
Revenue bonds payable, plus net bond premium, less net deferred loss	<u>\$ 197,433,828</u>	<u>\$ -</u>	<u>\$ 3,653,534</u>	193,780,294	<u>\$ 4,238,534</u>
Less: amount due in one year				<u>(4,238,534)</u>	
Revenue bonds payable, plus net bond premium, less net deferred loss due in more than one year				<u>\$ 189,541,760</u>	

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

Revenue bonds payable activity for the year ended December 31, 2009 consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Airport Revenue Bonds, Series 1998, due in annual installments of \$1,495,000 to \$3,560,000 through 2028; interest at 4.0% to 5.0%	\$ 46,680,000	\$ -	\$ 1,430,000	\$ 45,250,000	\$ 1,495,000
Airport Revenue Refunding Bonds, Series 1999, partially refunded in May 2009; remaining principal due in one annual installment of \$1,370,000 in January 2010; interest at 4.5%	32,840,000	-	31,470,000	1,370,000	1,370,000
Airport Revenue Bonds, Series 2007, due in annual installments of \$600,000 to \$7,785,000 through 2037; interest at 4.0% to 5.0%	117,360,000	-	-	117,360,000	600,000
Airport Revenue Refunding Bonds, Series 2009, due in annual installments of \$130,000 to \$2,645,000 through 2025; interest at 2.0% to 5.0%	-	30,110,000	-	30,110,000	130,000
Total revenue bonds payable	196,880,000	30,110,000	32,900,000	194,090,000	3,595,000
Add: bond premium	5,249,310	823,224	202,174	5,870,360	232,626
Less: deferred loss on refunding	(1,719,655)	(951,980)	(145,103)	(2,526,532)	(174,092)
Revenue bonds payable, plus net bond premium, less net deferred loss	<u>\$ 200,409,655</u>	<u>\$29,981,244</u>	<u>\$32,957,071</u>	197,433,828	<u>\$ 3,653,534</u>
Less: amount due in one year				(3,653,534)	
Revenue bonds payable, plus net bond premium, less net deferred loss due in more than one year				<u>\$ 193,780,294</u>	

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Notes to Financial Statements

The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

For the year ending December 31,	<u>Principal</u>	<u>Interest</u>
2011	\$ 4,180,000	\$ 9,059,081
2012	4,645,000	8,893,983
2013	5,155,000	8,708,768
2014	5,695,000	8,493,391
2015	6,305,000	8,247,425
2016-2020	36,090,000	36,493,780
2021-2025	45,775,000	26,560,822
2026-2030	35,345,000	15,874,125
2031-2035	32,105,000	7,969,875
2036-2037	15,200,000	769,250
Total	<u>\$ 190,495,000</u>	<u>\$131,070,500</u>

There are a number of limitations and restrictions contained in the various bond indentures. The Department is in compliance with all significant limitations and restrictions. All revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenues of the Department. In compliance with the Series 2007 and 2009 Bond agreements, the Department has available a letter of credit totaling \$10,862,500, which has not been drawn upon. The Series 1998 Bond reserve requirement is funded with cash and accrued interest in the amount of \$5,744,698 and \$3,744,353 for the years ended December 31, 2010 and 2009, respectively.

During fiscal year 2009, the Department issued 2009 Airport Revenue Refunding bonds in the amount of \$30,110,000 to advance refund \$30,160,000 of 1999 airport revenue refunding bonds. The proceeds of the 2009 refunding bonds were used to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, a total of \$30,160,000 of bonds is considered defeased as of December 31, 2010 and 2009. The liability for these defeased bonds has been removed from the statement of net assets. The refunding resulted in a net present value savings of \$1,301,494 and an economic gain of \$1,751,003.

6. 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:

<u>Year ending December 31,</u>	<u>Amount</u>
2011	\$ 6,927,105
2012	6,384,703
2013	3,643,704
2014	2,320,312
2015	1,193,326
2016-2035	6,363,330

**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)**

Notes to Financial Statements

7. NET ASSETS

Net assets were comprised of the following at December 31:

	2010	2009
Invested in capital assets, net of related debt		
Land and construction in progress	\$ 24,393,545	\$ 24,110,711
Other capital assets, net of accumulated depreciation	320,113,507	329,026,905
Current maturities of revenue bonds payable, bond premium and deferred loss	(4,238,534)	(3,653,534)
Revenue bonds payable, plus net bond premium, less deferred loss, net of current maturities	(189,541,760)	(193,780,294)
Total invested in capital assets, net of related debt	150,726,758	155,703,788
Restricted for capital improvements	3,417,527	2,923,050
Restricted for debt service	11,294,105	10,268,395
Unrestricted	22,154,119	18,168,690
Total net assets	\$187,592,509	\$ 187,063,923

8. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

The Department contributes to the County of Kent, Michigan Employees' Retirement Plan (the "Plan"), which is the administrator of a single-employer defined benefit pension plan that covers all employees of the County. The financial report for the Plan, containing all applicable disclosures, can be obtained by contacting the County of Kent, Michigan at 300 Monroe Avenue NW in Grand Rapids, MI.

In addition, Department employees participate in the County's single-employer defined benefit healthcare plan, which is accounted for in the County's VEBA Trust Fund. Applicable disclosures for this plan can be found in the Comprehensive Annual Financial Report for the County.

9. MAJOR CUSTOMERS

Rentals and fees earned from passenger air carriers accounted for approximately 35.3% and 39.3% of operating revenues in 2010 and 2009, respectively.

10. CONCENTRATED CREDIT RISK

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

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**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)**

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:

Contents		Page(s)
Financial Trends Schedules A and B	Financial trends information is intended to show how the governmental unit's financial position has changed over time	29-30
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.	31-32
Debt Capacity Schedule E	Debt capacity information is intended to show a governmental unit's debt burden and its ability to issue additional debt.	33
Demographic and Economic Schedules F and G	Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates.	34-35
Operation Schedules H and I	Operation information is intended to show contextual information about operations and resources to provide understanding and assessing the governmental unit's economic condition.	36-37

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Schedule A - Unaudited

Net Assets and Changes in Net Assets,
Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating Revenues										
Airfield	\$ 6,718	\$ 8,055	\$ 9,030	\$ 8,271	\$ 8,182	\$ 8,596	\$ 8,502	\$ 9,023	\$ 8,729	\$ 9,372
Terminal	5,446	5,909	7,012	6,790	6,839	6,549	6,582	7,425	6,960	7,321
Ground Transportation	8,104	8,218	8,708	9,475	10,658	11,326	11,417	10,886	9,818	14,745
Other	353	327	325	344	401	360	333	405	516	544
Total operating revenues	20,621	22,509	25,075	24,880	26,080	26,831	26,834	27,739	26,023	31,982
Nonoperating Revenues										
Interest Income	1,313	579	328	423	1,034	1,801	1,447	898	429	148
Passenger facility charges	2,506	2,581	2,687	2,881	2,890	4,059	3,949	3,448	3,466	4,505
Improvement charges				-	256	1,263	1,291	1,384	1,188	1,374
Other	13		57	25	4	13	95	15	66	22
Total nonoperating revenues	3,832	3,160	3,072	3,329	4,184	7,136	6,782	5,745	5,149	6,049
Total Revenues	\$ 24,453	\$ 25,669	\$ 28,147	\$ 28,209	\$ 30,264	\$ 33,967	\$ 33,616	\$ 33,484	\$ 31,172	\$ 38,031
Operating expenses										
Salaries and benefits	\$ 5,374	\$ 6,002	\$ 6,508	\$ 7,018	\$ 7,579	\$ 7,802	\$ 8,804	\$ 8,840	\$ 8,588	\$ 8,925
Services and supplies	4,680	6,380	6,694	6,571	8,279	7,547	8,659	9,125	9,050	9,148
Depreciation	9,072	9,668	9,647	9,716	9,957	10,553	10,781	10,948	11,555	16,009
Total operating expenses	19,126	22,050	22,849	23,305	25,815	25,902	28,244	28,913	29,193	34,082
Nonoperating expenses										
Interest	4,739	4,649	4,553	4,888	4,680	4,539	4,159	4,053	3,684	9,147
Other		1,123								
Total nonoperating expenses	4,739	5,772	4,553	4,888	4,680	4,539	4,159	4,053	3,684	9,147
Total Expenses	\$ 23,865	\$ 27,822	\$ 27,402	\$ 28,193	\$ 30,495	\$ 30,441	\$ 32,403	\$ 32,966	\$ 32,877	\$ 43,229
Capital contributions	23,485	4,807	4,202	4,976	2,315	2,180	8,711	7,076	2,164	5,727
Increase in Net Assets	\$ 24,073	\$ 2,654	\$ 4,947	\$ 4,992	\$ 2,084	\$ 5,706	\$ 9,924	\$ 7,594	\$ 459	\$ 529
Net Assets at Year-End										
Invested in capital assets, net of related debt	127,448	126,746	133,912	136,940	134,899	139,941	147,818	147,665	155,704	150,727
Restricted for capital improvements						495	4,401	11,769	2,923	3,418
Restricted for debt service	7,042	6,776	6,772	6,945	7,594	8,989	15,527	9,390	10,643	11,294
Unrestricted	14,213	17,836	15,621	17,412	20,888	19,662	11,265	17,781	17,794	22,154
Total Net Assets	\$ 148,703	\$ 151,358	\$ 156,305	\$ 161,297	\$ 163,381	\$ 169,087	\$ 179,011	\$ 186,605	\$ 187,064	\$ 187,593

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Changes in Cash and Cash Equivalents,
Last Ten Fiscal Years
(dollars in thousands)

Schedule B - Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cash Flows from Operating Activities										
Cash received from providing services	\$ 19,545	\$ 23,649	\$ 25,043	\$ 25,028	\$ 27,528	\$ 27,369	\$ 27,801	\$ 27,825	\$ 26,721	\$ 31,964
Cash paid to suppliers	(5,461)	(7,093)	(7,451)	(7,192)	(8,056)	(7,906)	(8,473)	(9,604)	(9,628)	(9,370)
Cash paid to employees	(5,316)	(5,915)	(6,153)	(7,201)	(7,472)	(7,837)	(8,680)	(8,709)	(8,565)	(8,807)
Net cash provided by operating activities	8,768	10,641	11,439	10,635	12,000	11,626	10,648	9,512	8,528	13,787
Capital and Related Financing Activities										
Passenger Facility Charges	2,545	2,673	2,634	2,855	2,765	4,086	3,996	3,559	3,364	4,303
Customer Facility Charges					173	1,264	1,286	1,388	1,200	1,358
Capital Contributions	21,836	6,457	4,202	1,740	2,055	2,180	8,711	3,221	1,103	3,900
Proceeds from sale of capital assets	13	21	63	24	43	146	95	15	66	22
Proceeds from issuance of note payable	-	-	9,775	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	122,210	-	30,619	-
Cash transferred to escrow for defeased bonds	-	-	-	-	-	-	-	-	(31,112)	-
Purchase of capital assets	(31,676)	(8,243)	(14,790)	(7,435)	(5,496)	(13,515)	(26,750)	(80,745)	(47,245)	(5,476)
Principle paid on capital debt	(1,935)	(2,025)	(2,110)	(4,260)	(3,199)	(3,344)	(8,416)	(2,625)	(2,740)	(3,595)
Interest paid on capital debt	(4,691)	(4,561)	(4,468)	(4,773)	(4,605)	(4,461)	(4,144)	(8,390)	(9,035)	(9,220)
Net cash used for capital and related activities	(13,908)	(5,678)	(4,694)	(11,849)	(8,264)	(13,644)	96,988	(83,577)	(53,780)	(8,708)
Investing Activity										
Investment earnings	1,313	579	329	422	1,012	1,869	3,094	4,664	1,546	148
Net Increase (Decrease) in cash and cash equivalents	(3,827)	5,542	7,074	(792)	4,748	(149)	110,730	(69,401)	(43,706)	5,227
Cash and Cash Equivalents, beginning of year	25,008	21,181	26,723	33,797	33,005	37,753	37,604	148,334	78,933	35,227
Cash and Cash Equivalents, end of year	<u>\$ 21,181</u>	<u>\$ 26,723</u>	<u>\$ 33,797</u>	<u>\$ 33,005</u>	<u>\$ 37,753</u>	<u>\$ 37,604</u>	<u>\$ 148,334</u>	<u>\$ 78,933</u>	<u>\$ 35,227</u>	<u>\$ 40,454</u>

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)

Schedule C - Unaudited

Passenger Activity
Enplaned Passengers

Airline	Fiscal Year									Share of Total 2009	2010	Share of Total 2010
	2001	2002	2003	2004	2005	2006	2007	2008	2009			
American Eagle	109,691	100,299	93,998	104,529	130,640	126,225	118,146	100,075	104,240	11.7%	81,540	7.4%
Delta Connection(Atlantic Southeast)	42,159	49,553	37,879	14,907	80,153	63,926	61,087	63,375	61,335	6.9%	27,436	2.5%
Delta Connection(Comair)	49,513	59,207	69,972	110,479	66,730	61,873	62,996	46,508	22,524	2.5%	52,317	4.8%
Delta Connection(Chautauqua)									12,256	1.4%	23,993	2.2%
Delta Connection(Freedom)									15,227	1.7%	11,831	1.1%
Delta Connection(Skywest)									459	0.1%	2,305	0.2%
Continental Connection	-	-	-	92	624	678	2,922	6,490	2,381	0.3%	6,341	0.6%
Continental Express(Express Jet)	39,911	48,291	58,676	73,362	75,601	97,811	96,081	87,745	87,601	9.9%	86,571	7.9%
United Express(Go Jet)	-	-	-	-	-	875	23,040	29,358	20,314	2.3%	34,087	3.1%
United Express(Mesa)	-	-	-	-	1,939	13,009	1,977	8,340	40,700	4.6%	10,360	0.9%
Delta Connection(Mesaba)	-	-	17,862	27,669	17,791	9,649	7,065	23,101	21,902	2.5%	31,978	2.9%
Delta Airlines Inc.	368,485	388,100	394,782	450,665	439,010	414,513	356,506	302,849	204,988	23.1%	236,343	21.5%
Delta Connection(Pinnacle)	-	-	8,593	13,397	14,643	39,621	74,034	68,889	70,472	7.9%	77,584	7.1%
Delta Connection(Compass)								3,378	43,137	4.9%	27,481	2.5%
United Express(Shuttle America)	-	-	-	-	8,036	13,033	23,714	8,763	37,810	4.3%	30,374	2.8%
Midwest Connect(Skyway)	37,051	28,011	30,009	31,732	36,073	35,893	41,047	10,850	-	0.0%	-	0.0%
Frontier Airlines(Chautauqua)									9,260	1.0%	32,842	3.0%
Midwest Connect(Skywest)								35,276	25,118	2.8%	-	0.0%
United Express(Skywest Airlines)	-	-	-	7,083	6,816	25,641	45,243	24,837	9,467	1.1%	23,044	2.1%
United Airlines Inc.	128,708	139,932	114,699	107,607	80,265	108,665	84,215	83,609	33,715	3.8%	39,270	3.6%
Allegiant Air								271	59,372	6.7%	117,609	10.7%
AirTran											76,644	7.0%
American Connection(Chautauqua)											21,626	2.0%
Air Canada(Air Georgian)	8,394	9,148	2,459					2,630	4,003	0.5%	3,940	0.4%
Delta Connection(Shuttle America)											1,599	0.1%
Frontier Airlines(Republic)											23,432	2.1%
United Express(Express Jet)											15,330	1.4%
United Express(Air Wisconsin)	-	-	25,623	25,191	38,049							
US Airways Express(Air Wisconsin)	-	-	-	-	770							
United Express(Chautauqua)	-	-	-	-	12,705							
Chicago Express(ATA Connection)	41,889	50,030	57,004	53,872	8,055							
US Airways Express(Mesa)	2,348	4,980		8,867	29,033							
Delta Connection(Atlantic Coast)		6,593	13,426	649								
United Express(Atlantic Coast)	3,444	6,660	25,872	15,906								
US Airways Express(Trans States)	28,465	52,126	43,764	31,236								
American Eagle(Trans States)	1,832	24,724										
US Airways Express(Chautauqua)	5,500											
TWE(Trans States)	18,048											
US Airways Inc.	32,738											
Charters	3,518	886	1,101	337	290	865	846	816	1,524	0.2%	1,783	0.2%
Total	921,694	968,540	995,719	1,077,580	1,047,223	1,012,277	998,919	907,160	887,805	100.0%	1,097,660	100.0%

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Principle Revenue Sources and Revenues per Enplaned Passenger,
Last Ten Fiscal Years

Schedule D - Unaudited

(dollars in thousands, except amounts per enplaned passenger)

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Airline revenues										
Landing fees	\$ 2,437	\$ 3,753	\$ 2,957	\$ 3,120	\$ 2,723	\$ 2,576	\$ 2,847	\$ 3,102	\$ 2,998	\$ 3,198
Apron fees	1,004	1,024	1,711	1,567	1,640	1,803	2,025	1,941	1,823	2,220
Terminal rents	4,542	4,898	6,714	5,575	5,340	5,513	5,165	5,865	5,433	5,908
Total airline revenues	7,983	9,675	11,382	10,262	9,703	9,892	10,037	10,908	10,254	11,326
Percentage of total revenues	32.6%	37.7%	40.4%	36.4%	32.1%	29.1%	29.9%	32.6%	32.9%	29.8%
Nonairline revenues										
Parking	6,309	6,343	6,618	7,331	8,354	8,937	8,851	8,121	7,437	11,492
Rental car	1,944	2,027	2,296	2,321	2,486	2,626	2,788	3,053	2,683	3,521
Other	4,385	4,464	4,779	4,966	5,537	5,376	5,158	5,657	5,649	5,643
Total nonairline revenues	12,638	12,834	13,693	14,618	16,377	16,939	16,797	16,831	15,769	20,656
Percentage of total revenues	51.7%	50.0%	48.6%	51.8%	54.1%	49.9%	50.0%	50.3%	50.6%	54.3%
Nonoperating revenues										
Passenger facility charges	2,506	2,581	2,687	2,881	2,890	4,059	3,949	3,448	3,466	4,505
Interest	1,313	579	328	423	1,034	1,801	1,447	898	429	148
Other	13	-	57	25	260	1,276	1,386	1,399	1,254	1,396
Total nonoperating revenues	3,832	3,160	3,072	3,329	4,184	7,136	6,782	5,745	5,149	6,049
Percentage of total revenues	15.7%	12.3%	10.9%	11.8%	13.8%	21.0%	20.2%	17.2%	16.5%	15.9%
Total Revenues	\$ 24,453	\$ 25,669	\$ 28,147	\$ 28,209	\$ 30,264	\$ 33,967	\$ 33,616	\$ 33,484	\$ 31,172	\$ 38,031
Enplaned passengers	921,694	968,540	995,719	1,077,580	1,047,223	1,012,277	998,919	907,160	887,805	1,097,660
Total revenue per enplaned passenger	\$ 26.53	\$ 26.50	\$ 28.27	\$ 26.18	\$ 28.90	\$ 33.56	\$ 33.65	\$ 36.91	\$ 35.11	\$ 34.65
Airline revenue per enplaned passenger	\$ 8.66	\$ 9.99	\$ 11.43	\$ 9.52	\$ 9.27	\$ 9.77	\$ 10.05	\$ 12.02	\$ 11.55	\$ 10.32
Revenue Rates										
Landing Fee (per 1,000 lbs MGLW)	\$ 1.77	\$ 1.90	\$ 2.13	\$ 2.13	\$ 2.07	\$ 2.04	\$ 2.34	\$ 2.40	\$ 2.66	\$ 2.85
Apron Fee (per 1,000 lbs MGLW)	\$ 0.69	\$ 0.70	\$ 1.07	\$ 1.07	\$ 1.20	\$ 1.32	\$ 1.58	\$ 1.59	\$ 1.62	\$ 1.83
Annual Terminal Rental Rate (per sq. ft.)	\$ 42.58	\$ 45.88	\$ 53.57	\$ 52.38	\$ 51.35	\$ 50.77	\$ 49.32	\$ 49.96	\$ 50.00	\$ 48.98

Notes: The Department uses a compensatory(cost of services) methodology to calculate rates and charges. Operating agreements with signatory airlines are cancellable within thirty days.The revenue bases to which these rates are applied and their principle payers can be found in Schedule x. MGLW=maximum gross landed weight.

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Ratios of Outstanding Debt, Debt Service, Debt Limits and
Pledged Revenue Coverage
Last Ten Fiscal Years

Schedule E - Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Outstanding Debt per Enplaned Passenger										
Outstanding debt by type (in thousands) :										
Revenue Bonds (all airport net operating revenues pledged)	\$ 93,203	\$ 91,293	\$ 89,297	\$ 87,207	\$ 85,011	\$ 82,711	\$ 202,913	\$ 200,410	\$ 197,434	\$ 193,780
Notes Payable			9,775	7,720	6,831	5,902	-	-	-	-
Total outstanding debt	<u>\$ 93,203</u>	<u>\$ 91,293</u>	<u>\$ 99,072</u>	<u>\$ 94,927</u>	<u>\$ 91,842</u>	<u>\$ 88,613</u>	<u>\$ 202,913</u>	<u>\$ 200,410</u>	<u>\$ 197,434</u>	<u>\$ 193,780</u>
Outstanding debt per enplaned passenger	\$ 101.12	\$ 94.26	\$ 99.50	\$ 88.09	\$ 87.70	\$ 87.54	\$ 203.13	\$ 220.92	\$ 222.38	\$ 176.54
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))						\$ 0.0028	\$ 0.0064	\$ 0.0065	\$ 0.0064	N/A
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))						\$ 0.0059	\$ 0.0134	\$ 0.0138	\$ 0.0139	N/A
Net Revenues										
Revenues	\$ 24,453	\$ 25,669	\$ 28,147	\$ 28,209	\$ 30,264	\$ 33,967	\$ 33,616	\$ 33,484	\$ 31,172	\$ 38,031
Less: Operating Expenses, less depreciation	<u>10,054</u>	<u>12,382</u>	<u>13,202</u>	<u>13,589</u>	<u>15,859</u>	<u>15,348</u>	<u>17,463</u>	<u>17,965</u>	<u>17,638</u>	<u>18,073</u>
Net Revenues	<u><u>\$ 14,399</u></u>	<u><u>\$ 13,287</u></u>	<u><u>\$ 14,945</u></u>	<u><u>\$ 14,620</u></u>	<u><u>\$ 14,405</u></u>	<u><u>\$ 18,619</u></u>	<u><u>\$ 16,153</u></u>	<u><u>\$ 15,519</u></u>	<u><u>\$ 13,534</u></u>	<u><u>\$ 19,958</u></u>
Debt Service										
Principal paid on capital debt	1,935	2,025	2,110	2,205	2,310	2,415	2,515	2,625	2,740	3,595
Interest	4,739	4,649	4,553	4,485	4,340	4,238	4,056	4,052	3,684	9,147
Principal paid on notes payable	-	-	-	2,055	889	929	5,902	-	-	-
Interest	-	-	-	403	341	301	88	-	-	-
Total Debt Service	<u><u>\$ 6,674</u></u>	<u><u>\$ 6,674</u></u>	<u><u>\$ 6,663</u></u>	<u><u>\$ 9,148</u></u>	<u><u>\$ 7,880</u></u>	<u><u>\$ 7,883</u></u>	<u><u>\$ 12,561</u></u>	<u><u>\$ 6,677</u></u>	<u><u>\$ 6,424</u></u>	<u><u>\$ 12,742</u></u>
Revenue Bonds Debt Service Coverage	2.2	2.0	2.2	2.2	2.2	2.8	2.5	2.3	2.1	1.6
Total Debt Service Coverage	2.2	2.0	2.2	1.6	1.8	2.4	1.3	2.3	2.1	1.6
Debt Service per Enplaned Passenger	\$ 7.24	\$ 6.89	\$ 6.69	\$ 8.49	\$ 7.52	\$ 7.79	\$ 12.57	\$ 7.36	\$ 7.24	\$ 11.61

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 Certified Annual Financial Report. 2010 Data not available.

**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Principle Employers in the Primary Trade Area
Calendar Years 2010 and 2000**

Schedule F - Unaudited

<u>Employer</u>	<u>County</u>	<u>Product or Service</u>	<u>Number 2010</u>	<u>Percentage of Total Employment</u>	<u>Number 2000</u>	<u>Percentage of Total Employment</u>
Spectrum Health	Kent	Healthcare	16,092	2.79%	12,000	1.80%
Meijer Inc	Kent	Retail food and merchandise	7,421	1.29%	7,000	1.05%
Steelcase Inc.	Kent	Office Furniture	4,800	0.83%	5,000	0.75%
Spartan Stores Inc.	Kent	Retail food	4,200	0.73%	2,989	0.45%
Amway Corporation	Kent	Personal and Household products	4,000	0.69%	4,600	0.69%
Herman Miller Inc.	Ottawa	Office Furniture	3,800	0.66%	5,920	0.89%
Mercy General Health Partners	Muskegon	Healthcare	3,529	0.61%	3,300	0.49%
Axios Incorporated	Kent	Human resource and employment services	3,522	0.61%	3,800	0.57%
Grand Rapids Public Schools	Kent	Education	3,463	0.60%	2,900	0.43%
Perrigo Company	Allegan	Manufacturing - Pharmaceuticals	3,200	0.55%	2,500	0.37%
Wal-Mart Stores Inc.	Various	Retail food and merchandise	3,131	0.54%	3,400	0.51%
Saint Mary's Health Care	Kent	Healthcare	2,672	0.46%	2,500	0.37%
Magna International	Various	Manufacturing - Auto parts	2,500	0.43%		
Haworth Inc.	Ottawa	Manufacturing - furniture	2,450	0.42%	3,513	0.53%
Gentex Corporation	Ottawa	Manufacturing - Auto parts	2,317	0.40%	2,100	0.31%
Howmet Corporation/Alcoa	Muskegon	Manufacturing-Castings	2,200	0.38%	2,375	0.36%
Metro Health Hospital	Kent	Healthcare	2,163	0.37%	2,200	0.33%
Farmers Insurance Group	Kent	Insurance	2,157	0.37%	1,500	0.22%
Grand Valley State University	Ottawa	Education	1,964	0.34%	1,200	0.18%
Kent County	Kent	Government	1,841	0.32%	2,128	0.32%
Grand Rapids Community College	Kent	Education	1,808	0.31%		
Holland Community Hospital	Ottawa	Healthcare	1,805	0.31%		
Lacks Enterprises Inc.	Kent	Manufacturing - Auto parts	1,750	0.30%	2,150	0.32%
Calvin College	Kent	Education	1,700	0.29%		
City of Grand Rapids	Kent	Government	1,675	0.29%	2,200	0.33%
Wolverine World Wide	Kent	Manufacturing - Footware	1,640	0.28%		
U. S. Postal Service	Kent	Postal Delivery	1,633	0.28%	2,500	0.37%
GE Aviation Systems	Kent	Manufacturing - Avionics Systems	1,600	0.28%		
Gordon Food Services	Kent	Food Services Wholesaler	1,600	0.28%		
Hope Network Industries	Kent	Packaging	1,436	0.25%	600	0.09%
Pine Rest Christian Hospital	Kent	Healthcare	1,375	0.24%		
Consumers Energy	Various	Public Utility	1,370	0.24%		
Roskam Baking Co.	Kent	Manufacturing - Cereal, packaging	1,300	0.23%	1,100	0.16%
Total Employment			576,854		668,468	

Source: The Right Place Inc.
Note: 2001 data not available

**Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Population in the Primary Trade Area**

Schedule G - Unaudited

							Percentage Change			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2000</u>	<u>1990</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2000-2010</u>	<u>1990-2000</u>	
Allegan County	111,408	112,975	113,625	105,665	90,509	-1.39%	-0.57%	5.4%	16.7%	
Barry County	59,173	58,890	59,501	56,755	50,057	0.48%	-1.03%	4.3%	13.4%	
Ionia County	63,905	63,833	64,269	61,518	57,024	0.11%	-0.68%	3.9%	7.9%	
Kent County	602,622	608,315	609,235	574,335	500,631	-0.94%	-0.15%	4.9%	14.7%	
Muskegon County	172,188	174,344	174,854	170,200	158,983	-1.24%	-0.29%	1.2%	7.1%	
Newaygo County	48,460	48,897	49,118	47,874	38,202	-0.89%	-0.45%	1.2%	25.3%	
Ottawa County	263,801	260,364	262,556	238,314	187,768	1.32%	-0.83%	10.7%	26.9%	
	<u>1,321,557</u>	<u>1,327,618</u>	<u>1,333,158</u>	<u>1,254,661</u>	<u>1,083,174</u>	-0.46%	-0.42%	5.3%	15.8%	
Per Capita Income	Not Available	\$ 23,320	\$ 22,880	\$ 20,570	\$ 13,348	N/A	1.92%	11.2%	54.1%	
Total Personal Income (<i>dollars in thousands</i>)	Not Available	\$ 30,960,052	\$ 30,502,655	\$ 25,808,377	\$ 14,458,207					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2005</u>	<u>2004</u>					
Employment Information										
Civilian Labor Force	656,035	668,909	691,350	639,148	624,094					
Employed	576,854	588,264	640,572	602,255	581,637					
Unemployed	79,181	80,645	50,778	36,893	42,457					
Unemployment Rate	12.1%	12.1%	7.3%	5.8%	6.8%					

Source: Michigan Labor Market Information

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Department Employees
Last Ten Fiscal Years

Schedule H - Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration	22	22	22	22	22	22	21	20	20	20
Maintenance	31	31	30	31	31	31	31	31	31	31
Parking	26	26	29	29	29	29	31	29	24	24
Firefighting	16	16	17	16	16	16	16	16	16	16
Public Safety	28	28	28	36	36	36	33	33	33	33
Total	123	123	126	134	134	134	132	129	124	124
Enplaned passengers per employee	7,493	7,874	7,903	8,042	7,815	7,554	7,568	7,032	7,160	8,852
Operating Revenues (in thousands)	20,621	22,509	25,075	24,880	26,080	26,831	26,834	27,739	26,023	31,982
Operating Expenses (in thousands)	19,126	22,050	22,849	23,305	25,815	25,902	28,244	28,913	29,193	34,082
Salaries and fringes (in thousands)	5,374	6,002	6,508	7,018	7,579	7,802	8,804	8,840	8,588	8,925
Payroll Percentage of Operating Revenues	26.1%	26.7%	26.0%	28.2%	29.1%	29.1%	32.8%	31.9%	33.0%	27.9%
Payroll Percentage of Operating Expenses	28.1%	27.2%	28.5%	30.1%	29.4%	30.1%	31.2%	30.6%	29.4%	26.2%

Kent County Department of Aeronautics
(An Enterprise Fund of the County of Kent, Michigan)
Capital Asset Information
Last Ten Fiscal Years

Schedule I - Unaudited

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
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	126,224	125,622	110,128	116,455	112,314	112,608	101,378	97,501	87,883	87,073
Annual Capacity	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
Runway Utilization Percentage	<u>45.49%</u>	<u>45.27%</u>	<u>39.69%</u>	<u>41.97%</u>	<u>40.47%</u>	<u>40.58%</u>	<u>36.53%</u>	<u>35.14%</u>	<u>31.67%</u>	<u>31.38%</u>
Terminal Building:										
Exclusive area leased	67,464	65,996	62,741	71,729	67,500	63,750	64,444	68,615	61,338	65,064
Exclusive area available	<u>85,295</u>	<u>83,712</u>	<u>83,712</u>	<u>95,325</u>	<u>96,200</u>	<u>95,365</u>	<u>95,365</u>	<u>95,365</u>	<u>95,365</u>	<u>100,666</u>
Terminal Occupancy Percentage	<u>79.09%</u>	<u>78.84%</u>	<u>74.95%</u>	<u>75.25%</u>	<u>70.17%</u>	<u>66.85%</u>	<u>67.58%</u>	<u>71.95%</u>	<u>64.32%</u>	<u>64.63%</u>
Enplanements	921,694	968,540	995,719	1,077,580	1,047,223	1,012,277	998,919	907,160	887,805	1,097,660
Planned Capacity	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Terminal Utilization Percentage	<u>51.21%</u>	<u>53.81%</u>	<u>55.32%</u>	<u>59.87%</u>	<u>58.18%</u>	<u>56.24%</u>	<u>55.50%</u>	<u>50.40%</u>	<u>49.32%</u>	<u>60.98%</u>
Parking Areas:										
Number of annual Long Term Exits (a)	262,315	233,662	216,878	245,024	191,377	185,503	229,531	207,982	200,106	241,858
Average Long Term stay (days) (b)	<u>3.2</u>	<u>3.7</u>	<u>3.7</u>	<u>4.0</u>	<u>3.4</u>	<u>3.8</u>	<u>4.4</u>	<u>3.8</u>	<u>4.0</u>	<u>3.8</u>
Average Annual Long Term Occupancy ((a*b)/365)	2,300	2,369	2,198	2,685	1,783	1,931	2,767	2,165	2,193	2,518
Number of Long Term Spaces Available	<u>3,733</u>	<u>4,733</u>	<u>4,733</u>	<u>5,483</u>	<u>5,483</u>	<u>5,483</u>	<u>4,708</u>	<u>4,708</u>	<u>4,708</u>	<u>6,509</u>
Average Annual Long Term Occupancy Rate	<u>61.61%</u>	<u>50.04%</u>	<u>46.45%</u>	<u>48.97%</u>	<u>32.51%</u>	<u>35.22%</u>	<u>58.77%</u>	<u>45.99%</u>	<u>46.58%</u>	<u>38.68%</u>