

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



Years Ended  
December 31,  
2015 and 2014

Comprehensive  
Annual Financial  
Report

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



Years Ended  
December 31,  
2015 and 2014

Comprehensive  
Annual Financial  
Report

Prepared by: Kent County Department of Aeronautics

Executive Director  
*Brian D. Ryks, A.A.E*

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

## INTRODUCTORY SECTION

# KENT COUNTY DEPARTMENT OF AERONAUTICS

## ELECTED OFFICERS AND KEY STAFF MEMBERS

For the Year Ended December 31, 2015

### AIRPORT BOARD

Roger Morgan\*  
Chair

Richard A. Vandermolen\*  
Vice Chair

Steven Heacock

Birgit Klohs

Theodore J. Vonk\*

Floyd Wilson Jr.

David Slikkers

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

Brian D. Ryks, A.A.E. Executive Director

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

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

Lisa M. Carr, C.M., P.E.M. Public Safety & Operations Director

Thomas R. Ecklund, P.E. Facilities Management Director

Tara M. Hernandez Marketing & Communications Manager

\* Kent County Commissioner



June 15, 2016

Gerald R. Ford International Airport 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, 2015. This report was prepared by the Department's Finance and Administration Division, and the financial statements were audited by Rehmann Robson, LLC, 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' unmodified 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 15.

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. In 1959, the Department was created by resolution of the Kent County Board of Supervisors. On November 3, 2011 the County Commission changed the Board name to the Gerald R. Ford International Airport Board. This Board is made up of three County Commissioners and four citizens at-large, all appointed by the County Commission. One Citizen member has to be from outside Kent County. The Board is responsible for governing the affairs of the Department and sets all policies. There were no significant changes to the Airport 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 Department maintains a 5 year Capital Improvement Program (CIP) as required by the Federal Aviation Administration. The CIP is funded through a combination of Federal and State Grants, Passenger Facility Charges, Customer Facility Charges and Airport Reserves. The CIP is revised annually by the Gerald R. Ford International Airport Board and the current CIP has been approved in the amount of \$85,920,200.

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, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-second 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,



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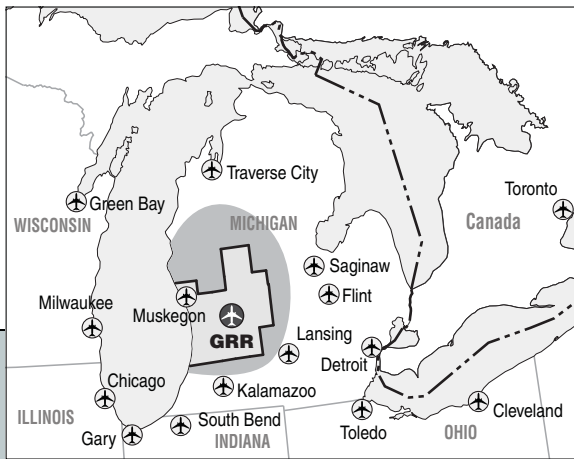
Brian D. Ryks, A.A.E.  
Executive Director



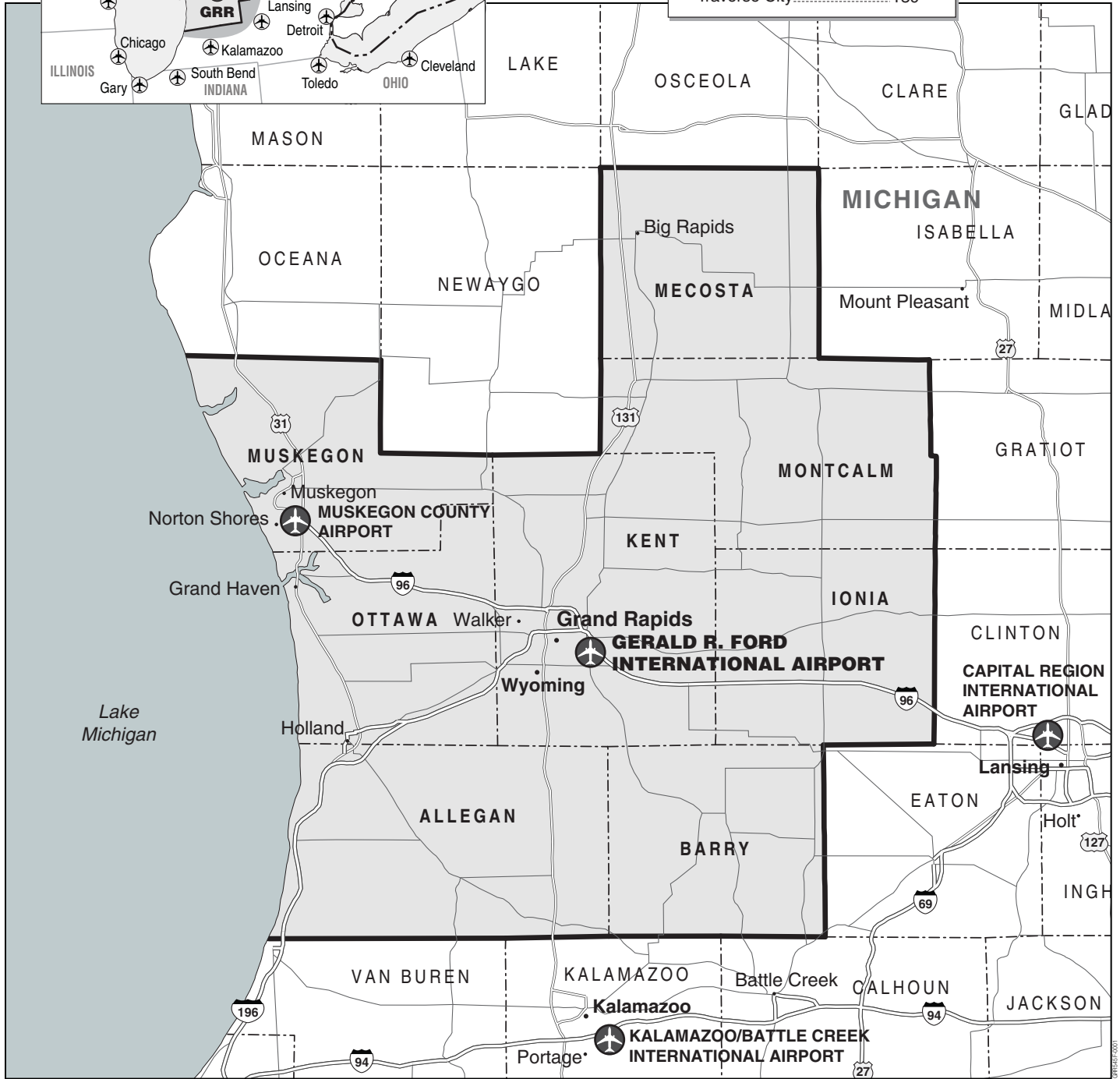
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Brian Picardat, A.A.E.  
Finance & Administration Director

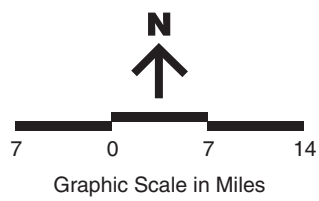
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Road miles from Grand Rapids to:	
Detroit	149
Flint	104
Kalamazoo	50
Lansing	65
Muskegon	40
Saginaw	116
Traverse City	139

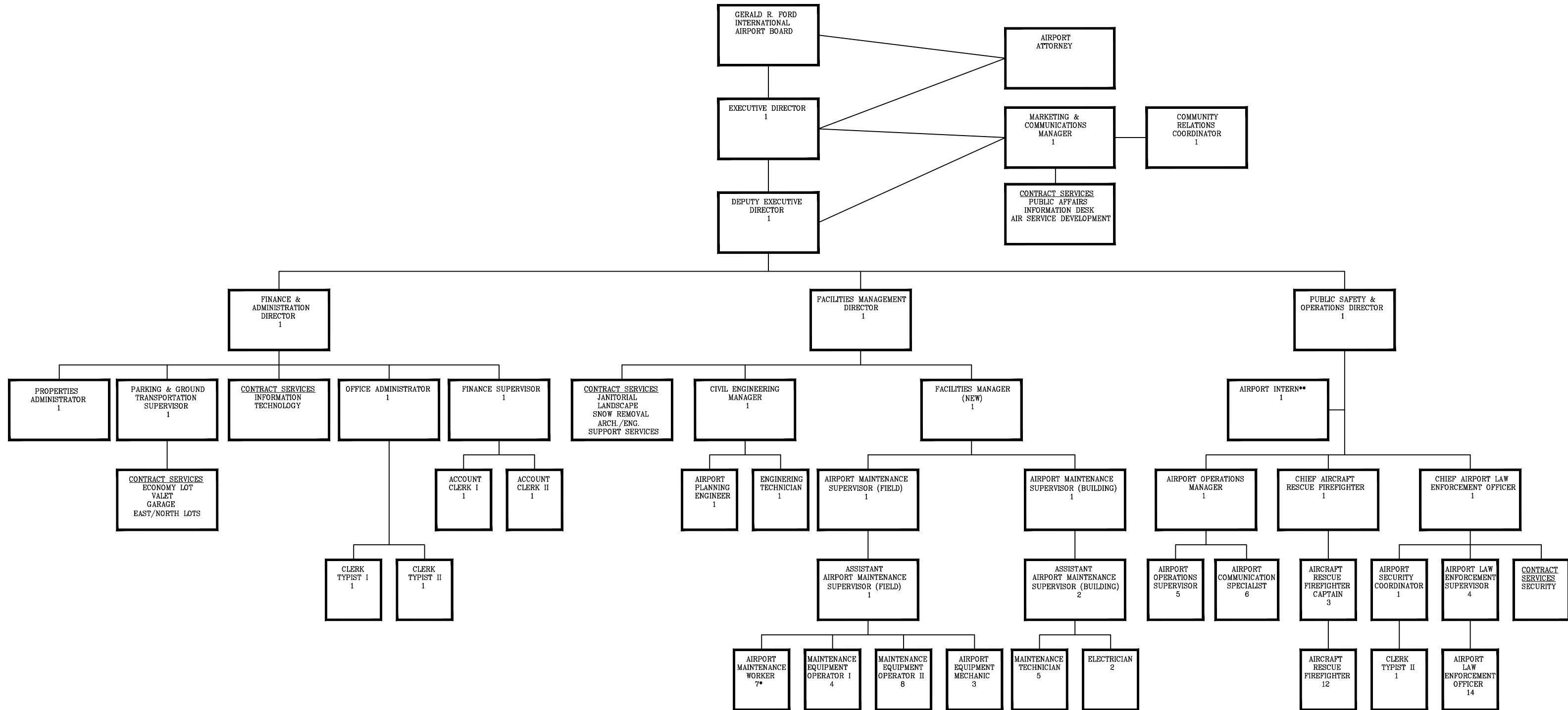


- LEGEND**
- Primary area
  - Approximate secondary area (shown on small inset map only)
  - Passenger air carrier service airport
  - International boundary
  - State boundary
  - County boundary



**AIRPORT SERVICE REGION**  
 Gerald R. Ford International Airport  
 May 2014

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
ORGANIZATIONAL CHART  
FEBRUARY 2014**



\* Positions are Seasonal  
\*\* Position is Temporary

95 Full Time Permanent  
8 Seasonal/Temporary  
102 Total Positions  
97.7 FTE





Government Finance Officers Association

**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, 2014**

Executive Director/CEO

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## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

June 15, 2016

Gerald R. Ford International Airport Board  
Kent County Department of Aeronautics  
Grand Rapids, Michigan

**Report on the Financial Statements**

We have audited the accompanying financial statements of the *Kent County Department of Aeronautics* (the "Department"), an enterprise fund of the County of Kent, Michigan, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Independent Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Kent County Department of Aeronautics as of December 31, 2015 and 2014, 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.

### *Implementation of GASB Statement No. 68*

As described in Note 13, the Department implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, beginning net position was restated. Our opinion is not modified with respect to this matter.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above 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, 2015 and 2014, and the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the 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 audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the information.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 15, 2016 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* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

# KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

## 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 (the "Department"), an enterprise fund of the County of Kent, Michigan for the fiscal years ended December 31, 2015 and December 31, 2014. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

Following this MD&A are the basic financial statements of the 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 position can serve, over time, as a useful indicator of the Department's financial position. The Department's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$218.9 million at December 31, 2015, a \$11.9 million increase from December 31, 2014, compared to a \$14.5 million

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

	2015	2014	2013
<b>Assets</b>			
Current and other assets	\$ 63,794,412	\$ 60,528,101	\$ 57,344,294
Capital assets, net	<u>342,866,606</u>	<u>323,988,894</u>	<u>319,819,509</u>
<b>Total assets</b>	<u>406,661,018</u>	<u>384,516,995</u>	<u>377,163,803</u>
<b>Deferred outflows of resources</b>	<u>11,652,160</u>	<u>2,487,691</u>	<u>2,721,185</u>
<b>Liabilities</b>			
Long-term liabilities	190,200,516	175,527,055	181,614,311
Other liabilities	<u>8,790,866</u>	<u>6,844,641</u>	<u>8,178,297</u>
<b>Total liabilities</b>	<u>198,991,382</u>	<u>182,371,696</u>	<u>189,792,608</u>
<b>Deferred inflows of resources</b>	<u>421,990</u>	<u>-</u>	<u>-</u>
<b>Net position</b>			
Net investment in capital assets	161,635,795	150,949,530	140,926,383
Restricted	28,185,928	26,522,875	22,662,138
Unrestricted	<u>29,078,083</u>	<u>27,160,585</u>	<u>26,503,859</u>
<b>Total net position</b>	<u>\$ 218,899,806</u>	<u>\$ 204,632,990</u>	<u>\$ 190,092,380</u>

The largest portion of the Department's net position each year (73.8% at December 31, 2015 and 2014) 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.

## KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

### Management's Discussion and Analysis

An additional portion of the Department's net position (12.9% and 13.0% at December 31, 2015 and 2014, respectively) represents resources that are subject to external restrictions on how they can be used under Bond resolutions and Federal regulations. The remaining unrestricted net position (13.3% and 13.2% at December 31, 2015 and 2014, respectively) may be used to meet any of the Department's ongoing obligations.

#### SUMMARY OF CHANGES IN NET POSITION

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

	2015	2014	2013
Operating revenues	\$ 38,219,206	\$ 35,842,430	\$ 33,189,919
Operating expenses	<u>(38,077,656)</u>	<u>(34,951,671)</u>	<u>(34,666,050)</u>
Operating income (loss)	<u>141,550</u>	<u>890,759</u>	<u>(1,476,131)</u>
Nonoperating revenues (expenses)			
Investment earnings	177,894	135,832	121,789
Interest expense	(7,269,562)	(7,970,969)	(8,164,418)
Gain on sale of capital assets	<u>56,234</u>	<u>50,363</u>	<u>50,622</u>
Total nonoperating revenues (expenses)	<u>(7,035,434)</u>	<u>(7,784,774)</u>	<u>(7,992,007)</u>
Loss before capital contributions	(6,893,884)	(6,894,015)	(9,468,138)
Capital contributions	<u>18,831,319</u>	<u>21,434,625</u>	<u>10,710,724</u>
Change in net position	11,937,435	14,540,610	1,242,586
Net position, beginning of year	204,632,990	190,092,380	188,849,794
Restatement for implementation of GASB 68	<u>2,329,381</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 218,899,806</u>	<u>\$ 204,632,990</u>	<u>\$ 190,092,380</u>

#### FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased 6.6% from \$35.8 million in 2014 to \$38.2 million in 2015 principally due to an increase in passenger airline and parking revenues. In 2014, operating revenues increased from 2013 principally due to an increase in passenger airline and parking revenues.
- Operating expenses increased by 8.9% from \$35.0 million in 2014 to \$38.1 million in 2015 principally due to an increase in contractual services. In 2014, operating expenses increased from 2013 due to an increase in salaries and fringe benefits.
- As a result of the above, operating income decreased by 84.1% from \$0.9 million in 2014 to \$0.1 million in 2015.

# KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

## Management's Discussion and Analysis

- Net nonoperating revenues (expenses) decreased 9.6% from (\$7.8) million in 2014 to (\$7.0) million in 2015. This follows a 2.6% decrease in net nonoperating revenues (expenses) from 2013 to 2014.
- Capital contributions received in the form of grants from federal and state governments decreased from \$21.4 million in 2014 to \$18.8 million in 2015. In 2014 capital contributions increased from 2013. The amount of capital contributions will vary year to year based on availability of grant funding and the timing of federally funded capital projects.

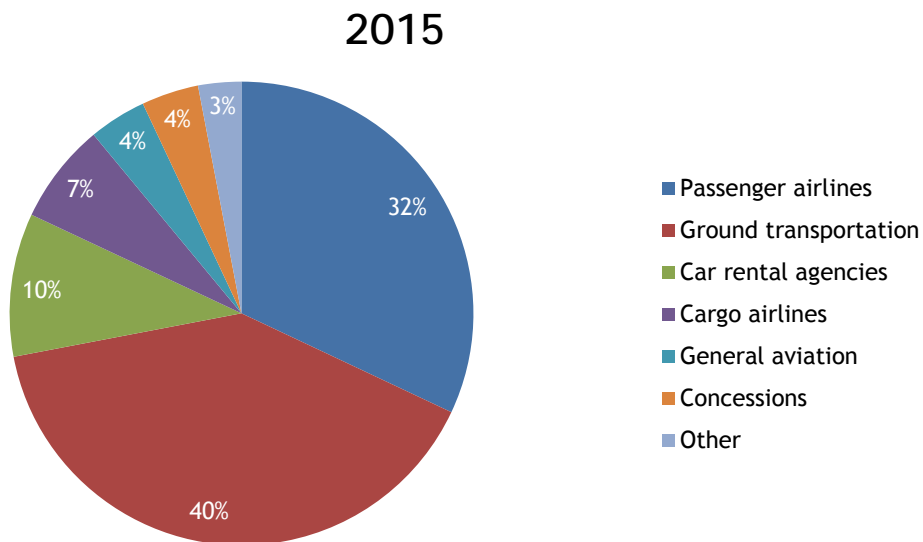
### AIRLINE RATES AND CHARGES

The Gerald R. Ford International Airport 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 Gerald R. Ford International Airport 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:

	2015	2014	2013
Landing fees (per 1,000 lbs)	\$ 2.94	\$ 2.84	\$ 2.64
Terminal rental rates (per square foot)	47.93	52.62	50.95
Airline apron fee (per 1,000 lbs)	1.86	1.73	1.57

### REVENUES

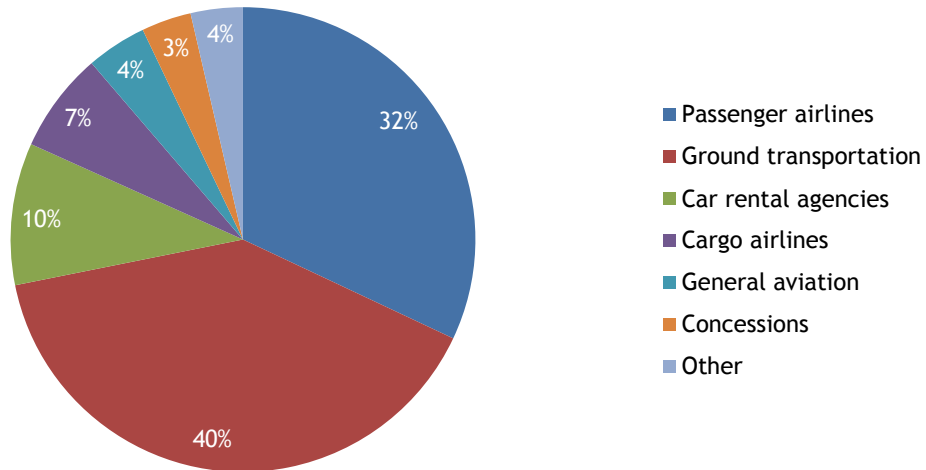
The following chart shows the major sources and the percentage of operating revenues for the year ended December 31:



KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Management's Discussion and Analysis

2014



A summary of operating revenues for the year ended December 31, 2015 and 2014, and the amount and percentage of change in relation to prior year amounts is as follows:

	2015 Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
<b>Operating revenues</b>				
Charges for services:				
Passenger airlines	\$ 12,120,448	31.6 %	\$ 644,669	5.6 %
Ground transportation	15,471,428	40.5	1,195,034	8.4
Car rental agencies	3,856,055	10.1	311,707	8.8
Cargo airlines	2,551,693	6.7	57,831	2.3
General aviation	1,478,572	3.9	(33,075)	(2.2)
Concessions	1,513,896	4.0	272,232	21.9
Other	1,227,114	3.2	(71,622)	(5.5)
<b>Total operating revenues</b>	<b>\$ 38,219,206</b>	<b>100.0 %</b>	<b>\$ 2,376,776</b>	<b>6.6 %</b>
<b>Operating revenues</b>				
Charges for services:				
Passenger airlines	\$ 11,475,779	32.0 %	\$ 1,208,288	11.8 %
Ground transportation	14,276,394	39.8	970,745	7.3
Car rental agencies	3,544,348	9.9	69,508	2.0
Cargo airlines	2,493,862	7.0	34,474	1.4
General aviation	1,511,647	4.2	90,466	6.4
Concessions	1,241,664	3.5	236,114	23.5
Other	1,298,736	3.6	42,916	3.4
<b>Total operating revenues</b>	<b>\$ 35,842,430</b>	<b>100.0 %</b>	<b>\$ 2,652,511</b>	<b>8.0 %</b>

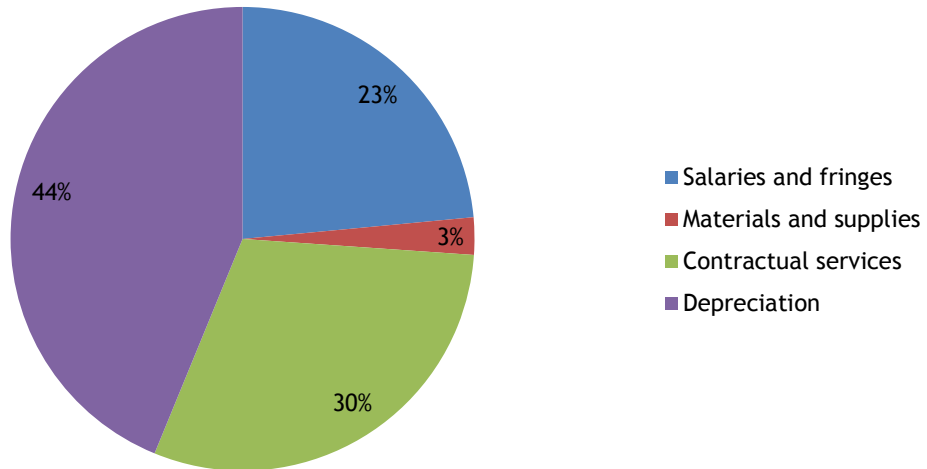
KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Management's Discussion and Analysis

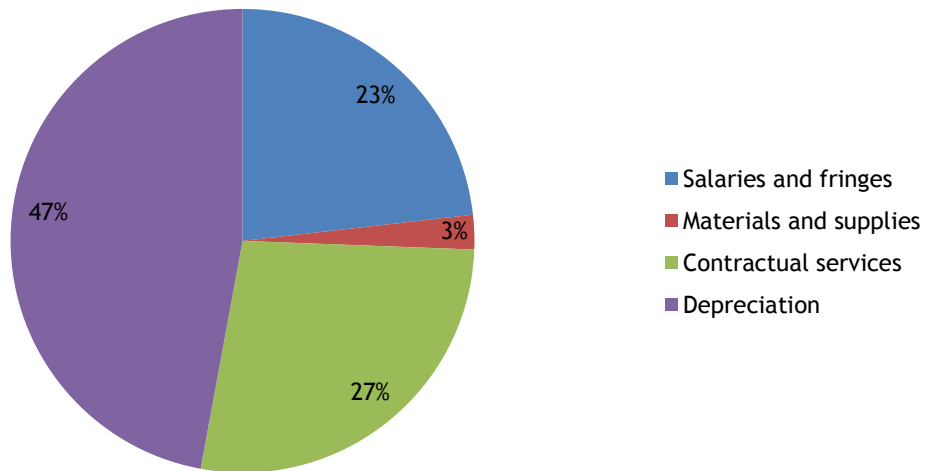
EXPENSES

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

2015



2014



**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Management's Discussion and Analysis**

A summary of operating expenses for the year ended December 31, 2015 and 2014, and the amount and percentage of change in relation to prior year amounts is as follows:

	2015 Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent Increase/ (Decrease)
Operating expenses				
Salaries and fringes	\$ 8,917,370	23.5 %	\$ 823,188	10.2 %
Materials and supplies	996,493	2.6	141,915	16.6
Contractual services	11,478,868	30.1	1,922,283	20.1
Depreciation	16,684,925	43.8	238,599	1.5
<b>Total operating expenses</b>	<b>\$ 38,077,656</b>	<b>100.0 %</b>	<b>\$ 3,125,985</b>	<b>8.9 %</b>
	2014 Amount	Percent of Total	Increase/ (Decrease) From 2013	Percent Increase/ (Decrease)
Operating expenses				
Salaries and fringes	\$ 8,094,182	23.2 %	\$ 269,299	3.4 %
Materials and supplies	854,578	2.4	(43,942)	(4.9)
Contractual services	9,556,585	27.3	153,846	1.6
Depreciation	16,446,326	47.1	(93,582)	(0.6)
<b>Total operating expenses</b>	<b>\$ 34,951,671</b>	<b>100.0 %</b>	<b>\$ 285,621</b>	<b>0.8 %</b>

**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 2015 and 2014, the Department had capital additions totaling \$35,574,492 and \$20,659,233, respectively. The major construction projects were:

2015:	
Storm Water Project	\$ 6,506,973
Security Checkpoint Expansion - Design	2,607,500
Parking Deck Roof	16,424,852
Runway Reconstruction	4,546,387
Employee Parking Lot Expansion	2,274,801
Other	3,213,979
2014:	
Storm Water Project	\$ 9,291,725
Concourse B Expansion	6,251,253
Security Checkpoint Expansion - Design	2,666,136
Other	2,450,119

## KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

### Management's Discussion and Analysis

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal and state grants, Department funds, private investment, debt issuance and Department 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 of Kent, Michigan, the Department cannot sell bonds without the authorization of the County Board of Commissioners.

In February 2015, the Department issued \$93.9 million of Revenue Refunding Bonds to pay the cost of the outstanding Airport Bonds, Series 2007. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In March 2015, the Department issued \$14.6 million of Revenue Bonds to pay the construction cost of the parking deck roof. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

On November 1, 2011, the Department issued \$38.7 million of Revenue Refunding Bonds to pay the cost of the outstanding Airport Bonds, Series 1998. This bond issue, unlike the 1998 Bonds but like the 2009 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

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, 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 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. These bonds were partially refunded in 2015.

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. With the issue of the Series 2011 Refunding Bonds noted above, all of the outstanding Bond issues have the limited tax general obligation of the County and therefore carry the County's AAA rating from Standard & Poor's and Aaa from Moody's which ratings were affirmed by each rating agency in March 2015.

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



KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Management's Discussion and Analysis

PLANNED TRANSFER OF OPERATIONS

Effective August 27, 2015, the Kent County Board of Commissioners approved the formation of the Gerald R. Ford International Airport Authority ("Authority"). Control of the Gerald R. Ford International Airport operations will be transferred to the Authority. This transfer is currently scheduled for July 1, 2016. The Department will cease to exist subsequent to the transfer and will no longer be an enterprise fund of the County.

REQUESTS FOR INFORMATION

This financial report is designed to provide general overview of the Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Finance & Administration Director, Gerald R. Ford International Airport, 5500 44th Street SE, Grand Rapids, Michigan 49512-4055.

Respectfully submitted,



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

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## BASIC FINANCIAL STATEMENTS

KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Statements of Net Position  
December 31

	2015	2014
<b>Assets</b>		
Current assets:		
Cash, investments, and accrued interest	\$ 21,325,560	\$ 16,227,931
Accounts receivable, less allowance for uncollectible of \$247,159	1,458,426	1,437,028
Due from other governments	7,162,208	11,873,595
Inventories	72,017	169,260
Prepaid expenses	254,838	242,546
Restricted assets:		
Cash, investments, and accrued interest	29,287,091	26,464,165
Accounts receivable	682,386	562,755
Total current assets	<u>60,242,526</u>	<u>56,977,280</u>
Noncurrent assets:		
Restricted cash, investments and accrued interest, net of current portion	3,551,886	3,550,821
Capital assets not being depreciated	70,504,270	48,247,851
Capital assets being depreciated, net	272,362,336	275,741,043
Total noncurrent assets	<u>346,418,492</u>	<u>327,539,715</u>
<b>Total assets</b>	<u>406,661,018</u>	<u>384,516,995</u>
<b>Deferred outflows of resources</b>		
Deferred charges on refunding, net	7,583,623	2,487,691
Deferred pension amounts	4,068,537	-
<b>Total deferred outflows of resources</b>	<u>11,652,160</u>	<u>2,487,691</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,011,666	856,655
Construction contracts payable	1,063,530	827,268
Accrued liabilities	489,587	790,978
Due to other funds of the County of Kent, Michigan	-	2,213
Unearned revenue	327,134	312,661
Payable from restricted assets - accrued interest	3,949,353	4,054,866
Current maturities of revenue bonds payable and bond premium	8,124,776	6,662,256
Total current liabilities	<u>14,966,046</u>	<u>13,506,897</u>
Noncurrent liabilities:		
Revenue bonds payable and bond premium	182,075,740	168,864,799
Net pension liability	1,949,596	-
Total noncurrent liabilities	<u>184,025,336</u>	<u>168,864,799</u>
<b>Total liabilities</b>	<u>198,991,382</u>	<u>182,371,696</u>
<b>Deferred inflows of resources</b>		
Deferred pension amounts	421,990	-
<b>Net position</b>		
Net investment in capital assets	161,635,795	150,949,530
Restricted for:		
Debt service	10,424,130	13,253,481
Capital improvements	17,761,798	13,269,394
Unrestricted	29,078,083	27,160,585
<b>Total net position</b>	<u>\$ 218,899,806</u>	<u>\$ 204,632,990</u>

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

KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Statements of Revenues, Expenses and Changes in Fund Net Position  
For the Year Ended December 31

	2015	2014
Operating revenues		
Charges for services:		
Passenger airlines	\$ 12,120,448	\$ 11,475,779
Ground transportation	15,471,428	14,276,394
Car rental agencies	3,856,055	3,544,348
Cargo airlines	2,551,693	2,493,862
General aviation	1,478,572	1,511,647
Concessions	1,513,896	1,241,664
Other	1,227,114	1,298,736
Total operating revenues	38,219,206	35,842,430
Operating expenses		
Salaries and fringes	8,917,370	8,094,182
Materials and supplies	996,493	854,578
Contractual services	11,478,868	9,556,585
Depreciation	16,684,925	16,446,326
Total operating expenses	38,077,656	34,951,671
Operating income	141,550	890,759
Nonoperating revenues (expenses)		
Interest earnings	177,894	135,832
Interest expense	(7,269,562)	(7,970,969)
Gain on sale of capital assets	56,234	50,363
Total nonoperating revenues (expenses)	(7,035,434)	(7,784,774)
Loss before capital contributions	(6,893,884)	(6,894,015)
Capital contributions		
Passenger facility charges	5,242,139	4,787,816
Customer facility charges	1,955,796	1,829,376
Other capital contributions	11,633,384	14,817,433
Total capital contributions	18,831,319	21,434,625
Change in net position	11,937,435	14,540,610
Net position, beginning of year	204,632,990	190,092,380
Restatement for implementation of GASB 68 (Note 13)	2,329,381	-
Net position, end of year	\$ 218,899,806	\$ 204,632,990

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

KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Statements of Cash Flows

For the Year Ended December 31

	2015	2014
Cash flows from operating activities		
Receipts from customers and users	\$ 39,373,669	\$ 36,550,244
Payments to suppliers	(12,939,322)	(11,090,798)
Payments to employees	(8,277,257)	(8,107,987)
Internal activity - cash payments to other funds of the County of Kent, Michigan	(768,752)	(561,290)
Net cash provided by operating activities	17,388,338	16,790,169
Cash flows from capital and related financing activities		
Passenger facility charges collected	5,130,026	4,776,875
Customer facility charges collected	1,948,278	1,825,011
Other capital contributions received	16,344,771	8,118,412
Proceeds from sale of capital assets	68,089	50,363
Proceeds from sale of bonds	108,525,000	-
Proceeds from bond premium	19,030,668	-
Cash transferred to escrow for defeased bonds	(111,059,383)	-
Purchase of capital assets	(35,338,230)	(21,495,894)
Principal paid on revenue bonds	(6,290,000)	(5,715,000)
Interest paid on revenue bonds	(8,003,831)	(8,206,457)
Net cash used in capital and related financing activities	(9,644,612)	(20,646,690)
Cash flows from investing activities		
Interest received on investments	177,894	130,447
Net increase (decrease) in cash and cash equivalents	7,921,620	(3,726,074)
Cash and cash equivalents, beginning of year	46,242,917	49,968,991
Cash and cash equivalents, end of year	\$ 54,164,537	\$ 46,242,917
Classified on the statement of net position as		
Cash, investments, and accrued interest	\$ 21,325,560	\$ 16,227,931
Current restricted cash, investments, and accrued interest	29,287,091	26,464,165
Noncurrent restricted cash, investments, and accrued interest	3,551,886	3,550,821
	\$ 54,164,537	\$ 46,242,917

continued...

KENT COUNTY DEPARTMENT OF AERONAUTICS  
 (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

**Statements of Cash Flows**  
 For the Year Ended December 31

	2015	2014
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 141,550	\$ 890,759
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	16,684,925	16,446,326
Change in:		
Accounts receivable	(21,398)	(200,734)
Inventories	97,243	33,217
Prepaid expenses	(12,292)	(28,037)
Accounts payable	155,011	(580,696)
Accrued liabilities	(301,391)	(16,054)
Due to other funds of the County of Kent, Michigan	(2,213)	2,213
Unearned revenue	14,473	243,175
Net pension liability and deferred pension amounts	632,430	-
Net cash provided by operating activities	<u>\$ 17,388,338</u>	<u>\$ 16,790,169</u>
		concluded

Other capital contributions received is net of the change in amounts due from other governments of \$(4,711,387) and \$6,699,021 for the years ended December 31, 2015 and December 31, 2014, respectively.

Purchase of capital assets is net of the change in contracts payable of \$236,262 and \$(836,661) for the years ended December 31, 2015 and December 31, 2014, respectively.

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

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## NOTES TO 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 accounting principles as applied to enterprise funds of governmental units. The following is a summary of the significant policies.

#### Reporting Entity

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

These financial statements represent the financial condition and the results of operations of an enterprise fund of the County and are an integral part of that reporting entity. The Department is not a component unit of the County or any other reporting entity, as defined by generally accepted accounting principles.

#### 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.

Restricted net position is reported for assets that are subject to restrictions beyond the Department’s control, less any liabilities payable from such restricted assets. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Department’s policy to use restricted resources first, then unrestricted resources as they are needed.

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

##### *Deposits and Investments*

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 County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. treasuries and agencies, 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 policies allow 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 December 31, 1997.

### *Accounts Receivable*

Accounts receivable are customer obligations generally due under normal trade terms. The allowance for possible losses is determined by reviewing known customer exposures and applying historical credit loss experience to the current receivable accounts with consideration given to the current condition of the economy, assessment of the financial position of the customer, and overall trends in receivables aged beyond their contractual terms. After all attempts to collect a receivable have failed, the receivable is written off against the allowance for possible losses.

### *Due From Other Governments*

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time eligible project costs are incurred and reimbursement is requested. Revenues received in advance of project costs being incurred are reported as unearned revenue.

KENT COUNTY DEPARTMENT OF AERONAUTICS  
 (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Notes to Financial Statements

*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.

*Bond Discounts and Premiums*

Premiums and discounts associated with various bond issues are being amortized by the straight-line method over the repayment periods of the related bonds. Amortization of these items is charged to interest expense.

*Capital Assets*

Capital assets are defined by the government as assets having a useful life in excess of three years and a per item cost exceeding \$10,000. Capital assets are stated at historical cost, net of accumulated depreciation. Donated capital assets are recorded at their market value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

Construction in progress, consisting primarily of expenditures for land improvements, is capitalized as incurred.

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:

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

# KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

## Notes to Financial Statements

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.

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The Department reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan as well as for the deferred loss on refunding. In addition, a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### *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.

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan. More detailed information on pension-related deferred inflows of resources can be found in Note 9.

### *Passenger Airline Charges*

The Department sets rates and charges for landing fees, terminal rental rates and apron fees that are charged to the airlines for services based on the adopted operating and capital budgets. These rates and charges are adopted by the Gerald R. Ford International Airport 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. As a result of year end calculations, the Department billed the airlines an additional \$121,168 and \$852,405 for the years ended December 31, 2015 and December 31, 2014, respectively.

# KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

## Notes to Financial Statements

### *Capital Contributions*

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 collecting 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. Revenue is recognized when earned and is classified as capital contributions.

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

The Department received a significant amount of funding 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 asset acquisitions, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in net position after nonoperating revenues and expenses as other capital contributions.

### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *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 may differ from those estimates. The Department utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

### *Budgets*

The County legally adopts an annual budget for the Department, including all funds that 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

2. DEPOSITS AND INVESTMENTS

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

	2015	2014
<b>Statement of Net Position</b>		
Current assets:		
Cash, investments, and accrued interest	\$ 21,325,560	\$ 16,227,931
Restricted cash, investments, and accrued interest	29,287,091	26,464,165
Noncurrent assets:		
Restricted cash, investments, and accrued interest	3,551,886	3,550,821
<b>Total</b>	<b>\$ 54,164,537</b>	<b>\$ 46,242,917</b>

These amounts are further classified as follows:

	Fair Value		Credit Ratings
	2015	2014	
Cash, investments, and accrued interest			
Cash and cash equivalents	\$ 14,373,483	\$ 17,324,260	n/a
County investment pool	39,789,454	28,917,057	Various
Total cash, investments, and accrued interest	54,162,937	46,241,317	
Cash on hand	1,600	1,600	
<b>Total cash, investments, accrued interest, and cash on hand</b>	<b>\$ 54,164,537</b>	<b>\$ 46,242,917</b>	

The Department participates in the County's Investment Pool. The value of the Department's shares in the investment pool is equal to the fair value of its position in the pool.

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 Department investments do not have identifiable maturity dates. Additional information regarding interest rate risk can be found in the notes to the financial statements of the 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 in Note 1. 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 the County's Comprehensive Annual Financial Report.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned. 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. As of year-end, none of the Authority's bank balance of \$14,373,483 was exposed to credit risk because it was fully collateralized by U.S. securities and treasury obligations. Custodial credit risk for the balance held in the County investment pool cannot be determined because the Department's balance does not correspond to specific bank accounts. Additional information regarding custodial credit risk can be found in the notes to the financial statements of the 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 the County's Comprehensive Annual Financial Report.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy provides that, with the exception of U.S. Treasuries and authorized pools, no more than 25% of the portfolio shall be invested in a single security type or with a single financial institution. Information on concentration of credit risk for the County Investment Pool can be found in the notes to the financial statements of the County's Comprehensive Annual Financial Report.



KENT COUNTY DEPARTMENT OF AERONAUTICS  
 (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Notes to Financial Statements

3. RESTRICTED ASSETS

Restricted assets are maintained as part of the Department's equity in the County Investment Pool and restricted bond accounts and are reported as follows:

	2015	2014
Current restricted cash, investments and accrued interest:		
Debt service	\$ 10,821,597	\$ 13,773,439
Capital improvements	17,079,412	12,690,726
Unspent bond proceeds	1,386,082	-
	<u>29,287,091</u>	<u>26,464,165</u>
Total current restricted cash, investments and accrued interest	<u>\$ 29,287,091</u>	<u>\$ 26,464,165</u>
Current restricted accounts receivable:		
Capital improvements:		
Passenger facility charges	\$ 553,767	\$ 441,654
Customer facility charges	128,619	121,101
	<u>682,386</u>	<u>562,755</u>
Total current restricted accounts receivable	<u>\$ 682,386</u>	<u>\$ 562,755</u>
Noncurrent restricted cash, investments and accrued interest:		
Debt service	<u>\$ 3,551,886</u>	<u>\$ 3,550,821</u>

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, 2015, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 21,184,076	\$ -	\$ -	\$ -	\$ 21,184,076
Construction in progress	27,063,775	35,462,069	(11,855)	(13,193,795)	49,320,194
	<u>48,247,851</u>	<u>35,462,069</u>	<u>(11,855)</u>	<u>(13,193,795)</u>	<u>70,504,270</u>
Capital assets, being depreciated:					
Land improvements	218,558,678	-	-	111,533	218,670,211
Buildings and improvements	245,710,290	-	-	11,323,550	257,033,840
Equipment	20,752,638	-	(119,661)	1,094,507	21,727,484
Equipment-systems	5,145,749	100,522	-	448,932	5,695,203
Office furniture	1,964,885	-	-	-	1,964,885
Vehicles	589,244	11,901	(32,204)	215,273	784,214
	<u>492,721,484</u>	<u>112,423</u>	<u>(151,865)</u>	<u>13,193,795</u>	<u>505,875,837</u>
Less accumulated depreciation for:					
Land improvements	(121,909,122)	(6,936,677)	-	-	(128,845,799)
Buildings and improvements	(80,534,171)	(8,227,780)	-	-	(88,761,951)
Equipment	(9,223,525)	(806,301)	119,661	-	(9,910,165)
Equipment-systems	(3,671,722)	(537,758)	-	-	(4,209,480)
Office furniture	(1,306,659)	(65,693)	-	-	(1,372,352)
Vehicles	(335,242)	(110,716)	32,204	-	(413,754)
	<u>(216,980,441)</u>	<u>(16,684,925)</u>	<u>151,865</u>	<u>-</u>	<u>(233,513,501)</u>
Total capital assets being depreciated, net	<u>275,741,043</u>	<u>(16,572,502)</u>	<u>-</u>	<u>13,193,795</u>	<u>272,362,336</u>
Capital assets, net	<u>\$ 323,988,894</u>	<u>\$ 18,889,567</u>	<u>\$ (11,855)</u>	<u>\$ -</u>	<u>\$ 342,866,606</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, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 21,184,076	\$ -	\$ -	\$ -	\$ 21,184,076
Construction in progress	8,807,727	20,293,109	(43,522)	(1,993,539)	27,063,775
	<u>29,991,803</u>	<u>20,293,109</u>	<u>(43,522)</u>	<u>(1,993,539)</u>	<u>48,247,851</u>
Capital assets, being depreciated:					
Land improvements	217,807,691	-	(754,918)	1,505,905	218,558,678
Buildings and improvements	245,709,978	-	(170,575)	170,887	245,710,290
Equipment	21,449,649	-	(1,002,064)	305,053	20,752,638
Equipment-systems	4,897,893	247,856	-	-	5,145,749
Office furniture	2,087,227	-	(134,036)	11,694	1,964,885
Vehicles	546,803	118,268	(75,827)	-	589,244
	<u>492,499,241</u>	<u>366,124</u>	<u>(2,137,420)</u>	<u>1,993,539</u>	<u>492,721,484</u>
Less accumulated depreciation for:					
Land improvements	(115,717,657)	(6,946,383)	754,918	-	(121,909,122)
Buildings and improvements	(72,621,793)	(8,082,953)	170,575	-	(80,534,171)
Equipment	(9,431,956)	(793,633)	1,002,064	-	(9,223,525)
Equipment-systems	(3,226,497)	(445,225)	-	-	(3,671,722)
Office furniture	(1,338,328)	(102,367)	134,036	-	(1,306,659)
Vehicles	(335,304)	(75,765)	75,827	-	(335,242)
	<u>(202,671,535)</u>	<u>(16,446,326)</u>	<u>2,137,420</u>	<u>-</u>	<u>(216,980,441)</u>
Total capital assets being depreciated, net	<u>289,827,706</u>	<u>(16,080,202)</u>	<u>-</u>	<u>1,993,539</u>	<u>275,741,043</u>
Capital assets, net	<u>\$ 319,819,509</u>	<u>\$ 4,212,907</u>	<u>\$ (43,522)</u>	<u>\$ -</u>	<u>\$ 323,988,894</u>

As of December 31, 2015 and 2014, estimated costs to complete the construction in progress were approximately \$29,900,000 and \$17,500,000, respectively.

5. REVENUE BONDS PAYABLE

Long-term debt activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 168,865,000	\$ 108,525,000	\$ (108,185,000)	\$ 169,205,000	\$ 6,870,000
Premium on revenue bonds	6,662,055	19,030,668	(4,697,207)	20,995,516	1,254,776
	<u>\$ 175,527,055</u>	<u>\$ 127,555,668</u>	<u>\$ (112,882,207)</u>	<u>\$ 190,200,516</u>	<u>\$ 8,124,776</u>

KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Notes to Financial Statements

Long-term debt activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 174,580,000	\$ -	\$ (5,715,000)	\$ 168,865,000	\$ 6,290,000
Premium on revenue bonds	7,034,311	-	(372,256)	6,662,055	372,256
	<u>\$ 181,614,311</u>	<u>\$ -</u>	<u>\$ (6,087,256)</u>	<u>\$ 175,527,055</u>	<u>\$ 6,662,256</u>

	2015	2014
<u>Revenue bonds</u>		
\$117,360,000 2007 Airport Revenue Bonds, due in annual installments of \$600,000 to \$7,785,000 plus interest ranging from 4.75% to 5.00%, payable semi-annually, through January 1, 2037, partially refunded in 2015.	\$ 5,735,000	\$ 110,310,000
\$30,110,000 2009 Airport Revenue Refunding Bonds, due in annual installments of \$130,000 to \$2,645,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through January 1, 2025.	21,755,000	23,490,000
\$38,675,000 2011 Airport Revenue Refunding Bonds, due in annual installments of \$1,785,000 to \$3,290,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through January 1, 2028.	33,190,000	35,065,000
\$14,595,000 2015 Airport Revenue Bonds, due in annual installments of \$345,000 to \$1,075,000 plus interest ranging from 1.50% to 5.00%, payable semi-annually, through January 1, 2035.	14,595,000	-
\$93,930,000 2015 Airport Revenue Refunding Bonds, due in annual installments of \$2,870,000 to \$6,975,000 plus interest ranging from 4.00% to 5.00%, payable semi-annually, through January 1, 2037.	93,930,000	-
Total revenue bonds	<u>\$ 169,205,000</u>	<u>\$ 168,865,000</u>

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Notes to Financial Statements**

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended December 31,	Principal	Interest
2016	\$ 6,870,000	\$ 7,769,431
2017	7,255,000	7,477,956
2018	7,370,000	7,131,506
2019	7,735,000	6,763,243
2020	8,105,000	6,380,231
2021-2025	46,825,000	25,457,872
2026-2030	36,940,000	14,798,225
2031-2035	34,490,000	7,042,376
2036-2037	13,615,000	689,125
	<u>\$ 169,205,000</u>	<u>\$ 83,509,965</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 bond agreements, the Department has available a letter of credit totaling \$11,435,300, which has not been drawn upon. The letter of credit expires on September 11, 2020. The Series 2011 Refunding Bond reserve requirement is funded with cash and accrued interest in the amount of \$3,551,886 and \$3,550,821 for the years ended December 31, 2015 and 2014, respectively. In addition, all the bonds bear the limited tax pledge of the full faith and credit of the County to advance necessary amounts to meet principal and interest payments in the event that revenues of the Department are insufficient to meet requirements.

*Refunded and Defeased Debt*

During 2015, the Department issued \$93,930,000 of 2015 Revenue Refunding Bonds to provide resources 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 \$101,895,000 of 2007 Revenue Bonds. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$18,258,010 and an economic gain of \$13,974,808. The bonds are to be called on January 1, 2017. As such, the Department has \$101,895,000 of defeased bonds outstanding at December 31, 2015.

*Pledged Revenue*

Revenue bonds are secured by pledged airport revenues. Proceeds of these bonds were utilized for airport terminal and runway construction projects. The related bond agreements require future principal and interest payments totaling \$252,714,965 through 2037. For the years ended December 31, 2015, principal and interest expense were \$6,290,000 and \$8,003,831, respectively. For the years ended December 31, 2014, principal and interest expense were \$5,715,000 and \$8,206,457, respectively. Operating revenues pledged for debt service were \$57,284,653 and \$57,463,250 for the years ended December 31, 2015 and 2014, respectively.

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Notes to Financial Statements**

**6. LEASES RECEIVABLE**

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

Year Ended December 31,	Amount
2016	\$ 7,688,442
2017	6,852,999
2018	4,012,600
2019	2,715,869
2020	1,562,363
2021-2025	6,205,521
2026-2030	5,165,520
2031-2035	5,112,422
2036-2040	4,767,265
2041-2044	<u>3,495,988</u>
	<u>\$ 47,578,989</u>

**7. RISK MANAGEMENT**

The Department of Aeronautics is exposed to various risk of loss during the normal course of operation. The Department participates in the County’s self-insurance program. The cost of coverage is recognized as an operating expense 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.

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Notes to Financial Statements**

**8. NET INVESTMENT IN CAPITAL ASSETS**

The Department's net investment in capital assets was comprised of the following at December 31:

	2015	2014
Capital assets:		
Capital assets not being depreciated	\$ 70,504,270	\$ 48,247,851
Capital assets being depreciated, net	<u>272,362,336</u>	<u>275,741,043</u>
	<u>342,866,606</u>	<u>323,988,894</u>
Related debt:		
Current maturities of revenue bonds payable and bond premium	(8,124,776)	(6,662,256)
Revenue bonds payable and bond premium, net of current portion	(182,075,740)	(168,864,799)
Deferred charges on refunding, net	7,583,623	2,487,691
Unspent bond proceeds	1,386,082	-
	<u>(181,230,811)</u>	<u>(173,039,364)</u>
Net investment in capital assets	<u>\$ 161,635,795</u>	<u>\$ 150,949,530</u>

**9. BENEFIT PLANS**

*Kent County Employees' Retirement Plan*

The County sponsors and administers the Kent County Employees' Retirement Plan (the "Plan"), a single-employer, defined benefit pension plan, which covers all employees of the Department. The Plan was established by the Kent County Board of Commissioners and is administered by a seven member Board called the Kent County Employees' Retirement Plan Pension Board (referred to herein as the "Board of Trustees"). The Board is comprised of the Chairman of the Finance Committee of the Commissioners, one other Commissioner appointed by the Board of Commissioners, three employees covered by the Plan, and two residents of the County that are independent of the County and the Plan. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the Kent County Board of Commissioners. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. To the extent that information on the Department's participation in the Plan is available, it is has been disclosed within this report. For complete disclosures and required supplementary information for the plan as a whole, refer to the County's Comprehensive Annual Financial Report.

Plan members hired through December 31, 2010 are eligible to receive pension benefits upon retirement at age 60 with 5 years of service or at any age with 25 years of service. Members hired on or after January 1, 2011 (January 1, 2012 for the Airport Command Officers Association) are eligible at age 62 with 5 years of service or at age 60 with 25 years of service. An early retirement option is offered for retirement at age 55 with 15 or more years of service.

# KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

## Notes to Financial Statements

Cost-of-living adjustments (COLAs) vary based on bargaining unit and hire date and range from 1%-3%.

*Method Used to Value Investments.* The Plan's investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate and infrastructure investments is based on independent appraisals. Investments that do not have established market values are reported at estimated fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Plan's Board of Trustees, with the assistance of a valuation service.

*Benefits Provided.* Employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service.

*Contributions.* The contribution requirements of Plan members are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and Plan provisions. After meeting eligibility requirements, active Plan members are required to contribute to the Plan based on their bargaining unit or management group contribution rate. The variable rate was 8.5% for the year ended December 31, 2015. The County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll and are designed to accumulate sufficient assets to pay benefits when due. The County's contribution rate for the year ended December 31, 2015 was 9.31% of projected valuation payroll. The normal cost and amortization payment were determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a closed period of 24 years.

*Investment Policy.* The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy is detailed below.

*Rate of Return.* For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Concentrations.* Information on the Plan's concentration of credit risk policy and compliance with that policy at December 31, 2015 is disclosed in Note 3 of the County's Comprehensive annual Financial Report.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2014 (rolled forward to December 31, 2015), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0%
Salary increases	4.0%-11.0%, including inflation
Investment rate of return	7.0%



**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Notes to Financial Statements**

Mortality rates were based on the RP-2014 Mortality Tables with 2-dimensional, fully generational improvements projected with the MP-2015 Mortality Improvement Scales.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap equity	30.00%	5.09%	1.51%
Small cap equity	10.00%	6.30%	0.63%
International equity	15.00%	6.05%	0.91%
Emerging market equity	5.00%	7.32%	0.37%
Core fixed income	20.00%	0.34%	0.07%
Multi-sector fixed income	12.50%	1.32%	0.17%
Core real estate	5.00%	3.31%	0.17%
Infrastructure	2.50%	6.65%	0.17%
	<u>100.00%</u>		4.00%
Inflation			4.00%
Risk adjustment			<u>-1.00%</u>
Investment rate of return			<u>7.00%</u>

*Discount Rate.* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Plan contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Assumptions.* The County revised certain actuarial assumptions in the December 31, 2015 valuation that had a significant impact on the total pension liability from the prior measurement date. The most significant changes were related to the non-duty disability provision and the member contribution rate for certain groups.

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Notes to Financial Statements**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the Department, calculated using the discount rate of 7.0%, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	One Percent Decrease (6.0%)	Current Discount Rate (7.0%)	One Percent Increase (8.0%)
Department's net pension liability	\$ 8,814,496	\$ 1,949,596	\$ (3,697,322)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the combining statements of fiduciary net position and changes in fiduciary net position in the supplementary information section of the County's Comprehensive Annual Financial Report.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended December 31, 2015, the Department recognized pension expense of \$1,172,937. At December 31, 2015, the Department reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 421,990	\$ (421,990)
Changes in assumptions	1,315,273	-	1,315,273
Net difference between projected and actual earnings on pension plan investments	2,753,264	-	2,753,264
<b>Total</b>	<b>\$ 4,068,537</b>	<b>\$ 421,990</b>	<b>\$ 3,646,547</b>

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

Year Ended December 31,	Amount
2016	\$ 931,969
2017	931,969
2018	931,969
2019	850,640
<b>Total</b>	<b>\$ 3,646,547</b>

*Payable to the Pension Plan.* At December 31, 2015, the Department reported a payable of \$6,095 to the pension plan.

# KENT COUNTY DEPARTMENT OF AERONAUTICS (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

## Notes to Financial Statements

### *Kent County VEBA Trust Plan*

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.

## 10. MAJOR CUSTOMERS

Rentals and fees earned from passenger air carriers accounted for approximately 31.7% and 32.0% of operating revenues in 2015 and 2014, respectively.

## 11. CONCENTRATED CREDIT RISK

The Department provides gate access to sixteen 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.

## 12. PLANNED TRANSFER OF OPERATIONS

Effective August 27, 2015, the Kent County Board of Commissioners approved the formation of the Gerald R. Ford International Airport Authority ("Authority"). Control of the Gerald R. Ford International Airport operations will be transferred to the Authority. This transfer is currently scheduled for July 1, 2016. The Department will cease to exist subsequent to the transfer and will no longer be an enterprise fund of the County.

## 13. RESTATEMENT

The Department adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result of this change, beginning net position increased by \$2,329,381.



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## STATISTICAL SECTION

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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:

		<u>Page</u>
Financial Trends Schedules A and B	Financial trends information is intended to show how the governmental unit's financial position has changed over	54
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.	58
Debt Capacity Information Schedule E	Debt capacity information is intended to show a governmental unit's debt burden and its ability to issue additional debt.	62
Demographic and Economic Schedules F and G	Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates.	64
Operating Information Schedules H and I	Operating information is intended to show contextual information about operations and resources to provide understanding and assessing the governmental unit's economic condition.	68

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Net Assets / Net Position and Changes in Net Assets / Net Position**

Last Ten Fiscal Years

(dollars in thousands)

	December 31,		
	2006	2007	2008
<b>Operating revenues</b>			
Airfield	\$ 8,596	\$ 8,502	\$ 9,023
Terminal	6,549	6,582	7,425
Ground transportation	11,326	11,417	10,886
Other	360	333	405
<b>Total operating revenues</b>	<u>26,831</u>	<u>26,834</u>	<u>27,739</u>
<b>Operating expenses</b>			
Salaries and fringes	7,802	8,804	8,840
Services and supplies	7,547	8,659	9,125
Depreciation	10,553	10,781	10,948
<b>Total operating expenses</b>	<u>25,902</u>	<u>28,244</u>	<u>28,913</u>
<b>Operating income (loss)</b>	<u>929</u>	<u>(1,410)</u>	<u>(1,174)</u>
<b>Nonoperating revenue (expenses)</b>			
Interest income	1,801	1,447	898
Interest expense	(4,539)	(4,159)	(4,053)
Other	13	95	15
<b>Total nonoperating revenue (expenses)</b>	<u>(2,725)</u>	<u>(2,617)</u>	<u>(3,140)</u>
<b>Loss before capital contributions</b>	<u>(1,796)</u>	<u>(4,027)</u>	<u>(4,314)</u>
<b>Capital contributions</b>			
Passenger facility charges	4,059	3,949	3,448
Customer facility charges	1,263	1,291	1,384
Other capital contributions	2,180	8,711	7,076
<b>Total capital contributions</b>	<u>7,502</u>	<u>13,951</u>	<u>11,908</u>
<b>Change in net assets / net position</b>	<u>\$ 5,706</u>	<u>\$ 9,924</u>	<u>\$ 7,594</u>
<b>Net assets / net position</b>			
Invested in capital assets, net of related debt / net investment in capital assets	\$ 139,941	\$ 147,818	\$ 147,665
Restricted for:			
Debt service	8,989	15,527	9,390
Capital improvements	495	4,401	11,769
Unrestricted	19,662	11,265	17,781
<b>Total net assets / net position</b>	<u>\$ 169,087</u>	<u>\$ 179,011</u>	<u>\$ 186,605</u>

GASB Statement No. 63 and 65 were implemented for the year ended December 31, 2012. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Comparative information for the year ended December 31, 2011 was restated. Data for years 2010 and prior were not restated retroactively.

GASB Statement No. 68 was implemented for the year ended December 31, 2015. This resulted in presentation of the Department's net pension liability on the statement of net position. Prior years were not restated.



December 31,						
2009	2010	2011	2012	2013	2014	2015
\$ 8,729	\$ 9,372	\$ 9,811	\$ 9,608	\$ 8,878	\$ 9,456	\$ 10,639
6,960	7,321	5,715	6,746	6,832	7,813	7,566
9,818	14,745	15,511	14,878	16,780	17,821	19,327
516	544	593	641	700	752	687
<u>26,023</u>	<u>31,982</u>	<u>31,630</u>	<u>31,873</u>	<u>33,190</u>	<u>35,842</u>	<u>38,219</u>
8,588	8,925	8,263	7,918	7,825	8,094	8,918
9,050	9,148	9,793	9,183	10,301	10,411	12,475
11,555	16,009	16,275	16,523	16,540	16,446	16,685
<u>29,193</u>	<u>34,082</u>	<u>34,331</u>	<u>33,624</u>	<u>34,666</u>	<u>34,951</u>	<u>38,078</u>
<u>(3,170)</u>	<u>(2,100)</u>	<u>(2,701)</u>	<u>(1,751)</u>	<u>(1,476)</u>	<u>891</u>	<u>141</u>
429	148	154	159	122	136	178
(3,684)	(9,147)	(8,187)	(8,321)	(8,165)	(7,971)	(7,269)
66	22	50	22	51	50	56
<u>(3,189)</u>	<u>(8,977)</u>	<u>(7,983)</u>	<u>(8,140)</u>	<u>(7,992)</u>	<u>(7,785)</u>	<u>(7,035)</u>
<u>(6,359)</u>	<u>(11,077)</u>	<u>(10,684)</u>	<u>(9,891)</u>	<u>(9,468)</u>	<u>(6,894)</u>	<u>(6,894)</u>
3,466	4,505	4,636	4,339	4,599	4,788	5,242
1,188	1,374	1,543	1,473	1,699	1,829	1,956
2,164	5,727	1,440	9,641	4,413	14,818	11,633
<u>6,818</u>	<u>11,606</u>	<u>7,619</u>	<u>15,453</u>	<u>10,711</u>	<u>21,435</u>	<u>18,831</u>
<u>\$ 459</u>	<u>\$ 529</u>	<u>\$ (3,065)</u>	<u>\$ 5,562</u>	<u>\$ 1,243</u>	<u>\$ 14,541</u>	<u>\$ 11,937</u>
\$ 155,704	\$ 150,727	\$ 146,699	\$ 142,094	\$ 140,926	\$ 150,950	\$ 161,636
10,643	11,294	11,790	12,387	13,355	13,253	10,424
2,923	3,418	2,684	5,791	9,307	13,269	17,762
17,794	22,154	22,114	28,578	26,504	27,161	29,078
<u>\$ 187,064</u>	<u>\$ 187,593</u>	<u>\$ 183,287</u>	<u>\$ 188,850</u>	<u>\$ 190,092</u>	<u>\$ 204,633</u>	<u>\$ 218,900</u>

**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)

	December 31,		
	2006	2007	2008
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 27,369	\$ 27,801	\$ 27,825
Cash paid to suppliers	(7,906)	(8,473)	(9,604)
Cash paid to employees	(7,837)	(8,680)	(8,709)
<b>Net cash provided by operating activities</b>	<u>11,626</u>	<u>10,648</u>	<u>9,512</u>
<b>Capital and related financing activities</b>			
Passenger facility charges collected	4,086	3,996	3,559
Customer facility charges collected	1,264	1,286	1,388
Capital contributions received	2,180	8,711	3,221
Proceeds from sale of capital assets	146	95	15
Proceeds from sale of bonds	-	122,210	-
Cash transferred to escrow for defeased bonds	-	-	-
Purchase of capital assets	(13,515)	(26,750)	(80,745)
Principal paid on revenue bonds	(3,344)	(8,416)	(2,625)
Interest paid on revenue bonds	(4,461)	(4,144)	(8,390)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(13,644)</u>	<u>96,988</u>	<u>(83,577)</u>
<b>Cash flow from investing activities</b>			
Interest received on investments	<u>1,869</u>	<u>3,094</u>	<u>4,664</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(149)	110,730	(69,401)
<b>Cash and cash equivalents, beginning of year</b>	<u>37,753</u>	<u>37,604</u>	<u>148,334</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 37,604</u>	<u>\$ 148,334</u>	<u>\$ 78,933</u>

December 31,						
2009	2010	2011	2012	2013	2014	2015
\$ 26,721	\$ 31,964	\$ 32,652	\$ 33,058	\$ 33,942	\$ 36,550	\$ 39,373
(9,628)	(9,370)	(11,428)	(10,686)	(10,509)	(11,652)	(13,708)
(8,565)	(8,807)	(8,302)	(6,994)	(7,843)	(8,108)	(8,277)
8,528	13,787	12,922	15,378	15,590	16,790	17,388
3,364	4,303	4,689	4,319	4,705	4,777	5,130
1,200	1,358	1,544	1,460	1,682	1,825	1,948
1,103	3,900	1,154	7,105	1,480	8,119	16,345
66	22	30	28	51	50	68
30,619	-	41,049	-	-	-	127,556
(31,112)	-	(41,555)	-	-	-	(111,059)
(47,245)	(5,476)	(7,416)	(6,879)	(8,843)	(21,496)	(35,338)
(2,740)	(3,595)	(4,180)	(4,645)	(5,220)	(5,715)	(6,290)
(9,035)	(9,220)	(9,059)	(7,987)	(8,382)	(8,206)	(8,004)
(53,780)	(8,708)	(13,744)	(6,599)	(14,527)	(20,646)	(9,644)
1,546	148	205	160	130	130	178
(43,706)	5,227	(617)	8,939	1,193	(3,726)	7,922
78,933	35,227	40,454	39,837	48,776	49,969	46,243
\$ 35,227	\$ 40,454	\$ 39,837	\$ 48,776	\$ 49,969	\$ 46,243	\$ 54,165

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Passenger Activity**

Enplaned Passengers  
Last Ten Fiscal Years

	December 31,				
	2006	2007	2008	2009	2010
<b>Airline</b>					
American Eagle	126,225	118,146	100,075	104,240	81,540
Delta Connection (Atlantic Southeast)	63,926	61,087	63,375	61,335	27,436
Delta Connection (Endeavor)	-	-	-	-	-
Delta Connection (Comair)	61,873	62,996	46,508	22,524	52,317
Delta Connection (Chautauqua)	-	-	-	12,256	23,993
Delta Connection (Freedom)	-	-	-	15,227	11,831
Delta Connection (Skywest)	-	-	-	459	2,305
Delta Connection (GoJet)	-	-	-	-	-
Continental Connection	678	2,922	6,490	2,381	6,341
Continental Express (Express Jet)	97,811	96,081	87,745	87,601	86,571
United Express (Go Jet)	875	23,040	29,358	20,314	34,087
United Express (Mesa)	13,009	1,977	8,340	40,700	10,360
United Express (Commutair)	-	-	-	-	-
United Express (Trans States)	-	-	-	-	-
Delta Connection (Mesaba)	9,649	7,065	23,101	21,902	31,978
Delta Airlines Inc.	414,513	356,506	302,849	204,988	236,343
Delta Connection (Pinnacle)	39,621	74,034	68,889	70,472	77,584
Delta Connection (Compass)	-	-	3,378	43,137	27,481
Delta Connection (Express Jet)	-	-	-	-	-
United Express (Shuttle America)	13,033	23,714	8,763	37,810	30,374
Midwest Connect (Skyway)	35,893	41,047	10,850	-	-
Frontier Airlines (Chautauqua)	-	-	-	9,260	32,842
Midwest Connect (Skywest)	-	-	35,276	25,118	-
United Express (Skywest Airlines)	25,641	45,243	24,837	9,467	23,044
United Airlines Inc.	108,665	84,215	83,609	33,715	39,270
Allegiant Air	-	-	271	59,372	117,609
AirTran	-	-	-	-	76,644
Southwest	-	-	-	-	-
American Connection (Chautauqua)	-	-	-	-	21,626
Air Canada (Air Georgian)	-	-	2,630	4,003	3,940
Delta Connection (Shuttle America)	-	-	-	-	1,599
Frontier Airlines (Republic)	-	-	-	-	23,432
United Express (Express Jet)	-	-	-	-	15,330
US Airways Express (Air Wisconsin)	-	-	-	-	-
United Express (Chautauqua)	-	-	-	-	-
Chicago Express (ATA Connection)	-	-	-	-	-
US Airways Express (Mesa)	-	-	-	-	-
American Eagle (Trans States)	-	-	-	-	-
Charters	865	846	816	1,524	1,783
<b>Total</b>	<b>1,012,277</b>	<b>998,919</b>	<b>907,160</b>	<b>887,805</b>	<b>1,097,660</b>

December 31,					December 31,	
2011	2012	2013	2014	Share of Total 2014	2015	Share of Total 2015
68,948	68,008	67,708	125,534	10.7%	130,401	10.2%
41,171	25,838	-	-	0.0%	-	0.0%
-	-	80,374	66,410	5.7%	39,573	3.1%
81,236	35,909	-	-	0.0%	-	0.0%
13,776	26,165	43,827	14,734	1.3%	-	0.0%
-	-	-	-	0.0%	-	0.0%
12,547	18,961	30,919	29,335	2.5%	35,293	2.8%
-	-	3,938	8,943	0.8%	16,255	1.3%
12,368	-	-	-	0.0%	-	0.0%
79,578	11,245	24,390	-	0.0%	-	0.0%
16,370	36,684	37,199	42,122	3.6%	20,005	1.6%
837	11,055	-	-	0.0%	-	0.0%
-	-	2,332	1,926	0.2%	-	0.0%
-	-	44,453	47,197	4.0%	31,312	2.4%
20,429	125	-	-	0.0%	-	0.0%
207,147	223,783	248,038	304,962	26.0%	360,390	28.1%
69,247	102,544	-	-	0.0%	-	0.0%
22,287	11,789	6,063	18,727	1.6%	22,075	1.7%
-	-	48,550	37,860	3.2%	35,728	2.8%
29,817	18,939	12,499	17,960	1.5%	29,504	2.3%
-	-	-	-	0.0%	-	0.0%
35,929	6,575	-	-	0.0%	-	0.0%
-	-	-	-	0.0%	-	0.0%
19,033	3,965	9,224	13,752	1.2%	30,004	2.3%
44,916	44,842	45,170	53,525	4.6%	74,678	5.8%
87,193	76,759	76,409	79,810	6.8%	98,367	7.7%
134,606	123,465	81,096	402	0.0%	-	0.0%
-	-	72,603	201,816	17.2%	211,118	16.5%
45,874	55,309	55,789	12,378	1.1%	-	0.0%
3,764	4,502	3,033	-	0.0%	-	0.0%
5,616	451	9,010	6,645	0.6%	7,611	0.6%
42,148	46,614	31,052	-	0.0%	-	0.0%
41,901	99,911	89,588	60,931	5.2%	45,936	3.6%
-	-	-	17,852	1.5%	53,812	4.2%
-	11,556	-	7,455	0.6%	-	0.0%
-	-	-	-	0.0%	6,483	0.5%
-	-	-	-	0.0%	31,493	2.5%
-	3,678	-	-	0.0%	-	0.0%
1,710	1,123	1,705	1,519	0.1%	1,200	0.1%
<b>1,138,448</b>	<b>1,069,795</b>	<b>1,124,969</b>	<b>1,171,795</b>	<b>100.0%</b>	<b>1,281,238</b>	<b>100.0%</b>

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Principal Revenue Sources and Revenues per Enplaned Passenger**

Last Ten Fiscal Years

(dollars in thousands, except amounts per enplaned passenger)

	December 31,			
	2006	2007	2008	2009
<b>Airline revenues</b>				
Landing fees	\$ 2,576	\$ 2,847	\$ 3,102	\$ 2,998
Apron fees	1,803	2,025	1,941	1,823
Terminal rents	5,513	5,165	5,865	5,433
<b>Total airline revenues</b>	<b>9,892</b>	<b>10,037</b>	<b>10,908</b>	<b>10,254</b>
Percentage of total revenues	29.1%	29.9%	32.6%	32.9%
<b>Nonairline revenues</b>				
Parking	8,937	8,851	8,121	7,437
Rental car	2,626	2,788	3,053	2,683
Other	5,376	5,158	5,657	5,649
<b>Total nonairline revenues</b>	<b>16,939</b>	<b>16,797</b>	<b>16,831</b>	<b>15,769</b>
Percentage of total revenues	49.9%	50.0%	50.3%	50.6%
<b>Nonoperating revenues</b>				
Passenger facility charges	4,059	3,949	3,448	3,466
Interest	1,801	1,447	898	429
Other	1,276	1,386	1,399	1,254
<b>Total nonoperating revenues</b>	<b>7,136</b>	<b>6,782</b>	<b>5,745</b>	<b>5,149</b>
Percentage of total revenues	21.0%	20.2%	17.2%	16.5%
<b>Total revenues</b>	<b>\$ 33,967</b>	<b>\$ 33,616</b>	<b>\$ 33,484</b>	<b>\$ 31,172</b>
<b>Enplaned passengers</b>	<b>1,012,277</b>	<b>998,919</b>	<b>907,160</b>	<b>887,805</b>
Total revenue per enplaned passenger	\$ 34.00	\$ 37.06	\$ 37.72	\$ 28.40
Airline revenue per enplaned passenger	\$ 9.90	\$ 11.06	\$ 12.29	\$ 9.34
<b>Revenue rates</b>				
Landing fee (per 1,000 lbs MGLW)	\$ 2.04	\$ 2.34	\$ 2.40	\$ 2.66
Apron fee (per 1,000 lbs MGLW)	\$ 1.32	\$ 1.58	\$ 1.59	\$ 1.62
Annual terminal rental rate (per sq. ft.)	\$ 50.77	\$ 49.32	\$ 49.96	\$ 50.00

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

Schedule D - Unaudited

December 31,					
2010	2011	2012	2013	2014	2015
\$ 3,198	\$ 3,586	\$ 3,335	\$ 3,135	\$ 3,495	\$ 4,106
2,220	2,409	2,252	1,863	1,956	2,503
5,908	4,302	5,313	5,270	6,025	5,512
11,326	10,297	10,900	10,268	11,476	12,121
29.8%	27.1%	28.4%	25.9%	26.9%	26.6%
11,492	12,301	11,766	13,275	14,245	15,437
3,521	3,512	3,413	3,821	3,892	4,170
5,643	5,520	5,794	5,826	6,229	6,491
20,656	21,333	20,973	22,922	24,366	26,098
54.3%	56.1%	54.7%	57.8%	57.1%	57.2%
4,505	4,636	4,599	4,599	4,788	5,242
148	154	122	122	136	178
1,396	1,593	1,750	1,750	1,879	2,012
6,049	6,383	6,471	6,471	6,803	7,432
15.9%	16.8%	16.9%	16.3%	16.0%	16.3%
\$ 38,031	\$ 38,013	\$ 38,344	\$ 39,661	\$ 42,645	\$ 45,651
1,097,660	1,138,448	1,069,795	1,124,969	1,171,795	1,281,238
\$ 33.41	\$ 35.53	\$ 34.08	\$ 35.26	\$ 36.39	\$ 35.63
\$ 9.95	\$ 9.63	\$ 9.69	\$ 9.13	\$ 9.79	\$ 9.46
\$ 2.85	\$ 2.42	\$ 2.61	\$ 2.64	\$ 2.84	\$ 2.94
\$ 1.83	\$ 1.43	\$ 1.46	\$ 1.57	\$ 1.73	\$ 1.86
\$ 48.98	\$ 51.34	\$ 52.19	\$ 50.95	\$ 52.62	\$ 47.93

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Ratios of Outstanding Debt, Debt Service, Debt Limits & Pledged Revenue Coverage  
Last Ten Fiscal Years**

	December 31,		
	2006	2007	2008
Outstanding debt per enplaned passenger			
Outstanding debt by type (in thousands):			
Revenue bonds (all airport net operating revenues pledged)	\$ 82,711	\$ 202,913	\$ 200,410
Notes payable	5,902	-	-
<b>Total outstanding debt</b>	<b>\$ 88,613</b>	<b>\$ 202,913</b>	<b>\$ 200,410</b>
Outstanding debt per enplaned passenger	\$ 88.71	\$ 223.68	\$ 225.74
Outstanding debt ratio for service area (total outstanding debt/(per capita income*trade area population))	0.28%	0.64%	0.66%
Outstanding debt ratio for Kent County (total outstanding debt/(per capita income*county population))	0.62%	1.42%	1.44%
Net revenues			
Revenues	\$ 33,967	\$ 33,616	\$ 33,484
Less: operating expenses, less depreciation	15,348	17,463	17,965
<b>Net revenues</b>	<b>\$ 18,619</b>	<b>\$ 16,153</b>	<b>\$ 15,519</b>
Debt service			
Principal paid on revenue bonds	\$ 2,415	\$ 2,515	\$ 2,625
Interest expense on revenue bonds	4,238	4,056	4,052
Principal paid on notes payable	929	5,902	-
Interest expense on notes payable	301	88	-
<b>Total debt service</b>	<b>\$ 7,883</b>	<b>\$ 12,561</b>	<b>\$ 6,677</b>
Revenue bonds debt service coverage	2.8	2.5	2.3
Total debt service coverage	2.4	1.3	2.3
Debt service per enplaned passenger	\$ 7.79	\$ 12.57	\$ 7.36

**Debt limit information**

The Department is an enterprise fund of the County of Kent, Michigan. No debt limit information is available for the Department. Debt limits apply to the County as a whole, see the County of Kent, Michigan Comprehensive Annual Financial Report.

GASBs 63 and 65 were implemented for the year ended December 31, 2012. This resulted in reclassing deferred charges on refunding from revenue bonds to deferred outflows of resources. Comparative information for the year ended December 31, 2011 was restated. Data for years 2010 and prior were not restated retroactively.

<sup>(1)</sup> Other capital contributions has been included in revenue, prior years have not been restated.



December 31,						
2009	2010	2011	2012	2013 <sup>(1)</sup>	2014	2015
\$ 197,434	\$ 193,780	\$ 192,224	\$ 187,207	\$ 181,614	\$ 175,527	\$ 190,201
-	-	-	-	-	-	-
\$ 197,434	\$ 193,780	\$ 192,224	\$ 187,207	\$ 181,614	\$ 175,527	\$ 190,201
\$ 179.87	\$ 170.21	\$ 179.68	\$ 166.41	\$ 161.44	\$ 149.79	\$ 148.45
0.64%	0.64%	0.64%	0.56%	0.54%	0.51%	0.54%
1.39%	1.40%	1.41%	1.27%	1.22%	1.16%	1.14%
\$ 31,172	\$ 38,031	\$ 38,013	\$ 37,866	\$ 44,074	\$ 57,463	\$ 57,284
17,638	18,073	17,101	17,101	18,126	18,505	21,393
\$ 13,534	\$ 19,958	\$ 20,912	\$ 20,765	\$ 25,948	\$ 38,958	\$ 35,891
\$ 2,740	\$ 3,595	\$ 4,180	\$ 4,645	\$ 5,220	\$ 5,715	\$ 6,290
3,684	9,147	9,059	7,987	8,382	8,206	8,004
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 6,424	\$ 12,742	\$ 13,239	\$ 12,632	\$ 13,602	\$ 13,921	\$ 14,294
2.1	1.6	1.6	1.6	1.9	2.8	2.5
2.1	1.6	1.6	1.6	1.9	2.8	2.5
\$ 7.24	\$ 11.61	\$ 11.63	\$ 11.81	\$ 12.09	\$ 11.88	\$ 11.16

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Principal Employers in the Primary Trade Area**

Calendar Years 2015 and 2006

Employer	County	Product or Service
Spectrum Health	Kent	Healthcare
Meijer Inc.	Kent	Retail food and merchandise
Axios Incorporated	Kent	Human resource and employment services
Mercy General Health Partners	Muskegon	Healthcare
Johnson Controls Inc.	Kent	Manufacturing - auto parts
Amway Corporation	Kent	Personal and household products
Gentex Corporation	Ottawa	Manufacturing - auto parts
Perrigo Company	Allegan	Manufacturing - pharmaceuticals
Herman Miller Inc.	Ottawa	Office furniture
Steelcase Inc.	Kent	Office furniture
Grand Valley State University	Ottawa	Education
Wal-Mart Stores Inc.	Various	Retail food and merchandise
Magna International	Various	Manufacturing - auto parts
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts
Grand Rapids Public Schools	Kent	Education
Farmers Insurance Group	Kent	Insurance
SpartanNash	Kent	Retail food
Gordon Food Services	Kent	Food services wholesaler
Haworth Inc.	Ottawa	Manufacturing - furniture
Metro Health Hospital	Kent	Healthcare
Howmet Corporation/Alcoa	Muskegon	Manufacturing - castings
Fifth Third Bank	Kent	Banking and financial services
Grand Rapids Community College	Kent	Education
Priority Health	Various	Healthcare
Ventra	Various	
City of Grand Rapids	Kent	Government
Holland Community Hospital	Ottawa	Healthcare
Hope Network Industries	Kent	Packaging
GE Aviation Systems	Kent	Manufacturing - avionics systems
Pine Rest Christian Hospital	Kent	Healthcare
Kent County	Kent	Government
Wolverine World Wide	Kent	Manufacturing - footwear
U. S. Postal Service	Kent	Postal delivery
Shape Corporation	Ottawa	Manufacturing - fabricated metal
Consumers Energy	Various	Public utility
Forest Hills Public Schools	Kent	Education

Total employment

Source: The Right Place Inc.

<sup>(1)</sup> Data as of June 2016, most current information available

Schedule F - Unaudited



Number of Employees 2015 <sup>(1)</sup>	Percentage of Total Employment	Number of Employees 2006	Percentage of Total Employment
22,000	2.84%	12,000	1.83%
10,343	1.34%	8,441	1.29%
8,000	1.03%		0.00%
6,500	0.84%		0.00%
4,050	0.52%		0.00%
4,000	0.52%	3,900	0.59%
3,900	0.50%		0.00%
3,800	0.49%		0.00%
3,621	0.47%		0.00%
3,500	0.45%	5,000	0.76%
3,306	0.43%	2,645	0.40%
3,131	0.40%		0.00%
2,950	0.38%	4,225	0.64%
2,900	0.37%		0.00%
2,800	0.36%	3,392	0.52%
2,500	0.32%		0.00%
2,585	0.33%	3,040	0.46%
2,544	0.33%		0.00%
2,450	0.32%	3,000	0.46%
2,400	0.31%		0.00%
2,350	0.30%		0.00%
2,278	0.29%		0.00%
2,254	0.29%		0.00%
2,250	0.29%		0.00%
2,100	0.27%		0.00%
2,050	0.27%	2,688	0.41%
2,044	0.26%		0.00%
2,000	0.26%		0.00%
1,953	0.25%		0.00%
1,694	0.22%		0.00%
1,668	0.22%		0.00%
1,640	0.21%		0.00%
1,633	0.21%		0.00%
1,500	0.19%		0.00%
1,493	0.19%		0.00%
1,277	0.17%		0.00%
773,497		656,197	

**KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)**

**Population in the Primary Trade Area  
Last Ten Fiscal Years**

	2006	2007	2008	2009
Allegan County	111,156	111,427	113,625	112,975
Barry County	59,610	59,969	59,501	58,890
Ionia County	65,157	65,189	64,269	63,833
Kent County	595,191	598,077	609,235	608,315
Mecosta County	-	-	-	-
Montcalm County	-	-	-	-
Muskegon County	173,710	173,738	174,854	174,344
Newaygo County	49,287	49,328	49,118	48,897
Ottawa County	258,003	260,037	262,556	260,364
	<u>1,312,114</u>	<u>1,317,765</u>	<u>1,333,158</u>	<u>1,327,618</u>
Per capita income	\$ 23,916	\$ 23,900	\$ 22,880	\$ 23,320
Total personal income ( <i>dollars in thousands</i> )	\$ 31,380,518	\$ 31,494,584	\$ 30,502,655	\$ 30,960,052
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Employment information:				
Civilian labor force	697,005	694,247	685,728	657,164
Employed	656,197	652,107	636,723	579,485
Unemployed	40,808	42,140	49,005	77,679
Unemployment rate	5.9%	6.1%	7.1%	11.8%

<sup>(1)</sup> Effective 2013, the Office of Management and Budget changed the combined statistical area to include Mecosta and Montcalm and exclude Newaygo counties.

Source: U. S. Department of Labor OMB

Schedule G - Unaudited

2010	2011	2012	2013 <sup>(1)</sup>	2014	2015
111,408	111,845	111,895	112,531	113,847	113,847
59,173	58,937	59,004	59,907	59,281	59,107
63,905	64,156	63,903	64,073	64,294	63,976
602,622	608,077	614,079	621,700	629,237	629,237
-	-	43,229	43,108	43,186	43,226
-	-	63,081	63,105	62,893	63,046
172,188	172,864	170,112	171,008	172,344	172,344
48,460	48,650	-	-	-	-
263,801	266,171	269,329	272,701	276,292	276,292
<u>1,321,557</u>	<u>1,330,700</u>	<u>1,394,632</u>	<u>1,408,133</u>	<u>1,421,374</u>	<u>1,421,075</u>

\$ 22,908    \$ 22,496    \$ 24,078    \$ 23,982    \$ 23,989    \$ 24,904

\$ 30,274,228    \$ 29,935,416    \$ 33,579,949    \$ 33,769,550    \$ 34,097,909    \$ 35,390,452

2010	2011	2012	2013	2014	2015
645,390	644,039	684,253	693,742	727,023	806,984
573,505	589,045	631,033	650,465	687,736	773,497
71,885	54,994	53,220	43,277	39,287	33,487
11.1%	8.5%	7.8%	6.2%	5.4%	4.1%

KENT COUNTY DEPARTMENT OF AERONAUTICS  
 (AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

**Department Employees**

Last Ten Fiscal Years

	December 31,			
	2006	2007	2008	2009
Administration	22	21	20	20
Maintenance	31	31	31	31
Parking	29	31	29	24
Firefighting	16	16	16	16
Public safety	36	33	33	33
<b>Total</b>	<b>134</b>	<b>132</b>	<b>129</b>	<b>124</b>
<b>Enplaned passengers per employee</b>	<b>7,554</b>	<b>7,568</b>	<b>7,032</b>	<b>7,160</b>
Operating revenues (in thousands)	\$ 26,831	\$ 26,834	\$ 27,739	\$ 26,023
Operating expenses (in thousands)	\$ 25,902	\$ 28,244	\$ 28,913	\$ 29,193
Salaries and fringes (in thousands)	\$ 7,802	\$ 8,804	\$ 8,840	\$ 8,588
Payroll percentage of operating revenues	29.1%	32.8%	31.9%	33.0%
Payroll percentage of operating expenses	30.1%	31.2%	30.6%	29.4%

Schedule H - Unaudited

December 31,					
2010	2011	2012	2013	2014	2015
20	20	20	17	18	18
31	31	31	31	32	32
24	1	1	1	1	1
16	16	16	16	16	16
33	33	33	33	33	33
<u>124</u>	<u>101</u>	<u>101</u>	<u>98</u>	<u>100</u>	<u>100</u>
<u>8,852</u>	<u>11,272</u>	<u>10,592</u>	<u>11,479</u>	<u>11,718</u>	<u>12,812</u>
\$ 31,982	\$ 31,630	\$ 33,190	\$ 33,190	\$ 35,842	\$ 38,219
\$ 34,082	\$ 34,331	\$ 34,666	\$ 34,666	\$ 34,951	\$ 38,078
\$ 8,925	\$ 8,263	\$ 7,825	\$ 7,825	\$ 8,094	\$ 8,918
<u>27.9%</u>	<u>26.1%</u>	<u>23.6%</u>	<u>23.6%</u>	<u>22.6%</u>	<u>23.3%</u>
<u>26.2%</u>	<u>24.1%</u>	<u>22.6%</u>	<u>22.6%</u>	<u>23.2%</u>	<u>23.4%</u>

KENT COUNTY DEPARTMENT OF AERONAUTICS  
(AN ENTERPRISE FUND OF THE COUNTY OF KENT, MICHIGAN)

Capital Asset Information

Last Ten Fiscal Years

	December 31,		
	2006	2007	2008
<b>Runways</b>			
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	112,608	101,378	97,501
Annual capacity	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
Runway utilization percentage	<u>40.58%</u>	<u>36.53%</u>	<u>35.14%</u>
<b>Terminal building</b>			
Exclusive area leased (sq. ft)	63,750	64,444	68,615
Exclusive area available (sq. ft)	<u>95,365</u>	<u>95,365</u>	<u>95,365</u>
Terminal occupancy percentage	<u>66.85%</u>	<u>67.58%</u>	<u>71.95%</u>
Enplanements	1,012,277	998,919	907,160
Planned capacity	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Terminal utilization percentage	<u>56.24%</u>	<u>55.50%</u>	<u>50.40%</u>
<b>Parking areas</b>			
Number of annual long-term exits (a)	185,503	229,531	207,982
Average long-term stay (days) (b)	<u>3.8</u>	<u>4.4</u>	<u>3.8</u>
Average annual long-term occupancy ((a*b)/365)	1,931	2,767	2,165
Number of long-term spaces available	<u>5,483</u>	<u>4,708</u>	<u>4,708</u>
Average annual long-term occupancy rate	<u>35.22%</u>	<u>58.77%</u>	<u>45.99%</u>



December 31,						
2009	2010	2011	2012	2013	2014	2015
87,883	87,073	87,545	85,306	75,998	75,128	76,256
<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>31.67%</u>	<u>31.38%</u>	<u>31.55%</u>	<u>30.74%</u>	<u>27.39%</u>	<u>27.07%</u>	<u>27.48%</u>
61,338	65,064	65,260	65,260	60,832	72,089	74,782
<u>95,365</u>	<u>100,666</u>	<u>100,666</u>	<u>100,666</u>	<u>97,796</u>	<u>97,944</u>	<u>97,944</u>
<u>64.32%</u>	<u>64.63%</u>	<u>64.83%</u>	<u>64.83%</u>	<u>62.20%</u>	<u>73.60%</u>	<u>76.35%</u>
887,805	1,097,660	1,138,448	1,069,795	1,124,969	1,171,795	1,281,238
<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>49.32%</u>	<u>60.98%</u>	<u>63.25%</u>	<u>59.43%</u>	<u>62.50%</u>	<u>65.10%</u>	<u>71.18%</u>
200,106	241,858	257,110	240,871	258,745	274,552	304,575
<u>4.0</u>	<u>3.8</u>	<u>4.0</u>	<u>4.4</u>	<u>4.3</u>	<u>4.5</u>	<u>3.9</u>
2,193	2,518	2,818	2,877	3,048	3,385	3,254
<u>4,708</u>	<u>6,509</u>	<u>6,509</u>	<u>6,509</u>	<u>6,918</u>	<u>6,918</u>	<u>6,918</u>
<u>46.58%</u>	<u>38.68%</u>	<u>43.29%</u>	<u>44.20%</u>	<u>44.06%</u>	<u>48.93%</u>	<u>47.04%</u>