



Years Ended
December 31,
2022 and 2021

Annual
Comprehensive
Financial Report
(A Component unit of the
County of Kent, Michigan)

Prepared by: Finance and Administrative Department

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

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Introductory Section

GOVERNING BOARD

Dan Koorndyk
Board Chairman

Roger Morgan*
Vice Chairman

Birgit Klohs
Secretary

Peter Beukema

Emily Brieve*

Doug Small

Mary Kay Shaver
General Counsel

Tory Richardson, A.A.E.	President and CEO
Alex Peric, A.A.E.	Vice President and COO
Maria Kim	CFO
Lisa M. Carr, C.M., P.E.M., C.T.A.	Public Safety and Operations Director
Casey W. Ries, P.E.	Engineering and Planning Director
Kevin Delaney	Maintenance and Asset Management Director
Heather Day, SHRM-SCP, C.M.	Human Resources Director

* Kent County Commissioner



June 15, 2023

Gerald R. Ford International Airport Board
Kent County, Michigan

We are pleased to submit the Gerald R. Ford International Airport Authority Financial Report for the year ended December 31, 2022. This report was prepared by the Authority's Finance and Administration Division, and the financial statements were audited by Plante & Moran, PLLC, an independent firm of Certified Public Accountants. This report is prepared for the purpose of disclosing the Authority's financial condition and to provide the reader additional information about the Authority's mission, goals, and operating trends. The auditors' unmodified opinion has been included in this report. The Authority's Management Discussion and Analysis provides an introduction to the Financial Statements and can be found starting on page 4.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. The reliability of the information contained in this report is based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial activity have been included.

The Gerald R. Ford International Airport Authority (Authority) was created by the Kent County Board of Commissioners under Act 95, Public Acts of Michigan 2015, as amended on August 27, 2015. Prior to this the Kent County Airport Board of Control was created by resolution of the Board of Supervisors (now County Board of Commissioners) on June 26, 1956. The name was changed to the Kent County Aeronautics Board in 1959. In 1959, the Department of Aeronautics was created by resolution of the Kent County Board of Supervisors. On November 3, 2011, the County Commission changed the Board name to the Gerald R. Ford International Airport Board. With the creation of the Authority the Gerald R. Ford International Airport Authority Board (Board) was established to direct and govern the Authority. The Board is currently made up of two County Commissioners and five citizens at-large, all appointed by the County Commission. One Citizen Member must be from outside Kent County; this position is currently held by Mr. Peter Beukema (Ottawa County). The Board is responsible for governing the affairs of the Authority and sets all policies under an Airport Lease and Asset Transfer Agreement with Kent County. On July 1, 2016, the Authority received an Airport Operating Certificate from the Federal Aviation Administration which transferred the operation from Kent County through the Gerald R. Ford International Airport Board to the Authority. The Authority adopted its own Board Policies but there were no significant changes to the Policies. However, there were some impacts on the Financial Statements due to the creation of the Board. These impacts are disclosed through these Financial Statements.

Information on the Local Economy

There are eight counties in Southwest Michigan that make up the traffic base for the Gerald R. Ford International Airport (Airport). These counties are considered the Airport Catchment Area and constitute roughly a 50-mile radius centered around Grand Rapids. Grand Rapids and its surrounding communities have a diverse make up of industries including health care, manufacturing, pharmaceuticals, agriculture, and technology. Although the region experienced a downturn as the result of the COVID-19 pandemic, much of the economy has rebounded strongly and is at levels seen prior to COVID or even better. Southwest Michigan, and especially Kent County, has historically recorded better economic results than that of the full state and the country.

The downtown Grand Rapids area continues to see a large amount of new construction, both housing and commercial development. More than 35 new restaurants were opened in 2022, from many different flavors and price points. The entertainment venues are back to having regular schedules, with the Van Andel Arena being the central downtown venue for both sporting events and high-profile concerts. The DeVos Convention Center is also hosting a regular slate of large conventions, which helps to bolster the hotels and restaurants that saw a slower rebound from the COVID-19 pandemic. All these things continue to make downtown Grand Rapids an area that is drawing more people for both a place to work and a place to live. The surrounding suburban areas also continue to see growth as more families are moving to the area and building homes. Grand Rapids and the West Michigan region continues to win awards, showcasing why people should live or visit the area. Here are some of the recognitions earned in 2022:

- Best Places to Raise a Family in the U.S. – (#1 – Grand Rapids) – Rocket Homes
 - Safest City in Michigan – (#1 – Grand Rapids) - WalletHub
 - Best Places to Live in Michigan in 2023-2024 (#2 – Grand Rapids) – U.S. News and World Report
 - Best Suburbs to Buy a House in Michigan – (#3 – East Grand Rapids) – Niche
 - Best Business Climate (Mid-Sized) – (#3 – Grand Rapids) – Business Facilities
 - Best Cities to Start a Tech Career (1 of 4 cities – Grand Rapids) – Yahoo!Finance
 - Best Cities to see amazing art – (#7 – Grand Rapids) – USA Today 10Best
 - Best Places to Live for Quality of Life in the U.S. – (#18 – Grand Rapids) – U.S. News and World Report
- *Data courtesy of The Right Place, Inc. & Experience Grand Rapids

The surrounding region is also host to the world headquarters for a collection of international businesses, from a variety of industries. These include Fortune 500 companies such as SpartanNash, UFP Industries, Steelcase, and MillerKnoll, as well as other familiar brands such as Amway, Perrigo, BISSELL, and Wolverine Worldwide. Although these examples are some of the most recognizable by most people, there are over 130 international companies that call Southwest Michigan home.

The travel and tourism industry continued to see significant rebounding in 2022 – especially during the summer months when outside activities are the most popular with both West Michigan residents and those that travel here for summer vacations. Hotels are consistently seeing pre-pandemic levels of business, and construction of additional rooms is on the rise. There are plenty of beaches and golf courses to visit in the summer, and a variety of snow activities during the winter months. The annual USA Today reader's poll named Grand Rapids the Best Beer City in the U.S. for the fourth time in ten years, bringing to attention the more than 40 craft breweries located within a 30-minute drive of downtown, many of which have full kitchens as well.

The higher quality of life and the lower cost of living that Southwest Michigan offers, along with the economic activity generated from the many industries in the area, continues to attract the population and businesses that helps solidify the Gerald R. Ford International Airport as the front door to West Michigan.

Airport Outlook and Capital Planning

The financial outlook of the Authority is primarily dependent on the number of passengers as well as the frequency of aircraft operations at the Gerald R. Ford International Airport (Airport). In turn, these factors are reliant on the economic condition of the region, the airlines, and the passengers themselves. The financial health of the airlines can be a factor in determining new routes or expanded service as well as ticket pricing, and then these factors, along with the local economy, will influence the consumers' willingness to purchase air travel.

In 2022, the airport's passenger numbers continued to recover from the COVID-19 recession faster than the national average and ended the year with 3 of 4 months being record months. 10 of 12 months in 2022 were at least 95% of the 2019 counterpart, and the total year ended with 3.47 million total passengers. This was 96.7% of the 2019 record year and the 2nd best in our history. The first four months of 2023 have been about 5.3% higher than 2022, so are on pace to set a new record for total passengers. In addition to passenger growth, our airline partners have restored the number of routes on our map to pre-pandemic levels as well. Depending on the season, there are between 29-36 regularly scheduled non-stop offerings from our carriers. The upward trending pattern of both passengers and aircraft operations is driving the Airport to return to projects which were put on hold during 2020, as we need to address the facility needs to accommodate this growth.

As an Authority, users of the Airport facilities provide the revenues to operate, maintain and provide necessary services and facilities. The Authority is not supported by general tax revenues of the County. The Authority is responsible for operating the Airport, and for making the proper decisions to accommodate current and future customers and users of the Airport.

The Authority maintains an annual Capital Budget plus a 5-year Capital Improvement Program (CIP) as required by the Federal Aviation Administration. The CIP is funded through a combination of Federal and State Grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), Bond Issuance and Airport Reserves. The annual Budget and CIP are revised annually by the Gerald R. Ford International Airport Authority Board and the current total plan has been approved in the amount of \$778,130,000. A large portion of this CIP is associated with the passenger growth that has already occurred and is projected to continue. This is a list of specific projects associated with this passenger growth:

Expansion of Concourse 'A'

- Widening the existing concourse and increasing the length to add eight gates to the terminal, increasing the total number of gates the Airport has from fifteen to twenty-three.
- A total project cost of \$107.0M, anticipated for completion in 2024
- Funded by a combination of federal grants, PFCs, airport revenues, and an issuance of bonds

Aircraft Rescue and Fire Fighting (ARFF) Station

- Relocation of the existing ARFF facility to be attached to the newly opened Emergency Operations Center.
- A total project cost of \$15.0 million, anticipated for completion in 2023
- Funded by a combination of federal grants and airport revenues

Airport Outlook and Capital Planning (continued)

Snow Removal Equipment Building

- Addition of a dedicated Building to house our Snow Removal Equipment, to alleviate congestion in the existing Field Maintenance facility.
- A total project cost of \$13.5 million, anticipated for completion in 2024
- Funded by a combination of federal grants and airport revenues

Consolidated Rental Car Facility

- A multi-level facility that incorporates all the rental car vendors into one area, with quick-turn operations all in one place. This includes rental counters, return areas, fueling & washing, and short-term storage. This would allow for the current first level of the existing parking garage to be used exclusively for passenger parking, adding approximately 1,100 new public parking spaces.
- A total project cost of \$144.0 million, scheduled to complete in 2025
- Funded by a combination of airport revenues, CFCs, and an issuance of bonds

Terminal Enhancements

- Relocating and expanding the airline ticket counters to the western portion of the terminal, and relocating and expanding the baggage claim devices to the eastern portion of the terminal. This will alleviate passenger traffic congestion by allowing for a more defined passenger flow throughout the terminal. Also replacing the current multi-section baggage system with one complete system that moves luggage from check-in through TSA screening without necessitating human intervention at bottlenecks.
- A total project cost of \$150.0M, scheduled to complete in 2025
- Funded by a combination of federal grants, PFCs, airport revenues, and bond issuance

North Parking Structure

- Phase 1 of a second multi-level parking structure is being planned to accommodate the growing need for covered parking which is close to the terminal.
- A total cost of \$53.0 million for Phase 1 of the structure, scheduled to complete in 2026
- Funded entirely by airport revenues, with an issuance of bonds

Federal Inspection Station

- An expansion of the terminal building to house a passenger customs clearing station, to allow for the screening of arriving international passengers at the Airport. This addition will also incorporate an additional baggage carousel that can be used for both international and domestic flights.
- A \$10.0M investment in Phase 1 was completed in 2021.
- Phase 2 of the full project will include U.S. Customs & Border Protection facilities with a cost of \$17.8M, scheduled to complete in 2025.
- Funded entirely by state and federal grants

In addition to these projects, the Airport has been in discussions with the Federal Aviation Administration (FAA) about relocation of the air traffic control tower. The current location of the tower, while allowing for full operations of the current air traffic, does not allow the Authority to engage on certain new building projects viewed as necessary to meet the needs of our customers. Specifically, certain projects the Authority is planning

would have structures that impede the view of the runways and taxiways from the current tower. The cost to relocate the tower would be entirely funded by the FAA.

While these projects have been identified as necessary for accommodation of the passenger growth seen in the years prior to pandemic, and now being seen in the recovery as well, we continue to monitor current activity to ensure that we are making decisions for our future with the best information at our disposal. We continue to discuss project plans with our airline partners and other tenants to ensure that we are making the proper financial decisions for capital projects and to continue operating the Airport safely.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Gerald R. Ford International Airport Authority for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2021. 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-ninth consecutive year the Authority received the award.

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

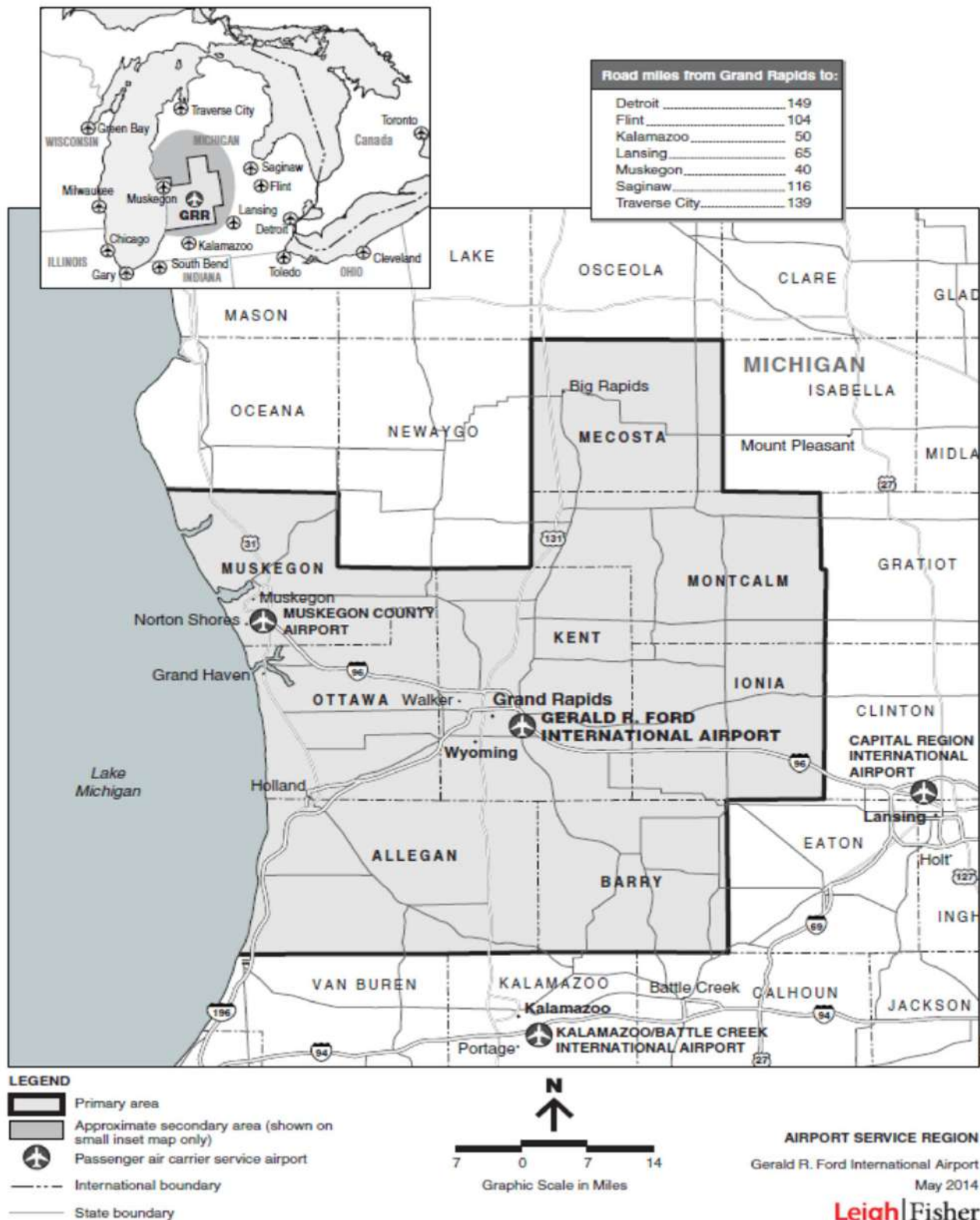
Acknowledgements

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

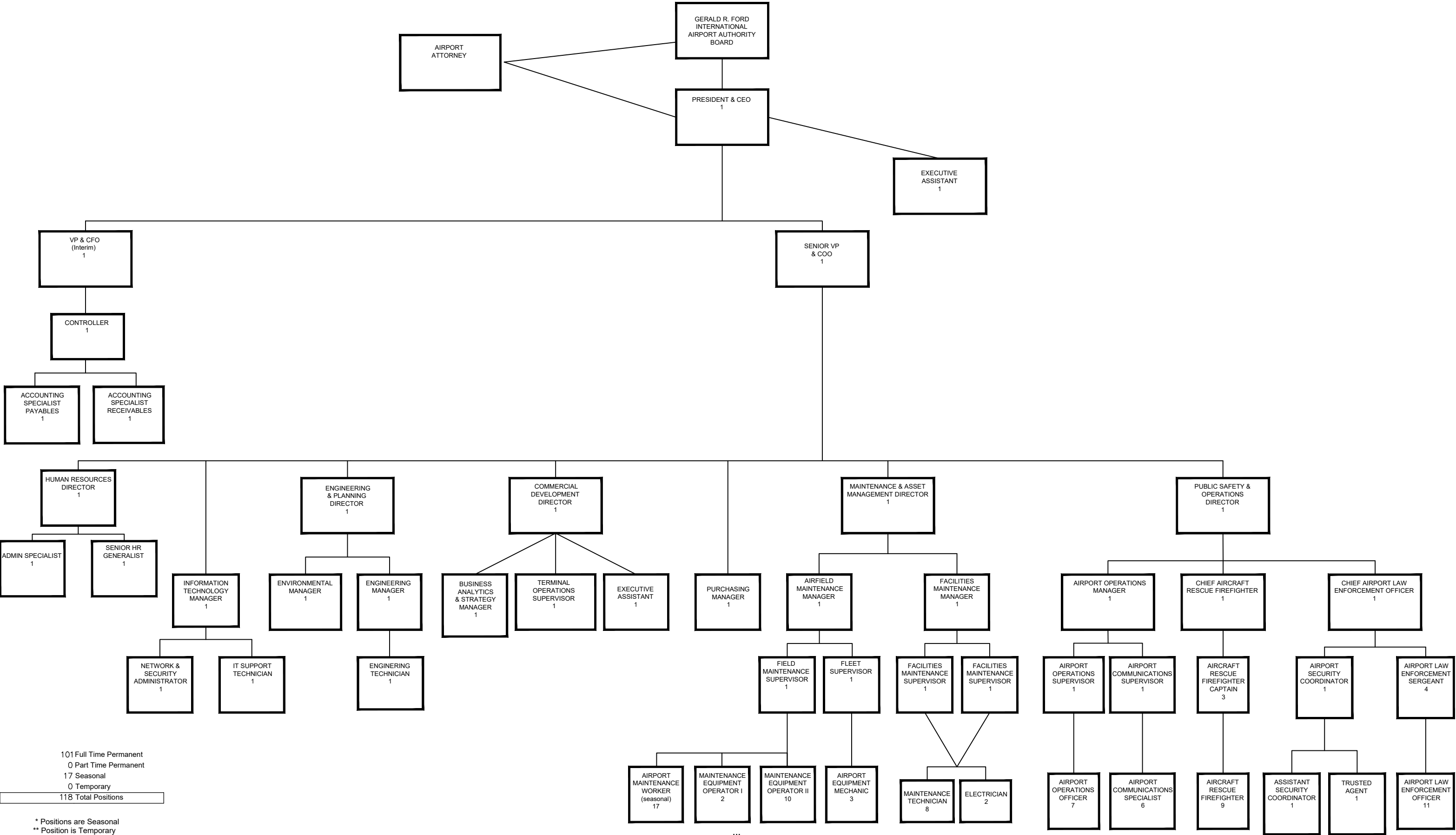
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "T. A. Richardson", with a stylized flourish at the end.

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



**GERALD R. FORD AIRPORT AUTHORITY
ORGANIZATIONAL CHART
EFFECTIVE OCTOBER 2021**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
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Presented to

**Gerald R. Ford International Airport Authority
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditor's Report

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

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Gerald R. Ford International Airport Authority (the "Authority"), a component unit of the County of Kent, Michigan, as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2022 and 2021 and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As described in Note 1 to the financial statements, the Authority adopted the provisions of GASB Statement No. 87, *Leases*, as of January 1, 2021. This statement requires recognition of certain assets for agreements that meet certain criteria based on the provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

June 15, 2023

The following Management's Discussion and Analysis (MD&A) of the Gerald R. Ford International Airport Authority's activities and financial performance provide an introduction to the financial statements of the Authority, a component unit of the County of Kent, Michigan (the "County") for the year ended December 31, 2022. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

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

Operations of the Gerald R. Ford International Airport were previously reported as an enterprise fund of Kent County. By resolution of the Kent County Board of Commissioners, a legally-separate Airport Authority was established. The Authority was incorporated with the State of Michigan on September 20, 2015 and commenced operations on July 1, 2016.

FINANCIAL POSITION SUMMARY

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$331.1 million at December 31, 2022, a \$17.5 million increase from December 31, 2021, compared to an \$18.5 million increase in 2021.

2021 results have been restated from formerly published numbers, in order to account for the implementation of GASB 87 requirements.

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

	2022	2021	2020
Assets			
Current and other assets	\$ 174,552,364	\$ 209,050,526	\$ 61,769,692
Capital assets, net	429,807,932	382,267,508	387,912,077
Total assets	<u>604,360,296</u>	<u>591,318,034</u>	<u>449,681,769</u>
Deferred outflows of resources	<u>9,692,826</u>	<u>6,853,142</u>	<u>7,089,234</u>
Liabilities			
Long-term debt	246,287,143	256,133,858	146,485,984
Other liabilities	24,280,588	11,875,357	13,759,319
Total liabilities	<u>270,567,731</u>	<u>268,009,215</u>	<u>160,245,303</u>
Deferred inflows of resources	<u>12,353,670</u>	<u>16,572,696</u>	<u>1,390,130</u>
Net position			
Net investment in capital assets	245,507,773	249,384,070	246,334,369
Restricted	37,983,556	31,534,148	28,554,682
Unrestricted	47,640,392	32,671,047	20,246,519
Total net position	<u>\$331,131,721</u>	<u>\$313,589,265</u>	<u>\$295,135,570</u>

The largest portion of the Authority's net position each year (74.1% and 79.5% at December 31, 2022 and 2021, respectively) represents its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide facilities to its tenants, users and customers. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (11.5% and 10.1% at December 31, 2022 and 2021, 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 (14.4% and 10.4% at December 31, 2022 and 2021, respectively) may be used to meet any of the Authority's ongoing obligations.

SUMMARY OF CHANGES IN NET POSITION

A condensed summary of the Authority's change in net position for the year ended December 31 is provided below:

	2022	2021	2020
Operating revenues	\$ 59,859,970	\$ 50,030,386	\$ 33,259,239
Operating expenses	(61,460,762)	(52,651,312)	(47,685,632)
Operating income	(1,600,792)	(2,620,926)	(14,426,393)
Nonoperating revenues (expenses)			
Investment earnings	1,596,788	647,576	166,048
Interest & other expenses	(8,961,695)	(5,556,018)	(5,417,553)
Passenger and customer facility charges	10,807,499	8,014,493	4,729,501
Gain on sale of capital assets	13,900	87,393	22,089
CARES Act Revenue	-	-	16,261,068
CRRSA Act Revenue	382,687	5,509,118	-
ARP Act Revenue	10,332,381	-	-
Total nonoperating revenues (expenses)	14,171,560	8,702,562	15,761,153
Gain before capital contributions	12,570,768	6,081,636	1,334,760
Capital contributions	4,971,688	12,372,059	18,705,230
Change in net position	17,542,456	18,453,695	20,039,990
Net position, beginning of year	313,589,265	295,135,570	275,095,580
Net position, end of year	\$331,131,721	\$313,589,265	\$295,135,570

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased 19.6% from \$50.0 million in 2021 to \$59.9 million in 2022 principally due to increased passenger traffic, most specifically seen in the parking revenue of the airport.
- Operating Expenses increased 16.7% from \$52.7 million in 2021 to \$61.5 million in 2022 principally due to increases in contractual services and personnel expenses. These increases were done to reestablish services and personnel which were part of the cost cutting measures taken during the COVID-19 pandemic to offset the decrease in operating revenues during that time period.
- As a result of the above, operating income increased from a \$2.6 million operating loss in 2021 to a \$1.6 million operating loss in 2022.
- Net non-operating revenues (expenses) increased from \$8.7 million in 2021 to \$14.2 million in 2022, due primarily to the difference between federal aid provided from the CRRSA act (\$5.5 million in 2021) and the ARP Act (\$10.3 million in 2022). Passenger and Customer facility charges did see an increase of 34.8% from 2021, resulting from continued passenger recovery from the COVID-19 recession.
- Capital contributions received in the form of grants from the Federal and State governments vary year to year and within the year, based on availability of grant funding and timing of federally funded projects.

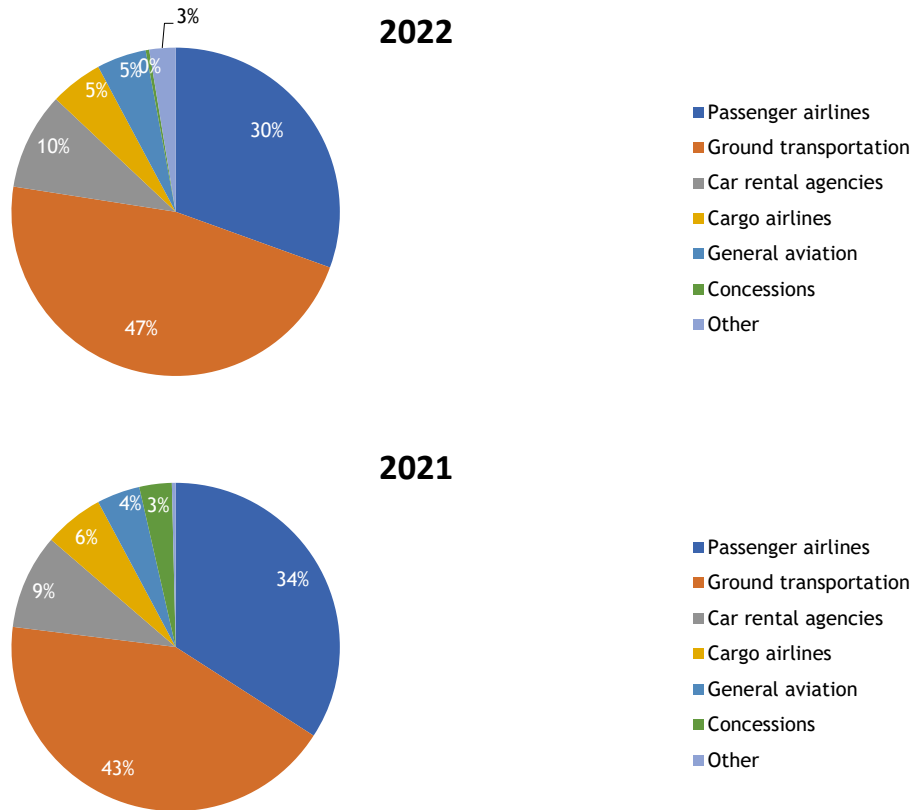
AIRLINE RATES AND CHARGES

The Gerald R. Ford International Airport Authority Board sets cost recovery rates and charges annually by adoption of a resolution based on a compensatory (cost of services) rates and charges methodology. This methodology utilizes the Authority's annual operating and capital budgets which have been approved by the Gerald R. Ford International Airport Authority Board. The rates include the terminal rental rates, landing fees and airline apron fees. Rates as of December 31 are as follows:

	2022	2021	2020
Landing fees (per 1,000 lbs)	\$ 3.57	\$ 3.59	\$ 3.25
Terminal rental rates (per square foot)	53.46	59.79	60.36
Airline apron fee (per 1,000 lbs)	1.84	1.79	1.63

REVENUES

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

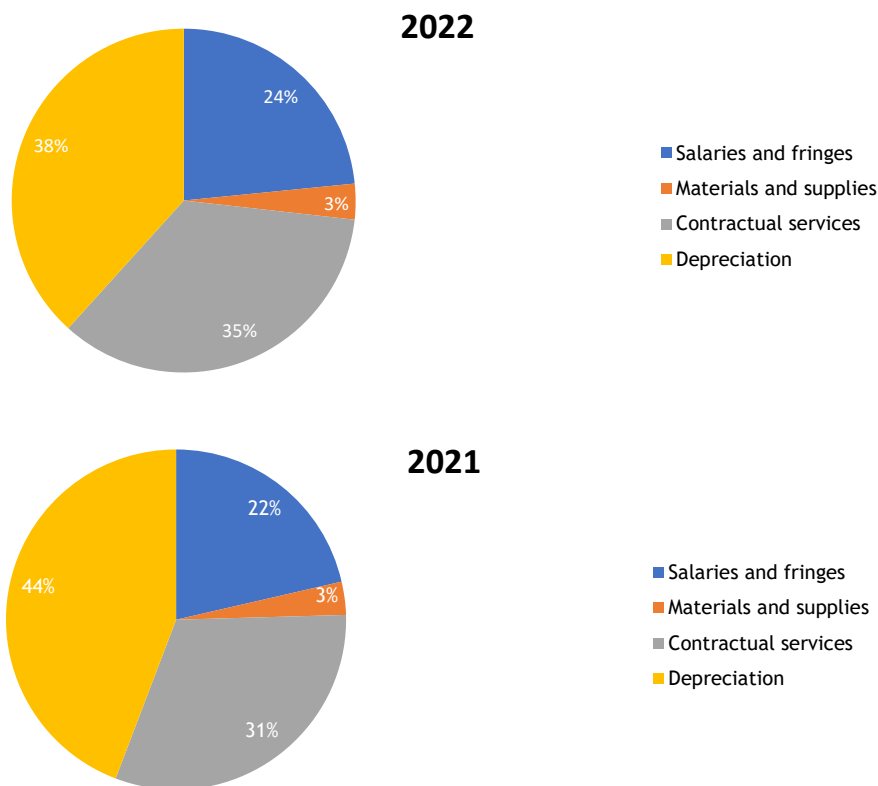


A summary of operating revenues for the year ended December 31, 2022 and 2021 is as follows:

Operating revenues	2022	Percent of Total	2021	Percent of Total
Charges for services:				
Passenger airlines	\$ 18,270,253	30.5%	\$ 17,059,566	34.1%
Ground transportation	28,084,891	46.9%	21,441,629	42.9%
Car rental agencies	5,733,139	9.6%	4,690,116	9.4%
Cargo airlines	3,091,943	5.2%	2,935,032	5.9%
General aviation	2,928,160	4.9%	2,117,453	4.2%
Concessions	214,157	0.4%	1,598,488	3.2%
Other	1,537,427	2.6%	188,102	0.4%
Total operating revenues	\$ 59,859,970		\$ 50,030,386	

EXPENSES

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



A summary of operating expenses for the year ended December 31, 2022 and 2021 is as follows:

Operating expenses	2022	Percent of Total	2021	Percent of Total
Salaries and fringes	\$ 14,402,810	23.4%	\$ 11,275,778	21.4%
Materials and supplies	2,059,561	3.4%	1,655,930	3.1%
Contractual services	21,466,255	34.9%	16,431,046	31.2%
Depreciation	23,532,136	38.3%	23,288,558	44.2%
Total operating expenses	<u><u>\$ 61,460,762</u></u>		<u><u>\$ 52,651,312</u></u>	

FINANCIAL STATEMENTS

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

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

For the year ended December 31, 2022 the Authority had capital additions totaling \$71,078,603. The major capital additions were:

Concourse 'A' Expansion	\$ 47,352,635
Centralized Utility Plant	7,584,519
Primary Communications / Emergency Operations Center	5,507,483
South Perimeter Road Reconstruction	1,703,355
Consolidated Rental Car Facility - Design	1,446,774
Roadway Canopy Lighting	1,108,327
Concourse Exit Lanes	866,482
Airside Pavement Repairs	394,140
Airfield Lighting - Design	303,014
Checked Baggage System - Design	231,988
Other	4,579,886

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal and state grants, private investment, debt issuance and Authority revenues. Additional information on the Authority's capital assets can be found in Note 4 of this report.

LONG-TERM DEBT ADMINISTRATION

In November 2021, the Authority issued \$93.7 million of Revenue Bonds to pay the construction cost of expanding and renovating concourse A. This bond issue was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In July 2021, the Authority issued \$19.8 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 2011. This bond issue, like the 2009 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

In November 2018, the Authority issued \$12.7 million of Revenue Refunding Bonds to pay the cost of refunding the outstanding Airport Revenue Refunding Bonds, Series 2009. This bond issue, like the 2009 Refunding Bonds, was sold with the limited tax general obligation of the County and utilized the County's bond rating. Their rating for this issue was AAA from Standard & Poor's and Aaa from Moody's.

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

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

Additional information on the Authority's revenue bonds payable can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

During 2022, the Airport saw significant recovery in passenger activity from the decline in 2020 caused by the COVID-19 pandemic. The year ended with 3.5 million total passengers, only 3.3% lower than 2019 (the base year for pandemic recovery analysis). Passenger traffic has continued to be near or surpassing the 2019 levels, and it is anticipated that 2023 will surpass the record passenger number set in 2019.

Total operating revenues were \$59.9 million in 2022, setting a new record. All revenue sources contributed to the new high mark, with parking being the majority of the total at \$27.8 million. This is followed by revenue received from the airline partners of \$18.3 million, and various rents and concessions contributing most of the remaining \$13.8 million.

Both passenger and airline traffic is very much in line with our pre-pandemic levels, with some months even surpassing the records that were set in 2019. Barring any unforeseen circumstances, the Airport considers itself fully recovered from the COVID-19 recession.

The Authority did qualify for and recognized \$10.3 million in grant revenue from the Federal ARP Act, which we used to offset operational expenses during the year. There is \$5.1 million remaining on the grant, which will be used in 2023 to offset operational expenses as well. Additionally, the Authority was awarded an \$8.7 million grant from the Bipartisan Infrastructure Law (BIL) which is being used to purchase the eight new Passenger Boarding Bridges needed for our Concourse A expansion project.

As passenger and aircraft activity rebounded, the Authority continued to reestablish many of the cost cutting measures put in place during the pandemic. The FTE headcount of the Authority is back to 100%, and looking to expand. As seen in the tables above, the Authority's 2022 operating expenses far surpassed 2021 levels. Some of this is related to general inflation which is being seen in many industries, but most of the increase is the result of positioning our staff and facilities ahead of the growth that we are forecasting.

Many of our tenants continued to struggle in 2022 with staffing shortages, as this is an issue for many industries around the country. Even with this barrier, the Authority has retained all of our main tenants throughout the COVID-19 recession, with one small vending machine concessionaire being the only tenant to discontinue business at the Airport. As for expanding our facilities through construction, we continued to work with our contractors to compete active projects. We have also added projects that were deemed necessary for both the safe continued operation of the airport, as well as addressing the future space needs of our increasing passenger numbers. The Authority is continually prioritizing the projects needing to be completed, and is moving forward with new projects only when it makes sense both operationally and fiscally.

In November 2022, the Authority opened an investment account to hold the bulk of our bond proceeds until that time they are needed for payment of construction projects. The funds are invested in a variety of government investment vehicles, so are subject to very little risk. As of December 31, 2022, the balance in the investment account was \$81.6 million. The retirement fund the Authority has for pensioned employees continues to be over-funded, and the Authority does not foresee the need to contribute a large amount in order to stay compliant with regulations in place on the accounts. Even with some employees exercising their option to early retirement, the Authority is confident that the pension account is funded enough to accommodate the need for the foreseeable future.

2022 results show that the Authority is back to posting pre-pandemic financial results. While there are still some areas of the business to be entirely recovered, we are optimistic that the future is brighter than ever for the Gerald R. Ford International Airport. The economy of West Michigan has historically outperformed the rest of the state and country, and that continued to be the case in 2022. The Authority is confident that the local West Michigan economy will continue to strengthen, and the Airport will be an important piece of infrastructure to be a catalyst in that growth. As we look forward to continued increases in our passenger and airline activity, we are confident that we can continue to contain operating costs in order to keep airline rates at or near the current rates for 2023.

REQUESTS FOR INFORMATION

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

Respectfully submitted,



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

Gerald R. Ford International Airport Authority

Statement of Net Position

December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,696,426	\$ 20,606,530
Restricted cash and cash equivalents (Note 3)	15,000,053	12,305,303
Receivables:		
Accounts receivable - Net	3,076,462	1,048,722
Due from other governments	15,904,098	17,908,457
Inventory	344,326	307,883
Prepaid expenses and deposits	1,679,132	1,933,060
Lease receivable (Note 6)	1,839,782	2,162,652
Total current assets	72,540,279	56,272,607
Noncurrent assets:		
Restricted assets:		
Restricted cash and cash equivalents (Note 3)	88,961,368	131,696,294
Accounts receivable - Net (Note 3)	1,257,406	1,077,582
Net pension asset (Note 8)	1,126,121	8,008,841
Capital assets: (Note 4)		
Assets not subject to depreciation	94,868,210	46,972,841
Assets subject to depreciation - Net	334,939,723	335,294,667
Leases receivable (Note 6)	10,667,189	11,995,202
Total noncurrent assets	531,820,017	535,045,427
Total assets	604,360,296	591,318,034
Deferred Outflows of Resources		
Deferred charges on bond refundings (Note 5)	3,278,721	3,582,237
Deferred pension costs (Note 8)	6,414,105	3,270,905
Total deferred outflows of resources	9,692,826	6,853,142
Liabilities		
Current liabilities:		
Payables:		
Accounts payable	5,711,869	2,291,270
Construction contracts payable	11,204,652	3,798,319
Payables from restricted assets:		
Accrued interest payable	4,653,339	2,458,589
Bonds payable (Note 5)	10,346,714	9,846,714
Unearned revenue:		
Unearned grant revenue	812,500	-
Unearned other revenue	783,470	725,392
Other accrued liabilities	1,114,758	2,601,789
Total current liabilities	34,627,302	21,722,073
Noncurrent liabilities - Bonds payable - Net of current portion (Note 5)	235,940,429	246,287,142
Total liabilities	270,567,731	268,009,215
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 8)	209,244	2,698,002
Deferred inflows related to leases (Note 6)	12,144,426	13,874,694
Total deferred inflows of resources	12,353,670	16,572,696

Gerald R. Ford International Airport Authority

Statement of Net Position (Continued)

December 31, 2022 and 2021			
	2022		2021
Net Position			
Net investment in capital assets	\$ 245,507,773	\$	249,384,070
Restricted:			
Debt service	9,820,726		9,294,705
Debt reserve	759,869		757,781
Passenger facility charges - Capital improvements	12,636,130		8,079,969
Customer facility charges - Capital improvements	7,435,849		4,819,949
Pension benefits	7,330,982		8,581,744
Unrestricted	47,640,392		32,671,047
Total net position	\$ 331,131,721	\$	313,589,265

Gerald R. Ford International Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue		
Passenger airlines	\$ 17,495,891	\$ 17,059,566
Ground transportation	28,084,891	21,441,629
Car rental agencies	5,733,139	4,690,116
Cargo airlines	3,091,943	2,935,032
General aviation	2,928,160	2,117,453
Concessions	214,157	1,598,488
Other	2,311,789	188,102
Total operating revenue	59,859,970	50,030,386
Operating Expenses		
Salaries and fringes	14,402,810	11,275,778
Materials and supplies	2,059,561	1,655,930
Contractual services	21,466,255	16,431,046
Depreciation	23,532,136	23,288,558
Total operating expenses	61,460,762	52,651,312
Operating Loss	(1,600,792)	(2,620,926)
Nonoperating Revenue (Expense)		
Gain on sale of assets	13,900	87,393
Interest earnings	1,596,788	647,576
Interest expense	(8,961,695)	(5,556,018)
Passenger facility charges	7,068,549	6,242,500
Customer facility charges	3,738,950	1,771,993
ARP Act revenue	10,332,381	-
CRRSA Act revenue	382,687	5,509,118
Total nonoperating revenue	14,171,560	8,702,562
Income - Before capital contributions	12,570,768	6,081,636
Capital Contributions		
Capital grants	4,321,688	12,022,059
Donations	650,000	350,000
Total capital contributions	4,971,688	12,372,059
Change in Net Position	17,542,456	18,453,695
Net Position - Beginning of year, as restated (Note 1)	313,589,265	295,135,570
Net Position - End of year	\$ 331,131,721	\$ 313,589,265

Gerald R. Ford International Airport Authority

Statement of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 57,797,755	\$ 52,556,013
Payments to suppliers	(19,619,853)	(18,486,269)
Payments to employees and fringes	(14,893,790)	(13,968,830)
Net cash and cash equivalents provided by operating activities	23,284,112	20,100,914
Cash Flows from Noncapital Financing Activities - Operating grants	10,715,068	2,531,058
Cash Flows from Capital and Related Financing Activities		
Passenger facility charges collected	7,049,915	5,739,228
Customer facility charges collected	3,577,760	1,716,937
Capital contributions received	7,788,547	2,029,084
Proceeds from sale of capital assets	13,900	133,959
Issuance of revenue bonds	-	140,322,110
Purchase of capital assets	(63,666,228)	(15,803,900)
Principal and interest paid on capital debt	(8,795,000)	(28,600,000)
Debt service charge	(7,515,142)	(6,112,886)
Payment of bond sale expenses	-	(816,895)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(61,546,248)	98,607,637
Cash Flows Provided by Investing Activities - Interest received	1,596,788	80,839
Net (Decrease) Increase in Cash and Cash Equivalents	(25,950,280)	121,320,448
Cash and Cash Equivalents - Beginning of year	164,608,127	43,287,679
Cash and Cash Equivalents - End of year	\$ 138,657,847	\$ 164,608,127
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 34,696,426	\$ 20,606,530
Current restricted cash and cash equivalents	15,000,053	12,305,303
Noncurrent restricted cash and cash equivalents	88,961,368	131,696,294
Total cash and cash equivalents	\$ 138,657,847	\$ 164,608,127
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	\$ (1,600,792)	\$ (2,620,926)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation	23,532,136	23,288,558
Changes in assets and liabilities:		
Accounts receivable	(2,107,801)	1,790,621
Inventories	(36,443)	(33,705)
Prepaid expenses and deposits	254,604	11,409
Net pension asset and deferred pension costs and cost reductions	1,250,762	(347,805)
Accounts payable	3,420,599	(500,519)
Unearned other revenue	58,078	462,518
Other accrued liabilities	(1,487,031)	(1,949,237)
Total adjustments	24,884,904	22,721,840
Net cash and cash equivalents provided by operating activities	\$ 23,284,112	\$ 20,100,914

December 31, 2022 and 2021

Note 1 - Significant Accounting Policies

Reporting Entity

Gerald R. Ford International Airport Authority (the "Authority") was incorporated as a public body on September 2, 2015 and commenced operations on July 1, 2016. The Authority's purpose is to operate and maintain the Gerald R. Ford International Airport in Grand Rapids, Michigan. It is the second largest airport in Michigan, with flights to 33 domestic locations.

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

Accounting and Reporting Principles

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

Report Presentation

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

Fund Accounting

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

Basis of Accounting

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

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with a maturity of three months or less when acquired, and short-term accrued interest.

Investments

Investments are reported at fair value or estimated fair value based on quoted market prices. Short-term investments are reported at cost, which approximates fair value. Investments are stated at fair value except for investments in certain investment pools, which are valued at amortized cost.

Positions in external investment pools are not required to be categorized within the fair value hierarchy and are classified as cash equivalents.

December 31, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

Accounts Receivable

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

Due from Other Governments

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

Inventories and Prepaid Items

Inventories, which consist of fuel and runway deicers, are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods. For such payments, the Authority accrues prepaid items in the financial statements.

Restricted Assets

Restricted assets consist of moneys and other resources whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like or through restrictions imposed by law through constitutional provisions or enabling legislation. The distinction between current and noncurrent restricted assets is that noncurrent assets are restricted for long-term debt service, reserves, capital expenditures, and unspent bond proceeds.

Bond Discounts and Premiums

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

Capital Assets

Capital assets include land improvements, buildings and improvements, equipment, systems, office equipment and furniture, and vehicles. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$50,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, net of accumulated depreciation. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

December 31, 2022 and 2021**Note 1 - Significant Accounting Policies (Continued)**

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Depreciable Life - Years</u>
Land improvements	20-30
Buildings and improvements	30-50
Equipment and systems	3-12
Office equipment and furniture	5-15
Vehicles	3-7

The Authority reviews long-lived assets, including land, buildings and other capital assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair market value. If it is determined that an impairment loss has occurred based on expected future undiscounted cash flows, the asset is written down to its net value and a current charge to income is recognized. There was no impairment loss recognized during 2022 or 2021.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows related to pension cost reductions and leases. See Note 8 for details on pension costs and Note 6 for details on leases.

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

December 31, 2022 and 2021**Note 1 - Significant Accounting Policies (Continued)****Passenger Airline Charges**

The Authority sets rates and charges for landing fees, terminal rental rates, and apron fees that are charged to the airlines for services based on the adopted operating and capital budgets. These rates and charges are adopted by the board in October and are effective January 1. At the end of the year, the Authority does a recalculation of the rates based on actual activity and audited information. The difference between the rates and charges is then either credited to the airlines if they have overpaid during the year or billed to the airlines if they underpaid during the year.

Facility Charges, Capital Contributions, and Other Grants

Passenger facility charges (PFC) are collected from airlines that service the airport for each enplaned passenger, and such charges must be used to fund capital projects. The Authority received approval from the Federal Aviation Administration (FAA) on September 9, 1992 to start collecting a \$3 PFC. The Authority received approval to use PFC revenue previously collected, as well as future charges, on February 2, 1996. The PFC revenue is being used to pay debt service on the Airport Revenue Refunding Bonds, Series 2018 (previously, Series 2009). On September 8, 2005, the FAA approved a \$1.50 increase of the PFC to \$4.50. The additional PFC revenue will be used for terminal improvements. Passenger facility charges are recorded as nonoperating revenue when the underlying transaction between the airline and the passenger occurs.

Customer facility charges (CFC) are collected for rental-car-related capital projects. The CFC of \$3 per transaction day on rental car transactions was approved by the Gerald R. Ford International Airport Authority board on August 31, 2005. The CFC revenue was used to develop new rental car service facilities and rental vehicle ready/return spaces in the parking structure. Consequently, revenue is recognized when earned and is classified as nonoperating revenue. As of March 1, 2016, the amount collected in CFCs and rental income from the car rental agencies reached the total amount expended in the development of the new rental car service facilities. At that time, the board approved for the CFC revenue to be put towards the payment of debt incurred during the 2015 construction of the roof of the parking structure, as well as a maintenance fund for the car rental service facilities. The Authority estimates that the total amount needed to pay off the debt and the maintenance fund for 15 years is \$37 million. Based on current collection rates, the Authority anticipates that the total amount will be collected via CFCs by December 31, 2030.

The Authority received a significant amount of funding through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Authority and the State of Michigan. Capital funding provided under government grants is recognized when all eligibility criteria have been met, which is typically when the related allowable expenditures have been incurred. Grants for capital asset acquisitions, facilities development, and rehabilitation are reported in the statement of revenue, expenses, and changes in net position after nonoperating revenue (expenses) as capital contributions.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was enacted into law. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, 2021. The CRRSA Act provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions. The Authority was awarded approximately \$5,900,000 of the CRRSA Act funding in total, of which approximately \$383,000 was utilized for the year ended December 31, 2022, to relieve rent and MAGs for eligible airport concessions. For the year ended December 31, 2021, the Authority utilized approximately \$5,500,000 to partially offset reductions in revenue caused by the pandemic.

December 31, 2022 and 2021**Note 1 - Significant Accounting Policies (Continued)**

On March 11, 2021, the president of the United States signed the American Rescue Plan Act of 2021 (ARPA), a \$1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to help prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, no more than \$6.492 billion will be made available for primary airports, such as the Authority, for "costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments." ARPA further appropriates no more than \$608 million to pay a federal share of 100 percent of the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a 100 percent federal share) for any airport redevelopment project and provides for no more than \$800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. The Authority is eligible to receive funding of approximately \$13,900,000. For the year ended December 31, 2022, the Authority utilized approximately \$8,800,000 for costs related to operations and personnel and an additional \$1,500,000 to provide relief from rent and minimum annual guarantees to airport concessions. For the year ended December 31, 2021, the Authority did not expend any of these funds.

The Bipartisan Infrastructure Law (BIL), another major legislative act, was signed on November 15, 2021. The BIL included \$25.0 billion in funds for airport-related projects. These funds can be invested in runways, taxiways, safety, and sustainability projects, as well as terminal, airport-transit connections, and roadway projects. The Authority will receive formula-based amounts of approximately \$8.7 million per year (for 2022 and 2023) with the amounts to be recalculated for 2024, 2025, and 2026. In addition to the formula-based amounts, the BIL includes competitive grants for airport terminal development projects that address the aging infrastructure of the nation's airports. For the year ended December 31, 2022, the Authority utilized approximately \$1,761,000 for costs related to the Passenger Boarding Bridges development project. For the year ended December 31, 2021, the Authority did not expend any of these funds.

Pension

The Authority offers a pension plan, as described in Note 8. The Authority records a net pension asset for the difference between the total pension liability calculated by the actuary and the Authority's share of the pension plan's fiduciary net position. For the purpose of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Authority employees are granted vacation leave in varying amounts based on their length of service. Employees may accumulate up to a predetermined amount of vacation leave. Upon termination, employees are paid for unused vacation at the current rates. It is the Authority's policy to recognize the cost of vacation pay at the time the liability is incurred. The Authority's compensated absences liability is recorded as an other accrued liability on the statement of net position.

December 31, 2022 and 2021**Note 1 - Significant Accounting Policies (Continued)****Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

As of January 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. As a result, the Authority now includes a receivable for the present value of payments expected to be received and a deferred inflow of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 6. The financial statements for the year ended December 31, 2021 have been restated accordingly.

The effect of this new standard on net position was as follows:

Net position - December 31, 2021 - As previously reported	\$ 313,306,105
Adjustment for GASB Statement No. 87	<u>283,160</u>
Net position - December 31, 2021 - As restated	<u><u>\$ 313,589,265</u></u>

Upcoming Accounting Pronouncements

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

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

December 31, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2024.

Note 2 - Deposits and Investments

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

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 34,696,426	\$ 20,606,530
Restricted cash and cash equivalents	15,000,053	12,305,303
Noncurrent assets - Restricted cash and cash equivalents	88,961,368	131,696,294
Total deposits and investments	<u>\$ 138,657,847</u>	<u>\$ 164,608,127</u>

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

	2022	2021
Deposits with financial institutions	\$ 36,549,615	\$ 146,833,007
Collateralized deposits	15,233,934	12,511,075
County of Kent, Michigan investment pool	5,284,683	5,242,261
Cash on hand	21,777	21,784
Money market funds	81,567,838	-
Total deposits and investments	<u>\$ 138,657,847</u>	<u>\$ 164,608,127</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

December 31, 2022 and 2021

Note 2 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. State law does not require and the Authority does not have a specific policy pertaining to custodial credit risk for deposits that is more restrictive than state law. As of December 31, 2022 and 2021, the Authority had bank deposits of \$51,662,341 and \$158,901,263, respectively, that were uninsured. The Authority's collateralized deposits represent amounts held in bond reserve and redemption accounts that are collateralized by U.S. government treasury and agency securities. Custodial credit risk for the balance held in the county investment pool cannot be determined because the Authority's balance does not correspond to specific bank accounts.

Custodial Credit Risk of Investments

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

Interest Rate Risk

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

Credit Risk

State law limits investments to specific government securities, certificates of deposit, bank accounts with qualified financial institutions, and commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools, as identified above. The Authority has no investment policy that would further limit its investment choices. As of December 31, the credit quality ratings of securities are as follows:

Investment	Carrying Value (2022)	Carrying Value (2021)	Rating	Rating Organization
Bank investment pool - Goldman Sachs Financial Square Government Fund*	\$ 27,189,954	\$ -	AAAm	S&P
Bank investment pool - Goldman Sachs Financial Square Treasury Obligations Fund*	27,188,502	-	AAAm	S&P
Bank investment pool - Dreyfus Treasury Obligations Cash Management Fund*	27,189,382	-	AAAm	S&P
External investment pool - County of Kent, Michigan	5,284,683	5,242,261	Not Rated	
	-	-		
Total	\$ 86,852,521	\$ 5,242,261		

*Investments are valued at amortized cost rather than fair value. There are no limitations or restrictions on participant withdrawals.

December 31, 2022 and 2021

Note 2 - Deposits and Investments (Continued)

Concentration of Credit Risk

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

Investments in Entities that Calculate Net Asset Value per Share

The Authority invests in the Kent County External Investment Pool, managed by the county treasurer. Investments underlying the Kent County External Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, and U.S. Treasury securities and agencies, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to participating governments.

At December 31, 2022 and 2021, the fair value of the county investment pool was \$5,284,683 and \$5,242,261, respectively. There were no unfunded commitments, no restrictions on redemption frequency, and no redemption notice periods.

Note 3 - Restricted Assets

At December 31, 2022 and 2021, restricted assets are composed of the following:

	2022	2021
Current restricted cash and cash equivalents - Debt service	\$ 15,000,053	\$ 12,305,303
Noncurrent restricted cash and cash equivalents:		
Debt service	233,881	205,772
Passenger facility charges	11,668,698	7,131,176
Customer facility charges	7,145,875	4,691,165
Unspent bond proceeds	69,912,914	119,668,181
Noncurrent restricted accounts receivable:		
Passenger facility charges	967,432	948,798
Customer facility charges	289,974	128,784
Total noncurrent restricted assets	90,218,774	132,773,876
Total restricted assets	\$ 105,218,827	\$ 145,079,179

December 31, 2022 and 2021

Note 4 - Capital Assets

Capital asset activity of the Authority was as follows:

	Balance January 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated - Construction in progress	\$ 46,972,841	\$ (23,143,519)	\$ 71,038,888	\$ -	\$ 94,868,210
Capital assets being depreciated:					
Land improvements	311,466,481	26,348	-	-	311,492,829
Buildings and improvements	324,522,299	21,136,517	-	(562,529)	345,096,287
Equipment	30,327,116	168,400	-	(262,851)	30,232,665
Systems	15,174,760	1,143,650	39,715	(214,509)	16,143,616
Office equipment and furniture	5,235,304	41,420	-	(607,542)	4,669,182
Vehicles	1,461,314	627,184	-	(39,564)	2,048,934
Subtotal	688,187,274	23,143,519	39,715	(1,686,995)	709,683,513
Accumulated depreciation:					
Land improvements	177,613,463	-	9,754,525	-	187,367,988
Buildings and improvements	149,008,336	-	10,875,998	(562,529)	159,321,805
Equipment	13,896,034	-	1,373,624	(262,851)	15,006,807
Systems	9,051,811	-	1,131,687	(214,510)	9,968,988
Office equipment and furniture	2,200,893	-	244,116	(607,543)	1,837,466
Vehicles	1,122,070	-	152,186	(33,520)	1,240,736
Subtotal	352,892,607	-	23,532,136	(1,680,953)	374,743,790
Net capital assets being depreciated	335,294,667	23,143,519	(23,492,421)	(6,042)	334,939,723
Net capital assets	\$ 382,267,508	\$ -	\$ 47,546,467	\$ (6,042)	\$ 429,807,933

December 31, 2022 and 2021

Note 4 - Capital Assets (Continued)

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

The construction in progress as of December 31, 2022 and 2021 of \$95,635,944 and \$46,972,841, respectively, relates to various projects being funded by federal, state, and authority funds.

Depreciation expense for the years ended December 31, 2022 and 2021 was \$23,532,136 and \$23,288,558, respectively.

The County of Kent, Michigan owns the land underlying the Authority's operations. In December 2015, the Authority entered into a 40-year lease with the County to use the land for any purposes the Authority deems to be consistent with the best interest of operating the airport for a payment of \$1. At the end of the 40-year term, the lease shall renew for successive 20-year terms unless either party gives proper notice of termination.

Construction Commitments

The Authority has active construction projects at year end. The projects include the Police Relocation, Concourse A Expansion, and Economy Lot Resurface, among others. At December 31, 2022, the Authority's commitments with contractors were approximately \$28,775,000.

December 31, 2022 and 2021

Note 5 - Long-term Debt

Long-term debt activity for the years ended December 31, 2022 and 2021 can be summarized as follows:

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	\$ 215,580,000	\$ -	\$ (8,795,000)	\$ 206,785,000	\$ 9,295,000
Unamortized bond premiums	40,553,856	-	(1,051,713)	39,502,143	1,051,714
Total bonds and contracts payable	<u>\$ 256,133,856</u>	<u>\$ -</u>	<u>\$ (9,846,713)</u>	<u>\$ 246,287,143</u>	<u>\$ 10,346,714</u>
	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt - Revenue bonds	\$ 130,715,000	\$ 113,465,000	\$ (28,600,000)	\$ 215,580,000	\$ 8,795,000
Unamortized bond premiums	15,770,984	26,857,110	(2,074,238)	40,553,856	1,051,714
Total bonds and contracts payable	<u>\$ 146,485,984</u>	<u>\$ 140,322,110</u>	<u>\$ (30,674,238)</u>	<u>\$ 256,133,856</u>	<u>\$ 9,846,714</u>

The Authority had deferred outflows of \$3,278,721 and \$3,582,237 related to deferred charges on bond refundings at December 31, 2022 and 2021, respectively.

Revenue Bonds

Revenue bonds payable consist of the following bond issues as of December 31, 2022 and 2021:

	Maturity Date	Interest Rate	2022	2021
Airport revenue bonds, Series 2015	1/1/2035	1.50-5.00%	\$ 11,000,000	\$ 11,600,000
Airport revenue refunding bonds, Series 2015	1/1/2037	4.00-5.00%	78,085,000	81,565,000
Airport revenue refunding bonds, Series 2018	1/1/2025	5.00%	6,870,000	8,950,000
Airport revenue refunding bonds, Series 2021	1/1/2028	4.00-5.00%	17,180,000	19,815,000
Airport revenue bonds, Series 2021	1/1/2051	5.00%	93,650,000	93,650,000
Total			<u>\$ 206,785,000</u>	<u>\$ 215,580,000</u>

December 31, 2022 and 2021

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Other Debt		Total
	Principal	Interest	
2023	\$ 9,295,000	\$ 4,458,190	\$ 13,753,190
2024	9,635,000	6,457,187	16,092,187
2025	9,980,000	8,435,262	18,415,262
2026	9,175,000	8,079,859	17,254,859
2027	9,510,000	7,732,963	17,242,963
2028-2032	41,865,000	33,020,318	74,885,318
2033-2037	46,340,000	23,280,588	69,620,588
2038-2042	20,015,000	15,342,625	35,357,625
2043-2047	25,545,000	9,673,625	35,218,625
2048-2051	25,425,000	2,619,625	28,044,625
Total	<u>\$ 206,785,000</u>	<u>\$ 119,100,242</u>	<u>\$ 325,885,242</u>

There are a number of limitations and restrictions contained in the various bond indentures. All revenue bonds outstanding and interest thereon are secured by a statutory first lien, subject only to prior liens, on the net revenue of the Authority. In compliance with bond agreements, the Authority has a letter of credit available totaling \$17,844,417, which has not been drawn upon at December 31, 2022. The letter of credit expires on December 1, 2023. In addition, all bonds bear the limited tax pledge of the full faith and credit of the County of Kent, Michigan to advance necessary amounts to meet principal and interest payments in the event that revenue of the Authority is insufficient to meet requirements.

Bond Refunding

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

Pledged Revenue

The Authority has pledged airport revenue as security for outstanding bonds, which were issued to provide funding for various capital projects. The Authority has committed to appropriate each year, from certain airport revenue net of related operating expenses, amounts sufficient to cover the principal and interest requirements of the debt. Total principal and interest remaining on the debt is \$325,885,242, with annual requirements ranging from \$13,753,190 in 2023 to \$6,995,625 in the final year. For the years ended December 31, 2022 and 2021, there was \$8,795,000 and \$8,265,000, respectively, in principal payments, and interest expense totaled \$8,961,695 and \$5,556,018, respectively. Net revenue pledged for debt service was approximately \$34,350,000 and \$29,417,000 for the years ended December 31, 2022 and 2021, respectively.

December 31, 2022 and 2021

Note 5 - Long-term Debt (Continued)

Subsequent Event

On April 12, 2023, the Authority issued \$159.4 million in Series 2023A Revenue Bonds through the County of Kent, Michigan. These bonds were issued to provide funds to pay a portion of the costs of certain capital acquisitions and improvements at the Authority and make deposits to Bond Reserve Accounts. The bonds are made up of various components with maturity dates ranging from 5 to 30 years at fixed interest rates ranging from 4.6 percent to 5.5 percent.

Note 6 - Leases

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for certain regulated leases and short-term leases. As lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The Authority leases certain assets to various third parties. The assets leased include land, building facilities, and office/operating space inside the airport terminal. Payments of leases of land and buildings outside the terminal are most often received as a fixed monthly amount. Leases with businesses that conduct sales directly with passengers most often are set up as variable rent based on a percentage of gross revenue, with a Minimum Annual Guarantee (MAG) to provide a certain amount of revenue regardless of operational success of the lessee. Lease terms vary from month to month to over 20 years, but the majority of leases are under 5 years in length.

The Authority has adopted the following policies to assist in determining lease treatment according to the requirements of GASB Statement No. 87 (GASB 87):

- The maximum possible lease term(s) is noncancelable by both lessee and lessor and is more than 12 months.
- The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. The term of the lease will exclude possible termination periods that are not deemed to be reasonably certain, given all available information, regarding the likelihood of exercise.
- For the fiscal year ended December 31, 2022 and 2021, all leases with associated receivables are based on fixed payments and do not have variable payment components included in the receivable.

During the years ended December 31, 2022 and 2021, the Authority recognized the following related to its lessor agreements:

	2022	2021
Lease revenue	\$ 5,923,900	\$ 3,837,614
Interest income related to leases	551,529	560,980
Revenue from variable payments not previously included in the measurement of the lease receivable	4,552,776	2,941,494

The Authority has issued General Airport Revenue Bonds whose repayments are secured by the overall net revenue derived by airport operations. Although none of the Authority's leases are directly pledged as security for these bond repayments, lease revenue is a component of net revenue. See Note 5 for more information regarding outstanding bonds.

Most leases do not contain any early termination provisions, and the few that do can only be terminated by either the lessor or lessee, but not both. In addition, they are long term in nature and expire in less than 10 years.

December 31, 2022 and 2021

Note 6 - Leases (Continued)

Future principal and interest payment requirements related to the Authority's lease receivable at December 31, 2022 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,839,782	\$ 502,500
2024	1,066,905	456,286
2025	1,113,130	412,776
2026	1,161,349	367,351
2027	799,209	324,035
2028-2032	1,727,900	1,316,289
2033-2037	213,814	1,176,462
2038-2042	387,160	1,102,913
2043-2047	627,586	978,181
2048-2052	956,959	782,929
2053-2057	1,403,799	491,571
2058-2062	1,209,378	104,991
Total	<u>\$ 12,506,971</u>	<u>\$ 8,016,284</u>

Regulated Leases

The Authority is party to certain regulated leases, as defined by GASB 87. The leased assets include land that the lessee uses for hangar construction and use, FBO operations, cargo facilities, hangars, terminal space, and other building facilities.

In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users, and local regulations for fire and other.

The Authority has certain airline leases that are regulated by the FAA. However, they are not included within the following disclosures, as these leases have been extended for one year and are considered short term based on the qualifications of GASB 87.

During the years ended December 31, 2022 and 2021, the Authority recognized the following related to its regulated lease agreements:

	<u>2022</u>	<u>2021</u>
Lease revenue	\$ 4,866,965	\$ 4,324,781
Revenue from variable payments not included in the schedule of expected future minimum payments	472,807	310,318

December 31, 2022 and 2021**Note 6 - Leases (Continued)**

Future expected minimum payments related to the Authority's regulated leases at December 31, 2022 are as follows:

<u>Years Ending</u>	<u>Future Amounts</u>
2023	\$ 4,701,164
2024	4,447,608
2025	4,289,989
2026	4,270,475
2027	4,274,289
2028-2032	14,472,820
2033-2037	10,204,099
2038-2042	9,702,029
2043-2047	6,618,262
2048-2052	3,022,197
2053-2057	2,998,557
2058-2062	2,228,009
Total	<u>\$ 71,229,498</u>

Most of these leases do not contain any early termination provisions, and the few that do can only be terminated by either the lessor or lessee, but not both. In addition, nearly all of the regulated leases are long term in nature. About 25 percent of all regulated leases expire in 5 years or less, the remaining have terms that vary from 5 to 40 years in length.

Note 7 - Risk Management

The Authority is exposed to various risks of loss during the normal course of operations. The Authority participates in the County's self-insurance program for property insurance. The cost of coverage is recognized as an operating expense in the year incurred. The Authority also purchases commercial insurance for catastrophic loss claims. No liability is recorded at December 31, 2022 and 2021 for outstanding claims or for any potential claims incurred but not reported as of that date.

The Michigan Municipal Risk Management Authority (MMRMA) risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to MMRMA that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Authority. Settled claims have not exceeded available coverage for any of the last three years. There was no estimated claims liability at December 31, 2022 and 2021, and there were no claim payments for the years then ended.

December 31, 2022 and 2021

Note 7 - Risk Management (Continued)

In March 2018, the Gerald R. Ford International Airport Authority was approached by the Michigan Department of Environmental Quality (MDEQ) Remediation and Redevelopment Division, Grand Rapids District Office, regarding historical use of firefighting foam. In response, the Authority began a stepwise approach to further understand the use of aqueous film-forming foam (AFFF) at the airport. Use is generally summarized as follows from our April 13, 2018 response to the MDEQ: "Firefighting materials at the airport (and all U.S. commercial airports) are specified and regulated by the Federal Aviation Administration. The military specification (Mil-Spec) specifying which aqueous film-forming foam is permitted to be used pursuant to FAA regulations has changed over time. The latest Mil-Spec from September 2016 requires AFFF formulations, and the immediately prior formulation contained some form of per- and polyfluoroalkyl substances (PFAS)." There are three main scenarios in which AFFF may be used at an airport: training, equipment testing, and to extinguish fuel-fed fires. The Authority has utilized best practices to meet FAA regulations in all of these use scenarios. Following the April 2018 letter, the Authority fostered a collaborative effort with regulatory agencies, including the Michigan Department of Environment, Great Lakes, and Energy (EGLE - formerly the MDEQ), Michigan Department of Health and Human Services, and the Kent County Health Department and conducted numerous water and soil tests in the vicinity of a former on-site firefighter training area. This investigation has continued through 2022, and a settlement agreement was reached between Cascade Charter Township (the "Township") and Gerald R. Ford International Airport Authority, effective April 26, 2023. The agreement states that the Authority is obligated to reimburse the Township in the amount of \$515,000 for temporary drinking water relief the Township is providing to affected residents, as well as approximately \$1.6 million for capital costs associated with upgrades to the municipal water system that will be made in 2023 and 2024.

Note 8 - Pension Plan

Plan Description

The Authority participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amended the benefit provisions of the participants in MERS.

Pension benefits vary based on date of hire. Employees with a hire date prior to July 1, 2016 who transferred employment from the County participate in a defined benefit plan. Service credit for employment as a county employee was retained. Benefit payments are calculated as final average compensation (based on a 3-year period) and a multiplier of 2.5 percent. Participants are considered to be fully vested in the plan after 5 years. Normal retirement age is 60 with 5 or more years of service or any age with 25 or more years of service. Early retirement options are available at age 55 with a reduced benefit.

Employees hired on or after July 1, 2016 participate in a hybrid plan, with the exception of nonunion members hired on or after January 1, 2019, who participate only in a defined contribution plan (see Note 11). Benefit payments under the hybrid plan are calculated as final average compensation (based on a 3-year period) and a multiplier of 1.5 percent. Participants are considered to be fully vested in the plan after 6 years. Employer defined contribution payments vest on a graded scale over 6 years. Employee contributions vest immediately. Normal retirement age is 60 with 6 years of service, with an early retirement option available at age 55 with 25 years of service.

December 31, 2022 and 2021

Note 8 - Pension Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2021
Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	76
	<hr/>
Total employees covered by the plan	119
	<hr/>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the years ended December 31, 2022 and 2021, employee contributions to the closed defined benefit plan are expressed as a percentage of covered payroll and amount to 6.50 percent of covered payroll. For the years ended December 31, 2022 and 2021, employer contributions to the hybrid plan are expressed as a percentage of covered payroll and amount to 7.73 and 7.00 percent, respectively, of covered payroll.

Net Pension Asset

The Authority has chosen to use its December 31 fiscal year end as its measurement date for the net pension asset.

The December 31, 2022 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the December 31, 2022 measurement date. The December 31, 2022 total pension liability was determined by an actuarial valuation performed as of December 31, 2021, which used update procedures to roll forward the estimated liability to December 31, 2022.

The December 31, 2021 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the December 31, 2021 measurement date. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to December 31, 2021.

December 31, 2022 and 2021

Note 8 - Pension Plan (Continued)

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

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2021	\$ 25,785,749	\$ 33,794,590	\$ (8,008,841)
Changes for the year:			
Service cost	637,470	-	637,470
Interest	1,851,037	-	1,851,037
Differences between expected and actual experience	163,398	-	163,398
Changes in assumptions	1,218,392	-	1,218,392
Contributions - Employer	-	398,705	(398,705)
Contributions - Employee	-	248,566	(248,566)
Net investment loss	-	(3,503,307)	3,503,307
Benefit payments	(1,145,892)	(1,145,892)	-
Administrative expenses	-	(62,379)	62,379
Miscellaneous other charges	94,008	-	94,008
Net changes	2,818,413	(4,064,307)	6,882,720
Balance at December 31, 2022	<u>\$ 28,604,162</u>	<u>\$ 29,730,283</u>	<u>\$ (1,126,121)</u>

The plan's fiduciary net position represents 103.9 percent of the total pension liability.

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

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

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

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

For the years ended December 31, 2022 and 2021, the Authority recognized pension expense (recovery) of \$1,649,467 and \$(21,853), respectively.

December 31, 2022 and 2021

Note 8 - Pension Plan (Continued)

At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,628,288	\$ 209,244	\$ 1,935,449	\$ 278,993
Changes in assumptions	2,083,691	-	1,335,456	-
Net difference between projected and actual earnings on pension plan investments	2,702,126	-	-	2,419,009
Total	<u>\$ 6,414,105</u>	<u>\$ 209,244</u>	<u>\$ 3,270,905</u>	<u>\$ 2,698,002</u>

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

Years Ending December 31	Amount
2023	\$ 1,098,417
2024	1,367,896
2025	1,577,719
2026	1,930,530
2027	230,299
Total	<u>\$ 6,204,861</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (net of investment expenses) of 7.25 percent, and a version of Pub-2010 mortality tables with future mortality improvements using scale MP-2019 applied fully generationally.

The actuarial assumptions used in the December 31, 2021 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from January 1, 2014 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

December 31, 2022 and 2021

Note 8 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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

The following presents the net pension asset of the Authority, calculated using the discount rate of 7.25 percent, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability (asset) of the plan	\$ 2,859,759	\$ (1,126,121)	\$ (4,395,449)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

From the time of the last measurement date at December 31, 2021 to December 31, 2022, the actuary decreased the discount rate from 7.60 percent to 7.25 percent.

Note 9 - Health Care Savings Plan

The Authority sponsors a health care savings plan (HCSP) for employees. The HCSP allows for employee and employer contributions while employed to be used toward eligible medical expenses upon retirement. Employees contribute at a rate of 1 percent of covered payroll. The Authority supplements employee contributions with an annual contribution of \$3,000 (paid on a quarterly basis). Employee contributions are vested immediately. Authority contributions are vested on a graded scale over six years. For the years ended December 31, 2022 and 2021, the Authority contributed \$241,714 and \$292,000, respectively, and employees contributed \$96,648 and \$84,298, respectively, to the HCSP.

December 31, 2022 and 2021**Note 9 - Health Care Savings Plan (Continued)**

Employees hired before July 1, 2016 were previously part of the Kent County Voluntary Employees' Beneficiary Association (VEBA), a defined benefit other postemployment benefits plan. Upon transferring to the Authority, these employees are no longer eligible under the VEBA. Accordingly, the Authority provided these employees with a contribution to their new HCSP account for prior service credit under the County. The total of contributions due for prior service credit was \$2,497,500, of which \$1,458,387 was contributed in the six months ended December 31, 2016 (\$436,193 from the Authority's share of VEBA assets plus a cash contribution of \$1,022,194). The payment of \$1,039,133 to fully fund the HCSP for prior service credit was made in March 2017.

Note 10 - Deferred Compensation Plan

The Authority offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. The benefits of plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and are managed by these individuals. As such, these amounts have not been included in the accompanying financial statements. The Authority contributed \$49,892 and \$37,397, and employees contributed \$269,957 and \$229,161 to the deferred compensation plan for the years ended December 31, 2022 and 2021, respectively.

Note 11 - Defined Contribution Plan

The Authority sponsors a 401(a) plan for those employees hired on or after July 1, 2016. Those employees who participate in the hybrid plan (see Note 8) have the defined contribution portion of their plan held here. Nonunion employees hired on or after January 1, 2019 participate only in the defined contribution plan. Participants are considered to be fully vested in the plan after six years. Employer-defined contribution payments vest on a graded scale over six years. Employee contributions vest immediately. The hybrid plan requires those employees in the plan to contribute 6.5 percent of covered payroll and provides for the Authority to make a required 2.0 percent contribution of covered payroll. The direct compensation plan requires those employees in the plan to contribute 6.5 percent of covered payroll and provides for the Authority to make a required 8.5 percent contribution of covered payroll. The Authority contributed \$310,519 and \$208,150, and the employees contributed \$399,541 and \$333,144 to the defined contribution plan for the years ended December 31, 2022 and 2021, respectively.

Note 12 - Concentrated Credit Risk

During the years ended December 31, 2022 and 2021, the Authority provided gate access to 18 passenger airlines and 2 all-cargo airlines. Additional revenue is earned through parking lot fees, lease arrangements with various rental car agencies and concessionaires, and leasing of airport land and buildings. The Authority's primary exposure to credit risk is in lease and trade receivables, and management performs ongoing credit evaluations of the major tenants.

Required Supplementary Information

Gerald R. Ford International Airport Authority

Required Supplementary Information Schedule of Changes in the Net Pension Asset and Related Ratios MERS Agent Multiple-employer Defined Benefit Pension Plan

	Last Seven Fiscal Years						
	2022	2021	2020	2019	2018	2017	2016*
Total Pension Liability							
Service cost	\$ 637,470	\$ 655,857	\$ 806,317	\$ 814,000	\$ 835,093	\$ 829,449	\$ 756,113
Interest	1,851,037	1,711,977	1,474,548	1,458,967	1,314,122	1,144,760	29,228
Changes in benefit terms	-	-	-	28,311	-	-	-
Differences between expected and actual experience	163,398	1,276,417	236,522	(488,237)	899,368	675,040	-
Changes in assumptions	1,218,392	523,947	1,258,367	-	-	-	-
Benefit payments	(1,145,892)	(1,073,304)	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Other changes	94,008	(43,884)	337,139	(102,333)	(966,603)	(27,001)	12,857,875
Net Change in Total Pension Liability	2,818,413	3,051,010	3,359,011	1,380,565	1,876,206	2,501,145	13,617,812
Total Pension Liability - Beginning of year	25,785,749	22,734,739	19,375,728	17,995,163	16,118,957	13,617,812	-
Total Pension Liability - End of year	\$ 28,604,162	\$ 25,785,749	\$ 22,734,739	\$ 19,375,728	\$ 17,995,163	\$ 16,118,957	\$ 13,617,812
Plan Fiduciary Net Position							
Contributions - Employer	\$ 398,705	\$ 322,812	\$ 382,018	\$ 270,677	\$ 325,207	\$ 470,266	\$ 16,038,027
Contributions - Member	248,566	165,719	213,923	258,155	354,221	417,953	3,529,014
Net investment (loss) income	(3,503,307)	4,247,101	3,506,368	3,233,939	(980,257)	2,798,042	1,020,983
Administrative expenses	(62,379)	(48,728)	(54,679)	(55,759)	(47,669)	(44,137)	(18,996)
Benefit payments	(1,145,892)	(1,073,304)	(753,882)	(330,143)	(205,774)	(121,103)	(25,404)
Net Change in Plan Fiduciary Net Position	(4,064,307)	3,613,600	3,293,748	3,376,869	(554,272)	3,521,021	20,543,624
Plan Fiduciary Net Position - Beginning of year	33,794,590	30,180,990	26,887,242	23,510,373	24,064,645	20,543,624	-
Plan Fiduciary Net Position - End of year	\$ 29,730,283	\$ 33,794,590	\$ 30,180,990	\$ 26,887,242	\$ 23,510,373	\$ 24,064,645	\$ 20,543,624
Authority's Net Pension Asset - Ending	\$ (1,126,121)	\$ (8,008,841)	\$ (7,446,251)	\$ (7,511,514)	\$ (5,515,210)	\$ (7,945,688)	\$ (6,925,812)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.94 %	131.06 %	132.75 %	138.77 %	130.65 %	149.29 %	150.86 %
Covered Payroll	\$ 5,860,127	\$ 5,884,728	\$ 7,044,221	\$ 6,748,311	\$ 6,721,352	\$ 6,721,352	\$ 5,635,428
Authority's Net Pension Asset as a Percentage of Covered Payroll	(19.22)%	(136.10)%	(105.71)%	(111.31)%	(82.06)%	(118.22)%	(122.90)%

*The Authority enrolled in this defined benefit pension plan in 2016. The Authority's beginning total pension liability in 2016 was recorded in the "other changes" section of the schedule above. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Gerald R. Ford International Airport Authority

Required Supplementary Information Schedule of Pension Contributions MERS Agent Multiple-employer Defined Benefit Pension Plan

	Last Seven Fiscal Years Year Ended December 31						
	2022	2021	2020	2019	2018	2017	2016*
Actuarially determined contribution	\$ 230,580	\$ 322,812	\$ 288,228	\$ 258,960	\$ 146,856	\$ 169,775	\$ 15,881,370
Contributions in relation to the actuarially determined contribution	398,705	322,812	382,018	270,677	325,207	470,266	16,038,027
Contribution Excess	\$ 168,125	\$ -	\$ 93,790	\$ 11,717	\$ 178,351	\$ 300,491	\$ 156,657
Covered Payroll	\$ 5,860,127	\$ 5,884,728	\$ 7,044,221	\$ 6,748,311	\$ 6,721,352	\$ 6,721,352	\$ 5,635,428
Contributions as a Percentage of Covered Payroll	6.80 %	5.49 %	5.42 %	4.01 %	4.84 %	7.00 %	284.59 %

*The Authority enrolled in this defined benefit pension plan in 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Authority's fiscal year ended December 31, 2022 were determined based on the actuarial valuation as of December 31, 2020. The most recent valuation is as of December 31, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	10 years (15 years for the hybrid)
Asset valuation method	10 years smoothed
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	7.60 percent - Net of pension plan investment expenses, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	MP-2019 applied fully generationally from the Pub-2010 base year of 2010

December 31, 2022 and 2021

Pension Information - Changes in Assumptions

Changes in assumptions in 2016 reflect the effects of the following changes in assumptions from fiscal year 2015 to fiscal year 2016: (a) inflation decreased from 3.00 percent to 2.50 percent; (b) salary increase ranges changed from 4.50 - 8.30 percent to 3.75 - 14.75 percent, including inflation; and (c) mortality rates were updated from the RP-2000 Combined Healthy Life Mortality Table to various RP-2014 mortality tables.

Changes in assumptions in 2020 reflect the effects of the following changes in assumptions from fiscal year 2019 to fiscal year 2020: (a) assumed annual rate of return and discount rate were updated from 8.00 percent down to 7.60 percent; (b) assumed salary increases were decreased from a range of 3.75 - 14.75 percent to a range of 3.00 - 14.00 percent; and (c) the assumed rate of wage inflation decreased from 3.75 to 3.00 percent.

Changes in assumptions in 2021 reflect the effects of the following changes in assumptions from fiscal year 2020 to fiscal year 2021: (a) assumed salary increases were decreased from a range of 3.00 - 14.00 percent to a range of 3.00 - 9.70 percent; (b) the mortality rates were updated from various RP-2014 mortality tables to various Pub-2010 mortality tables; (c) the FAC load assumption increased to reflect FAC loads of 1 to 15 percent, up from 0 to 12 percent; and (d) withdrawal rates and retirement rates were updated to incorporate separate public safety and general withdrawal rates.

Changes in assumptions in 2022 reflect the effects of the following changes in assumptions from fiscal year 2021 to fiscal year 2022: (a) assumed annual rate of return and discount rate were updated from 7.60 percent down to 7.25 percent, and (b) the MERS Retirement Board adopted a dedicated gains policy that automatically adjusts the assumed rate of investment return by using excess asset gains to mitigate large increases in required contributions to the plan.

Statistical Section

The objective of the statistical section is to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess a governmental unit's economic condition.

The statistical section information is presented in the following categories:

Financial Trends Schedules A and B	Financial trends information is intended to show how the governmental unit's financial position has changed over time.
Revenue Capacity Schedules C and D	Revenue capacity information is intended to show the factors affecting a governmental unit's ability to generate its own-source revenue.
Debt Capacity Information Schedule E	Debt capacity information is intended to show a governmental unit's debt burden and its ability to issue additional debt.
Demographic and Economic Schedules F and G	Demographic and economic information is intended to show the socioeconomic environment within which the governmental unit operates.
Operating Information Schedules H and I	Operating information is intended to show contextual information about operations and resources to provide understanding and assessing the governmental unit's economic condition.

Through June 30, 2016, the Gerald R. Ford International Airport was reported as an enterprise fund of Kent County, Michigan. Effective July 1, 2016, operations (which were substantially unchanged) were transferred to a newly-created Authority. Since this change was in legal name only, the Airport has presented a full year of data for all years included in the Statistical Section.

Gerald R. Ford International Airport Authority

Schedule A

Net Position and Changes in Net Position

Last Ten Fiscal Years

(dollars in thousands)

	December 31,				
	2013	2014	2015	2016	2017
Operating revenues					
Airfield	\$ 8,878	\$ 9,456	\$ 10,639	\$ 10,889	\$ 11,695
Terminal	6,832	7,813	7,566	7,475	7,776
Ground transportation	16,780	17,821	19,327	20,598	21,568
Other	700	752	687	756	792
Total operating revenues	<u>33,190</u>	<u>35,842</u>	<u>38,219</u>	<u>39,718</u>	<u>41,831</u>
Operating expenses					
Salaries and fringes	7,825	8,094	8,918	5,729	9,590
Services and supplies	10,301	10,411	12,475	13,395	13,444
Depreciation	16,540	16,446	16,685	18,288	18,907
Total operating expenses	<u>34,666</u>	<u>34,951</u>	<u>38,078</u>	<u>37,412</u>	<u>41,941</u>
Operating income (loss)	<u>(1,476)</u>	<u>891</u>	<u>141</u>	<u>2,306</u>	<u>(110)</u>
Nonoperating revenue (expenses)					
Interest income	122	136	178	233	126
Interest expense	(8,165)	(7,971)	(7,269)	(6,873)	(6,505)
Passenger facility charges	4,599	4,788	5,242	5,424	5,786
Customer facility charges	1,699	1,829	1,956	2,016	2,152
Federal Aid (CARES/CRSSAA/ARPA)	-	-	-	-	-
Other	51	50	56	58	1
Total nonoperating revenue (expenses)	<u>(1,694)</u>	<u>(1,168)</u>	<u>163</u>	<u>858</u>	<u>1,560</u>
Income (Loss) before capital contributions	<u>(3,170)</u>	<u>(277)</u>	<u>304</u>	<u>3,164</u>	<u>1,450</u>
Capital contributions	4,413	14,818	11,633	6,495	7,212
Special Item	-	-	-	(21,184)	-
Change in net position	<u>\$ 1,243</u>	<u>\$ 14,541</u>	<u>\$ 11,937</u>	<u>\$ (11,525)</u>	<u>\$ 8,662</u>
Net position					
Invested in capital assets, net of related debt / net investment in capital assets	\$ 140,926	\$ 150,950	\$ 161,636	\$ 152,970	\$ 167,820
Restricted for:					
Debt service	13,355	13,253	10,424	11,511	15,814
Capital improvements	9,307	13,269	17,762	23,027	8,748
Pension Benefits				6,734	7,492
Unrestricted	<u>26,504</u>	<u>27,161</u>	<u>29,078</u>	<u>13,133</u>	<u>16,163</u>
Total net position	<u>\$ 190,092</u>	<u>\$ 204,633</u>	<u>\$ 218,900</u>	<u>\$ 207,375</u>	<u>\$ 216,037</u>

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

GASB Statement No. 87 was implemented for the year ended December 31, 2022. This resulted in presentation of the Authority's net lease receivable on the statement of net position. Comparative information for the year ended December 31, 2021 was restated. Data for years 2020 and prior were not restated retroactively.

December 31,				
2018	2019	2020	2021	2022
\$ 13,090	\$ 13,935	\$ 11,011	\$ 13,781	\$ 16,900
8,723	9,644	5,597	9,137	8,307
26,175	32,332	15,717	26,132	33,818
1,187	820	934	980	835
<u>49,175</u>	<u>56,731</u>	<u>33,259</u>	<u>50,030</u>	<u>59,860</u>
9,656	11,245	11,014	11,276	14,403
15,695	17,274	14,735	18,087	23,526
19,608	20,522	21,937	23,288	23,532
<u>44,959</u>	<u>49,041</u>	<u>47,686</u>	<u>52,651</u>	<u>61,461</u>
<u>4,216</u>	<u>7,690</u>	<u>(14,427)</u>	<u>(2,621)</u>	<u>(1,601)</u>
241	514	166	648	1,597
(6,299)	(5,837)	(5,418)	(5,556)	(8,962)
6,886	7,372	3,428	6,243	7,069
2,383	2,631	1,302	1,772	3,739
-	-	16,261	5,509	10,715
<u>(130)</u>	<u>45</u>	<u>22</u>	<u>87</u>	<u>14</u>
<u>3,081</u>	<u>4,725</u>	<u>15,761</u>	<u>8,703</u>	<u>14,172</u>
<u>7,297</u>	<u>12,415</u>	<u>1,334</u>	<u>6,082</u>	<u>12,571</u>
20,644	18,702	18,705	12,372	4,972
-	-	-	-	-
<u>\$ 27,941</u>	<u>\$ 31,117</u>	<u>\$ 20,039</u>	<u>\$ 18,454</u>	<u>\$ 17,543</u>
\$ 189,170	\$ 227,528	\$ 246,334	\$ 249,384	\$ 245,508
11,230	11,299	11,776	10,052	10,581
15,055	7,442	8,542	12,900	20,072
8,375	8,367	8,237	8,582	7,331
<u>20,148</u>	<u>20,460</u>	<u>20,247</u>	<u>32,671</u>	<u>47,640</u>
<u>\$ 243,978</u>	<u>\$ 275,096</u>	<u>\$ 295,136</u>	<u>\$ 313,589</u>	<u>\$ 331,132</u>

Gerald R. Ford International Airport Authority

Schedule B

Changes in Cash and Cash Equivalents

Last Ten Fiscal Years
(dollars in thousands)

	December 31,		
	2013	2014	2015
Cash flows from operating activities			
Receipts from customers and users	\$ 33,942	\$ 36,550	\$ 39,373
Cash paid to suppliers	(10,509)	(11,652)	(13,708)
Cash paid to employees	(7,843)	(8,108)	(8,277)
Net cash provided by operating activities	15,590	16,790	17,388
Non-Capital financing activities			
Operating grant funding received	-	-	-
Capital and related financing activities			
Passenger facility charges collected	4,705	4,777	5,130
Customer facility charges collected	1,682	1,825	1,948
Capital contributions received	1,480	8,119	16,345
Proceeds from sale of capital assets	51	50	68
Net proceeds from sale of bonds	-	-	127,556
Cash transferred to escrow for defeased bonds	-	-	(111,059)
Purchase of capital assets	(8,843)	(21,496)	(35,338)
Principal paid on revenue bonds	(5,220)	(5,715)	(6,290)
Interest and other bond expenses paid on revenue bonds	(8,382)	(8,206)	(8,004)
Net cash provided by (used in) capital and related financing activities	(14,527)	(20,646)	(9,644)
Cash flow from investing activities			
Interest received on investments	130	130	178
Net increase (decrease) in cash and cash equivalents	1,193	(3,726)	7,922
Cash and cash equivalents, beginning of year	48,776	49,969	46,243
Cash and cash equivalents, end of year	\$ 49,969	\$ 46,243	\$ 54,165

December 31,						
2016	2017	2018	2019	2020	2021	2022
\$ 38,976	\$ 41,768	\$ 48,895	\$ 56,524	\$ 33,106	\$ 52,556	\$ 57,798
(12,268)	(14,628)	(15,698)	(17,699)	(10,276)	(18,486)	(19,620)
(10,673)	(10,234)	(10,553)	(11,241)	(10,817)	(13,969)	(14,894)
16,035	16,906	22,644	27,584	12,013	20,101	23,284
-	-	-	-	13,730	2,531	10,715
5,383	5,627	6,686	7,251	4,057	5,739	7,050
2,010	2,146	2,358	2,616	1,410	1,717	3,578
11,488	3,975	25,683	16,494	19,231	2,029	7,789
118	26	173	105	75	134	14
-	-	12,725	-	-	139,505	-
-	-	-	-	-	-	-
(22,528)	(26,861)	(32,066)	(50,401)	(33,080)	(15,804)	(63,667)
(6,870)	(7,255)	(21,560)	(7,735)	(7,795)	(28,600)	(8,795)
(7,768)	(7,478)	(6,445)	(6,503)	(6,361)	(6,113)	(7,515)
(18,167)	(29,820)	(12,446)	(38,173)	(22,463)	98,607	(61,546)
233	126	241	514	166	81	1,597
(1,899)	(12,788)	10,439	(10,075)	3,446	121,320	(25,950)
54,165	52,266	39,478	49,917	39,842	43,288	164,608
\$ 52,266	\$ 39,478	\$ 49,917	\$ 39,842	\$ 43,288	\$ 164,608	\$ 138,658

Gerald R. Ford International Airport Authority

Schedule C

Passenger Activity - Enplaned Passengers

Last Ten Fiscal Years

	December 31,					
	2013	2014	2015	2016	2017	2018
Airline						
Air Canada (Air Georgian)	3,033	-	-	-	-	-
AirTran	81,096	402	-	-	-	-
Allegiant Air	76,409	79,810	98,367	115,409	128,130	161,101
American Airlines Inc.	-	-	-	-	149	47,017
American Connection (Chautauqua)	55,789	12,378	-	-	-	-
American Eagle (Air Wisconsin)	-	-	-	-	16,525	-
American Eagle (Envoy)	67,708	125,534	130,401	106,093	112,343	103,457
American Eagle (Piedmont)	-	-	-	-	8,699	21,146
American Eagle (PSA)	-	-	6,483	44,082	45,122	53,850
American Eagle (Republic)	-	-	-	-	-	18,568
American Eagle (SkyWest)	-	-	-	1,058	42,409	22,413
American Eagle (Trans States)	-	-	-	-	18,028	14,924
Continental Connection	-	-	-	-	-	-
Continental Express (Express Jet)	24,390	-	-	-	-	-
Delta Airlines Inc.	248,038	304,962	360,390	376,802	434,084	411,039
Delta Connection (Atlantic Southeast)	-	-	-	-	-	-
Delta Connection (Chautauqua)	43,827	14,734	-	-	-	-
Delta Connection (Comair)	-	-	-	-	-	-
Delta Connection (Compass)	6,063	18,727	22,075	7,019	1,398	-
Delta Connection (Endeavor)	80,374	66,410	39,573	42,750	22,904	60,286
Delta Connection (Express Jet)	48,550	37,860	35,728	26,463	27,971	10,823
Delta Connection (Freedom)	-	-	-	-	-	-
Delta Connection (GoJet)	3,938	8,943	16,255	22,499	11,294	27,850
Delta Connection (Mesaba)	-	-	-	-	-	-
Delta Connection (Pinnacle)	-	-	-	-	-	-
Delta Connection (Republic)	-	-	-	-	7,151	10,912
Delta Connection (Shuttle America)	9,010	6,645	7,611	4,232	-	-
Delta Connection (Skywest)	30,919	29,335	35,293	42,521	28,665	65,105
Frontier Airlines	-	-	-	-	4,048	71,777
Frontier Airlines (Chautauqua)	-	-	-	-	-	-
Frontier Airlines (Republic)	31,052	-	-	-	-	-
Midwest Connect (Skyway)	-	-	-	-	-	-
Midwest Connect (SkyWest)	-	-	-	-	-	-
Southwest	72,603	201,816	211,118	245,711	247,128	237,766
United Airlines Inc.	45,170	53,525	74,678	42,580	91,641	99,421
United Express (Air Wisconsin)	-	-	-	-	1,586	32,213
United Express (Chautauqua)	-	7,455	-	-	-	-
United Express (Commutair)	2,332	1,926	-	-	16,439	20,471
United Express (Express Jet)	89,588	60,931	45,936	66,898	48,176	38,227
United Express (Go Jet)	37,199	42,122	20,005	34,998	12,103	16,537
United Express (Mesa)	-	-	-	-	-	1,051
United Express (Republic)	-	-	-	4,924	14,214	49,960
United Express (Shuttle America)	12,499	17,960	29,504	10,963	-	-
United Express (SkyWest)	9,224	13,752	30,004	24,971	40,949	37,378
United Express (Trans States)	44,453	47,197	31,312	38,196	30,891	6,710
US Airways Express (Air Wisconsin)	-	17,852	53,812	27,708	-	-
US Airways Express (Mesa)	-	-	31,493	46,728	-	-
Charters	1,705	1,519	1,200	1,351	1,263	1,017
Total	1,124,969	1,171,795	1,281,238	1,333,956	1,413,310	1,641,019

December 31,				
2019	2020	2021	2022	Total 2022
-	-	-	-	0.00%
-	-	-	-	0.00%
235,353	180,189	276,564	327,903	18.78%
62,278	41,622	78,448	171,408	9.82%
-	-	-	-	0.00%
-	-	-	-	0.00%
105,537	53,014	76,053	75,215	4.31%
12,240	5,811	41,519	10,568	0.61%
100,392	58,848	29,996	42,109	2.41%
12,988	15,146	53,814	11,589	0.66%
39,788	23,076	26,464	15,253	0.87%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
433,908	156,899	238,710	422,259	24.19%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
62,552	41,837	76,049	43,023	2.46%
-	-	-	-	0.00%
-	-	-	-	0.00%
13,007	531	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
28,701	6,182	-	-	0.00%
-	-	-	-	0.00%
85,824	23,798	76,018	58,934	3.38%
99,279	40,658	68,741	97,397	5.58%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
213,111	128,330	212,987	194,930	11.17%
109,852	22,908	108,194	154,339	8.84%
30,666	3,920	28,109	21,591	1.24%
-	-	-	-	0.00%
21,293	3,549	823	49	0.00%
26,818	3,142	-	-	0.00%
20,425	21,876	15,758	11,577	0.66%
4,802	8,319	8,658	20,596	1.18%
45,216	22,239	22,981	31,376	1.80%
-	-	-	-	0.00%
23,320	24,789	27,771	33,417	1.91%
15,141	983	-	-	0.00%
-	-	-	-	0.00%
-	-	-	-	0.00%
1,867	1,258	705	2,107	0.12%
1,804,358	888,924	1,468,362	1,745,640	100.00%

Gerald R. Ford International Airport Authority

Schedule D

Principal Revenue Sources and Revenues per Enplaned Passenger

Last Ten Fiscal Years

(dollars in thousands, except amounts per enplaned passenger)

	December 31,				
	2013	2014	2015	2016	2017
Airline revenues					
Landing fees	\$ 3,135	\$ 3,495	\$ 4,106	\$ 4,288	\$ 4,595
Apron fees	1,863	1,956	2,503	2,573	2,924
Terminal rents	<u>5,270</u>	<u>6,025</u>	<u>5,512</u>	<u>5,340</u>	<u>5,488</u>
Total airline revenues	<u>10,268</u>	<u>11,476</u>	<u>12,121</u>	<u>12,201</u>	<u>13,007</u>
Percentage of total revenues	25.9%	26.9%	26.6%	25.7%	26.1%
Nonairline revenues					
Parking	13,275	14,245	15,437	16,690	17,553
Rental car	3,821	3,892	4,170	4,219	4,348
Other	<u>5,826</u>	<u>6,229</u>	<u>6,491</u>	<u>6,608</u>	<u>6,923</u>
Total nonairline revenues	<u>22,922</u>	<u>24,366</u>	<u>26,098</u>	<u>27,517</u>	<u>28,824</u>
Percentage of total revenues	57.8%	57.1%	57.2%	58.0%	57.8%
Nonoperating revenues					
Passenger facility charges	4,599	4,788	5,242	5,424	5,786
Interest	122	136	178	233	126
Other	<u>1,750</u>	<u>1,879</u>	<u>2,012</u>	<u>2,074</u>	<u>2,153</u>
Total nonoperating revenues	<u>6,471</u>	<u>6,803</u>	<u>7,432</u>	<u>7,731</u>	<u>8,065</u>
Percentage of total revenues	16.3%	16.0%	16.3%	16.3%	16.2%
Total revenues	\$ 39,661	\$ 42,645	\$ 45,651	\$ 47,449	\$ 49,896
Enplaned passengers	1,124,969	1,171,795	1,281,238	1,333,956	1,413,310
Total revenue per enplaned passenger	\$ 35.26	\$ 36.39	\$ 35.63	\$ 35.57	\$ 35.30
Airline revenue per enplaned passenger	\$ 9.13	\$ 9.79	\$ 9.46	\$ 9.15	\$ 9.20
Revenue rates					
Landing fee (per 1,000 lbs MGLW)	\$ 2.64	\$ 2.84	\$ 2.94	\$ 2.98	\$ 2.84
Apron fee (per 1,000 lbs MGLW)	\$ 1.57	\$ 1.73	\$ 1.86	\$ 1.79	\$ 1.81
Annual terminal rental rate (per sq. ft.)	\$ 50.95	\$ 52.62	\$ 47.93	\$ 48.25	\$ 48.26

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

MGLW = maximum gross landed weight.

December 31,				
2018	2019	2020	2021	2022
\$ 5,538	\$ 6,038	\$ 4,368	\$ 6,136	\$ 7,330
3,164	3,307	1,909	2,584	3,558
<u>6,040</u>	<u>6,662</u>	<u>4,007</u>	<u>6,790</u>	<u>7,374</u>
 14,742	 16,007	 10,284	 15,510	 18,262
25.2%	23.7%	26.9%	26.4%	25.3%
 21,712	 27,104	 12,834	 21,251	 28,085
4,799	5,131	3,084	5,077	6,146
<u>7,922</u>	<u>8,489</u>	<u>7,057</u>	<u>8,192</u>	<u>7,367</u>
 34,433	 40,724	 22,975	 34,520	 41,598
58.8%	60.3%	60.2%	58.7%	57.6%
 6,886	 7,372	 3,428	 6,243	 7,069
241	514	166	648	1,597
<u>2,253</u>	<u>2,884</u>	<u>1,324</u>	<u>1,859</u>	<u>3,753</u>
 9,380	 10,770	 4,918	 8,750	 12,419
16.0%	16.0%	12.9%	14.9%	17.2%
 \$ 58,555	 \$ 67,501	 \$ 38,177	 \$ 58,780	 \$ 72,279
 1,641,019	 1,804,358	 888,924	 1,468,362	 1,745,640
\$ 35.68	\$ 37.41	\$ 42.95	\$ 40.03	\$ 41.41
\$ 8.98	\$ 8.87	\$ 11.57	\$ 10.56	\$ 10.46
 \$ 2.98	 \$ 2.97	 \$ 3.25	 \$ 3.59	 \$ 3.57
\$ 1.70	\$ 1.62	\$ 1.63	\$ 1.79	\$ 1.84
\$ 49.87	\$ 53.30	\$ 60.36	\$ 59.79	\$ 53.46

Gerald R. Ford International Airport Authority

Schedule E

Ratios of Outstanding Debt, Debt Service, Debt Limits &

Last Ten Fiscal Years

	December 31,		
	2013	2014	2015
Outstanding debt per enplaned passenger			
Outstanding debt by type (in thousands):			
Revenue bonds (General Airport Revenue Bonds)	\$ 181,614	\$ 175,527	\$ 190,201
Outstanding debt per enplaned passenger	\$ 161.44	\$ 149.79	\$ 148.45
Outstanding debt per capita for service area	\$ 4.66	\$ 4.31	\$ 4.48
Outstanding debt ratio for service area as a percentage of total personal income	0.33%	0.30%	0.31%
Outstanding debt per capita for Kent County	\$ 4.07	\$ 3.79	\$ 3.90
Outstanding debt ratio for Kent County as a percentage of total personal income	0.65%	0.60%	0.62%
Net revenues			
Revenues, net of capital contributions	\$ 39,661	\$ 42,645	\$ 45,651
Less: operating expenses, less depreciation	<u>18,126</u>	<u>18,505</u>	<u>21,393</u>
Net revenues	<u>\$ 21,535</u>	<u>\$ 24,140</u>	<u>\$ 24,258</u>
Debt service			
Principal paid on revenue bonds	\$ 5,220	\$ 5,715	\$ 6,290
Interest expense on revenue bonds	8,382	8,206	8,004
Principal paid on notes payable	-	-	-
Interest expense on notes payable	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>\$ 13,602</u>	<u>\$ 13,921</u>	<u>\$ 14,294</u>
Revenue bonds debt service coverage	1.58	1.73	1.70
Debt service per enplaned passenger	\$ 12.09	\$ 11.88	\$ 11.16

Debt limit information

For years prior to 2016, the airport was a component unit of the County of Kent, Michigan. No debt limit information is available for the airport individually because debt limits apply to the County as a whole. See the County of Kent, Michigan Comprehensive Annual Financial Report for more information.

Pledged Revenue Coverage

December 31,						
2016	2017	2018	2019	2020	2021	2022
\$ 182,076	\$ 173,491	\$ 164,463	\$ 155,479	\$ 146,486	\$ 256,134	\$ 246,287
\$ 136.49	\$ 122.76	\$ 100.22	\$ 86.17	\$ 164.79	\$ 174.44	\$ 141.09
\$ 4.30	\$ 3.98	\$ 3.61	\$ 3.24	\$ 3.05	\$ 4.94	\$ 4.36
0.31%	0.27%	0.25%	0.22%	0.21%	0.34%	0.29%
\$ 3.67	\$ 3.35	\$ 3.05	\$ 2.90	\$ 2.55	\$ 4.14	\$ 3.98
0.61%	0.52%	0.48%	0.45%	0.39%	0.63%	0.61%
\$ 47,449	\$ 49,896	\$ 58,764	\$ 67,293	\$ 38,177	\$ 58,780	\$ 72,279
19,124	23,034	25,351	28,519	25,749	29,363	37,929
\$ 28,325	\$ 26,862	\$ 33,413	\$ 38,774	\$ 12,428	\$ 29,417	\$ 34,350
\$ 6,870	\$ 7,255	\$ 8,835	\$ 7,735	\$ 7,795	\$ 8,265	\$ 8,795
7,768	7,478	6,236	6,503	6,361	6,113	7,515
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 14,638	\$ 14,733	\$ 15,071	\$ 14,238	\$ 14,156	\$ 14,378	\$ 16,310
1.94	1.82	2.22	2.72	0.88	2.05	2.11
\$ 10.97	\$ 10.42	\$ 9.18	\$ 7.89	\$ 15.92	\$ 9.79	\$ 9.34

Gerald R. Ford International Airport Authority

Schedule F

Principal Employers in the Primary Trade Area

Calendar Years 2022 and 2013

Employer	County	Product or Service
Corewell Health	Kent	Healthcare
Mercy General Health Partners	Muskegon/Kent	Healthcare
Meritage Hospitality Group	Kent	Retail food
Perrigo Company	Kent	Manufacturing - pharmaceuticals
Blackmer	Kent	Manufacturing - machinery
Gordon Food Services	Kent	Food services wholesaler
Meijer Inc.	Kent	Retail food and merchandise
Gentex Corporation	Ottawa	Manufacturing - auto parts
Haworth Inc.	Ottawa	Manufacturing - furniture
Amway Corporation	Kent	Personal and household products
Miller Knoll	Ottawa	Office furniture
Farmers Insurance Group	Kent	Insurance
Steelcase Inc.	Kent	Office furniture
Grand Valley State University	Ottawa	Education
University of Michigan Health - West	Kent	Healthcare
Grand Rapids Public Schools	Kent	Education
SpartanNash	Kent	Retail food
TCF Bank	Kent	Finance
Arconic Inc	Muskegon	Manufacturing - aerospace
Hope Network Industries	Kent	Packaging
Roskam Baking	Kent	Food Processing
Fifth Third Bank	West MI	Finance
Lacks Enterprises Inc.	Kent	Manufacturing - auto parts
Challenge Manufacturing	Kent/Ottawa	Manufacturing - metal stamping
Shape Corporation	Ottawa	Manufacturing - fabricated metal
Kent Intermediate School District	Kent	Education
Bradford White	Barry	Manufacturing - water heaters
Herbruck's Poultry Ranch	Ionia	Agriculture
Magna	Kent	Manufacturing - auto parts
Ventra	Kent/Ionia	Manufacturing - auto parts
Wolverine World Wide	Kent	Manufacturing - footwear
Priority Health	Kent	Healthcare
General Motors Components Holdings	Kent	Manufacturing - auto parts
JBS Packerland	Allegan	Agriculture
GE Aviation Systems	Kent	Manufacturing - avionics systems
Lake Michigan Credit Union	Kent	Finance
Amazon	Kent	Logistics
Tyson Foods	Ottawa	Food Processing
Yanfeng Global Automotive	Ottawa	Manufacturing - auto parts

Total employment

Source: The Right Place Inc.

⁽¹⁾ Data as of May 2023, most current information available

Number of Employees 2022 ⁽¹⁾	Percentage of Total Employment	Number of Employees 2013	Percentage of Total Employment
25,000	3.38%	19,100	2.94%
8,500	1.15%	6,446	0.99%
7,000	0.95%		0.00%
7,000	0.95%	3,800	0.58%
5,646	0.76%		0.00%
5,000	0.68%	1,669	0.26%
5,000	0.68%	7,725	1.19%
4,500	0.61%	2,730	0.42%
4,000	0.54%	2,450	0.38%
3,791	0.51%	5,233	0.80%
3,621	0.49%	3,300	0.51%
3,500	0.47%	2,500	0.38%
3,400	0.46%	3,227	0.50%
3,306	0.45%	3,991	0.61%
3,000	0.41%	2,383	0.37%
2,800	0.38%	2,907	0.45%
2,500	0.34%	3,608	0.55%
2,500	0.34%		0.00%
2,350	0.32%		0.00%
2,162	0.29%	2,000	0.31%
2,100	0.28%		0.00%
2,062	0.28%	2,729	0.42%
2,000	0.27%	2,300	0.35%
1,800	0.24%		0.00%
1,700	0.23%	1,500	0.23%
1,600	0.22%		0.00%
1,500	0.20%		0.00%
1,500	0.20%		
1,500	0.20%	2,500	0.38%
1,500	0.20%		0.00%
1,500	0.20%	1,640	0.25%
1,279	0.17%		
1,200	0.16%		0.00%
1,200	0.16%		0.00%
1,100	0.15%	1,953	0.30%
1,032	0.14%		
1,000	0.14%		0.00%
1,000	0.14%		
1,000	0.14%		0.00%
<u>738,699</u>		<u>650,465</u>	

Gerald R. Ford International Airport Authority

Schedule G

Population in the Primary Trade Area

Last Ten Fiscal Years

	2013	2014	2015	2016
Allegan County	112,531	113,847	113,847	111,408
Barry County	59,907	59,281	59,107	59,173
Ionia County	64,073	64,294	63,976	63,905
Kent County	621,700	629,237	629,237	602,622
Mecosta County	43,108	43,186	43,226	42,798
Montcalm County	63,105	62,893	63,046	63,342
Muskegon County	171,008	172,344	172,344	172,188
Ottawa County	272,701	276,292	276,292	263,801
	<u>1,408,133</u>	<u>1,421,374</u>	<u>1,421,075</u>	<u>1,379,237</u>
Per capita income	\$ 38,981	\$ 40,715	\$ 42,495	\$ 42,386
Total personal income (dollars in thousands)	\$ 54,890,528	\$ 57,871,576	\$ 60,387,903	\$ 58,460,339
	2013	2014	2015	2016
Employment information:				
Civilian labor force	693,742	727,023	806,984	755,219
Employed	650,465	687,736	773,497	727,147
Unemployed	43,277	39,287	33,487	28,072
Unemployment rate	6.2%	5.4%	4.1%	3.7%

Source: The Right Place Inc.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
116,447	114,145	115,250	116,143	117,104	119,418
60,586	59,607	60,057	60,540	61,045	62,014
64,291	64,147	64,176	64,300	64,401	66,564
648,594	636,376	643,140	648,121	652,617	654,958
43,391	43,181	43,264	43,251	43,481	40,051
63,550	62,956	63,209	63,413	63,516	66,430
173,693	172,707	173,043	173,297	173,679	175,633
<u>286,383</u>	<u>280,243</u>	<u>284,034</u>	<u>286,558</u>	<u>289,162</u>	<u>293,713</u>
<u><u>1,456,935</u></u>	<u><u>1,433,362</u></u>	<u><u>1,446,173</u></u>	<u><u>1,455,623</u></u>	<u><u>1,465,005</u></u>	<u><u>1,478,781</u></u>
\$ 43,586	\$ 45,589	\$ 47,952	\$ 48,027	\$ 51,835	\$ 56,517
\$ 63,501,969	\$ 65,345,540	\$ 69,346,888	\$ 69,909,206	\$ 75,938,534	\$ 83,576,266
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
760,020	733,509	744,132	700,592	757,908	767,477
730,625	691,961	707,807	707,807	667,470	738,699
29,395	41,548	36,325	33,122	35,968	28,778
3.9%	5.7%	4.9%	4.7%	4.7%	3.7%

Gerald R. Ford International Airport Authority

Schedule H

Full-time Equivalent Employees

Last Ten Fiscal Years

	December 31,			
	2013	2014	2015	2016
Administration	17	18	18	20
Maintenance	31	32	32	32
Parking	1	1	1	1
Firefighting	16	16	16	17
Public safety	33	33	33	32
Total	98	100	100	102
Enplaned passengers per employee	11,479	11,718	12,812	13,078
Operating revenues (in thousands)	\$ 33,190	\$ 35,842	\$ 38,219	\$ 39,718
Operating expenses (in thousands)	\$ 34,666	\$ 34,951	\$ 38,078	\$ 37,412
Salaries and fringes (in thousands)	\$ 7,825	\$ 8,094	\$ 8,918	\$ 5,729
Payroll percentage of operating revenues	23.6%	22.6%	23.3%	14.4%
Payroll percentage of operating expenses	22.6%	23.2%	23.4%	15.3%

December 31,					
2017	2018	2019	2020	2021	2022
23	24	24	19	20	28
30	27	32	26	34	35
1	1	1	1	1	1
16	17	16	12	16	16
34	34	35	31	36	36
104	103	108	89	107	116
13,590	15,932	16,707	9,988	13,723	15,049
\$ 41,831	\$ 49,175	\$ 56,731	\$ 33,259	\$ 50,030	\$ 59,860
\$ 41,941	\$ 44,959	\$ 49,041	\$ 47,686	\$ 52,651	\$ 61,461
\$ 9,590	\$ 9,656	\$ 11,245	\$ 11,014	\$ 11,276	\$ 14,403
22.9%	19.6%	19.8%	33.1%	22.5%	24.1%
22.9%	21.5%	22.9%	23.1%	21.4%	23.4%

Gerald R. Ford International Airport Authority

Schedule I

Capital Asset Information

Last Ten Fiscal Years

	December 31,		
	2013	2014	2015
Runways			
8R/26L - East/West - 10,000 x 150 ft.			
8L/26R - East/West - 5,000 x 100 ft.			
17/35 - North/South - 8,500 x 150 ft.			
Total aircraft movements	75,998	75,128	76,256
Annual capacity	<u>277,500</u>	<u>277,500</u>	<u>277,500</u>
Runway utilization percentage	<u>27.39%</u>	<u>27.07%</u>	<u>27.48%</u>
Terminal building			
Exclusive area leased (sq. ft)	60,832	72,089	74,782
Exclusive area available (sq. ft)	<u>97,796</u>	<u>97,944</u>	<u>97,944</u>
Terminal occupancy percentage	<u>62.20%</u>	<u>73.60%</u>	<u>76.35%</u>
Enplanements	1,124,969	1,171,795	1,281,238
Planned capacity	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Terminal utilization percentage	<u>62.50%</u>	<u>65.10%</u>	<u>71.18%</u>
Parking areas			
Number of annual long-term exits (a)	258,745	274,552	304,575
Average long-term stay (days) (b)	<u>4.3</u>	<u>4.5</u>	<u>3.9</u>
Average annual long-term occupancy ((a*b)/365)	3,048	3,385	3,254
Number of long-term spaces available	<u>6,918</u>	<u>6,918</u>	<u>6,918</u>
Average annual long-term occupancy rate	<u>44.06%</u>	<u>48.93%</u>	<u>47.04%</u>

December 31,						
2016	2017	2018	2019	2020	2021	2022
81,558	82,432	84,023	84,538	58,170	74,876	74,356
<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>29.39%</u>	<u>29.71%</u>	<u>30.28%</u>	<u>30.46%</u>	<u>20.96%</u>	<u>26.98%</u>	<u>26.79%</u>
65,718	85,531	89,766	91,037	91,037	93,830	96,677
<u>106,786</u>	<u>105,104</u>	<u>105,104</u>	<u>100,312</u>	<u>100,312</u>	<u>103,160</u>	<u>106,007</u>
<u>61.54%</u>	<u>81.38%</u>	<u>85.41%</u>	<u>90.75%</u>	<u>90.75%</u>	<u>90.96%</u>	<u>91.20%</u>
1,333,956	1,413,310	1,641,019	1,804,358	888,924	1,468,362	1,745,640
<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>74.11%</u>	<u>78.52%</u>	<u>91.17%</u>	<u>100.24%</u>	<u>49.38%</u>	<u>81.58%</u>	<u>96.98%</u>
318,451	289,527	331,119	381,709	157,518	265,428	316,065
<u>4.0</u>	<u>4.6</u>	<u>4.2</u>	<u>4.5</u>	<u>5.2</u>	<u>5.3</u>	<u>5.2</u>
3,490	3,649	3,810	4,685	2,235	3,854	4,503
<u>7,071</u>	<u>7,071</u>	<u>7,124</u>	<u>7,324</u>	<u>7,668</u>	<u>7,668</u>	<u>7,779</u>
<u>49.35%</u>	<u>51.60%</u>	<u>53.48%</u>	<u>63.97%</u>	<u>29.15%</u>	<u>50.26%</u>	<u>57.88%</u>