

# WAYNE COUNTY AIRPORT AUTHORITY

*(A Discretely Presented Component Unit of  
the Charter County of Wayne, Michigan)*

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2004



**WAYNE COUNTY AIRPORT AUTHORITY**  
(A Discretely Presented Component Unit of  
the Charter County of Wayne, Michigan)

Comprehensive Annual Financial Report

For the Year Ended September 30, 2004

# WAYNE COUNTY AIRPORT AUTHORITY

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February 25, 2005

The Board of Directors  
Wayne County Airport Authority:

We are pleased to submit the annual financial report of the Wayne County Airport Authority (the Authority) for the fiscal year ended September 30, 2004. The purpose of the financial statements is to present and disclose fairly and fully the Authority's financial position and financial results of its operations. Responsibility for the accuracy of the data and the fairness and completeness of the presentation, including disclosures, rests with the management of the Authority.

The annual financial report consists of this transmittal letter, the independent auditors' report, management's discussion and analysis, basic financial statements, including footnotes, and the statistical section, which is not audited. The statistical section includes selected financial and operational data presented on a multi-year basis. Generally accepted accounting principles (GAAP) require management to provide a narrative overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the independent auditors' report.

### **The Authority**

The Authority is a political subdivision and instrumentality of the Charter County of Wayne, Michigan (County). Until August 9, 2002, the County operated the Detroit Metropolitan Wayne County Airport (the Airport) and Willow Run Airport (together, the "Airports"). Pursuant to an amendment to the Aeronautics Code of the State of Michigan, known as the Public Airport Authority Act, Public Act 90, Michigan Public Acts of 2002, effective March 26, 2002, the Authority was granted operational jurisdiction of the Airports, with the exclusive right, responsibility, and authority to occupy, operate, control, and use the Airports and the Airport Hotel.

The Authority is directed and governed by a Board consisting of seven members. The Governor of the State appoints two members of the Board, one member is appointed by the legislative body of the County, and four members of the Board are appointed by the Chief Executive Officer of the County. The Board appoints the Chief Executive Officer of the Authority.

### **Airport Service Area**

Located in the City of Romulus, County of Wayne, Michigan, about 20 miles southwest of the central business district of the City of Detroit, the Airport serves the eighth most populous metropolitan region in the United States (U.S.)—the Detroit-Ann Arbor-Flint Consolidated Metropolitan Statistical Area (CMSA). The Airport Service Region consists of the ten-county Detroit-Ann Arbor-Flint CMSA, which

includes the counties of: Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.

The Airport Service Region served by the Airport is classified as a “large hub” community by the Federal Aviation Administration (FAA). A “large hub” is defined as a community that accounts for 1% or more of the total revenue passengers enplaned in all services and operations of U.S. certificated route carriers within the 50 states, the District of Columbia, and other U.S. territorial possessions.

The Airport is one of the largest connecting passenger hubs for Northwest Airlines and its regional affiliates, Mesaba Aviation and Pinnacle Airlines. Collectively, the three airlines accounted for 79% and 77% of all enplaned passengers at the Airport for fiscal years 2004 and 2003, respectively. Overall, the Airport experienced an increase of 6.4% in total enplaned passengers in fiscal year 2004. Northwest has increasingly utilized regional operators Mesaba and Pinnacle at the Airport, substituting smaller-gauge aircraft (e.g., regional jets) for traditional mainline service.

As of September 30, 2004, 14 Signatory Airlines were parties to airport agreements relating to use of the Airport. Pursuant to the airline agreements, the Signatory Airlines “guarantee” the financial performance of the Authority via an airport residual agreement. The Signatory Airlines pay rentals for the lease of Airport premises and activity fees for the use of airfield facilities. The 14 Signatory Airlines include American Airlines, America West Airlines, British Airways, Continental Airlines, Delta Air Lines, Federal Express, KLM-Royal Dutch Airlines, Mesaba Airlines, Northwest Airlines, Southwest Airlines, Spirit Airlines, United Airlines, United Parcel Service, and US Airways. Since September 30, 2004, Lufthansa Airlines and Pinnacle Airlines have become Signatory Airlines.

The Airport serves as a major international gateway, providing service to international destinations in Asia, Europe, Mexico, and Canada.

## **Airport Activity**

Despite the instability that continues to plague the airline industry, major airports throughout the United States experienced improving operations in 2004. During fiscal year 2004, the Airport demonstrated positive improvements and notable achievements in many critical areas.

Some of the major initiatives and accomplishments in fiscal year 2004 were:

- ➔ Realized an increase of 1 million (6.4%) passenger enplanements and 26,000 (5.5%) in aircraft operations over fiscal year 2003.
- ➔ Nonairline revenues for the three major categories (excluding the hotel) accounted for \$81.4 million, up from \$74.5 million in the prior year. Parking revenues improved to \$38.8 million, up 18% over last year; concession revenues were \$25.8 million, consistent with the prior year; and car rental revenues improved to \$16.7 million, approximately 6% over the prior year. The Authority’s concession program received various industry awards in recognition of its high customer service and best management practices.
- ➔ The residential sound insulation program (RSIP) initiated the sound insulation of 615 homes in the 2004 program year, an increase of 27% over fiscal year 2003.

- ➔ Minimized the impact of increased debt service in fiscal 2004 by taking advantage of market gains on invested bond reserve accounts to generate one-time savings of \$7.3 million. Refinanced debt to generate \$8.1 million in present value savings.
- ➔ Reduced average cost per enplaned passenger at the Airport by 4.4%.
- ➔ Received the “Achievement of Excellence in Procurement” from the National Purchasing Institute.

The airline industry continues to face a number of risks and uncertainty about the future level of air travel demand, the general economic condition of the United States, the impact of cost reductions achieved by air carriers in or near bankruptcy, the price and availability of jet fuel, and the impact of wars, natural disasters, and the possibility of future terrorist attacks. These pressures, among others, have forced the Airport and all airports to reevaluate their priorities and to creatively search for unique methods to drive down operating costs and enhance nonairline revenues.

### **Financial Information**

The management of the Authority is responsible for establishing and maintaining internal controls. These controls are designed to ensure that assets of the Authority are safeguarded against theft and loss and that adequate accounting data is compiled to allow for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived from the control, and the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal and state and local financial assistance, management is also responsible for ensuring that adequate internal controls are in place to document compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and internal audit staff of the Authority.

### **Independent Audit**

Independent public accountants audit the financial records of the Authority annually. KPMG LLP performed the audit for the fiscal year ended September 30, 2004. Their unqualified report on the financial statements follows the MD&A. In conjunction with the annual audit, KPMG LLP performs an audit of federal financial assistance received and expended by the Authority, in accordance with the Office of Management and Budget (OMB) Circular A-133, and an audit of Passenger Facility Charges received and expended, in accordance with FAA guidelines. These reports have not been included in this annual report.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Wayne County Airport Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department.

This report also could not have been possible without the leadership and support of the governing body of the Authority's board of directors.

Respectfully submitted,



Lester W. Robinson

*Chief Executive Officer*



Thomas J. Naughton

*Senior Vice President of Finance and  
Chief Financial Officer*

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wayne County Airport Authority,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2003

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



President

Executive Director



**KPMG LLP**  
Suite 1200  
150 West Jefferson  
Detroit, MI 48226-4429

## **Independent Auditors' Report**

The Board of Directors  
Wayne County Airport Authority:

We have audited the accompanying financial statements of each major fund of the Wayne County Airport Authority (the Authority), a component unit of the Charter County of Wayne, Michigan (the County), as of and for the year ended September 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Wayne County Airport Authority as of September 30, 2004, and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2005 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.



Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

February 25, 2005

# WAYNE COUNTY AIRPORT AUTHORITY

## Management's Discussion and Analysis

September 30, 2004

The following discussion and analysis provides an overview of the financial performance and activities of the Wayne County Airport Authority (the Authority) for the year ended September 30, 2004, with selected comparative information for the year ended September 30, 2003. This discussion and analysis has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

The Authority is a business-type entity and, as such, the basic financial statements consist of three statements and notes to the basic financial statements. The three basic statements are: (a) Statement of Net Assets, which presents the assets, liabilities, and net assets of the Authority as of the end of the fiscal year; (b) Statement of Revenues, Expenses, and Changes in Net Assets, which reflects revenues and expenses recognized during the fiscal year; and (c) Statement of Cash Flows, which provides information on all the cash inflows and outflows for the Authority by major category during the fiscal year.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S.), as promulgated by Governmental Accounting Standards Board (GASB) principles.

The financial statements include the operations of Detroit Metropolitan Wayne County Airport (the Airport), Willow Run Airport, and the Airport Hotel. The Authority is considered a discretely presented component unit of the Charter County of Wayne, Michigan as defined by the Governmental Accounting Standards Board (GASB).

### **Airport Activities and Highlights**

The slowing national economy and certain other global events, including the ongoing war in Iraq, seriously disrupted the air transportation industry over the past three years, resulting in severe financial instability in the airline industry, particularly among the legacy airlines. Several legacy and low-cost airlines have filed for bankruptcy protection, others continue to threaten to do so, and most airlines that have not filed for bankruptcy protection report continuing financial difficulties. Overall, the airline industry continues to struggle with increasingly higher costs for fuel and depressed passenger revenue.

In 2004, however, a number of factors have resulted in a strong rebound in passenger traffic in the U.S., including lower airline fares due to the growth of low-cost carriers and a rapid increase in capacity by both the legacy airlines and low-cost carriers. Airline load factors have increased dramatically, and are predicted to continue to increase in order to meet passenger demand in the highly competitive low-airfare environment.

## WAYNE COUNTY AIRPORT AUTHORITY

### Management's Discussion and Analysis

September 30, 2004

For fiscal year 2004, the Airport registered increased activities over fiscal year 2003, resulting in increased enplanements and aircraft operations and a decline in cost per enplaned passenger. Although passenger enplanements and aircraft operations increased, they remained below historical highs, which were attained in fiscal years 2000 and 1999, respectively, when the Airport handled 17.7 million enplaned passengers and 561,114 aircraft operations, respectively. The Airport's activities for years ended September 30, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Enplanements	17,316,780	16,278,233
Cost per enplaned passenger	\$ 6.81	7.12
Aircraft operations	514,660	487,969
Cargo (in tons)	102,405	109,368
Landed weights (in thousand lbs.) *	22,958,868	22,928,083

\* Signatory Airlines only

Enplanements in 2004 increased 6.4%, and aircraft operations increased 5.5% over fiscal year 2003. Landed weight, in contrast, remained flat, providing almost no gain over fiscal year 2003. Increased load factors (more passengers per airplane) contributed to these results. Airlines' cost per enplaned passenger decreased by 4.4% in 2004 compared to 2003, which followed a decrease of 3.3% in 2003 over the prior year.

Northwest is the dominant air carrier operating at the Airport, which serves as a primary connecting passenger hub in Northwest's route system. Northwest, together with its regional affiliates Mesaba and Pinnacle, accounted for 79% and 77% of passenger enplanements at the Airport in fiscal years 2004 and 2003, respectively.

### Financial Highlights

The financial highlights for fiscal year 2004 were influenced by many sources, many of which were nonairline. Fiscal year 2004 was the first full year of operation of the hotel, which reflects notable increases in revenues and expenses related to the hotel's operation. Parking revenues increased, while parking-related expenses decreased. Professional and contractual services increased due to increased activities related to the Airport's residential sound insulation program (RSIP).

The factors noted above increased revenues in fiscal year 2004 by \$22.8 million (10.3%) over fiscal year 2003. Operating expenses increased by \$21.8 million over fiscal year 2003 as a result of the related hotel operating expenses and RSIP expenses. Funding for the RSIP is generated from bond proceeds and federal grants which are not included in operating revenues. Overall net assets were virtually unchanged as a result of these events, decreasing by 0.7% (\$5.0 million) from 2003.

Funding for the Airport operations is predicated upon the stipulations in the Airport Use and Lease Agreements between the Authority and the Airlines. The Airport Use and Lease Agreements set the terms of the business relationship between the Authority and the Airlines. Key terms in the Use and Lease Agreements include rental rates, activity fee methodology, utilities, etc. Once an airline signs a Use and Lease Agreement, it is designated a "Signatory Airline." The Use and Lease Agreements also determine the budget and financing (activity fee) methodologies that the Authority and Airlines agree to follow. Airport budget methodologies throughout the

## WAYNE COUNTY AIRPORT AUTHORITY

### Management's Discussion and Analysis

September 30, 2004

United States are usually characterized as either compensatory or residual, although some airports have hybrid methodology that combines both features.

The Detroit Wayne County Metropolitan Airport operates under a residual methodology. The methodology places additional risk to the Signatory Airlines, as these Airlines guarantee the net cost of operating the entire Airport. This obligation includes operating expenses and all debt service requirements of the Airport. If the Airport incurs a deficit in a particular year, it has the ability to increase rates to the Signatory Airlines up to the amount of the deficit. Conversely, if the Airport realizes a surplus, the Airport must refund the surplus to the Signatory Airlines.

The residual methodology agreed upon by the Signatory Airlines and the Authority creates a funding mechanism that is not congruent with financial statement reporting standards. Although the Signatory Airlines are required to fund any deficit of the Airport, this deficit is not equivalent to "Operating Loss" or any other designation on the financial statements. Since the Airport utilizes the residual methodology, annual operating costs and debt service requirements of the Airport have been funded.

#### Statement of Net Assets

The statement of net assets includes all assets and liabilities and net assets resulting from the difference between total assets and total liabilities. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

The condensed summary of the Authority's net assets as of September 30, 2004 and 2003 is:

	<u>2004</u>	<u>2003</u>
	(In thousands)	
Assets:		
Current assets	\$ 95,418	87,284
Current restricted assets	412,566	295,034
Noncurrent restricted assets	83,130	46,026
Capital assets	2,097,496	2,104,934
Other assets	34,241	24,710
Total assets	<u>2,722,851</u>	<u>2,557,988</u>
Liabilities:		
Current liabilities	51,615	49,734
Current liabilities payable from restricted assets	68,600	66,821
Long-term liabilities	1,871,727	1,705,566
Total liabilities	<u>1,991,942</u>	<u>1,822,121</u>
Net assets:		
Invested in capital assets, net of related debt	369,008	439,425
Restricted	273,179	217,328
Unrestricted	88,722	79,114
Total net assets	<u>\$ 730,909</u>	<u>735,867</u>

# WAYNE COUNTY AIRPORT AUTHORITY

## Management's Discussion and Analysis

September 30, 2004

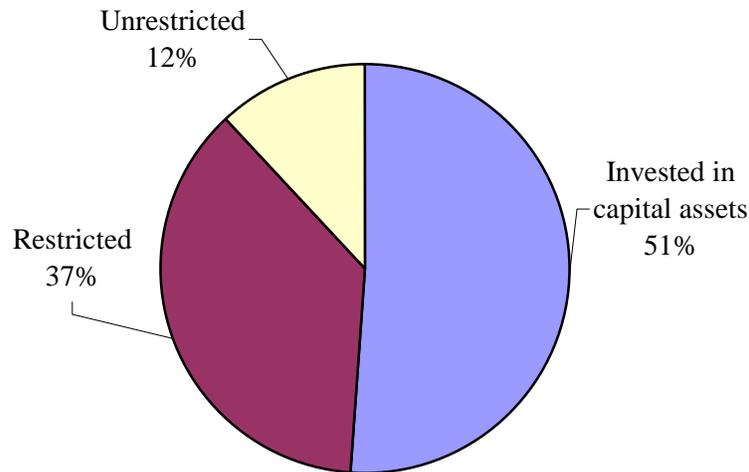
Current assets consist mainly of cash and investments, accounts receivable, and amounts due from other governmental units. Noncurrent restricted assets consist of cash and investments. All cash and investments of the Authority are invested according to legal requirements established by the legislature of the State of Michigan. In accordance with State law, investments are restricted to various U.S. government securities, certificates of deposit, commercial paper, and repurchase agreements. Other assets consist primarily of bond issuance cost, net of related amortization.

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net assets have been reserved related to certain restricted assets. Assets have been restricted for operations and maintenance, replacement and improvements, construction, bond and interest redemption, passenger facility charges, and drug enforcement.

Current liabilities consist mainly of accounts payable, payroll-related liabilities, accrued vacation and sick time, retainage, security, and performance deposits.

Net assets decreased by \$5.0 million and \$50.1 million in fiscal years ended September 30, 2004 and 2003, respectively. As indicated earlier, increases in the RSIP and hotel operating expenses, offset by hotel operating revenues, landing fees, and parking revenues, culminated into a slight decrease in net assets in FY 2004.

The chart below illustrates a breakdown of total net assets as of September 30, 2004:



Approximately 37% of the Airport's 2004 net assets are restricted for future debt service, capital construction and replacement, bond and interest redemption, and passenger facility charges, subject to federal regulations. Amounts invested in capital assets, net of related debt, account for approximately 51% of total net assets and represent land, buildings, improvements, and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

## WAYNE COUNTY AIRPORT AUTHORITY

### Management's Discussion and Analysis

September 30, 2004

The remaining net assets include unrestricted net assets of \$88.7 million, which may be used to meet any of the Authority's ongoing operations. Net assets invested in capital assets decreased by \$70.4 million, from \$439.4 million at September 30, 2003 to \$369.0 million at September 30, 2004. The decrease is primarily due to an increase of \$100.2 million in accumulated depreciation and a net increase in outstanding debt of \$62.5 million in 2004.

Restricted net assets increased \$55.9 million at September 30, 2004 over September 30, 2003. This increase is due to increases in assets held for debt service and capital projects, resulting from the 2003 Series bonds issued during fiscal year 2004.

#### **Capital Assets and Long-term Debt Activity**

Capital activity for fiscal year 2004 was limited to a number of residual and final closeout payments for many projects substantially completed in previous fiscal years. The major addition to capital assets was the completion of an aircraft maintenance hangar.

The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects and include the debt service on such bonds in the fees and charges of the Signatory Airlines only after receiving approval of a Weighted Majority for such capital projects. As of September 30, 2004, the Authority had approximately \$1.94 billion in outstanding bonded debt, both senior and subordinate, paying fixed and variable rates. The total annual debt service (principal and interest) was approximately \$135.7 million in 2004, and long-term debt amounting to \$51.6 million was paid off during the year.

The Series 2003A bonds were issued during fiscal year for a number of projects that were deferred in previous fiscal years. Three major projects included the initial funding for the North Terminal redevelopment project, McNamara expansion phase II project, and funding for the residential sound insulation program (RSIP). Collectively, the bonds issued totaled \$215 million. The Series 2003 B and C refunding bonds were also issued to refund the 1993 Series bonds during fiscal year 2004. It is anticipated that these refunding bonds will decrease future debt-related costs by \$13.1 million over the next 17 years.

The Airport's senior lien debt is currently rated by Moody's, Standard & Poor's, and Fitch at A3 (positive), A- (stable), and A (stable), respectively, based upon the underlying credit without regard to bond insurance.

The Authority covenants in the Master Bond Ordinance that the Airport's net revenues, plus other available funds as defined in the Bond Ordinance, are sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the year ended September 30, 2004 was 141% of total debt service.

The Authority's plans for capital development at the Airports are contained in an ongoing Capital Improvement Program (CIP). The Airport Authority's CIP represents current expectations of future capital needs. Projects that were deferred in previous fiscal years have been evaluated and prioritized into a comprehensive five-year capital plan for both Detroit Metro and Willow Run Airports. The Authority's current 2005 – 2009 Capital Program includes approximately \$959 million and \$42 million of planned projects over the next five years for Detroit Metro and Willow Run Airports, respectively.

The funds required for the 2005 – 2009 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, federal grants, state grants, and passenger facility charges.

## WAYNE COUNTY AIRPORT AUTHORITY

### Management's Discussion and Analysis

September 30, 2004

Following its first receipt of the Federal Aviation Administration's (FAA) approval in September 1992, the County imposed a Passenger Facility Charge (PFC) of \$3.00 at the Airport beginning on January 1, 1993. Since 1992, the FAA has approved certain additional PFC applications and amendments submitted by the County and the Authority. The Authority now is authorized to impose and use a PFC of \$4.50 per enplaned passenger, and began to collect PFCs at the \$4.50 level on October 1, 2001.

Under its current PFC approvals, the Authority has authority to impose and use \$2.907 billion in PFCs, which includes amounts for the payment of principal, interest, and other financing costs on bonds, the proceeds of which are used to pay the PFC-eligible costs of the approved projects. As of September 30, 2004, the Airport had received approximately \$584.2 million of PFC revenue, which includes interest earnings of approximately \$52.9 million, and had expended approximately \$510.7 million on approved projects. The current estimated PFC expiration date is October 1, 2032.

More detailed information on long-term debt and capital asset activity can be found in notes 6 and 7, included in the Notes to Basic Financial Statements section of this report.

#### **Statement of Revenues, Expenses, and Changes in Net Assets**

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the Authority, as well as the nonoperating revenues and expenses. Operating revenues include both airline and nonairline revenues and primarily consist of landing and related fees, terminal building rental and fees, parking fees, concession fees, car rental, and hotel revenues. Nonoperating revenues consist primarily of passenger facility charges, federal and state grants, and interest income. Interest expense is the most significant nonoperating expense.

**WAYNE COUNTY AIRPORT AUTHORITY**

Management's Discussion and Analysis

September 30, 2004

A summarized comparison of the Authority's revenues, expenses, and changes in net assets for the years ended September 30, 2004 and 2003 follows:

	<b>2004</b>	<b>2003</b>
	(In thousands)	
Operating revenues:		
Airline revenues:		
Airport landing and related fees	\$ 89,179	82,583
Terminal building rentals and fees	24,992	26,156
Facility use fees	6,460	6,269
Nonairline revenues:		
Parking fees	38,842	32,806
Concession fees	25,846	25,894
Car rental	16,724	15,760
Hotel	24,834	10,834
Other	16,914	20,646
Total operating revenues	243,791	220,948
Operating expenses:		
Salaries, wages, and fringe benefits	62,191	61,419
Parking management	9,726	15,757
Hotel management	19,672	12,688
Depreciation	100,235	96,882
Professional and contractual services	34,521	19,719
Utilities	20,303	19,948
Building, ground, equipment maintenance	31,442	33,696
Other expenses	30,704	26,852
Total operating expenses	308,794	286,961
Operating loss	(65,003)	(66,013)
Nonoperating revenues (expenses):		
Passenger facility charges	67,902	63,370
Other nonoperating revenues	17,239	14,999
Interest expense	(83,573)	(87,294)
Other nonoperating expenses	(1,857)	(1,582)
Net nonoperating revenues (expenses)	(289)	(10,507)
Net loss before capital contribution	(65,292)	(76,520)
Capital contribution	60,334	26,387
Change in net assets	(4,958)	(50,133)
Net assets, beginning of the year	735,867	786,000
Net assets, end of the year	\$ 730,909	735,867

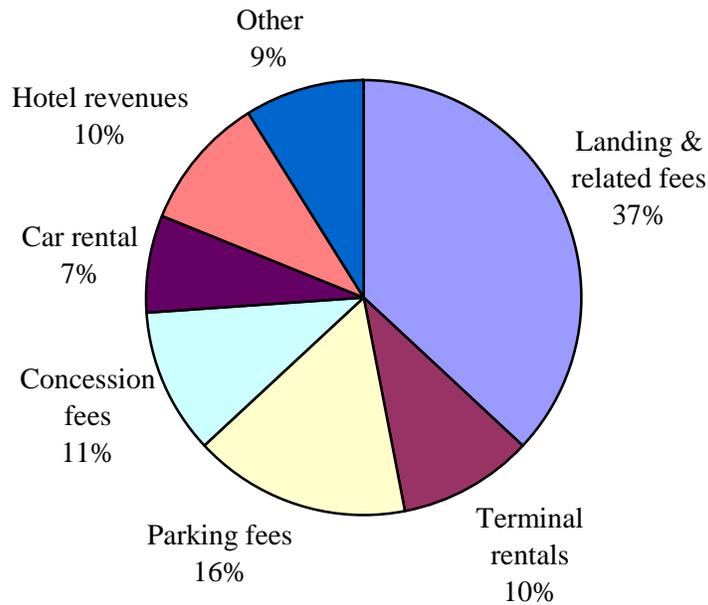
# WAYNE COUNTY AIRPORT AUTHORITY

## Management's Discussion and Analysis

September 30, 2004

### Operating Revenues

The chart below illustrates the sources of total operating revenue for the year ended September 30, 2004:



Operating revenues increased by 10.3%, from \$220.9 million in 2003 to \$243.8 million in 2004, primarily due to increases in hotel revenues, parking fees, and landing fees.

Hotel revenues increased \$14.0 million over fiscal year 2003. The Airport Hotel completed its first full fiscal year of operation in 2004. The Hotel was open for approximately nine months (January – September) in fiscal year 2003. Hotel revenues for the nine-month period of January – September 2004, compared to the same period in 2003, increased over \$6.0 million. Advanced bookings and restaurant revenues increased significantly in fiscal year 2004. Hotel occupancy, revenue per available room and the average daily room rate increased 51%, 58%, and 4%, respectively, over the comparable nine-month period of 2003.

Parking revenues increased \$6.0 million in fiscal year 2004. Increases in advertising and promotional activities combined with changes in operations and logistics allowed the Authority to increase utilization of the airport parking facilities, resulting in increased revenues to the Authority. A parking rate increase that was in effect for all of FY 2004 compared to only half of FY 2003 also contributed to increased parking revenue.

Landing fees increased \$6.6 million in fiscal year 2004. The predominant reason for the landing fee increase was the increase in debt service requirement.

# WAYNE COUNTY AIRPORT AUTHORITY

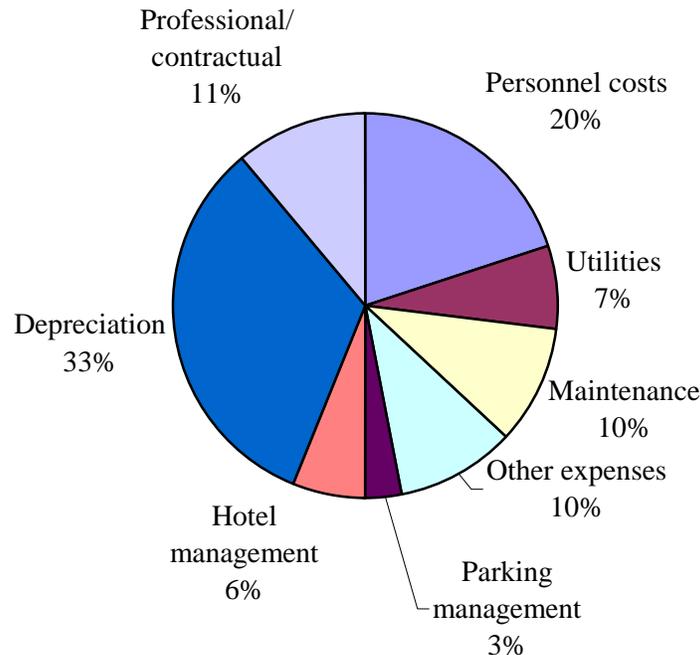
## Management's Discussion and Analysis

September 30, 2004

In fiscal year 2003, Airport management initiated a number of one-time credits and accelerated payments from other sources that minimized the impact of debt service to the Signatory Airlines by \$15.0 million. In fiscal year 2004, Airport management took advantage of market gains on invested bond reserve accounts to reduce debt service requirements by \$7.3 million. The net effect of these initiatives is a net increase of \$7.0 million in debt service requirements in fiscal year 2004.

### Operating Expenses

The chart below illustrates the components of total operating expenses for the year ended September 30, 2004:



Operating expenses for the Authority increased by \$21.8 million in fiscal year 2004 over fiscal year 2003. Increases in professional and contractual services and hotel management costs were offset by decreases in parking management expenses.

Professional and contractual services increased \$14.8 million in 2004 over 2003. The majority of this increase was attributable to the increased activities of the residential sound insulation program (RSIP). The issuance of the 2003 Series bonds provided the necessary funding to accelerate this program in 2004. Many of the projects related to this program were delayed in 2003 in an effort to conserve cash and debt capacity. Other increases in contractual services include the reallocation of the shuttle service for parking patrons from the parking management contract to the shuttle service contract.

## **WAYNE COUNTY AIRPORT AUTHORITY**

### **Management's Discussion and Analysis**

**September 30, 2004**

Hotel operating expenses increased by \$7.0 million in fiscal year 2004. Fiscal year 2004 was the first full year of operation for the Hotel, compared to fiscal year 2003, which only had approximately nine months of activity.

Parking management expenses were reduced by \$6.0 million as economies of scale were achieved by consolidating the North Terminal and McNamara parking management operations under one contract. Parking facilities were also consolidated as surface lots were closed, resulting in the elimination of expenses related to these lots (shuttle service, maintenance, etc.)

Capital contributions increased \$33.9 million in fiscal year 2004 over 2003. The largest component of this increase was the addition of the aircraft maintenance hangar that was funded by nonairport resources.

**WAYNE COUNTY AIRPORT AUTHORITY**

Statement of Net Assets

September 30, 2004

	<u>Detroit Metropolitan Airport Fund</u>	<u>Willow Run Airport Fund</u>	<u>Airport Hotel Fund</u>	<u>Total</u>
Assets:				
Current assets:				
Unrestricted current assets:				
Cash and investments (note 4)	\$ 65,605,774	73,612	833,705	66,513,091
Accounts receivable, less allowance (note 2)	12,830,051	1,063,407	1,135,046	15,028,504
Due from other governmental units	<u>12,557,216</u>	<u>1,319,277</u>	<u>—</u>	<u>13,876,493</u>
Total unrestricted current assets	<u>90,993,041</u>	<u>2,456,296</u>	<u>1,968,751</u>	<u>95,418,088</u>
Restricted current assets (note 5):				
Cash and investments	386,951,353	5,171,450	8,511,676	400,634,479
Accounts receivable	<u>11,907,704</u>	<u>3,787</u>	<u>20,454</u>	<u>11,931,945</u>
Total restricted current assets	<u>398,859,057</u>	<u>5,175,237</u>	<u>8,532,130</u>	<u>412,566,424</u>
Total current assets	<u>489,852,098</u>	<u>7,631,533</u>	<u>10,500,881</u>	<u>507,984,512</u>
Noncurrent assets:				
Restricted cash and investments	83,129,640	—	—	83,129,640
Capital assets (note 6):				
Land	156,296,459	13,726,984	—	170,023,443
Buildings and improvements	1,417,475,700	5,640,675	91,970,438	1,515,086,813
Paving	599,795,517	44,079,952	—	643,875,469
Systems	288,400,649	8,137,890	—	296,538,539
Equipment	43,502,302	3,970,494	25,990	47,498,786
Infrastructure	183,533,870	8,283,909	—	191,817,779
Construction in progress	<u>45,472,314</u>	<u>6,118,193</u>	<u>—</u>	<u>51,590,507</u>
Total capital assets	<u>2,734,476,811</u>	<u>89,958,097</u>	<u>91,996,428</u>	<u>2,916,431,336</u>
Less accumulated depreciation	<u>758,230,253</u>	<u>55,185,854</u>	<u>5,519,550</u>	<u>818,935,657</u>
Net capital assets	<u>1,976,246,558</u>	<u>34,772,243</u>	<u>86,476,878</u>	<u>2,097,495,679</u>
Other assets:				
Bond issuance cost, less amortization (note 2)	21,508,826	—	6,293,423	27,802,249
Accounts receivable, less allowance (note 2)	1,191,808	467,624	—	1,659,432
Advances to other funds	3,499,722	—	—	3,499,722
Prepaid expenses	<u>1,088,566</u>	<u>—</u>	<u>191,374</u>	<u>1,279,940</u>
Total other assets	<u>27,288,922</u>	<u>467,624</u>	<u>6,484,797</u>	<u>34,241,343</u>
Total noncurrent assets	<u>2,086,665,120</u>	<u>35,239,867</u>	<u>92,961,675</u>	<u>2,214,866,662</u>
Total assets	<u>\$ 2,576,517,218</u>	<u>42,871,400</u>	<u>103,462,556</u>	<u>2,722,851,174</u>

**WAYNE COUNTY AIRPORT AUTHORITY**

Statement of Net Assets

September 30, 2004

	<b>Detroit Metropolitan Airport Fund</b>	<b>Willow Run Airport Fund</b>	<b>Airport Hotel Fund</b>	<b>Total</b>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Payable from current assets:				
Accounts payable	\$ 20,700,726	1,835,306	1,162,346	23,698,378
Accrued wages and benefits	3,004,171	94,994	—	3,099,165
Due to other governmental units	50,075	—	—	50,075
Due to primary government	1,175,717	2,426	—	1,178,143
Deferred revenue	937,155	10,890	—	948,045
Other accrued liabilities	22,313,732	327,351	—	22,641,083
Total current liabilities payable from current assets	48,181,576	2,270,967	1,162,346	51,614,889
Payable from restricted current assets:				
Accrued interest payable	22,166,519	—	2,445,517	24,612,036
Bonds payable and other debt (note 7)	37,145,000	14,607	549,365	37,708,972
Deferred revenue and other liabilities	2,129,215	4,150,265	—	6,279,480
Total current liabilities payable from restricted current assets	61,440,734	4,164,872	2,994,882	68,600,488
Total current liabilities	109,622,310	6,435,839	4,157,228	120,215,377
<b>Long-term liabilities:</b>				
Advances from other funds	—	3,499,722	—	3,499,722
Bonds payable and other debt, net (note 7)	1,753,245,250	722,796	114,259,513	1,868,227,559
Total long-term liabilities	1,753,245,250	4,222,518	114,259,513	1,871,727,281
Total liabilities	1,862,867,560	10,658,357	118,416,741	1,991,942,658
<b>Net assets:</b>				
Investment in capital assets, net of related debt	334,235,350	34,772,243	—	369,007,593
Restricted for:				
Capital projects	73,717,111	1,010,365	—	74,727,476
Debt service	169,498,865	—	—	169,498,865
Operations	26,814,266	—	—	26,814,266
Drug enforcement	2,138,679	—	—	2,138,679
Unrestricted (deficit)	107,245,387	(3,569,565)	(14,954,185)	88,721,637
Total net assets (deficit)	\$ 713,649,658	32,213,043	(14,954,185)	730,908,516

See accompanying notes to basic financial statements.

**WAYNE COUNTY AIRPORT AUTHORITY**

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended September 30, 2004

	<b>Detroit Metropolitan Airport Fund</b>	<b>Willow Run Airport Fund</b>	<b>Airport Hotel Fund</b>	<b>Total</b>
Operating revenues:				
Airline revenues:				
Airport landing and related fees	\$ 88,446,344	732,347	—	89,178,691
Terminal building rentals and fees	23,247,245	1,745,154	—	24,992,399
Facility use fees	6,147,366	312,674	—	6,460,040
Nonairline revenues:				
Parking fees	38,842,280	—	—	38,842,280
Concession fees	25,846,018	—	—	25,846,018
Car rental	16,723,940	—	—	16,723,940
Hotel	—	—	24,834,017	24,834,017
Employee shuttle bus	4,544,805	—	—	4,544,805
Utility service fees	3,364,712	119,736	—	3,484,448
Rental facilities	3,268,849	—	—	3,268,849
Other	4,796,614	818,735	—	5,615,349
Total operating revenues	<u>215,228,173</u>	<u>3,728,646</u>	<u>24,834,017</u>	<u>243,790,836</u>
Operating expenses:				
Salaries, wages, and fringe benefits	60,238,797	1,952,532	—	62,191,329
Parking management	9,726,476	—	—	9,726,476
Hotel management	—	—	19,671,787	19,671,787
Shuttle bus services	10,018,755	—	—	10,018,755
Janitorial services	3,419,294	16,900	—	3,436,194
Security	3,324,401	—	—	3,324,401
Professional and other contractual services	33,368,730	1,148,789	3,500	34,521,019
Utilities	19,330,966	972,133	—	20,303,099
Buildings and grounds maintenance	18,486,093	69,920	—	18,556,013
Equipment repair and maintenance	12,844,288	41,759	—	12,886,047
Materials and supplies	3,822,247	80,035	—	3,902,282
Insurance	4,281,755	29,894	—	4,311,649
Other	4,411,558	1,298,115	—	5,709,673
Depreciation	95,070,030	1,397,564	3,767,416	100,235,010
Total operating expenses	<u>278,343,390</u>	<u>7,007,641</u>	<u>23,442,703</u>	<u>308,793,734</u>
Operating income (loss)	<u>(63,115,217)</u>	<u>(3,278,995)</u>	<u>1,391,314</u>	<u>(65,002,898)</u>
Nonoperating revenues (expenses):				
Passenger facility charges	67,901,716	—	—	67,901,716
Federal and state grants	10,045,601	19,627	—	10,065,228
Interest income	7,001,446	74,302	98,512	7,174,260
Interest expense	(77,030,397)	(39,693)	(6,502,768)	(83,572,858)
Amortization of bond issuance costs	(1,525,706)	—	(332,116)	(1,857,822)
Total nonoperating revenue (expense)	<u>6,392,660</u>	<u>54,236</u>	<u>(6,736,372)</u>	<u>(289,476)</u>
Net loss before capital contributions and transfers	<u>(56,722,557)</u>	<u>(3,224,759)</u>	<u>(5,345,058)</u>	<u>(65,292,374)</u>
Capital contributions	57,961,224	2,372,867	—	60,334,091
Transfers in (out)	<u>(1,993,412)</u>	<u>1,993,412</u>	<u>—</u>	<u>—</u>
Changes in net assets	<u>(754,745)</u>	<u>1,141,520</u>	<u>(5,345,058)</u>	<u>(4,958,283)</u>
Net assets (deficit) – beginning of year	714,404,403	31,071,523	(9,609,127)	735,866,799
Net assets (deficit) – end of year	\$ <u>713,649,658</u>	<u>32,213,043</u>	<u>(14,954,185)</u>	<u>730,908,516</u>

See accompanying notes to basic financial statements.

**WAYNE COUNTY AIRPORT AUTHORITY**

Statement of Cash Flows

Year ended September 30, 2004

	<b>Detroit Metropolitan Airport Fund</b>	<b>Willow Run Airport Fund</b>	<b>Airport Hotel Fund</b>	<b>Total</b>
Cash flows from operating activities:				
Receipts from customers and users	\$ 226,913,306	3,281,929	23,698,971	253,894,206
Payments to suppliers	(120,563,627)	(1,656,843)	—	(122,220,470)
Payments to employees	(57,960,765)	(1,879,713)	(17,934,276)	(77,774,754)
Payments to primary government for services provided	(4,491,123)	(58,718)	—	(4,549,841)
Payments (to) from other funds for services provided	(689,777)	689,777	—	—
Return of customer deposits	(3,639,929)	—	—	(3,639,929)
Collection of customer deposits	1,864,064	8,125	—	1,872,189
Net cash provided by operating activities	<u>41,432,149</u>	<u>384,557</u>	<u>5,764,695</u>	<u>47,581,401</u>
Cash flows from noncapital financing activities:				
Passenger facility charges received	536,474	—	—	536,474
Grant from federal/state government	4,835,718	19,627	—	4,855,345
Net cash provided by noncapital financing activities	<u>5,372,192</u>	<u>19,627</u>	<u>—</u>	<u>5,391,819</u>
Cash flows from capital and related financing activities:				
Capital contributions received	41,132,245	257,430	—	41,389,675
Passenger facility charges received	71,071,975	—	—	71,071,975
Proceeds from capital debt	207,720,022	292,133	—	208,012,155
Principal paid on capital debt	(51,630,000)	(531)	—	(51,630,531)
Acquisition and construction of capital assets	(52,666,780)	(2,267,814)	(4,389,717)	(59,324,311)
Interest paid on capital debt	(77,722,877)	(39,693)	(6,335,610)	(84,098,180)
Net cash provided by (used in) capital and related financing activities	<u>137,904,585</u>	<u>(1,758,475)</u>	<u>(10,725,327)</u>	<u>125,420,783</u>
Cash flows from investing activities:				
Interest and dividends received	6,074,834	72,927	83,632	6,231,393
Purchases of investments	(248,971,334)	—	(485,380)	(249,456,714)
Maturities of investments	199,801,000	—	—	199,801,000
Net cash provided by (used in) investing activities	<u>(43,095,500)</u>	<u>72,927</u>	<u>(401,748)</u>	<u>(43,424,321)</u>
Net increase (decrease) in cash and cash equivalents	141,613,426	(1,281,364)	(5,362,380)	134,969,682
Cash and cash equivalents – beginning of year	216,009,529	6,526,426	14,222,381	236,758,336
Cash and cash equivalents – end of year	\$ <u>357,622,955</u>	<u>5,245,062</u>	<u>8,860,001</u>	<u>371,728,018</u>

**WAYNE COUNTY AIRPORT AUTHORITY**

Statement of Cash Flows

Year ended September 30, 2004

	<u>Detroit Metropolitan Airport Fund</u>	<u>Willow Run Airport Fund</u>	<u>Airport Hotel Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (63,115,217)	(3,278,995)	1,391,314	(65,002,898)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	95,070,030	1,397,564	3,767,416	100,235,010
Decrease (increase) in accounts receivable	5,484,993	414,432	(1,135,046)	4,764,379
Increase (decrease) in due from/to other funds	(689,777)	689,777	—	—
(Increase) decrease in prepaid expenses	(163,400)	—	1,218,003	1,054,603
Increase in accounts payable	255,971	1,502,343	523,008	2,281,322
Increase in accrued wages and benefits	434,327	26,944	—	461,271
Decrease in due to primary government	(4,491,123)	(58,718)	—	(4,549,841)
Increase (decrease) in due to other governmental units	50,075	(1,640)	—	48,435
(Decrease) increase in deferred revenue	(1,279,382)	10,890	—	(1,268,492)
Increase (decrease) in other accrued liabilities	9,875,652	(318,040)	—	9,557,612
Total adjustments	<u>104,547,366</u>	<u>3,663,552</u>	<u>4,373,381</u>	<u>112,584,299</u>
Net cash provided by operating activities	\$ <u>41,432,149</u>	<u>384,557</u>	<u>5,764,695</u>	<u>47,581,401</u>
Cash and investments at September 30, 2004 consist of:				
Cash and cash equivalents	\$ 357,622,955	5,245,062	8,860,001	371,728,018
Investments	178,063,812	—	485,380	178,549,192
Total cash and investments	\$ <u>535,686,767</u>	<u>5,245,062</u>	<u>9,345,381</u>	<u>550,277,210</u>

Noncash operating activities:

Loans due to Detroit Metropolitan Airport Fund from Willow Airport Fund of \$1,993,412 were forgiven during fiscal year 2004.

Noncash capital and related financial activities:

Capital assets of \$35,449,008 were acquired through contributions from the State of Michigan.

Capital assets were reduced by \$2,100,000 for a settlement due from a vendor for design costs.

See accompanying notes to basic financial statements.

# WAYNE COUNTY AIRPORT AUTHORITY

## Notes to Basic Financial Statements

September 30, 2004

### (1) The Reporting Entity

The Wayne County Airport Authority (the Authority) is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County) for the purposes of federal and state laws, but is not subject to any County charter requirements or the direction or control of either the Wayne County Executive or Commission. Pursuant to Public Act 90 (the Authority Act), Michigan Public Acts of 2002 (effective March 26, 2002), the Authority has operational jurisdiction of the Detroit Metropolitan Wayne County Airport (Metro Airport), the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. The financial statements of the Authority include the operations of Metro Airport, the Willow Run Airport, and the Airport Hotel, and the Authority is included in the County's Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit, in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*.

The Authority is directed and governed by a board consisting of seven members. The Governor of the State appoints two members of the board, one member is appointed by the legislative body of the County that owns Metro Airport, and four members of the board are appointed by the chief executive officer of the County.

Metro Airport has airport use contracts with 14 airlines, which constitute approximately 91% of total landed weight in 2004. Metro Airport has agreements with various concessionaires (parking, food service, rental car agencies, etc.) for which Metro Airport pays a management fee or receives a commission.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

The Authority uses the following major funds:

**Detroit Metropolitan Airport Fund** – This fund is used to account for the operations and maintenance of the Detroit Metropolitan Wayne County Airport.

**Willow Run Airport Fund** – This fund is used to account for the operations and maintenance of the Willow Run Airport.

**Airport Hotel Fund** – This fund is used to account for the activity associated with the funding, construction, furnishing, and operations of an airport hotel at the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.

#### (b) Basis of Accounting and Measurement Focus

The financial statements of the Authority are presented on the accrual basis of accounting and are accounted for on the flow of economic resources measurement focus; revenues are recorded when earned, and expenses are recorded as incurred.

# WAYNE COUNTY AIRPORT AUTHORITY

## Notes to Basic Financial Statements

September 30, 2004

As allowed by GASB Statements No. 20 and No. 34, the Authority follows all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The Authority has the option to apply FASB pronouncements issued after November 30, 1989, but has chosen not to do so.

(c) ***Cash and Investments***

Cash resources of the individual funds of the Authority, except as specifically stated by ordinance, are pooled and invested. Interest on pooled investments is allocated monthly among the respective funds based on average investment balances. Interest earned, but not received, at year-end is accrued. Investments are stated at fair market value, which is based on quoted market prices.

(d) ***Cash Flows***

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All pooled investments qualify as cash equivalents.

(e) ***Passenger Facility Charges***

The Authority assesses passenger facility charges of \$4.50 per passenger enplanement. The passenger facility charges are recorded as nonoperating revenues and may only be expended on capital and noncapital projects approved by the federal government. Passenger facility charges are recorded upon receipt from airlines.

(f) ***Revenue Recognition***

Operating revenues are recorded as revenues at the time services are rendered. Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and capital contributions. Federal and state grants and capital contributions are recognized as revenues when the eligibility requirements, if any, are met.

(g) ***Net Assets***

Equity is displayed in three components as follows:

**Invested in Capital, Net of Related Debt** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

**Unrestricted** – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

The Airport Hotel and Willow Run Airport incurred unrestricted deficits for the year ended September 30, 2004 of \$14,954,185 and \$3,569,565, respectively. These deficits are expected to be funded by the improvement in future operations of both the Hotel and Willow Run Airport.

**(h) Classification of Revenues and Expenses**

The Authority has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

**Operating** – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as revenues from landing and related fees and concession fees, and expenses paid to employees and vendors.

**Nonoperating** – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions that are defined as nonoperating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, such as revenue from federal and state grants and contributions and investment income, and expenses for capital debt.

**(i) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(j) Capital Assets**

Capital assets are stated at the estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 – 25 years
Paving	25 years
Utility systems	10 – 25 years
Equipment	5 – 15 years
Vehicles	5 – 15 years
Infrastructure	8 – 50 years

Expenditures with a cost of \$5,000 or more for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of property and equipment owned by the Authority are capitalized, including salaries, employee benefits, and interest costs during construction. At the time fixed assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in the results of operations.

# WAYNE COUNTY AIRPORT AUTHORITY

## Notes to Basic Financial Statements

September 30, 2004

**(k) *Compensated Absences***

The Authority employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned, and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited. A liability for accumulated unpaid vacation and sick pay has been recorded in the financial statements.

**(l) *Retirement Contributions***

The Wayne County Employees' Retirement System, which includes the Authority personnel, is funded as pension costs are accrued. Prior service costs resulting from benefit improvements, plan amendments, actuarial gains or losses, and other reasons are generally reflected in contributions based upon a 15-year amortization period.

**(m) *Accounts Receivable***

Net receivables at September 30, 2004 consist of trade receivables incurred by customers during the normal course of business. Total allowance for uncollectible accounts at September 30, 2004 was \$1,958,000, of which \$958,000 was for the Detroit Metropolitan Airport Fund and \$1,000,000 was for the Willow Run Airport Fund.

**(n) *Accounts Payable***

Total payables at September 30, 2004 consist of payables due to vendors used during the normal course of business.

**(o) *Interfund Balances, Advances, and Transfers***

The interfund balances resulted from (1) the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates payment between funds is made, and (3) overdrafts by individual funds of its share of pooled cash. Noncurrent balances arising in connection with interfund loans are reported as advances. *Advances to Other Funds* is an asset account used to record noncurrent portions of loans from one fund to another fund within the same reporting entity. Similarly, *Advances from Other Funds* is a liability account used to record noncurrent portions of debt owed by one fund to another fund within the same reporting entity.

Interfund transfers are used to move revenues from the fund that collects them to the fund that expends them.

**(p) *Bond Issuance Costs***

Bond issuance costs are amortized over the period the bond is outstanding based on the ratio of debt outstanding to original debt issued. Accumulated amortization at September 30, 2004 is \$7,946,091.

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

**(q) Deferral of Gains and Losses on Refundings**

The Authority defers the difference between the reacquisition price and the net carrying amount of the old debt in refundings in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The deferred amount is amortized and recorded as a component of interest expense in accordance with the standard.

**(r) Self-Insurance**

The County is self insured for workers' compensation, certain health benefits, and other claims, litigation, and assessments. The Authority participates in the County's self-insurance fund for workers' compensation and certain health benefits only. The Authority pays the County a specified percentage of gross payroll biweekly to cover all premiums and claims. The County is responsible for paying all the claims and premiums incurred by Authority employees. The County purchases commercial insurance for claims in excess of coverage provided by their internal service funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

During the year ended September 30, 2004, the Authority became self-insured on its own for disability, unemployment, and liability insurance. Since no actual history prior to this could be determined for the Authority individually, the Authority started documenting a history in fiscal year 2004 and is conservatively building a reserve until an appropriate liability can be determined based on actual claims incurred. The Authority charges its departments a specified percentage of gross payroll biweekly for these liabilities. Claims related to unemployment, disability, claim administration, deductibles, and legal bills for claims under \$50,000 are paid out of these funds. The Authority purchases commercial insurance for liability claims in excess of \$50,000. Settled claims have not exceeded this commercial coverage in fiscal year 2004. A reconciliation of the Authority's self-insured claims liability as a whole at September 30, 2004 follows.

		<u><b>Total</b></u>
Claims liability, September 30, 2003	\$	—
Claims incurred during fiscal year 2004		142,626
Payments on claims		(129,138)
Establishment of a reserve		<u>1,257,135</u>
Claims liability, September 30, 2004	\$	<u><u>1,270,623</u></u>

**(3) Major Customer**

Northwest Airlines, Inc. (Northwest) accounts for approximately 33% of total Authority operating revenues for the year ended September 30, 2004, including approximately 68% of landing and related fees, approximately 62% of airline rental and related fees, and approximately 78% of facility use fees. Approximately 66% of total 2004 enplanements are attributable to Northwest's operations. In the event that Northwest discontinued its operations, there are no assurances that another airline would replace its hub activities.

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately \$9.6 million in net receivables from Northwest at September 30, 2004.

**(4) Cash and Investments**

In accordance with GASB Statement No. 3, investments are categorized to give an indication of the level of custodial risk assumed by the entity as follows:

- Category 1: Investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name;
- Category 2: Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name; and
- Category 3: Repurchase agreements with no underlying securities and uninsured and unregistered investments for which the securities are held by the counterparty or its agent, but not in the Authority's name.

Certain types of investments, such as money market pooled funds, are not categorized because they are not evidenced by securities that exist in physical or book-entry form.

The Authority's cash and investments by risk category and type at September 30, 2004 follow:

	<b>Category</b>		<b>Total</b>
	<b>1</b>	<b>N/A</b>	
Repurchase agreements	\$ 3,629,278	—	3,629,278
Commercial paper	209,466,568	—	209,466,568
U.S. Government obligations	238,683,297	—	238,683,297
Money market funds	—	28,838,742	28,838,742
Deposits	500,000	69,159,325	69,659,325
Total cash and investments			\$ <u>550,277,210</u>

The bank balances related to the total carrying value of deposits of \$69.7 million amounted to \$75.0 million. Of the bank balances, \$0.5 million was insured and \$74.5 million were uninsured and uncollateralized.

The Authority's treasurer is responsible for all investment activities associated with the Authority. The Authority's investment policies are governed by State statutes. Permissible investments include obligations of the U.S. Treasury and agencies (either individually or in pooled funds), domestic certificates of deposit, commercial paper with prescribed ratings, and repurchase agreements. The term of investment and the financial institutions used for investment purposes are determined based upon operating and other needs of the Authority. The Authority's treasurer periodically assesses the financial strength of and services provided by financial institutions to help ensure that integrity of principal is maintained and the Authority's investment needs are met.

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

**(5) Restricted Assets**

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net assets have been reserved related to certain of the restricted assets. A summary of the restricted assets at September 30, 2004 is as follows:

Operations and maintenance:	
Cash and investments	\$ 26,737,610
Accounts receivable	<u>76,656</u>
Total	<u>26,814,266</u>
Replacement and improvements:	
Cash and investments	<u>2,156,855</u>
Construction:	
Cash and investments	161,100,014
Accounts receivable	<u>2,387,198</u>
Total	<u>163,487,212</u>
Bond and interest redemption:	
Cash and investments	229,443,583
Accounts receivable	<u>2,207,236</u>
Total	<u>231,650,819</u>
Passenger facility charges:	
Cash and investments	62,188,841
Accounts receivable	<u>7,259,392</u>
Total	<u>69,448,233</u>
Drug enforcement:	
Cash and investments	2,137,217
Accounts receivable	<u>1,462</u>
Total	<u>2,138,679</u>
Total restricted assets	<u>\$ 495,696,064</u>

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

**(6) Capital Assets**

Capital asset activity for the year ended September 30, 2004 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Detroit Metropolitan Airport Fund:				
Capital assets not being depreciated:				
Land	\$ 156,380,324	(83,865)	—	156,296,459
Construction in progress	<u>29,012,235</u>	<u>82,441,997</u>	<u>(65,981,918)</u>	<u>45,472,314</u>
Total capital assets not being depreciated	<u>185,392,559</u>	<u>82,358,132</u>	<u>(65,981,918)</u>	<u>201,768,773</u>
Capital assets being depreciated:				
Buildings and improvements	1,354,742,884	62,732,816	—	1,417,475,700
Paving	597,882,329	1,913,188	—	599,795,517
Systems	288,165,541	235,108	—	288,400,649
Equipment	40,919,285	2,583,017	—	43,502,302
Infrastructure	<u>181,234,917</u>	<u>2,298,953</u>	<u>—</u>	<u>183,533,870</u>
Total capital assets being depreciated	<u>2,462,944,956</u>	<u>69,763,082</u>	<u>—</u>	<u>2,532,708,038</u>
Less accumulated depreciation for:				
Buildings and improvements	222,618,103	54,278,359	—	276,896,462
Paving	237,111,216	19,537,057	—	256,648,273
Systems	154,712,235	10,548,459	—	165,260,694
Equipment	30,442,669	3,496,226	—	33,938,895
Infrastructure	<u>18,276,000</u>	<u>7,209,929</u>	<u>—</u>	<u>25,485,929</u>
Total accumulated depreciation	<u>663,160,223</u>	<u>95,070,030</u>	<u>—</u>	<u>758,230,253</u>
Total capital assets being depreciated, net	<u>1,799,784,733</u>	<u>(25,306,948)</u>	<u>—</u>	<u>1,774,477,785</u>
Total Detroit Metropolitan Airport Fund capital assets, net	<u>1,985,177,292</u>	<u>57,051,184</u>	<u>(65,981,918)</u>	<u>1,976,246,558</u>

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
Willow Run Airport Fund:				
Capital assets not being depreciated:				
Land	\$ 13,726,984	—	—	13,726,984
Construction in progress	4,515,958	2,223,038	(620,803)	6,118,193
Total capital assets not being depreciated	18,242,942	2,223,038	(620,803)	19,845,177
Capital assets being depreciated:				
Buildings and improvements	5,027,054	613,621	—	5,640,675
Paving	44,064,072	15,880	—	44,079,952
Systems	8,146,588	(8,698)	—	8,137,890
Equipment	3,925,718	44,776	—	3,970,494
Infrastructure	8,283,909	—	—	8,283,909
Total capital assets being depreciated	69,447,341	665,579	—	70,112,920
Less accumulated depreciation for:				
Buildings and improvements	2,917,355	122,320	—	3,039,675
Paving	37,797,526	577,588	—	38,375,114
Systems	2,084,067	324,994	—	2,409,061
Equipment	3,103,206	328,273	—	3,431,479
Infrastructure	7,886,136	44,389	—	7,930,525
Total accumulated depreciation	53,788,290	1,397,564	—	55,185,854
Total capital assets being depreciated, net	15,659,051	(731,985)	—	14,927,066
Total Willow Run Airport Fund capital assets, net	33,901,993	1,491,053	(620,803)	34,772,243

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
Airport Hotel Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 87,606,711	4,363,727	—	91,970,438
Equipment	—	25,990	—	25,990
Total capital assets being depreciated	87,606,711	4,389,717	—	91,996,428
Less accumulated depreciation for:				
Buildings and improvements	1,752,134	3,764,817	—	5,516,951
Equipment	—	2,599	—	2,599
Total accumulated depreciation	1,752,134	3,767,416	—	5,519,550
Total capital assets being depreciated, net	85,854,577	622,301	—	86,476,878
Total Airport Hotel Fund, capital assets, net	85,854,577	622,301	—	86,476,878
Total Authority capital assets, net	\$ 2,104,933,862	59,164,538	(66,602,721)	2,097,495,679

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

**(7) Long-term Debt**

The detail of long-term debt at September 30, 2004 is as follows:

Detroit Metropolitan Airport Fund:

Airport Revenue Bonds:

Series 1994A, 3.5% to 5.875%, due 2009	\$ 15,350,000
Series 1994B, 4.85% to 6.125%, due 2025	11,260,000
Series 1996A, 3.65% to 5.72%, due 2017	51,910,000
Series 1996B, 3.65% to 5.72%, due 2017	51,910,000
Series 1998A, 4.2% to 5.5%, due 2028	824,265,000
Series 1998B, 4.1% to 5.25%, due 2028	156,800,000
Series 2001 Jr. Lien, variable, current yield at 9/30/04, 1.66%, due 2009	107,380,000
Series 2002A, variable, current yield at 9/30/04, 1.71%, due 2033	141,720,000
Series 2002C, 3.0% to 5.375%, due 2021	26,335,000
Series 2002D, 5.0% to 5.5%, due 2022	76,030,000
Series 2003A-1, variable, current yield at 9/30/04, 1.45%, due 2033	75,000,000
Series 2003A-2, variable, current yield at 9/30/04, 1.5%, due 2033	75,000,000
Series 2003A-3, variable, current yield at 9/30/04, 1.47%, due 2033	64,975,000
Series 2003B, variable, current yield at 9/30/04, 1.55%, due 2021	75,050,000
Series 2003C, variable, current yield at 9/30/04, 1.32%, due 2021	54,300,000
Installment purchase contract, 5.625%, due 2011	11,630,000

Total Detroit Metropolitan Airport Fund	1,818,915,000
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Willow Run Airport Fund:

Notes payable – Washtenaw County, 0%, due 2019	292,133
Notes payable – University of Michigan, 8%, due 2013	445,270

Total Willow Run Airport Fund	737,403
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Airport Hotel Fund:

Airport Hotel Bonds:

Series 2001A, 5.0% to 5.5%, due 2030	99,630,000
Series 2001B, 6.0% to 6.6%, due 2015	11,290,000

Other Hotel debt:

Capital/FF&E Reserve Loan, 8%, due 2017	5,000,000
Working Capital Loan, 8%, due 2017	1,500,000

Total Airport Hotel Fund	117,420,000
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Total Authority bonds payable and other debt	1,937,072,403
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**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

Add (less):		
Deferred amount on refunding	\$	(22,361,925)
Certain bond discounts		(14,051,660)
Certain bond premiums		<u>5,277,713</u>
Total Authority bonds payable and other debt, net		1,905,936,531
Less current portion		<u>37,708,972</u>
Total Authority bonds payable and other debt, noncurrent	\$	<u><u>1,868,227,559</u></u>

The annual requirements to pay principal and interest on the Authority's debt outstanding at September 30, 2004 are summarized as follows:

<u>Principal</u>						
	<u>Airport Revenue Bonds</u>	<u>Installment purchase contract</u>	<u>Willow Run debt</u>	<u>Airport Hotel Bonds</u>	<u>Other Hotel debt</u>	<u>Total</u>
2005	\$ 35,750,000	1,395,000	14,607	—	549,365	37,708,972
2006	37,615,000	1,495,000	19,476	100,000	225,489	39,454,965
2007	41,695,000	1,540,000	19,476	135,000	244,205	43,633,681
2008	43,620,000	1,630,000	19,476	210,000	264,474	45,743,950
2009	157,085,000	1,795,000	19,476	590,000	286,425	159,775,901
2010 to 2014	304,110,000	3,775,000	542,647	6,070,000	1,830,724	316,328,371
2015 to 2019	359,255,000	—	97,377	12,260,000	3,099,318	374,711,695
2020 to 2024	348,010,000	—	4,868	26,505,000	—	374,519,868
2025 to 2029	389,840,000	—	—	42,460,000	—	432,300,000
2030 to 2034	90,305,000	—	—	22,590,000	—	112,895,000
Total	\$ <u>1,807,285,000</u>	<u>11,630,000</u>	<u>737,403</u>	<u>110,920,000</u>	<u>6,500,000</u>	<u>1,937,072,403</u>

<u>Interest</u>						
	<u>Airport Revenue Bonds</u>	<u>Installment purchase contract</u>	<u>Willow Run debt</u>	<u>Airport Hotel Bonds</u>	<u>Other Hotel debt</u>	<u>Total</u>
2005	\$ 78,220,298	654,188	38,044	5,815,565	485,183	85,213,278
2006	76,771,269	575,719	38,044	5,812,565	467,902	83,665,499
2007	74,658,500	491,625	38,044	5,805,515	449,186	81,442,870
2008	72,538,074	405,000	38,044	5,795,165	428,917	79,205,200
2009	69,556,127	313,313	38,044	5,771,018	406,966	76,085,468
2010 to 2014	304,850,775	318,094	152,176	27,958,107	1,636,232	334,915,384
2015 to 2019	224,331,729	—	—	25,166,567	591,422	250,089,718
2020 to 2024	142,391,145	—	—	20,149,100	—	162,540,245
2025 to 2029	60,767,876	—	—	11,362,538	—	72,130,414
2030 to 2034	7,299,624	—	—	1,152,000	—	8,451,624
Total	\$ <u>1,111,385,417</u>	<u>2,757,939</u>	<u>342,396</u>	<u>114,788,140</u>	<u>4,465,808</u>	<u>1,233,739,700</u>

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority, with the exception of the County's pledge of its limited tax full faith and credit, subject to constitutional, statutory, and charter tax rate limitations, associated with the \$110.9 million Airport Hotel Revenue Bonds, Series 2001A and 2001B, issued by the County. This includes all of the County's obligations on

## WAYNE COUNTY AIRPORT AUTHORITY

### Notes to Basic Financial Statements

September 30, 2004

Outstanding Senior Lien Bonds and Junior Lien Bonds issued by the County under the County's Amended and Restated Master Airport Revenue Bond Ordinance No. 319 and its predecessor Ordinance 319, as amended and supplemented by various amending and supplemental ordinances adopted by the County, including the Series Ordinance adopted for each outstanding series of airport revenue bonds issued thereunder by the County (collectively, Ordinance 319). Pursuant to the Authority Act, the Authority is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements, or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the outstanding Senior Lien Bonds issued by the County under Ordinance 319 and additional bonds issued by the Authority under the Master Bond Ordinance, and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds.

The Airport Revenue Bond Ordinances require that Metro Airport restrict assets to provide for the operations, maintenance, and administrative expenses of the subsequent month, the redemption of bond principal and interest, and for other purposes as defined in those ordinances.

In August 1993, the County entered into a \$445,801 note payable agreement to purchase the Packard Hanger located at the Willow Run Airport, from the University of Michigan. The agreement calls for quarterly interest payments of \$9,511 commencing on September 1, 1993. Principal payments on the note are required if revenue in excess of \$60,000 is generated at the Packard Hanger site during any calendar year. In this situation, half of the revenue generated would be required to be paid to the University of Michigan. On September 1, 2013, any principal and interest remaining unpaid are due.

In May 1990, the County entered into agreements with Mesaba Aviation to issue approximately \$3.6 million in Airport Special Facility Revenue Bonds to finance the construction of an airline maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by Mesaba. The agreement also provides for the airline to construct a ramp and taxiway connection. As these bonds are payable from special facility lease rentals payable in full by the respective airlines, the related debt has not been reflected in the financial statements of the Authority.

In October 1996, the County issued \$135.8 million in Charter County of Wayne Airport Revenue Refunding Bonds, Series 1996A and 1996B, to retire Series 1986 Bonds at their earliest optional redemption date of December 1, 1996. The Series 1996A and 1996B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport. The refunding bonds are subject to interest rate adjustments determined from time to time by a remarketing agent to reflect prevailing market. The interest rate borne by the bonds, however, is capped at 12%, or the maximum rate under Michigan law, so long as a letter of credit is in place. In anticipation of this refunding, in October 1993, the County entered into an interest rate swap agreement (the Swap) with a notional principal amount of \$126 million, which permitted the County to change the terms of the anticipated bond offering from a variable rate to a fixed-rate coupon of 5.72%. Interest payments that are made to and received from the counterparty will be reflected as an adjustment of interest expense on the refunding bonds.

## WAYNE COUNTY AIRPORT AUTHORITY

### Notes to Basic Financial Statements

September 30, 2004

Effective April 2, 2004, the Airport Authority entered into a wrapper supplement to the 1996 interest rate Swap Agreement, which swaps variable rate to fixed rate on the unhedged portion of 1996 Bonds and which extends final maturity of the Swap from 2008 to 2016 (the final maturity of the 1996 Bonds), resulting in a new fixed-rate coupon of 5.1082% and present value savings of \$2.9 million.

As of September 30, 2004, rates were as follows:

<u>Interest rate</u>	<u>Term</u>	<u>Rate</u>
Fixed payment to counterparties	Fixed	5.1082%
Variable rate from counterparties	BMA	1.6900%
Net interest rate swap payments		3.4182%
Variable-rate bond payment	Market	1.7200%
Synthetic interest rate on bonds		5.1382%

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$12,113,324 as of September 30, 2004. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparties, Merrill Lynch and Goldman Sachs, both have S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA- mitigating this risk.

The Swap exposes the Authority to basis risk should the relationship between BMA and the variable-rate bond payments cause the expected cost savings to not be realized. This risk is mitigated by the Authority's maintaining bond insurance, a liquidity facility, and an Authority debt program that limits exposure to synthetic issues to a maximum of 10% of the overall airport debt.

The Authority is also exposed to the risk of termination should either the counterparty or the Authority fail to perform under the terms of the contract. A termination during a negative value period could cause the Authority to be liable to the counterparty equal to the Swap fair value. This risk is mitigated by the Authority's maintaining bond insurance, a liquidity facility, and the overall debt program.

In June 1999, the County entered into agreements with Northwest to issue approximately \$15.2 million in Airport Special Facility Revenue Bonds to finance the construction of an aircraft maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by Northwest. As these bonds are payable from special facility lease rentals payable in full by Northwest, the related debt has not been reflected in the financial statements of the Authority.

In January 2001, the County issued \$141.9 million in Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. The Series 2001 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, on Senior Lien Bonds as provided in the Ordinance. The Series 2001 Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2001 Bonds.

## WAYNE COUNTY AIRPORT AUTHORITY

### Notes to Basic Financial Statements

September 30, 2004

The Series 2001 Bonds are variable-rate bonds. The remarketing agent is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of the remarketing agent, would cause the Series 2001 Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In March 2001, the County issued \$110.9 million in Airport Hotel Revenue Bonds, Series 2001A and Series 2001B. The 2001A Bonds, \$99.6 million, were issued for the purpose of paying the cost of acquiring, constructing, equipping, and furnishing an airport hotel (the Airport Hotel) and related improvements at the new McNamara Terminal of Metro Airport to be owned by the County. In addition, these bonds will pay capitalized interest and certain costs of issuance for this series. The 2001B Bonds, \$11.3 million, were issued for the purpose of paying the County Credit Enhancement Fee, funding the Operation and Maintenance Reserve Fund, and paying capitalized interest and certain costs of issuance related to this series.

The Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations, and a statutory first lien has been granted upon all net Airport Hotel Revenues for such purpose. In addition, the County has pledged its limited tax full faith and credit as additional security for payment of the principal, premium, if any, and interest on the bonds, subject to constitutional, statutory, and charter tax rate limitations.

In August 2001, the County entered into an Installment Purchase Contract for \$14.4 million to pay for energy conservation improvements at Metro Airport.

In December 2001, the County entered into a \$292,133 note payable with Washtenaw County to allow Washtenaw County to use its Michigan Community Development Block Grant to assist Willow Run Airport in renovating Hanger I. The agreement calls for the principal to be paid in quarterly installments commencing March 31, 2005.

In May 2002, the County issued \$141.7 million in Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. The Series 2002A Bonds are revenue obligations of the Authority payable solely from the net revenues derived from the operation of Metro Airport.

The Series 2002A Bonds are variable-rate bonds. The remarketing agent is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest that, in the judgment of the remarketing agent, would cause the Series 2002A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In July 2002, the County issued \$102.5 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 2002C and 2002D. The Series 2002C Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990B Bonds and the December 2002 principal amount due on the Series 1998B Bonds. The Series 2002D Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990A Bonds and the Series 1991B Bonds. The Series 2002 C&D Refunding Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

## WAYNE COUNTY AIRPORT AUTHORITY

### Notes to Basic Financial Statements

September 30, 2004

The County defeased the Series 1990B Bonds, the Series 1990A Bonds, the Series 1991B Bonds, and the December 2002 principal amount due on the Series 1998B Bonds by placing the proceeds of the Series 2002C and 2002D Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The Series 1990B, the Series 1990A, and the Series 1991B Bonds were subsequently called and paid in full in August 2002. The portion of the Series 1998B Bonds was subsequently called and paid in December 2002. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$15.3 million. The County estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$14.1 million.

In November 2002, the Authority entered into two debt agreements with Westin Management Company East (the Hotel Operator). Both loans were provided for in the Hotel Management and Operating agreement. The Capital/FF&E loan was for \$5 million and is to be used solely for future capital improvements to the Airport Hotel. The Working Capital Loan was for \$1.5 million and was used to provide initial working capital to operate the Airport Hotel.

The net Airport Hotel revenues are pledged solely for the payment of the Airport Hotel Bonds and these loans, and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose.

In December 2003, the Authority issued \$215 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. The Series 2003A-1, 2003A-2, and 2003A-3 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Series 2003A-1, 2003A-2, and 2003A-3 Bonds were issued as Periodic Auction Reset Securities (PARS). The Auction Agent is responsible under an agreement with the Authority to establish the interest rate weekly. The Winning Bid Rate, as determined by the Auction Agent, becomes the weekly interest rate for the Series 2003A-1, 2003A-2, and 2003A-3 Bonds.

In December 2003, the Authority issued \$129.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2003B and 2003C. The Series 2003B and 2003C Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2003B Refunding Bonds were issued to refund the Series 1993A Bonds and the Series 1993B Bonds. The Series 2003C Refunding Bonds were issued to refund the Series 1993C Bonds. The Series 2003B and 2003C Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1993A Bonds, Series 1993B Bonds, and Series 1993C Bonds by placing the proceeds of the Series 2003B and 2003C Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1993A, the Series 1993B, and the Series 1993C Bonds were subsequently called and paid in full in February 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$13 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.1 million.

The Series 2003B and 2003C Bonds were issued as Periodic Auction Reset Securities (PARS). The Auction Agent is responsible under an agreement with the Authority to establish the interest rate weekly

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

for the 2003C Bonds and monthly for the 2003B Bonds. The Winning Bid Rate as determined by the Auction Agent becomes the weekly interest rate for the Series 2003B and 2003C Bonds.

The Authority entered into a variable to fixed interest rate swap agreement, resulting in a fixed coupon rate of 3.4825% for the Series 2003B Bonds and a rate of 3.4265% on the Series 2003C Bonds.

As of September 30, 2004, rates were as follows:

<u>Interest rate</u>	<u>Term</u>	<u>2003B rates</u>	<u>2003C rates</u>
Fixed payment to counterparties	Fixed	3.4825%	3.4265%
Variable rate from counterparties	BMA	1.4872%	1.4872%
Net interest rate swap payments		1.9953%	1.9393%
Variable-rate bond payment	Market	1.5500%	1.3200%
Synthetic interest rate on bonds		3.5453%	3.2593%

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$1,582,978 as of September 30, 2004. Due to this negative fair value, the Authority was not exposed to credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA- mitigating this risk.

The Series 2003B and 2003C Swap exposes the Authority to risk, which is addressed by the Authority Swap Management Plan. Swap (synthetic variable to fixed) borrowing is limited to 10% of the overall bond program. The following table identifies the Authority's plan for mitigating swap risk.

<u>Type of risk</u>	<u>Concern</u>	<u>Resolution</u>
Counterparty risk	Default of counterparty	Counterparty is rated AA by two rating agencies
Tax risk	Federal marginal rates could decline, reducing tax-exempt advantage of underlying auction rate securities	Can terminate after 7 years (Early Call provision)
Basis risk	Spread could widen, making Swap more expensive	(1) Enhanced LIBOR Index was chosen, protecting the Airport in both low- and high-interest environments  (2) Can terminate after 7 years
Termination risk	Authority credit quality could deteriorate during a time when it would be very expensive for the Authority to get out of the Swap	(1) Maintain bond insurance  (2) Solid financial performance of the Authority

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

The Authority capitalizes net financing costs during construction for debt issues specifically related to construction projects. During the year ended September 30, 2004, interest expense incurred on these debt issues totaled \$79,346,519. For 2004, net financing costs capitalized were \$123,508.

In June 2004, the Authority entered into a line-of-credit agreement with a maximum borrowing amount of \$15 million. The borrowings charge interest at a rate equal to 35 basis points over the LIBOR rate. The line-of-credit agreement expires June 2005. There were no borrowings on this line during the year ended September 30, 2004.

Long-term debt activity for the year ended September 30, 2004 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Detroit Metropolitan Airport Fund:					
Airport Revenue Bonds	\$ 1,637,180,000	344,325,000	(174,220,000)	1,807,285,000	35,750,000
Installment Purchase Contract	12,930,000	—	(1,300,000)	11,630,000	1,395,000
Less:					
Deferred amount on refunding	(16,342,188)	7,415,247	(13,434,984)	(22,361,925)	—
Certain bond discounts	(14,259,218)	2,818,680	—	(11,440,538)	—
Add:					
Certain bond premiums	5,704,051	—	(426,338)	5,277,713	—
Total Detroit Metropolitan Airport Fund	<u>1,625,212,645</u>	<u>354,558,927</u>	<u>(189,381,322)</u>	<u>1,790,390,250</u>	<u>37,145,000</u>
Willow Run Airport Fund:					
Notes payable	445,801	292,133	(531)	737,403	14,607
Total Willow Run Airport Fund	<u>445,801</u>	<u>292,133</u>	<u>(531)</u>	<u>737,403</u>	<u>14,607</u>
Airport Hotel Fund:					
Airport Hotel Bonds	110,920,000	—	—	110,920,000	—
Other Hotel debt	6,500,000	—	—	6,500,000	549,365
Less:					
Certain bond discounts	(2,740,647)	129,525	—	(2,611,122)	—
Total Airport Hotel Fund	<u>114,679,353</u>	<u>129,525</u>	<u>—</u>	<u>114,808,878</u>	<u>549,365</u>
Total long-term debt	<u>\$ 1,740,337,799</u>	<u>354,980,585</u>	<u>(189,381,853)</u>	<u>1,905,936,531</u>	<u>37,708,972</u>

**(8) Commitments and Contingencies**

The Authority is a defendant in a number of lawsuits and claims, which have resulted from the ordinary course of providing services. The ultimate effect on the Authority's financial statements of the resolution of these matters is, in the opinion of the County's counsel, not expected to be material.

## WAYNE COUNTY AIRPORT AUTHORITY

### Notes to Basic Financial Statements

September 30, 2004

The estimated costs to complete Metro Airport's current capital improvement program totaled \$555.8 million at September 30, 2004, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional design services contracts in connection with this program totaled \$109.9 million at September 30, 2004.

#### **(9) Employee Benefits**

##### **(a) Plan Description**

The Authority provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), a cost-sharing, multi-employer public employee retirement system that is governed by the Wayne County Retirement Ordinance as amended. The Retirement System provides four defined benefit retirement options, two of which are contributory and one of which is a hybrid between a defined benefit and a defined contribution (together, the Defined Benefit Plan), and a Defined Contribution Plan. The Retirement System provides retirement, survivor, and disability benefits to substantially all County and Authority employees. The Retirement Board issues separate financial statements annually. Copies of these financial statements for each plan can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226.

The Defined Benefit Plan consists of Plan Option 1, Plan Option 2, Plan Option 3, and Plan Option 5 (collectively, the Plan) and the Defined Contribution Plan, which consists of Plan Option 4 and Plan Option 5.

In 1983, the County closed the Plan 1 option of the WCERS to new hires and added two new options under the Defined Benefit Plan, which resulted in a lower final benefit to the participant.

Effective October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 (Plan Option 5), which contains both a defined benefit component and a defined contribution component. Participants in the plan options previously in existence (Plan Option 1, Plan Option 2, and Plan Option 3) could elect to transfer their account balances to Plan Option 5 between October 1, 2001 and June 30, 2002. New employees could elect to participate in Plan Options 1, 2, 3, or 5 through September 30, 2001. Effective October 1, 2001, only Plan Option 5 is available to new employees; Plan Options 1, 2, and 3 are closed to new hires.

##### **(b) Contributions**

Participants in Plan Option 1 contribute 2.58% to 6.58% of annual compensation, depending on years of credited service. The Sheriff's Command Officers contribute 5.0% of annual compensation. The Sheriff Deputies contribute 4.25% of the first \$13,500 of annual compensation, plus 6.25% of annual compensation in excess of \$13,500. Participants in Plan Option 2 do not make plan contributions, but receive a lower final benefit. Plan Option 3 participants make decreased contributions of 3.0% of covered compensation and receive a lower final benefit. Participants in Plan Option 5 make no member contributions.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's collective bargaining units. Total Authority employer and employee contributions during the year ended September 30, 2004 were \$1,223,378 and \$168,309, respectively.

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to Basic Financial Statements

September 30, 2004

**(c) Pension Benefits**

Benefits are paid monthly over the member's or survivor's lifetime, after meeting normal retirement or duty disability retirement requirements, which vary by option, based on the following percentages of average final compensation, for each year of credited service:

**Plan Option 1** – 2.65% for each year of service. Maximum Authority-financed portion is 75% of average final compensation. Minimum monthly pension is \$5 times years of service.

**Plan Option 2** – 1% for each year up to 20 years and 1.25% for each year over 20 years. Maximum Authority-financed portion is 75% of average final compensation.

**Plan Option 3** – 1.5% for each year up to 20 years, 2% for each year between 20 and 25 years, and 2.5% for each year over 25 years.

**Plan Option 5** – 1.25% for each year up to 20 years, and 1.5% for each year over 20 years. Maximum Authority-financed portion is 75% of average final compensation.

**Death and Disability Benefits** – The Plan also provides nonduty death and disability benefits to members after 10 years of credited service for Plan Options 1, 2, and 5, along with nonduty death benefits for Plan Option 3. The 10-year service provision is waived for duty disability and death benefits for Plan Option 1 and duty disability for Plan Option 2.

The following represents the Authority's annual pension costs as of September 30, 2004 (pension costs prior to 2003 were not separated between the Authority and County employees):

	<b>Three-year trend information (unaudited)</b>		
	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
Year ended September 30:			
2003	\$ 237,924	100%	—
2004	1,223,378	100	—

**(d) Wayne County Employees' Retirement System Defined Contribution Plan**

The Wayne County Employees' Retirement System instituted a Defined Contribution Plan (Plan Option 4 and Plan Option 5) under the County's Enrolled Ordinance No. 86-486 (November 20, 1986) as amended. The Plan was established to provide retirement, survivor, and disability benefits to County and Authority employees. The administration, management, and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Commission.

## WAYNE COUNTY AIRPORT AUTHORITY

### Notes to Basic Financial Statements

September 30, 2004

Under Plan Option 4, the Authority contributes \$4.00 for every \$1.00 contributed by each member or, for eligible executives, \$5.00 for every \$1.00 contributed by each member, with the member contributions ranging from 1.0% to 2.5% (3% for employees with 20 or more years of service and 3% for eligible executives with 10 or more years of service) of base compensation. Employees hired prior to July 1, 1984 are eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002.

Classified employees are vested as to employer contributions after three years of service, and executive members are vested after two years of service.

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. Only active employees with a vested account balance of \$2,000 or more are eligible. Interest on the loans is at the rate of five-year Treasury notes plus 300 basis points (3%), rounded to the nearest quarter of a percent.

Participants in Plan Option 5 contribute 3% of gross pay. The Authority makes matching contributions at a rate equal to the amount contributed by each employee. Classified employees are vested at 50% after one year of service, 75% after two years of service, and 100% after three years of service. All full-time, permanent Authority employees are eligible to join the Plan. Those employees hired prior to July 1, 1984 were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective October 1, 2001, the County closed Plan Option 4 to new hires. Plan Option 5 is available to all persons hired after September 30, 2001.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the Authority's collective bargaining units. Total Authority employer and employee contributions to the Plan during 2004 were \$3,119,609 and \$1,106,342, respectively.

#### **(10) Subsequent Events**

In October 2004, the Authority issued \$11,575,000 of Airport Revenue Refunding Bonds, Series 2004. The Series 2004 Refunding Bonds were issued to refund, on a current basis at the earliest practicable date, the Series 1994B Bonds.

**STATISTICAL INFORMATION  
(UNAUDITED)**

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #1

Debt Service Requirements and Coverage

Operating year 2004

(Unaudited)

<u>Operating year</u>	<u>Net revenues, revenue fund balance, and other available monies</u>	<u>Total debt service requirements</u>	<u>Debt service coverage</u>	<u>Airline costs per enplaned passenger</u>
Historical: 2004 (a)	\$ 151,299,493	107,093,766	1.41	\$ 6.81

(a) Based on final year-end calculation, dated February 2005

Source: Wayne County Airport Authority

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #2

Operation and Maintenance Expenses

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description	Historical				
	2000	2001	2002	2003	2004
Salaries and wages	\$ 33,620	36,946	40,844	40,890	40,335
Employee benefits	13,780	14,819	17,158	17,689	17,707
	<u>47,400</u>	<u>51,765</u>	<u>58,002</u>	<u>58,579</u>	<u>58,042</u>
Contractual services:					
Parking management	13,248	14,203	15,594	15,758	9,726
Security expenses	1,857	1,856	3,525	3,771	3,324
Janitorial services	5,239	4,879	5,336	5,467	3,419
Shuttle bus	2,935	3,755	7,851	8,364	10,019
Other services	8,362	8,495	11,767	9,312	8,912
Total contractual services	<u>31,641</u>	<u>33,188</u>	<u>44,073</u>	<u>42,672</u>	<u>35,400</u>
Wayne County administrative services	4,209	4,465	4,410	1,109	637
Repairs and maintenance	5,062	3,954	13,565	31,361	31,149
Supplies and other operating expenses	8,402	9,023	6,063	4,860	7,538
Insurance	823	1,252	3,187	3,507	4,248
Utilities	11,570	10,251	12,950	18,819	19,320
Rentals	528	812	433	147	104
Interest expense and paying agent fees	258	371	1,487	3,560	3,707
Capital expenses	4,522	6,019	1,880	942	3,427
	<u>35,374</u>	<u>36,147</u>	<u>43,975</u>	<u>64,305</u>	<u>70,130</u>
Total O&M expenses (a)	<u>\$ 114,415</u>	<u>121,100</u>	<u>146,050</u>	<u>165,556</u>	<u>163,572</u>

(a) O&M expenses do not include Central Communications.

Source: Wayne County Airport Authority

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #3

Operating Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description	Historical				
	2000	2001	2002	2003	2004
Airline revenues:					
Rental and use fees:					
Terminal building rentals and fees (c)	\$ 15,527	12,114	14,988	20,533	19,084
Common-use/shared-use area rentals	305	138	1,227	1,663	2,227
Debt service recapture	1,452	1,936	1,936	1,936	1,936
Facilities use fees	8,304	7,630	6,142	6,026	6,147
Total rental and use fees	25,588	21,818	24,293	30,158	29,394
Activity fees:					
Signatory airlines	60,519	56,187	78,436	80,466	93,325
Nonsignatory airlines	3,172	2,749	6,993	1,614	2,601
Add (less) activity fee adjustment	(9,932)	9,969	(343)	3,735	(7,479)
Total activity fees	53,759	68,905	85,086	85,815	88,447
Total airline revenues	79,347	90,723	109,379	115,973	117,841
Nonairline revenues:					
Concessions:					
Automobile parking	35,516	33,721	29,858	32,806	38,842
Rental car	19,345	17,662	16,211	15,760	16,724
Food and beverage	5,051	4,927	5,639	6,523	8,960
In-flight catering	1,583	1,628	1,091	1,061	1,206
News and gift	3,999	3,955	5,528	7,117	7,532
Pay phone commission	2,314	2,217	2,294	2,764	2,777
Hotel	2,473	2,353	1,761	832	—
Other concessions	3,990	2,443	3,631	7,406	5,145
Total concessions	74,271	68,906	66,013	74,269	81,186
Rentals (c)	—	—	3,128	1,941	3,269
Utility fees	3,932	4,144	2,436	2,872	3,365
Interest income	950	778	340	153	292
Other (a)	4,524	4,522	9,743	12,675	6,150
Total nonairline revenues	83,677	78,350	81,660	91,910	94,262
Total operating revenues (b)	\$ 163,024	169,073	191,039	207,883	212,103

(a) Includes shuttle bus revenue and state and federal grants

(b) Operating revenues do not include Central Communications.

(c) Starting in fiscal year 2002, rental revenue was separated between airline and nonairline.

Source: Wayne County Airport Authority

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #4

Application of Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues:</b>						
	Airline revenues	\$ 79,347	90,723	109,379	115,973	117,841
	Nonairline revenues	83,677	78,350	81,660	91,910	94,262
	Interest income generated in bond funds and reserves	2,863	1,961	4,844	4,981	11,166
	Other available moneys	—	—	64,053	68,937	64,911
	Transfer credit from Airport funds (a)	—	—	9,306	—	—
	Rebate of arbitrage	—	—	—	4,236	—
	<b>Total revenues</b>	<b>\$ 165,887</b>	<b>171,034</b>	<b>269,242</b>	<b>286,037</b>	<b>288,180</b>
<b><u>Priority</u></b>						
Application of revenues:						
1	Operation and Maintenance Fund	\$ 114,415	121,100	146,050	165,556	163,572
2	Bond Fund	45,622	44,084	104,705	102,041	107,094
3	Junior Lien Bond Fund	—	—	11,943	11,674	11,535
4	Operation and Maintenance Reserve Fund	—	—	661	898	146
5	Renewal and Replacement Fund	500	500	500	485	371
6	County Discretionary Fund	350	350	350	350	350
7	Airport Development Fund	5,000	5,000	5,033	5,033	5,112
	<b>Total application of revenues</b>	<b>\$ 165,887</b>	<b>171,034</b>	<b>269,242</b>	<b>286,037</b>	<b>288,180</b>

(a) OY 2002 includes a one-time credit given to the Airlines, which was paid from the Airport Authority's Airport Development Fund.

Source: Wayne County Airport Authority

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #5

Net Revenues and Debt Service Coverage

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues:</b>						
Revenues	\$	163,024	169,073	191,039	207,883	212,103
Revenue fund balance		11,995	11,569	18,804	29,503	26,691
Other available moneys		—	—	64,053	68,937	64,911
Transfer credit from Airport funds (a)		—	—	9,306	—	—
Rebate of arbitrage		—	—	—	4,236	—
Interest income generated in bond funds and reserves		2,863	1,961	4,844	4,981	11,166
Total revenues	[A]	<u>177,882</u>	<u>182,603</u>	<u>288,046</u>	<u>315,540</u>	<u>314,871</u>
Operation and maintenance expenses	[B]	<u>114,415</u>	<u>121,100</u>	<u>146,050</u>	<u>165,556</u>	<u>163,572</u>
Net revenues	[A]-[B] = [C]	63,467	61,503	141,996	149,984	151,299
Bond debt service	[D]	<u>45,622</u>	<u>44,084</u>	<u>104,705</u>	<u>102,041</u>	<u>107,094</u>
Net revenues available for deposit to other funds	[C]-[D]	<u>\$ 17,845</u>	<u>17,419</u>	<u>37,291</u>	<u>47,943</u>	<u>44,205</u>
Debt service coverage – bonds	[C]/[D]	<u>\$ 1.39</u>	<u>1.40</u>	<u>1.36</u>	<u>1.47</u>	<u>1.41</u>
<b>Additional bonds test:</b>						
Revenues	\$	163,024	169,073	191,039	207,883	212,103
Revenue fund balance		11,995	11,569	18,804	29,503	26,691
Other available moneys		—	—	64,053	68,937	64,911
Transfer credit from Airport funds (b)		—	—	9,306	—	—
Rebate of arbitrage		—	—	—	4,236	—
Interest income generated in bond funds and reserves		2,863	1,961	4,844	4,981	11,166
Total revenues	[E]	<u>\$ 177,882</u>	<u>182,603</u>	<u>288,046</u>	<u>315,540</u>	<u>314,871</u>
<b>Rate covenant elements:</b>						
Operation and maintenance expenses	\$	114,415	121,100	146,050	165,556	163,572
125% debt service – bonds	[1.25 x D]	57,028	55,105	130,881	127,551	133,868
Other fund requirements		5,850	5,850	6,544	6,766	5,979
Total rate covenant elements	[F]	<u>\$ 177,293</u>	<u>182,055</u>	<u>283,475</u>	<u>299,873</u>	<u>303,419</u>

[E] equals or exceeds [F] in each year.

(a) OY 2002 includes a one-time credit given to the Airlines, which was paid from the Airport Authority's Airport Development Fund.

Source: Wayne County Airport Authority

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #6

Historical Airline Passenger Enplanements

Operating years 1995 – 2004

(Unaudited)

<b>Operating year (a)</b>	<b>Domestic</b>	<b>International</b>	<b>Total</b>	<b>Percent increase (decrease)</b>
1995	12,782,646	1,308,600	14,091,246	9.3%
1996	13,288,325	1,546,492	14,834,817	5.3
1997	13,717,691	1,559,958	15,277,649	3.0
1998	13,842,081	1,431,158	15,273,239	(0.0)
1999	15,790,071	1,860,731	17,650,802	15.6
2000	15,845,838	1,886,529	17,732,367	0.5
2001	15,283,829	1,797,767	17,081,596	(3.7)
2002	14,327,856	1,264,701	15,592,557	(8.7)
2003	14,917,141	1,361,092	16,278,233	4.4
2004	15,914,882	1,401,898	17,316,780	6.4

(a) All data are for 12-month periods. For operating years (OY) 1995 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ended September 30, 1998.

Source: Wayne County Airport Authority records

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #7

Historical Comparative Total Enplanements (a)

Calendar years 1995 – 2004

(Unaudited)

Calendar year	Detroit Metro		United States		Detroit as a percent of U.S. total
	Number of passengers	Percent increase (decrease)	Number of passengers	Percent increase (decrease)	
1995	13,294,110	8.5%	516,009,287	3.5%	2.6%
1996	14,115,075	6.2	548,137,719	6.2	2.6
1997	14,775,431	4.7	563,770,328	2.9	2.6
1998	15,056,871	1.9	574,914,881	2.0	2.6
1999	16,569,470	10.0	600,873,911	4.5	2.8
2000	16,929,991	2.2	629,768,718	4.8	2.7
2001	15,466,259	(8.6)	584,537,410	(7.2)	2.6
2002	15,041,841	(2.7)	574,953,567	(1.6)	2.6
2003	15,560,646	3.4	605,883,845	5.4	2.6
2004 (b)	16,728,387	7.5	644,220,544	6.3	2.6

(a) Does not include the activity of commuter or charter carriers

(b) 2004 estimated based on nine months of data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #8

Historical Airline Departures

Calendar years 1995 – 2004

(Unaudited)

<b>Calendar year</b>	<b>Departures by carrier type</b>			<b>Total departures</b>	
	<b>Majors</b>	<b>Nationals (a)</b>	<b>Regionals (b)</b>	<b>Total (c)</b>	<b>Percent increase (decrease)</b>
1995	155,987	8,611	303	164,901	5.6%
1996	162,350	8,063	541	170,954	3.7
1997	163,190	25,312	438	188,940	10.5
1998	153,238	55,773	927	209,938	11.1
1999	160,787	64,745	1,006	226,538	7.9
2000	160,299	66,898	864	228,061	0.7
2001	154,991	65,838	561	221,390	(2.9)
2002	148,456	61,446	6,134	216,036	(2.4)
2003	143,456	55,741	31,869	231,066	7.0
2004 (d)	146,625	54,001	42,560	243,186	5.2

- (a) Mesaba began flying as a “national” carrier during CY 1997.
- (b) As of the fourth quarter 2002, commuter carriers who formerly filed Commuter A1 and T1 traffic data with the DOT began filing Form 41.
- (c) Total does not include departures by commuters or charters.
- (d) CY 2004 estimated based on nine months of data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #9

Historical Domestic Originations and Connections

Calendar years 1995 – 2004

(Unaudited)

<b>Calendar year</b>	<b>Domestic originations</b>		<b>Domestic connections</b>	
	<b>Number</b>	<b>Percent of total</b>	<b>Number</b>	<b>Percent of total</b>
1995	6,050,810	49.0%	6,301,903	51.0%
1996	6,323,600	48.3	6,781,334	51.7
1997	6,567,280	48.3	7,029,361	51.7
1998	6,764,550	49.7	6,845,616	50.3
1999	7,229,210	47.9	7,848,973	52.1
2000	7,627,910	50.0	7,637,910	50.0
2001	6,736,660	47.9	7,323,611	52.1
2002	6,327,890	45.1	7,695,118	54.9
2003	6,266,720	44.3	7,893,622	55.7
2004 (a)	6,958,844	44.8	8,589,777	55.2

(a) Estimate based on nine months of actual data

Source: U.S. Department of Transportation Origin and Destination Passenger Ticket Survey, 298c  
Commuter Data, and Airport Activity Statistics of Certificated Route Air Carriers, Schedule T100

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years 1999 – 2004

(Unaudited)

Airline	OY 1999			OY 2000		
	Enplaned passengers	Percent of total	Percent of market	Enplaned passengers	Percent of total	Percent of market
<b>Domestic:</b>						
Major/national:						
America West Airlines	175,134	1.0%	1.1%	183,607	1.0%	1.2%
American Airlines	473,090	2.7	3.0	469,183	2.6	3.0
American Trans Air	42,926	0.2	0.3	36,654	0.2	0.2
Continental Airlines	338,291	1.9	2.1	344,297	1.9	2.2
Delta Air Lines	443,869	2.5	2.8	451,246	2.5	2.8
Northwest Airlines	10,702,935	60.6	67.8	10,816,451	61.0	68.3
Pan American World Airways	1,646	0.0	0.0	1,646	0.0	0.0
Southwest Airlines	520,529	2.9	3.3	517,295	2.9	3.3
Trans World Airlines	214,586	1.2	1.4	221,479	1.2	1.4
United Airlines	388,665	2.2	2.5	389,150	2.2	2.5
US Airways	286,739	1.6	1.8	279,536	1.6	1.8
	<u>13,588,410</u>	<u>77.0</u>	<u>86.1</u>	<u>13,710,544</u>	<u>77.3</u>	<u>86.5</u>
Commuter/regional:						
Atlantic Coast Airlines	16,293	0.1	0.1	15,718	0.1	0.1
Atlantic S.E. Airlines	3,910	0.0	0.0	—	—	—
Champion Air	316	0.0	0.0	—	—	—
Comair	105,679	0.6	0.7	108,617	0.6	0.7
Continental Express	34,938	0.2	0.2	35,785	0.2	0.2
Independence Air	—	—	—	—	—	—
Mesa Airlines	—	—	—	—	—	—
Mesaba Aviation	1,421,370	8.1	9.0	1,342,821	7.6	8.5
Pinnacle	—	—	—	—	—	—
Spirit Airlines	405,753	2.3	2.6	411,130	2.3	2.6
Sun Country	159,950	0.9	1.0	166,124	0.9	1.0
Other	1,789	0.0	0.0	903	0.0	0.0
	<u>2,149,998</u>	<u>12.2</u>	<u>13.6</u>	<u>2,081,098</u>	<u>11.7</u>	<u>13.1</u>
Charter:						
Air Canada	—	—	—	—	—	—
Air Wisconsin	—	—	—	—	—	—
Casino Express	—	—	—	—	—	—
Miami Air	1,307	0.0	0.0	1,308	0.0	0.0
Omni Airlines	32,074	0.2	0.2	32,074	0.2	0.2
Planet Airways	—	—	—	—	—	—
Ryan International	931	0.0	0.0	931	0.0	0.0
Sky West	—	—	—	—	—	—
Trans Meridian	—	—	—	—	—	—
Trans States Airlines	14,027	0.1	0.1	16,260	0.1	0.1
USA 3000	—	—	—	—	—	—
World Airways	—	—	—	—	—	—
Other	3,324	0.0	0.0	3,623	0.0	0.0
	<u>51,663</u>	<u>0.3</u>	<u>0.3</u>	<u>54,196</u>	<u>0.3</u>	<u>0.3</u>
Subtotal – domestic	<u>15,790,071</u>	<u>89.5</u>	<u>100.0</u>	<u>15,845,838</u>	<u>89.4</u>	<u>100.0</u>
<b>International:</b>						
U.S. flag:						
American Trans Air	66,972	0.4	3.6	66,558	0.4	3.5
Mesaba Aviation	15,140	0.1	0.8	15,226	0.1	0.8
Northwest Airlines	1,420,197	8.0	76.3	1,434,511	8.1	76.0
Spirit	—	—	—	—	—	—
	<u>1,502,309</u>	<u>8.5</u>	<u>80.7</u>	<u>1,516,295</u>	<u>8.6</u>	<u>80.4</u>
Foreign flag:						
Air Canada	—	—	—	—	—	—
British Airways	85,372	0.5	4.6	84,073	0.5	4.5
KLM-Royal Dutch Airlines	141,536	0.8	7.6	143,614	0.8	7.6
Royal Jordanian Airlines	2,828	0.0	0.2	2,828	0.0	0.1
Lufthansa	54,781	0.3	2.9	63,835	0.4	3.4
	<u>284,517</u>	<u>1.6</u>	<u>15.3</u>	<u>294,350</u>	<u>1.7</u>	<u>15.6</u>
Charter	<u>73,905</u>	<u>0.4</u>	<u>4.0</u>	<u>75,884</u>	<u>0.4</u>	<u>4.0</u>
Subtotal – international	<u>1,860,731</u>	<u>10.5</u>	<u>100.0%</u>	<u>1,886,529</u>	<u>10.6</u>	<u>100.0%</u>
Total – all markets	<u>17,650,802</u>	<u>100.0%</u>		<u>17,732,367</u>	<u>100.0%</u>	

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years 1999 – 2004

(Unaudited)

Airline	OY 2001			OY 2002		
	Enplaned passengers	Percent of total	Percent of market	Enplaned passengers	Percent of total	Percent of market
<b>Domestic:</b>						
Major/national:						
America West Airlines	205,287	1.2%	1.3%	199,768	1.3%	1.4%
American Airlines	452,264	2.6	3.0	475,390	3.0	3.3
American Trans Air	36,320	0.2	0.2	48,937	0.3	0.3
Continental Airlines	341,968	2.0	2.2	290,999	1.9	2.0
Delta Air Lines	385,178	2.3	2.5	270,906	1.7	1.9
Northwest Airlines	10,112,754	59.2	66.2	9,440,793	60.5	65.9
Pan American World Airways	—	—	—	—	—	—
Southwest Airlines	538,736	3.2	3.5	442,169	2.8	3.1
Trans World Airlines	193,651	1.1	1.3	27,932	0.2	0.2
United Airlines	355,920	2.1	2.3	322,979	2.1	2.3
US Airways	293,144	1.7	1.9	262,968	1.7	1.8
	<u>12,915,222</u>	<u>75.6</u>	<u>84.5</u>	<u>11,782,841</u>	<u>75.6</u>	<u>82.2</u>
Commuter/regional:						
Atlantic Coast Airlines	32,681	0.2	0.2	50,636	0.3	0.4
Atlantic S.E. Airlines	11,998	0.1	0.1	16,689	0.1	0.1
Champion Air	—	—	—	80,880	0.5	0.6
Comair	57,834	0.3	0.4	97,492	0.6	0.7
Continental Express	44,652	0.3	0.3	49,349	0.3	0.3
Independence Air	—	—	—	—	—	—
Mesa Airlines	—	—	—	—	—	—
Mesaba Aviation	1,416,651	8.3	9.3	1,149,931	7.4	8.0
Pinnacle	84,640	0.5	0.6	415,887	2.7	2.9
Spirit Airlines	581,358	3.4	3.8	664,250	4.3	4.6
Sun Country	81,705	0.5	0.5	10,235	0.1	0.1
Other	—	—	—	—	—	—
	<u>2,311,519</u>	<u>13.5</u>	<u>15.1</u>	<u>2,535,349</u>	<u>16.3</u>	<u>17.7</u>
Charter:						
Air Canada	12,143	0.1	0.1	—	—	—
Air Wisconsin	—	—	—	—	—	—
Casino Express	—	—	—	—	—	—
Miami Air	1,088	0.0	0.0	409	0.0	0.0
Omni Airlines	36,007	0.2	0.2	7,968	0.1	0.1
Planet Airways	—	—	—	—	—	—
Ryan International	786	0.0	0.0	528	0.0	0.0
Sky West	—	—	—	—	—	—
Trans Meridian	—	—	—	—	—	—
Trans States Airlines	6,299	0.0	0.0	—	—	—
USA 3000	—	—	—	—	—	—
World Airways	—	—	—	—	—	—
Other	765	0.0	0.0	761	0.0	0.0
	<u>57,088</u>	<u>0.3</u>	<u>0.4</u>	<u>9,666</u>	<u>0.1</u>	<u>0.1</u>
Subtotal – domestic	<u>15,283,829</u>	<u>89.5</u>	<u>100.0</u>	<u>14,327,856</u>	<u>91.9</u>	<u>100.0</u>
<b>International:</b>						
U.S. flag:						
American Trans Air	74,077	0.4	4.1	47,633	0.3	3.8
Mesaba Aviation	19,769	0.1	1.1	19,369	0.1	1.5
Northwest Airlines	1,471,310	8.6	81.8	973,201	6.2	77.0
Spirit	—	—	—	—	—	—
	<u>1,565,156</u>	<u>9.2</u>	<u>87.1</u>	<u>1,040,203</u>	<u>6.7</u>	<u>82.2</u>
Foreign flag:						
Air Canada	3,091	0.0	0.2	17,285	0.1	1.4
British Airways	70,183	0.4	3.9	51,164	0.3	4.0
KLM-Royal Dutch Airlines	26,968	0.2	1.5	42,444	0.3	3.4
Royal Jordanian Airlines	3,202	0.0	0.2	3,398	0.0	0.3
Lufthansa	78,875	0.5	4.4	63,576	0.4	5.0
	<u>182,319</u>	<u>1.1</u>	<u>10.1</u>	<u>177,867</u>	<u>1.1</u>	<u>14.1</u>
Charter	<u>50,292</u>	<u>0.3</u>	<u>2.8</u>	<u>46,631</u>	<u>0.3</u>	<u>3.7</u>
Subtotal – international	<u>1,797,767</u>	<u>10.5</u>	<u>100.0%</u>	<u>1,264,701</u>	<u>8.1</u>	<u>100.0%</u>
Total – all markets	<u>17,081,596</u>	<u>100.0%</u>		<u>15,592,557</u>	<u>100.0%</u>	

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years 1999 – 2004

(Unaudited)

Airline	OY 2003			OY 2004		
	Enplaned passengers	Percent of total	Percent of market	Enplaned passengers	Percent of total	Percent of market
<b>Domestic:</b>						
Major/national:						
America West Airlines	217,906	1.3%	1.5%	215,539	1.2%	1.4%
American Airlines	497,564	3.1	3.3	446,589	2.6	2.8
American Trans Air	39,887	0.2	0.3	8,027	0.0	0.1
Continental Airlines	259,989	1.6	1.7	234,109	1.4	1.5
Delta Air Lines	260,560	1.6	1.7	286,970	1.7	1.8
Northwest Airlines	9,691,220	59.5	65.0	10,367,894	59.9	65.1
Pan American World Airways	—	—	—	—	—	—
Southwest Airlines	414,123	2.5	2.8	449,778	2.6	2.8
Trans World Airlines	—	—	—	—	—	—
United Airlines	340,115	2.1	2.3	354,429	2.0	2.2
US Airways	224,041	1.4	1.5	193,798	1.1	1.2
	<u>11,945,405</u>	<u>73.4</u>	<u>80.1</u>	<u>12,557,133</u>	<u>72.5</u>	<u>78.9</u>
Commuter/regional:						
Atlantic Coast Airlines	56,463	0.3	0.4	44,199	0.3	0.3
Atlantic S.E. Airlines	5,324	0.0	0.0	4,867	0.0	0.0
Champion Air	35,235	0.2	0.2	31,195	0.2	0.2
Comair	115,244	0.7	0.8	103,012	0.6	0.6
Continental Express	52,790	0.3	0.4	63,440	0.4	0.4
Independence Air	—	—	—	6,378	0.0	0.0
Mesa Airlines	—	—	—	6,610	0.0	0.0
Mesaba Aviation	1,032,906	6.3	6.9	973,875	5.6	6.1
Pinnacle	798,915	4.9	5.4	1,201,651	6.9	7.6
Spirit Airlines	873,055	5.4	5.9	854,526	4.9	5.4
Sun Country	—	—	—	—	—	—
Other	—	—	—	—	—	—
	<u>2,969,932</u>	<u>18.2</u>	<u>19.9</u>	<u>3,289,753</u>	<u>19.0</u>	<u>20.7</u>
Charter:						
Air Canada	—	—	—	—	—	—
Air Wisconsin	—	—	—	4,792	0.0	0.0
Casino Express	—	—	—	78	0.0	0.0
Miami Air	—	—	—	648	0.0	0.0
Omni Airlines	—	—	—	—	—	—
Planet Airways	—	—	—	496	0.0	0.0
Ryan International	1,037	0.0	0.0	11,400	0.1	0.1
Sky West	—	—	—	729	0.0	0.0
Trans Meridian	—	—	—	14,958	0.1	0.1
Trans States Airlines	—	—	—	—	—	—
USA 3000	432	0.0	0.0	34,099	0.2	0.2
World Airways	—	—	—	316	0.0	0.0
Other	335	0.0	0.0	480	0.0	0.0
	<u>1,804</u>	<u>0.0</u>	<u>0.0</u>	<u>67,996</u>	<u>0.4</u>	<u>0.4</u>
Subtotal – domestic	<u>14,917,141</u>	<u>91.6</u>	<u>100.0</u>	<u>15,914,882</u>	<u>91.9</u>	<u>100.0</u>
<b>International:</b>						
U.S. flag:						
American Trans Air	20,928	0.1	1.5	1,684	0.0	0.1
Mesaba Aviation	16,987	0.1	1.2	22,787	0.1	1.6
Northwest Airlines	1,037,952	6.4	76.3	1,100,843	6.4	78.5
Spirit	1,276	0.0	0.1	—	—	—
	<u>1,077,143</u>	<u>6.6</u>	<u>79.1</u>	<u>1,125,314</u>	<u>6.5</u>	<u>80.3</u>
Foreign flag:						
Air Canada	13,996	0.1	1.0	13,746	0.1	1.0
British Airways	51,600	0.3	3.8	59,507	0.3	4.2
KLM-Royal Dutch Airlines	60,897	0.4	4.5	—	—	—
Royal Jordanian Airlines	6,220	0.0	0.5	10,369	0.1	0.7
Lufthansa	70,087	0.4	5.1	74,608	0.4	5.3
	<u>202,800</u>	<u>1.2</u>	<u>14.9</u>	<u>158,230</u>	<u>0.9</u>	<u>11.3</u>
Charter	<u>81,149</u>	<u>0.5</u>	<u>6.0</u>	<u>118,354</u>	<u>0.7</u>	<u>8.4</u>
Subtotal – international	<u>1,361,092</u>	<u>8.4</u>	<u>100.0%</u>	<u>1,401,898</u>	<u>8.1</u>	<u>100.0%</u>
Total – all markets	<u>16,278,233</u>	<u>100.0%</u>		<u>17,316,780</u>	<u>100.0%</u>	

Source: Wayne County Airport Authority records

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #11

Historical Airline Cargo

Operating years 1995 – 2004

(Unaudited)

Operating year (a)	Cargo by type (in tons)		Total cargo	
	Freight and express (b)	Mail	Tons	Percent increase (decrease)
1995	118,512	55,855	174,367	(0.7)%
1996	121,768	55,356	177,124	1.6
1997	114,024	56,264	170,288	(3.9)
1998	106,701	47,024	153,725	(9.7)
1999	111,755	40,923	152,678	(0.7)
2000	112,432	44,415	156,847	2.7
2001	92,916	40,758	133,674	(14.8)
2002	87,447	20,863	108,310	(19.0)
2003	92,941	16,427	109,368	1.0
2004	98,054	4,351	102,405	(6.4)

(a) All data are for 12-month periods. For operating years (OY) 1995 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ending September 30, 1998.

(b) Includes small packages

Source: Wayne County Airport Authority records

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years 1995 – 2004

(Unaudited)

Operating year (a)	Landed weight by carrier type (in 1,000-pound units)			Total landed weight	
	U.S. flag	Foreign flag	All cargo	Units	Percent increase (decrease)
1995	22,865,205	474,942	556,009	23,896,156	3.6%
1996	23,849,614	503,819	565,772	24,919,205	4.3
1997	25,118,756	436,193	584,064	26,139,013	4.9
1998	23,682,043	426,833	591,423	24,700,299	(5.5)
1999	25,455,926	467,771	895,912	26,819,609	8.6
2000	26,178,699	484,190	663,298	27,326,187	1.9
2001	25,676,579	271,200	558,468	26,506,247	(3.0)
2002	23,840,345	220,704	655,048	24,716,097	(6.8)
2003	23,757,983	285,738	664,200	24,707,921	(0.0)
2004	24,281,653	339,632	686,425	25,307,710	2.4

- (a) All data are for 12-month periods. For operating years (OY) 1995 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ending September 30, 1998.

Source: Wayne County Airport Authority records

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #13

Historical Aircraft Operations

Operating years 1995 – 2004

(Unaudited)

Operating year (a)	Operations by class of carrier				Total operations	
	Air carrier	Air taxi and commuter	General aviation	Military (b)	Number	Percent increase (decrease)
1995	335,000	96,293	73,164	1,482	505,939	4.5%
1996	350,757	101,721	83,254	1,612	537,344	6.2
1997	350,636	106,481	81,298	1,388	539,803	0.5
1998	336,457	109,889	84,199	1,689	532,234	(1.4)
1999	331,153	154,789	73,487	1,685	561,114	5.4
2000	330,350	159,604	69,306	1,611	560,871	(0.0)
2001	321,222	167,661	52,211	1,405	542,499	(3.3)
2002	337,817	126,821	18,915	290	483,843	(10.8)
2003	330,757	140,783	16,222	207	487,969	0.9
2004	327,682	171,268	15,526	184	514,660	5.5

(a) All data are for 12-month periods. For operating years (OY) 1995 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ending September 30, 1998.

(b) Beginning in 1992, government flights were reclassified as “military.”

Source: Wayne County Airport Authority records

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #14

Historical Aviation Demand Statistics

Operating years 1999 – 2004

(Unaudited)

	<b>Historical</b>					
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Enplaned passengers:						
Domestic:						
Scheduled:						
Originating (a)	8,192,654	7,900,993	7,931,193	7,857,099	8,314,491	8,754,553
Connecting (a)	7,545,754	7,890,649	7,295,548	6,461,091	6,600,846	7,092,333
Subtotal – scheduled	<u>15,738,408</u>	<u>15,791,642</u>	<u>15,226,741</u>	<u>14,318,190</u>	<u>14,915,337</u>	<u>15,846,886</u>
Percentage connecting	47.9%	50.0%	47.9%	45.1%	44.3%	44.8%
Charter	<u>51,663</u>	<u>54,196</u>	<u>57,088</u>	<u>9,666</u>	<u>1,804</u>	<u>67,996</u>
Subtotal – domestic	<u>15,790,071</u>	<u>15,845,838</u>	<u>15,283,829</u>	<u>14,327,856</u>	<u>14,917,141</u>	<u>15,914,882</u>
International:						
Scheduled:						
U.S. airlines	1,502,309	1,516,295	1,565,156	1,040,203	1,077,143	1,125,314
Foreign flag	<u>284,517</u>	<u>294,350</u>	<u>182,319</u>	<u>177,867</u>	<u>202,800</u>	<u>158,230</u>
Subtotal – scheduled	<u>1,786,826</u>	<u>1,810,645</u>	<u>1,747,475</u>	<u>1,218,070</u>	<u>1,279,943</u>	<u>1,283,544</u>
Charter	<u>73,905</u>	<u>75,884</u>	<u>50,292</u>	<u>46,631</u>	<u>81,149</u>	<u>118,354</u>
Subtotal – international	<u>1,860,731</u>	<u>1,886,529</u>	<u>1,797,767</u>	<u>1,264,701</u>	<u>1,361,092</u>	<u>1,401,898</u>
Total enplaned passengers	<u>17,650,802</u>	<u>17,732,367</u>	<u>17,081,596</u>	<u>15,592,557</u>	<u>16,278,233</u>	<u>17,316,780</u>
Enplaned cargo (tons):						
Freight	111,755	112,432	92,916	87,447	92,941	98,054
Mail	<u>40,923</u>	<u>44,415</u>	<u>40,758</u>	<u>20,863</u>	<u>16,427</u>	<u>4,351</u>
Total cargo	<u>152,678</u>	<u>156,847</u>	<u>133,674</u>	<u>108,310</u>	<u>109,368</u>	<u>102,405</u>
Aircraft departures:						
Domestic	222,540	212,928	212,541	195,875	217,589	230,366
International	<u>12,417</u>	<u>12,606</u>	<u>12,886</u>	<u>11,030</u>	<u>13,307</u>	<u>13,587</u>
Total aircraft departures	<u>234,957</u>	<u>225,534</u>	<u>225,427</u>	<u>206,905</u>	<u>230,896</u>	<u>243,953</u>
Aircraft operations:						
Air carrier	331,153	330,350	321,222	337,817	330,757	327,682
Air taxi and commuter	154,789	159,604	167,661	126,821	140,783	171,268
General aviation	73,487	69,306	52,211	18,915	16,222	15,526
Military	<u>1,685</u>	<u>1,611</u>	<u>1,405</u>	<u>290</u>	<u>207</u>	<u>184</u>
Total aircraft operations	<u>561,114</u>	<u>560,871</u>	<u>542,499</u>	<u>483,843</u>	<u>487,969</u>	<u>514,660</u>
Landed weight (1,000-pound units):						
Passenger:						
U.S. carriers:						
Major/national	22,795,598	23,311,757	22,808,673	21,937,795	18,921,513	19,609,623
Commuter/regional	<u>2,660,328</u>	<u>2,866,942</u>	<u>2,867,906</u>	<u>1,902,550</u>	<u>4,836,470</u>	<u>4,672,030</u>
Subtotal – U.S. carriers	<u>25,455,926</u>	<u>26,178,699</u>	<u>25,676,579</u>	<u>23,840,345</u>	<u>23,757,983</u>	<u>24,281,653</u>
Foreign-flag	<u>467,771</u>	<u>484,190</u>	<u>271,200</u>	<u>220,704</u>	<u>285,738</u>	<u>339,632</u>
Subtotal – passenger	<u>25,923,697</u>	<u>26,662,889</u>	<u>25,947,779</u>	<u>24,061,049</u>	<u>24,043,721</u>	<u>24,621,285</u>
All cargo	<u>895,912</u>	<u>663,298</u>	<u>558,468</u>	<u>655,048</u>	<u>664,200</u>	<u>686,425</u>
Total landed weight	<u>26,819,609</u>	<u>27,326,187</u>	<u>26,506,247</u>	<u>24,716,097</u>	<u>24,707,921</u>	<u>25,307,710</u>

(a) Originating and connecting activity statistics are estimates based on calendar year percentages.

Sources: Wayne County Airport Authority records, U.S. Department of Transportation T100 and Commuter (298c) data, and the Origin and Destination Passenger Ticket Survey

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

Continuing Disclosure Table #15

Nonstop International Destinations Added and Dropped

Calendar years 1995 – 2004

(Unaudited)

<u>Year</u>	<u>Cities added</u>	<u>Cities dropped</u>	<u>Net change</u>
1995	Halifax, Canada Ottawa Ontario, Canada Sudbury Ontario, Canada	Guadalajara, Mexico Osaka (Itami), Japan Osaka (Int'l), Japan	—
1996	Antigua, West Indies Beijing, China Provincenciales Turks/Caicos Islands St. Maarten, Antilles Vancouver BC, Canada	Sudbury Ontario, Canada	4
1997	London (Heathrow), England		1
1998	Cancun, Mexico Munich, Germany Nagoya, Japan	Antigua, West Indies Cozumel, Mexico Provincenciales Turks/Caicos Islands Halifax, Canada Montreal (Mirabel), Canada	(2)
1999	Milan, Italy	Munich, Germany Seoul, South Korea	(1)
2000	Aruba, Aruba Rome, Italy Montego Bay, Jamaica Punta Cana, Dominican Republic Shanghai (Pu Dong), China		5
2001	Liberia, Costa Rica	Aruba, Aruba Ixtapa/Zihuatanejo, Mexico Milan (Malpensa), Italy St. Maarten, Antilles	(3)
2002	Calgary Alberta, Canada Cozumel, Mexico Nassau (Int'l), Bahamas Shannon, Republic of Ireland	Shanghai (Pu Dong), China	3
2003	Osaka, Japan Halifax, Canada Shanghai (Pu Dong), China		3
2004	Dusseldorf, Germany Rome, Italy Kitchener/Waterloo, Canada Winnipeg Manitoba, Canada	Punta Cana, Dominican Republic Shannon, Ireland	2

Source: Official Airline Guide (OAG) database. Data reflects new and discontinued direct international destinations served from DTW during the entire calendar year.