

# **Comprehensive Annual Financial Report**

**Salt Lake City Department of Airports  
(An Enterprise Fund of Salt Lake City, Utah)**

**For the Years Ended June 30, 2017 and 2016**



**SALT LAKE CITY DEPARTMENT OF AIRPORTS  
(An Enterprise Fund of Salt Lake City, Utah)**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**Prepared by the Airport  
Finance Division  
Salt Lake City International Airport  
Salt Lake City, Utah**

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Salt Lake City, Utah**  
**Financial Statements**  
**For the Years Ended June 30, 2017 and 2016**

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# INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING  
SUBSECTIONS:

Letter of Transmittal  
Organizational Chart  
Certificate of Achievement





December 22, 2017

Honorable Mayor and City Council Members  
Salt Lake City Department of Airports Advisory Board  
Salt Lake City, Utah

### **Overview**

The Comprehensive Annual Financial Report of the Salt Lake City Department of Airports (Airport) for the fiscal year (FY) ended June 30, 2017 is submitted herewith. This report was prepared by the Airport's Finance Division, using generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the data and the completeness and fairness of the presentations, including all disclosures, are the responsibility of the Airport.

In developing and evaluating the Airport's accounting system, consideration is given to the adequacy of internal control. The management of the Airport has established a comprehensive internal control framework that is designed to provide management with reasonable, but not absolute, assurance that assets are safeguarded from loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and recorded properly for the preparation of the financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Airport's internal control processes adequately safeguard assets, provide reasonable assurance that financial transactions are recorded properly, and that to the best of our knowledge and belief, this report is complete and reliable in all material respects.

Eide Bailly, LLP, an independent firm of Certified Public Accountants, has audited these basic financial statements and related notes. Their report is included herein. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Airport for the fiscal year ended June 30, 2017 are free of material misstatements. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management.

Additionally, Eide Bailly, LLP, audited the compliance requirements of Salt Lake City's federal funds expenditures (which include the Airport's federal funds) for the year as part of the federally mandated Single Audit designed to meet the special needs of federal grantor agencies. That report is available in a separate report combined with Salt Lake City Corporation (City).

The Airport's budget is prepared under the direction of the Airport Executive Director and Director of Finance, and is submitted to the Salt Lake City Council for approval and inclusion in the City budget as an enterprise fund.

## **Profile of the Salt Lake City Department of Airports**

The Airport is a department of the City of Salt Lake City, Utah. As an enterprise fund, users of the Airport's facilities provide the revenues to operate and maintain the facilities. The Airport is financially self-sustaining with revenue generated from airline and other tenant fees, grants, passenger facility charges (PFC), rental car customer facility charges (CFC), concessions, vehicle parking, fuel, and leases for office and hangar space. The Airport operates three facilities – Salt Lake City International Airport, South Valley Regional Airport at West Jordan, and Tooele Valley Airport.

Salt Lake City International Airport is located 5 miles northwest of the downtown Salt Lake City business district. Beginning with a cinder-covered landing strip in a marshy pasture called Basque Flats in 1911; the Airport was originally used for aerobatic flights. Salt Lake City purchased 100 acres surrounding the landing strip for \$40.00 per acre in 1920, and the resulting airfield was named Woodward Field. The first commercial passenger flight took place in 1926 with two passengers perched atop U.S. mail sacks and in 1943 the Airport became a training base and replacement depot for the U.S. Army Air Force. The three runways were upgraded in 1950, and the first terminal building, currently terminal one, was dedicated in 1961. Terminal two was completed in 1978. Terminal one was expanded and remodeled in 1981, and a third air carrier runway was added in 1995, and international terminal was added in 1996. In 1999 the Federal Aviation Administration opened a new air traffic control tower and terminal radar approach control facility. Since 2005, the Airport has upgraded terminal two, including bag claim carousel modifications, explosive detection systems (EDS) and international gates, completed north cargo apron, which was partially funded by federal funds, and completed rehabilitation of runway 16L/34R pavement. The Terminal Redevelopment Program (TRP) activities for FY 2017 included the completion of the park and wait lot and the majority of the enabling work for the terminal, south concourse west, parking deck and central utility plant. Construction activity included concrete pours of basement floor and walls of the terminal and tunnel, concrete slab pours for the central utility plant and south concourse west, column pours, pile cap and grade beam work on the parking deck and structural steel erection on the south concourse west. The North Concourse Program (NCP) activities include design initiation, construction manager at risk procurement, contract negotiation, and preconstruction services including cost estimating and constructability studies. Construction activity on the NCP is expected to commence in FY 2018.

Due to the age of the terminal buildings and the need to provide reliable, safe, and efficient terminal facilities, \$4 million is included in the FY 2018 budget to continue necessary concourse and terminal facility renovations. This includes funding for the continuing renovations of restrooms, roof tops and carpet.

The FY 2018 budget includes \$7.5 million for airfield projects. This includes R/W 14-32 pavement rehabilitation, airfield lighting and wiring rehabilitation, as well as a hard stand equipment field shelter. These airfield improvement projects ensure the safe operation of aircraft and preserve valuable assets.

The FY 2018 budget includes \$750 thousand for landside projects. Amounts budgeted for landside are for the asphalt overlay program.

Funding for the airport capital improvement program (CIP) includes reserves generated by the Airport, airport improvement program (AIP) grants from the FAA, PFCs, CFCs, 2017 bond proceeds of future Airport bonds and Airport funds.

Construction commenced in FY 2014 on the TRP, a \$3.6 billion capital improvement program to build new facilities to replace aging facilities, mitigate seismic risks, and prepare for future growth. The existing facilities were built to accommodate 10 million passengers annually, but in FY 2017, the Airport served over twice the number of passengers the facilities were originally designed to handle.

In conjunction with the TRP, the NCP includes the development of a 30-gate midfield airside concourse to the north of the new airside concourse to be developed as part of the TRP. The Airport received unanimous support from all airlines serving SLC to build the north concourse in April 2016. At that time, it was estimated that the NCP would cost approximately \$737 million. Since then, the Airport has initiated full design of the NCP, selected the construction manager at risk for the NCP and commenced preconstruction services, including cost estimating and constructability studies. As a result of robust construction activity in the Salt Lake City metropolitan area, the improved national economy, and various other reasons, the Airport believes that the cost of the NCP will exceed the April 2016 estimate. The construction manager at risk for the NCP and an independent cost estimator have each developed a revised cost estimate for the NCP of approximately \$1.36 billion. This estimate is based upon current conditions and certain assumptions; however, there can be no assurance that the final cost of the NCP will not change further due to additional changes in conditions or that certain assumptions will not occur and, such change could be material. Airport management currently is working with the airlines operating at the Airport, its construction team and other consultants to develop the alternatives available to the Airport for addressing this cost increase.

The Airport is currently ranked the 25th busiest in the United States, and 87th busiest in the world in terms of passenger numbers with over 361 scheduled daily departing flights serving more than 96 non-stop destinations. The Airport served approximately 23.7 million passengers in FY 2017 and is one of Delta Air Lines Inc.'s (Delta) largest hubs.

### **Economic Condition**

According to the recently published State of Utah's 2017 Economic Report to the Governor, Utah typically grows more rapidly than the nation after a recession, and this pattern is continuing in the current recovery. During 2016, Utah's employment rate decreased to 3.4 percent compared to 3.7 percent in 2015.

Utah's total personal income is estimated to have increased by 5.7 percent in 2016, in addition to the 4.5 percent increase in 2015. The 2016 increase in personal income was led by strong wage growth at 3.1 percent. Jobs were added across all industry sectors in the Utah economy during 2016, including significant expansion in the information sector driven by the corridor of technology firms that continued to expand as well as strong increase in financial activities.

The Airport plays an important role in supporting business and economic growth in the state. Its operations are a key component in providing affordable access to worldwide destinations for business and individuals. According to an analysis by GSBS Richman Consulting in 2013, the Airport has been a significant economic driver for Utah and its capital for the past 50 years and will continue to underpin the economy. The Airport in 2013 generated an estimated \$1.1 billion in wages and income annually from an estimated 35,290 full-time jobs. Taking all spending into account, the airport contributes an estimated \$1.9 billion annually to Utah's GDP.

The Airport operates within the economic conditions of the national and local economy as well as the airline industry environment. An effective partnership between the airlines and the Airport requires a continued focus on operating costs, while maintaining service and safety. Operating expenses increased by 10.4 percent while passengers increased 4.9 percent in FY 2017 over FY 2016. Approximately half of the increase in operating costs relates to changes in pension benefits that increased the amount of pension expense recognized in FY 2017 compared to FY 2016. The remaining increase in operating expenses relates to capital projects that were expensed in the current year.

The Airport borrowed \$1 billion by issuing its General Airport Revenue Bonds (GARB's) in February 2017 to fund the ongoing construction of the TRP. Efforts are continually made to control operating costs at the Airport and reduce airline cost per enplaned passenger. The Airport's cost per enplaned passenger was

\$3.53 for FY 2017 and \$3.69 for FY 2016, which is one of the lowest rates among large hub airports in the nation. The Airport has total cash balances of \$1.4 billion to be utilized during the next several years for operating costs, CIP as well as the TRP and NCP with the exception of certain restricted funds. Financing for the TRP and NCP are expected to be generated from federal grants, PFCs, CFCs, bond proceeds, and Airport cash reserves.

## **Outlook**

Over the last several years, Utah has outperformed the national economy. Absent any significant deterioration in the macro-economic environment, this trend is expected to continue. Improvement in the state's labor market is expected to continue during 2017 with job growth projected at 1.7 percent, slightly below the state's long-term average. This growth is expected to cause Utah's unemployment level to be at 3.5 percent by the end of 2017. Personal income is expected to increase by 4.4 percent in 2017, which is .7 percent higher than the anticipated U.S. increase.

Salt Lake City Airport passengers are projected to increase by 2 percent and operations are projected to increase by 2.5 percent during FY 2018, compared to FY 2017. Flights remain fuller as airlines are matching capacity to demand and offering additional flights which are causing an increase in the number of passengers and daily flights. Airlines also continue to streamline costs, implement other revenue sources, and operate more efficiently.

Current financial position, passenger statistics, and results from FY 2017 and earlier can be found in more detail in Management's Discussion and Analysis in this report.

## **Future Growth**

According to the Federal Aviation Administration (FAA) Aerospace Forecast 2017-2037, as the economy recovers from the most serious economic downturn and the slowest recovery in recent history, aviation will continue to grow over the long run. Fundamentally, demand for aviation is driven by economic activity. As economic growth picks up, so will growth in the aviation industry. The 2017 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 2.8 percent per year. For financial planning purposes, the Salt Lake City Airport forecasts an average annual passenger growth rate of 2 percent in future years.

Construction on the TRP is well underway. The TRP will replace terminal facilities that are over 50 years old, require extensive maintenance, are not energy efficient and fail to meet current seismic standards. It is expected that the TRP will achieve Leadership in Energy and Environmental Design (LEED) silver certification as required by City ordinance. The TRP will consolidate passenger processing facilities into a single facility to serve all concourses as well as replace the existing parking garage, construct new terminal roadways, and a new central utility plant. Rental car services will be integrated with the new garage. A new site for car rental operations and servicing, and a quick turn-around facility for car rentals have been built. The planned airport will be capable of handling more passengers and aircraft. The number of parking spaces in the garage will double from 1,770 to 3,600. The new terminal is expected to be operational by winter/end 2020 with the entire TRP opening by 2024.

The NCP includes the development of 30 additional gates to accommodate additional passengers and aircraft to meet forecasted growth. The first phase of the NCP, which includes 20 aircraft gate positions, is expected to be operational by the end of 2020 with the second phase of the NCP opening by summer 2024.



In the 2017 State of Utah's Economic Report to the Governor it states that Salt Lake City is undergoing a 10-year \$2.9 billion remodel of the international airport that is expected to contribute \$3.3 billion to the economy.


### **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 the Salt Lake City Department of Airports for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.


In order to be awarded a Certificate of Achievement, the Airport must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The production of this report is a cooperative effort of the Finance Division of the Airport and Eide Bailly, LLP. We extend our appreciation to the staff for their efficient and dedicated services. We also thank the members of the City Council, the Mayor and members of the Department of Airports Advisory Board of Directors for their interest and support in planning and conducting the financial operations of the Airport in a responsible and progressive manner.



Bill Wyatt  
Salt Lake City Department of Airports  
Executive Director



Ryan R. Tesch, CPA  
Salt Lake City Department of Airports  
Director of Finance

# **ORGANIZATIONAL CHART**

## **City of Salt Lake City, Utah**

### **Mayor**

Jackie Biskupski

### **City Council Members**

District One	James Rogers
District Two	Andrew Johnston
District Three	Stan Penfold, Chair
District Four	Derek Kitchen
District Five	Erin Mendenhall
District Six	Charlie Luke, Vice Chair
District Seven	Lisa Adams

### **Department of Airports**

#### **Advisory Board Members**

J. T. Martin, Chair  
Larry Pinnock, Vice Chair  
Igor Best-Devereux  
Wade B. Bitner  
Michael D. Gallivan  
Natalie Gochnour  
Sam Granato  
Karen Mayne  
Cynthia D. Miller  
Steve Price  
James Rogers  
Kim V. Rolfe

### **Executive Director**

Bill Wyatt

### **Directors**

Admin & Commercial Services	John A. Buckner, Jr.
Airport Police	Craig Vargo
Engineering	Kevin F. Robins
Finance	Ryan R. Tesch
Information Management	Edwin Cherry
Maintenance	Ed Clayson
Operations	Peter L. Higgins
Planning & Environmental	Allen G. McCandless
Public Relations/Marketing	Nancy Volmer



Government Finance Officers Association

**Certificate of  
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Presented to

**Salt Lake City  
Department of Airports  
Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING  
SUBSECTIONS:

Independent Auditor's Report  
Management's Discussion and Analysis  
Basic Financial Statements and Notes  
Required Supplementary Information





## Independent Auditor's Report

Honorable Mayor and City Council of Salt Lake City  
Salt Lake City Department of Airports

### Report on the Financial Statements

We have audited the accompanying financial statements of the Salt Lake City Department of Airports (the "Airport"), an enterprise fund of Salt Lake City Corporation, which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2017 and 2016, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the Airport are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and each major fund of Salt Lake City Corporation that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of Salt Lake City Corporation as of June 30, 2017 and 2016, the changes in its financial position, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the 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 do not express an opinion or provide any assurance on them.



Salt Lake City, Utah  
December 22, 2017

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**(unaudited)**

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The following Management's Discussion and Analysis ("MD&A") of the Salt Lake City Department of Airports' activities and financial performance provides an introduction and overview to the financial statements for the fiscal years ended June 30, 2017 and 2016.

The information in this MD&A has been prepared by Airport management and should be used in combination with the accompanying financial statements and notes as well as supplemental information in order to provide a complete understanding of the data contained in the financial statements.

**FINANCIAL STATEMENTS**

The Airport is an enterprise fund of Salt Lake City Corporation, but receives no state or City tax revenues. It is instead supported by airport user charges. The Airport is responsible for the operation and maintenance of the City's three airports, Salt Lake City International Airport, South Valley Regional Airport, and Tooele Valley Airport. No general tax fund revenues are used for the administration, promotion, operation or maintenance of the airports in the system.

Financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board ("GASB"). Revenues and expenses are recorded when earned and incurred, not when received or paid, with the exception of passenger facility charge revenues ("PFCs") that are recorded when received based upon twelve full months of revenue. Capital assets, except land and construction in progress, are depreciated over their useful lives. See the notes to the financial statements for significant accounting policies.

**FINANCIAL & OPERATIONAL HIGHLIGHTS**

The Salt Lake City International Airport serves the Salt Lake City metropolitan area as well as the surrounding areas of Utah, Idaho, Colorado, Nevada, and Wyoming. The Airport functions as one of Delta's largest hubs. According to Airports Council International data, the Airport ranks as the 25th busiest in the United States and the 87th busiest in the world in terms of passenger numbers. In terms of operational movements, the Airport ranks 22nd busiest in the United States and 45th busiest in the world.

The Airport has experienced several years of growth in total passenger numbers. In FY 2017, FY 2016 and FY 2015, the economy and the airline industry continued to grow. Total passengers increased by 1.1 million, 921 thousand and 1.1 million in FY 2017, FY 2016 and FY 2015, respectively, to a total of 23.7 million, 22.6 million and 21.7 million passengers. Enplaned passengers alone increased by 557 thousand, 459 thousand and 539 thousand in FY 2017, FY 2016 and FY 2015 to a total of 11.9 million, 11.3 million and 10.8 million enplaned passengers, respectively; a 4.9%, 4.2% and 5.3% increase in FY 2017, FY 2016 and FY 2015.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**(unaudited)**

The airlines serving Salt Lake City International Airport provide 361 average daily departures to 96 non-stop destinations. Load factors decreased to 86% from 88% in FY 2017 from FY 2016. Increases in the number of daily flights and a related increase in seat capacity caused the load factors to decrease in FY 2017, while total passengers increased by 4.9% from the prior year.

Total aircraft operations increased 2.5% in FY 2017 and decreased 1.4% in each of FY 2016 and FY2015. Landed weights increased by 828 million pounds, or 6.1% in FY 2017, after increases of 2.9% and 4.1% in FY 2016 and 2015, respectively. The increases in operations and landed weights are due to an increased number of flights, and therefore passengers, flying through the Airport.

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Enplanements (in thousands)	11,850	11,293	10,834	10,295
% increase from prior year	4.9%	4.2%	5.2%	2.5%
Landed weight lb's (in thousands)	14,409,644	13,581,663	13,200,978	12,679,038
% increase from prior year	6.1%	2.9%	4.1%	2.2%
Aircraft Operations - All Types (in thousands)	323	316	320	325
% increase (decrease) from prior year	2.5%	(1.4%)	(1.4%)	(1.9%)
Total # of passengers (in thousands)	23,691	22,595	21,674	20,586
% increase from prior year	4.9%	4.2%	5.3%	2.5%

**STATEMENT OF NET POSITION**

The Airports' net position was \$1.3 billion as of June 30, 2017. The total increase in net position during the year ended June 30, 2017 was \$65.6 million. The largest portion of the Airport's net position (59.1%) represents net investment in capital assets (land, buildings, runways, taxiways, and equipment).



**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**(unaudited)**

(Amounts in thousands)	June 30, 2017	June 30, 2016	June 30, 2015
<b>STATEMENTS OF NET POSITION</b>			
<b>ASSETS:</b>			
Current and other assets	\$ 1,411,670	\$ 416,234	\$ 452,436
Capital assets	1,114,398	869,232	779,343
<b>TOTAL ASSETS</b>	<b>2,526,068</b>	<b>1,285,466</b>	<b>1,231,779</b>
<b>DEFERRED OUTFLOWS</b>	<b>11,948</b>	<b>10,181</b>	<b>3,566</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>2,538,016</b>	<b>1,295,647</b>	<b>1,235,345</b>
<b>LIABILITIES:</b>			
Current liabilities	78,462	34,375	48,887
Noncurrent liabilities	1,165,104	33,200	26,348
<b>TOTAL LIABILITIES</b>	<b>1,243,566</b>	<b>67,575</b>	<b>75,235</b>
<b>DEFERRED INFLOWS</b>	<b>6,641</b>	<b>5,838</b>	<b>2,129</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>1,250,207</b>	<b>73,413</b>	<b>77,364</b>
<b>NET POSITION:</b>			
Invested in capital assets	761,198	869,232	779,343
Restricted			
Capital Projects	189,115	143,297	196,439
Debt Service	240,783	-	-
Unrestricted	96,713	209,705	182,199
<b>Total Net Position</b>	<b>1,287,809</b>	<b>1,222,234</b>	<b>1,157,981</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b>\$ 2,538,016</b>	<b>\$ 1,295,647</b>	<b>\$ 1,235,345</b>
<b>SUMMARY OF CHANGES IN NET POSITION</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
Operating revenues	\$ 154,806	\$ 141,033	\$ 132,270
Operating expenses	(99,459)	(90,065)	(76,209)
Operating Income before depreciation	55,347	50,968	56,061
Depreciation	(63,665)	(61,657)	(59,995)
Operating loss	(8,318)	(10,689)	(3,934)
<b>NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS:</b>			
Passenger facility charges	45,750	42,804	40,977
Customer facility charges	16,157	15,613	15,607
Contributions and grants	17,794	14,230	15,148
Interest expense	(14,480)	-	-
Other, net	8,673	2,295	1,513
<b>CHANGE IN NET POSITION</b>	<b>\$ 65,576</b>	<b>\$ 64,253</b>	<b>\$ 69,311</b>

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Management's Discussion and Analysis**  
**(unaudited)**

Restricted cash for construction has increased significantly as the Airport borrowed \$1 billion in February 2017 to continue to fund the construction of the Terminal Redevelopment Plan (TRP) and North Concourse Plan (NCP). As of June 30, 2017, \$166.5 million (12.9%) of Airport assets were restricted for construction compared with \$122 million (9.5%) in FY2016, and \$176 million (14.3%) in FY 2015. These amounts represent PFCs and CFCs that have been collected, but have not yet been reimbursed to general operating cash for PFC and CFC eligible construction projects. In addition, \$17.6 million (1.4%) of Airport assets in FY 2017 were restricted for an operation and maintenance reserve fund, and \$5.0 million (0.4%) was restricted for a renewal and replacement reserve fund as required by the Airport Use Agreement (AUA).

Total cash and investments increased in the current year as the Airport obtained financing from the bond market to continue to finance the major terminal redevelopment program. Total available cash and investments, increased by \$976 million in FY 2017. After restricted balances, the Airport's unrestricted cash available for operating expenses and reserves for the terminal redevelopment program decreased by \$60.3 million.

To increase return on restricted and reserved cash, the Airport began purchasing U.S. Treasury and Agency notes in FY 2011. These investments reduced amounts that would have been invested in the State Treasurer's investment pool. Cash investments in the State Treasurer's investment pool were adjusted upward by \$6.2 million and U.S. Treasury and Agency securities were reduced by \$201 thousand to fair market value at June 30, 2017. The Airport has adjusted investments up or down to reflect fair market value, but when the investments are either called, or mature, they will be readjusted and current gains or losses recorded. At year end, \$384 thousand was accrued for interest income earned but not yet paid for investments that are paid on a quarterly, rather than monthly, basis. See Note 2 for detailed information.

This year, available operating cash decreased by \$60.9 million (25.1%) because the Airport has not yet reimbursed operating cash from PFC restricted cash or bond proceeds restricted cash for capital projects financed in FY 2017. Non-operating cash from PFCs, CFCs, bond proceeds, and grants increased, which was offset with the decrease in available operating cash.

Airport cash payments for current year construction and land acquisitions in the amount of \$301 million were reimbursed by restricted PFC funds in the amount of \$2.8 million, CFC funds in the amount of \$14.6 million, federal airport improvement program (AIP) grants of \$20.2 million, and debt proceeds in the amount of \$119.6 million. The remainder of cash outflows for construction as well as payments for capital equipment of \$143.8 million was provided by Airport operating cash.

Capital assets (net of accumulated depreciation) have increased by \$245.2 million because of an increase in construction in progress of \$202.9 million from current terminal redevelopment projects not yet completed along with an increase in buildings and improvements of \$91.2 million for the deicing pads that were capitalized in FY 2017.

In FY 2013 and FY 2016, the Airport evaluated assets that would be demolished or replaced because of the terminal redevelopment program and re-estimated their remaining useful lives. This has resulted in an additional accelerated depreciation expense of approximately \$8 and \$8.5 million in FY 2017 and in FY 2016, respectively. The accelerated depreciation costs will continue to decrease throughout the program until assets that will be demolished and replaced are fully depreciated per the adjusted remaining lives. This will result in a higher amount of accumulated depreciation, and a reduction in net capital assets until additions to capital assets are made as a result of the TRP and NCP. Capital assets are currently funded by AIP and Federal Transportation Security Administration (TSA) grants, PFCs, CFCs, bond proceeds, and

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Airport funds. For more detailed information on changes in capital assets, refer to Note 4 in the notes to the financial statements.

The Airport adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in FY 2015. The Airport recorded deferred outflows of \$1.8 million in FY 2017 which increased deferred outflows to \$11.9 million, which represents deferred outflow of resources (expenses) related to pensions in future periods. The Airport also recorded deferred inflows of \$774 thousand in FY 2017 which increased deferred inflows to \$6.6 million which represents resources (revenues) that will be recognized in future periods.

<b>SUMMARY OF CASHFLOW ACTIVITIES</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
Cash flow from operating activities	\$ 62,967	\$ 52,396	\$ 51,186
Cash flow from investing activities	6,677	1,647	11,787
Cash flow (used) from noncapital and related financing	-	(10,043)	10,043
Cash flow from passenger facility charges	44,932	42,454	40,955
Cash flow from customer facility charges	16,129	15,850	15,673
Cash flow from grants	22,500	15,902	9,938
Cash flow from sale of capital assets and equipment	208	333	134
Cash flow from revenue bond proceeds	1,124,493	-	-
Cash flow (used) from bond issuance costs	(1,391)	-	-
Payments for acquisition and construction of property	(278,614)	(154,026)	(130,785)
Cash and cash equivalents at beginning of year	340,516	376,003	367,071
Net increase (decrease) in cash	997,901	(35,487)	8,932
Cash and cash equivalents at end of year	\$ 1,338,417	\$ 340,516	\$ 376,003

(amounts in thousands)

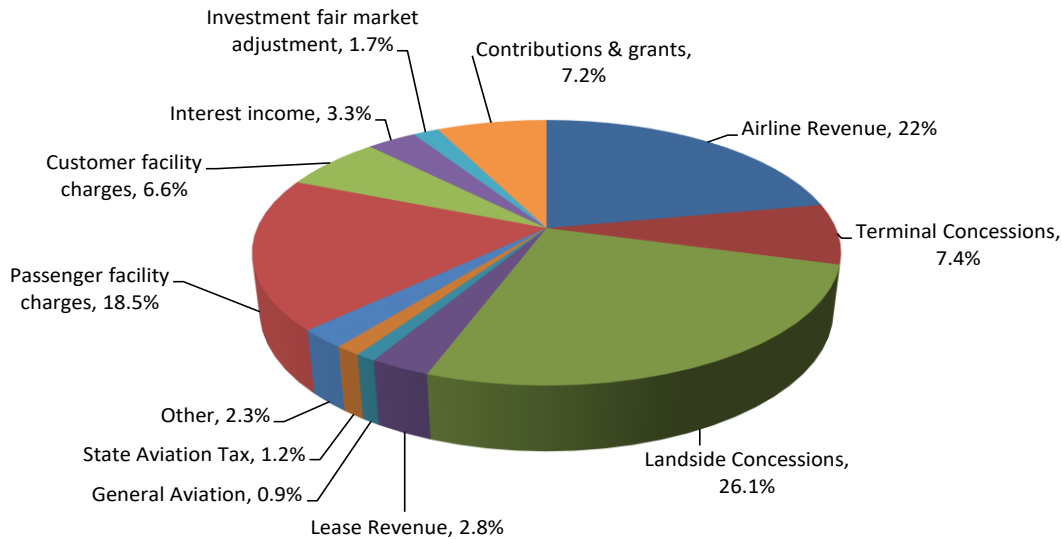
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Operating income, before depreciation, was \$55.3 million in FY 2017, compared with \$51.0 million in FY 2016 and \$56.1 million in FY 2015. With the inclusion of depreciation and non-operating revenue and expenses, the resulting change in net position for FY 2017 was \$65.6 million, FY 2016 was \$64.3 million, and FY 2015 was \$69.3 million.

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**Revenues**

The following chart and table shows the major sources of revenues and the percentage to total revenues for the year ended June 30, 2017:



(Amounts in thousands)	FY 2017 Amount	Percent of Total	FY 2016 Amount	Percent of Total	FY 2015 Amount	Percent of Total
<b>Operating revenues:</b>						
Airline revenue	\$ 66,639	27.0%	\$ 62,454	28.9%	\$ 59,420	28.9%
Terminal concessions	18,120	7.3%	16,637	7.7%	16,016	7.8%
Landside concessions	64,408	26.1%	57,986	26.8%	52,550	25.6%
Lease revenue	6,927	2.8%	6,185	2.9%	6,093	3.0%
General aviation	2,334	0.9%	1,785	0.8%	1,691	0.8%
State aviation tax	2,983	1.2%	2,796	1.3%	2,545	1.2%
Other	5,564	2.3%	4,131	1.9%	3,894	1.9%
Operating revenues	166,975		151,974		142,209	
Less: Airline revenue sharing	(12,169)	-4.9%	(10,941)	-5.1%	(9,939)	-4.8%
Total operating revenues	154,806	62.8%	141,033	65.3%	132,270	64.4%
<b>Non-operating revenues and capital contributions:</b>						
Passenger facility charges	45,750	18.4%	42,804	19.8%	40,977	19.9%
Customer facility charges	16,157	6.6%	15,613	7.2%	15,607	7.6%
Interest income	8,006	3.2%	2,783	1.3%	1,789	0.9%
Investment fair market adjustment	4,146	1.7%	(0)	0.0%	276	0.1%
Contributions & grants	17,794	7.2%	14,230	6.6%	15,148	7.4%
Loss on sale or disposition of assets	(26)	0.0%	(488)	-0.2%	(551)	-0.3%
Total non-operating revenues	91,827	37.2%	74,942	34.7%	73,244	35.6%
Total revenues	\$ 246,633	100.0%	\$ 215,975	100.0%	\$ 205,514	100.0%

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**Operating Revenues**

Salt Lake City International Airport is served by seven domestic carriers: Alaska, American, Delta, Frontier, JetBlue, Southwest, and United. On July 1, 2014, the airlines and the Airport entered into a ten year Airport Use Agreement (AUA). Under the agreement, terminal rent calculations are on a compensatory basis, recovering costs allocated to the occupied facilities. Landing fee calculations are residual based, recovering net cost after the credits of nonairline revenue. Revenue sharing is available to signatory airlines under the agreement consisting of one dollar (\$1) per enplaned passenger, not to exceed 30% of net remaining revenue. The signatory airline revenue sharing increased by \$1.3 million over the prior year from \$10.9 million in FY 2016 to \$12.2 million in FY 2017 due to increased enplaned passengers in FY 2017.

Airline revenue, net of airline revenue sharing, increased \$3.0 million in FY 2017 over the prior year. Landing fees increased by \$3.0 million and terminal space and other building rentals increased by \$47 thousand compared to the prior fiscal year. The Airport continues its efforts to keep airline costs low. The Airport’s cost per enplaned passenger (CPE) for FY 2017 was \$3.53, a decrease from the FY 2016 CPE of \$3.69.

The Airport estimates AUA rates for terminal rents and landing fees through the budgeting process; however, at the end of each fiscal year, an adjustment-to-actual calculation occurs based on the actual year-end financial results. Final terminal rents and landing fees for the past three years are as follows:

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Terminal Rents (annual per square foot)	\$ 67.94	\$ 63.46	\$ 62.31
Landing Fees (per 1,000 lbs)	\$ 1.90	\$ 2.03	\$ 1.82

Non-airline concession revenues are allocated into two major categories: (1) terminal concessions that include food service, retail, and advertising, and (2) landside concessions that consist of auto parking, rental car commissions, and ground transportation fees. In FY 2017, terminal concession revenues increased by \$1.5 million (8.9%) from FY 2016. The increase in terminal concession revenue is primarily the result of a full year of new concession contracts in place for FY 2017 and the increase in total passengers of 4.9%. Landside concession revenues increased by \$6.4 million (11.1%) over the prior fiscal year. The primary cause for the increase is car rental fees, which increased \$5.0 million due to a full year under a new contract that went into effect in March 2016 when the new rental car facilities were completed as well as the increase in enplaned passengers. Auto parking revenues increased \$889 thousand (2.7%) and ground transportation revenues increased \$514 thousand (21.8%) compared to the prior year.

**Non-operating Revenues**

The Airport recorded \$17.8 million in grants in FY 2017. These funds consisted of \$17.7 million in AIP grants provided by the Federal Aviation Administration, and \$52.0 thousand in State grant revenue. Airport improvement grants increased from the prior year by \$3.6 million (25.0%). Passenger facility charges revenue in FY 2017 was \$45.8 million, including \$1.6 million in interest on PFC deposited funds. This is a total increase of \$2.9 million (6.9%) from the FY 2016 total of \$42.8 million.

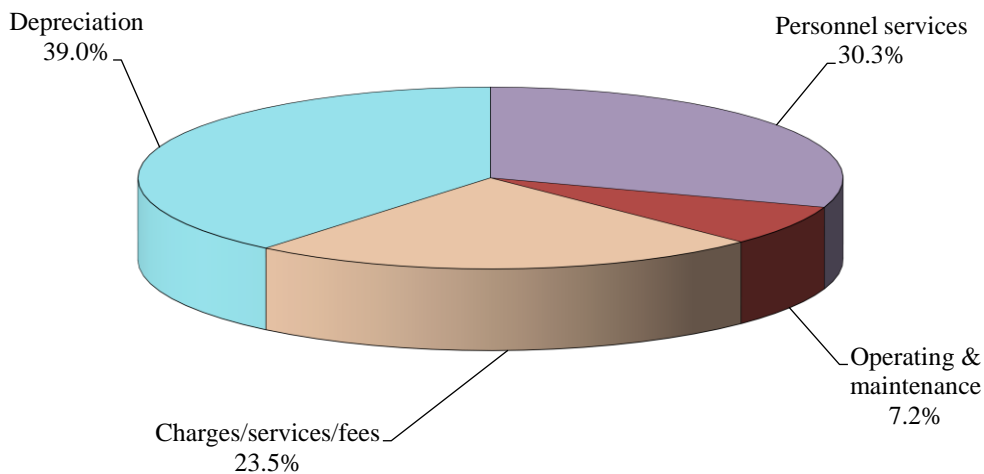
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The Airport recorded a loss of \$26 thousand on the disposition and sale of property and equipment in FY 2017. In FY 2016, the loss on the disposition and sale of property and equipment was \$488 thousand.

The average interest rate on investments that were held in the State Treasurer's pool for FY 2017 was 1.1%, compared to FY 2016 of 0.7% and 0.5% in FY 2015. In FY 2017, FY 2016, and FY 2015 interest earned from the State Treasurer's pool and depository accounts totaled \$6.5 million, \$1.6 million, and \$1.3, million respectively. Interest income increased because of higher balances in the State Treasurer's pool, as the bond proceeds were invested into the pool, as well as increasing interest rates from the Federal Reserve. As referred to previously in the discussion on the Airport's cash balances, beginning in FY 2011, the Airport diversified its investments in U.S. Treasury and Agency notes to obtain a higher rate of return. Interest earned on these investments totaled \$492 thousand in FY 2017 and \$466 thousand in FY 2016 (after management fees). The weighted average yield, including discounts and premiums included at purchase, was 1.02%. The investment in these securities reduced the balance in the Utah State Treasurer's pool. See Note 2 for cash investment details. The Airport recorded \$972 thousand in FY 2017 and \$730 thousand in FY 2016 of interest income from financing CFC related projects from Airport reserves that will be paid back to the Airport through future CFC collections.

**Expenses**

A chart and summary of expenses for the year ended June 30, 2017, including the amount and percentage of change in relation to prior year amounts, is as follows:



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(Amounts in thousands)	FY 2017	Percent of Total	FY 2016	Percent of Total	FY 2015	Percent of Total
Operating:						
Personnel services	\$ 49,350	30.3%	\$ 45,096	29.7%	\$ 33,880	24.9%
Operating and maintenance	11,725	7.2%	10,940	7.2%	9,487	7.0%
Charges/services/fees	38,384	23.5%	34,029	22.4%	32,842	24.1%
<b>Total operating expenses before depreciation</b>	<b>99,459</b>	<b>61.0%</b>	<b>90,065</b>	<b>59.3%</b>	<b>76,209</b>	<b>56.0%</b>
Depreciation	63,665	39.0%	61,657	40.7%	59,995	44.0%
<b>Total operating expenses</b>	<b>\$ 163,124</b>	<b>100.0%</b>	<b>\$ 151,722</b>	<b>100.0%</b>	<b>\$ 136,204</b>	<b>100.0%</b>

**Operating Expenses**

Operating expenses before depreciation have increased by \$9.4 million (10.4%) in the current fiscal year. These expenses increased by \$13.9 million (18.2%) in FY 2016, and decreased by \$11.4 million (-13.0%) in FY 2015. Personnel services have increased by \$4.2 million (9.4%) in the current fiscal year. Most of this increase is related to increases in pension expense.

Operating and maintenance costs have increased by \$785 thousand (7.2%) from prior year. Maintenance supplies have increased by \$83 thousand (1.1%), mainly due to painting and electrical supplies to enhance the airfield and replace airfield lighting to accommodate FAA standards. Automotive supplies increased \$428 thousand (21.8%) compared to FY 2016, mostly because of an increase in fuel purchases at South Valley Regional Airport, where the Airport is now the acting Fixed Based Operator (FBO). Other supplies including computer supplies, small tools, and furniture have increased by \$274 thousand (19.0%). This increase is caused by increased purchases of computer supplies and software and small tools by \$200 thousand with minor increases in other areas to accommodate the increased passengers at the Airport.

Expenses for charges and services have increased by \$4.4 million (12.8%). The largest increase was \$1.6 million from the expansion of the Airport's parking lot shuttle programs. The expansion began in January of FY 2016. Other professional and technical services increased \$955 thousand because the Airport expensed costs that had been capitalized in construction in progress in prior years because certain projects were discontinued or the asset was determined to relate to routine maintenance rather than a capital asset. Aircraft Rescue Fire Fighting (ARFF) services have also increased \$289 thousand based on more classes being offered, but less fire fighters being trained in the current year.

Depreciation expense increased by \$2.0 million (3.3%) in FY 2017, increased by \$1.7 million in FY 2016, and increased by \$968 thousand in FY 2015. In FY 2013 and FY 2016, the Airport evaluated assets that would be demolished or replaced because of the TRP and updated the estimate of their remaining useful lives. This resulted in additional depreciation expense in FY 2014, FY 2015, FY 2016, and FY 2017 and will continue in varying amounts throughout the TRP as assets being replaced are fully depreciated over shorter remaining useful lives.

**NONOPERATING EXPENSES**

Nonoperating expenses consist primarily of interest on long-term debt. Interest expense was \$14.5 million in FY 2017. This amount is net of any capitalized interest which is recorded in the Airport's capital assets as part of construction in process. There was no interest expense in FY 2016 and FY 2015 as the Airport had no outstanding debt during these years.

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**CAPITAL TRANSACTIONS**

TRP activities for FY 2017 included the completion of the park and wait lot and the majority of the enabling work for the terminal, south concourse west, parking deck and central utility plant. Construction activity included concrete pours of basement floor and walls of the terminal and tunnel, concrete slab pours for the central utility plant and south concourse west, column pours, pile cap and grade beam work on the parking deck and structural steel erection on the south concourse west.

NCP activities included design initiation, construction manager at risk procurement, contract negotiation, and preconstruction services including cost estimating and constructability studies. Construction activity on the NCP is expected to commence in FY 2018.

Other projects completed in FY 2017 include two additional deicing pads, glycol system diversion valves, reconstruction of the pavement on Taxiway S, replacement of the mast lighting on the aprons, snow chemical storage building, and the replacement of a boiler, roof replacements, restroom renovations throughout the Airport campus as well as airfield lighting improvements.


At the beginning of the fiscal year, Airport projects totaling \$219.6 million were in the process of construction. A total of \$102 million in projects and equipment were capitalized and placed in service in 2017, \$5.7 million was expensed, and \$422.5 million remains in construction in progress. The largest portion of the \$422.5 million of construction in progress is related to the TRP. The phased construction on the TRP and NCP programs is planned to continue through 2024. The terminal building is planned to be completed in 2020. Additional information regarding capital assets can be found in note 4 in the Notes to Financial Statements.

**LONG-TERM DEBT**

As of June 30, 2017, the Airport had a total of \$1.1 billion outstanding in General Airport Revenue Bonds. These bonds mature from July 1, 2021 to July 1, 2047 and bear interest at the rate of 5% per year. The bonds do not constitute debt of the City or a pledge of the full faith and credit of the City. Additional information regarding long-term debt can be found in note 8 in the Notes to Financial Statements.

**CONCLUSION**

The Airport continues to meet the challenges of a continually changing air travel industry that is responding to current national and local economic conditions. While meeting these challenges, the Airport maintains its mission of managing, developing and promoting airports that provide quality transportation facilities and services, and a convenient travel experience. These facilities and services promote economic development by providing business and leisure travelers' access to numerous domestic and international destinations.

  
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Ryan R Tesch, CPA  
Director of Finance



**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Statements of Net Position**  
**(Amounts in Thousands)**

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 136,907	\$ 197,218
Restricted cash and cash equivalents	21,093	-
Investments	12,014	752
Airline and rental fees receivable	22,003	23,822
Other assets	4,583	4,205
<b>Total current assets</b>	<b>196,600</b>	<b>225,997</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	1,180,417	143,298
Investments	32,650	44,527
Other assets	2,003	2,412
<b>Total noncurrent assets and investments</b>	<b>1,215,070</b>	<b>190,237</b>
<b>Capital assets</b>		
Land	104,590	99,347
Buildings and improvements	1,369,273	1,278,012
Equipment	141,313	139,679
Construction in progress	422,505	219,613
<b>Total capital assets - at cost</b>	<b>2,037,681</b>	<b>1,736,651</b>
Less accumulated depreciation	923,283	867,419
<b>Net capital assets</b>	<b>1,114,398</b>	<b>869,232</b>
<b>Total noncurrent assets</b>	<b>2,329,468</b>	<b>1,059,469</b>
<b>Total Assets</b>	<b>2,526,068</b>	<b>1,285,466</b>
<b>Deferred Outflows of Resources</b>	<b>11,948</b>	<b>10,181</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,538,016</b>	<b>\$ 1,295,647</b>

See Notes to Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Statements of Net Position**  
**(Amounts in Thousands)**

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 36,458	\$ 6,874
Accrued compensation	2,647	2,454
Interest payable	17,778	-
Other accrued liabilities	21,374	24,668
Deposits and advance rentals	205	379
<b>Total current liabilities</b>	<b>78,462</b>	<b>34,375</b>
<b>Noncurrent Liabilities</b>		
Revenue bonds payable	1,124,812	-
Accrued compensation	3,790	3,629
Net pension liability	27,424	25,465
Other accrued liabilities	9,078	4,106
<b>Total noncurrent liabilities</b>	<b>1,165,104</b>	<b>33,200</b>
<b>Total Liabilities</b>	<b>1,243,566</b>	<b>67,575</b>
<b>Deferred Inflows of Resources</b>	<b>6,641</b>	<b>5,838</b>
<b>NET POSITION</b>		
Net investment in capital assets	761,198	869,232
Restricted for		
Capital projects	189,115	143,297
Debt service	240,783	-
Unrestricted	96,713	209,705
<b>Net Position</b>	<b>1,287,809</b>	<b>1,222,234</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 2,538,016</b>	<b>\$ 1,295,647</b>

See Notes to Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**(Amounts in Thousands)**

<i>For the years ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>		
Airline revenues	\$ 66,639	\$ 62,454
Terminal concessions	18,120	16,637
Landside concessions	64,408	57,986
Lease revenue	6,927	6,185
General aviation	2,334	1,785
State aviation tax	2,983	2,796
Other revenue	5,564	4,131
Operating revenues	166,975	151,974
Less airline revenue sharing	(12,169)	(10,941)
Total operating revenues	154,806	141,033
<b>Operating Expenses</b>		
Salaries and benefits	49,350	45,096
Materials and supplies	11,725	10,940
Maintenance contracts	8,399	8,202
Charges and services	13,730	10,484
Utilities	6,317	6,539
Intra-governmental	6,339	6,043
Other expense	3,599	2,761
Total operating expenses before depreciation	99,459	90,065
<b>Operating Income Before Depreciation</b>	<b>55,347</b>	<b>50,968</b>
<b>Depreciation Expense</b>	<b>63,665</b>	<b>61,657</b>
<b>Operating Loss</b>	<b>(8,318)</b>	<b>(10,689)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Passenger facility charges	45,750	42,804
Customer facility charges	16,157	15,613
Interest income	8,006	2,783
Interest expense	(14,480)	-
Bond issuance costs	(3,454)	-
Net increase in the fair value of investments	4,146	-
Loss on disposition of property and equipment	(26)	(488)
Net non-operating income	56,099	60,712
<b>Contribution and Grants</b>	<b>17,794</b>	<b>14,230</b>
<b>Net Position</b>		
Increase in net position	65,575	64,253
Net Position, beginning of period	1,222,234	1,157,981
Net Position, end of period	\$ 1,287,809	\$ 1,222,234

See Notes to Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Statements of Cash Flows**  
**(Amounts in Thousands)**

<i>For the years ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from providing services	\$ 156,314	\$ 145,959
Cash paid for services for intra-governmental charges	(7,247)	(7,043)
Cash paid to suppliers	(37,228)	(39,744)
Cash paid to employees	(48,872)	(46,776)
<b>Net cash from operating activities</b>	<b>62,967</b>	<b>52,396</b>
<b>Cash Flows from Investing Activities</b>		
Cash paid for investments	(13,627)	(13,460)
Cash proceeds from investments	13,621	13,423
Interest received on investments	6,683	1,684
<b>Net cash from investing activities</b>	<b>6,677</b>	<b>1,647</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>		
Cash overdraft with Salt Lake City Corporation pooled cash account	-	(10,043)
<b>Net cash used for noncapital and related financing activities</b>	<b>-</b>	<b>(10,043)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital equipment	(6,861)	(7,185)
Payments for acquisition and construction of capital assets	(271,753)	(146,841)
Proceeds from issuance of revenue bonds payable	1,124,493	-
Bond issuance costs	(1,391)	-
Passenger facility charges	44,932	42,454
Customer facility charges	16,129	15,850
Proceeds from sale of capital assets and equipment	208	333
Contributions and grants	22,500	15,902
<b>Net cash received and (used) for capital and related financing activities</b>	<b>928,257</b>	<b>(79,487)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>997,901</b>	<b>(35,487)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>340,516</b>	<b>376,003</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 1,338,417</b>	<b>\$ 340,516</b>

See Notes to Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Statements of Cash Flows**  
**(Amounts in Thousands)**

<i>For the years ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash from Operating Activities</b>		
Operating loss	\$ (8,318)	\$ (10,689)
Adjustments to reconcile loss from operations to net cash provided by operating activities		
Depreciation	63,665	61,657
Pension benefit	1,025	(1,545)
Increase (decrease) in assets and liabilities		
Airline and rental fee receivable	235	(5,492)
Other assets	378	(973)
Deferred outflows	1,767	6,614
Accounts payable	(1,124)	(8,432)
Accrued compensation	142	(1,213)
Other accrued liabilities	2,665	7,101
Net pension liability	1,959	5,232
Deferred inflows	774	(192)
Deposits and advance rentals	(201)	563
Net OPEB obligation	-	(235)
<b>Net cash from operating activities</b>	<b>62,967</b>	<b>52,396</b>
<b>Schedule of Non-cash Transactions Affecting Net Position</b>		
Contributions and grants	(4,758)	(1,553)
Passenger facility charges (includes interest)	818	351
Customer facility charges (includes interest)	28	34
Bond issuance costs	(1,988)	-
Net increase in fair value of investments	4,146	-
Loss on disposition of property	(234)	(821)
<b>Total Noncash Transactions Affecting Net Position</b>	<b>\$ (1,988)</b>	<b>\$ (1,989)</b>

See Notes to Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** – The Salt Lake City Department of Airports (Airport) is an enterprise fund of Salt Lake City Corporation (City). Airport operations include Salt Lake City International Airport, South Valley Regional Airport and Tooele Valley Airport.

**Basis of Accounting** – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Airport’s activities are accounted for in a manner similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

In accordance with the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, the Airport has identified intangible assets consisting of aviation easements and water rights with indefinite lives that have been classified as non-amortized capital assets.

**Annual Appropriated Budget** – The Airport has a legally adopted annual budget which is not required to be reported.

**Capital Assets** – Capital assets, which consist of property and equipment, are recorded at cost when purchased. Cash outflows for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized with a capitalization threshold of \$5,000.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10-50
Improvements	10-40
Equipment	3-20

No depreciation is provided on construction in progress until construction is complete and the asset is placed in service. In FY 2013 and FY 2016, the Airport changed the estimated lives of some existing buildings, improvements, and other assets to reflect the demolition schedule of the terminal redevelopment program (TRP), resulting in shorter lives and additional annual depreciation expense. This increase in depreciation expense continued in FY 2017, and will continue until those assets are fully depreciated or demolished.

**Capital Contributions** – The Airport has received contributions and grants for aid in construction from various sources, principally from the Federal Airport Improvement Program (AIP). Contributions and grants received for construction projects are recorded on an accrual basis as capital contributions. All other contributions and grants received for operating expenses are recorded as operating revenue.

**Passenger Facility Charges** – The Airport has received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge (PFC) of up to \$4.50 for each enplaned passenger that utilizes the Salt Lake International Airport. The charge is collected by all carriers and remitted to the Airport, less an \$0.11 per passenger handling fee. The proceeds from PFCs are restricted for use by the Airport for certain FAA approved projects and debt service on bonds used to fund PFC eligible projects per Code of Federal Regulations (C.F.R) 158.13. PFC proceeds are recorded as non-operating revenues.

**Customer Facility Charges** – In FY 2012, the Airport began assessing a customer facility charge (CFC) to rental car customers. Current CFC charges, established by Salt Lake City ordinance, are \$5 per day with a limit of 12 days. The proceeds from CFCs are restricted for rental car facility construction projects as part of the TRP. CFC proceeds are recorded as non-operating revenues.

**Restricted and Unrestricted Resources** – Some Airport construction projects may contain more than one source of funding. The Airport is required to apply certain funds only to specific approved projects. The Airport’s priority is to utilize AIP funds, then PFC and CFC funds, any State grants, TSA grants, bond proceeds and, if needed, unrestricted Airport funds unless specific restrictions on any fund source requires a different prioritization.

**Cash and Cash Equivalents** – The Airport considers all highly liquid debt instruments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

**Investments** – Investments are recorded at fair value and include any accrued interest. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**Accounts Receivable** – An allowance for uncollectible accounts receivable is established by charges to operations for amounts required to maintain an adequate allowance, in management’s judgment, to cover anticipated losses from customer accounts. Such accounts are charged to the allowance when collection appears doubtful. Any subsequent recoveries are credited to the allowance account. As of June 30, 2017 and 2016, the Airport does not anticipate any material losses on accounts receivable, and no allowance is has been established.

**Capitalization of Interest Costs** – Net interest costs incurred during the construction of the TRP as well as the North Concourse Project (NCP) are capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with proceeds from bonds (where such borrowings are restricted to the acquisition of the assets) is offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. Interest is not capitalized on construction costs funded by government grants, PFC, or CFCs.

Total interest expense was approximately \$14.5 million for the year ended June 30, 2017, while interest capitalized as part of the cost of constructed assets was approximately \$1.6 million.

**Bond Discounts and Premiums** – Bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest rate method. Bond discounts and premiums are presented as a reduction or addition to the face amount of the bonds payable.

**Noise Mitigation Costs** – Certain costs incurred in connection with the Airport’s noise mitigation program have been capitalized as part of land.

**Pollution Remediation Obligations** – In FY 2010, the Airport recorded an operating expense and a future liability obligation of \$191 thousand associated with remediation of two pollution sites, both associated

with leaking underground fuel tanks from the early 1990s. In FY 2015, the Airport recorded additional operating expenses and future liability obligations of \$112 thousand for some additional leaking underground fuel tanks. Since 2010, the Airport has incurred \$138 thousand in costs for monthly monitoring at both sites, including \$10 thousand in FY 2017. The liability for remediation of pollution recorded as of June 30, 2017 is a total of \$166 thousand. The remainder of the current liability is for future years' ground water monitoring at the sites. Estimates of the expense and liability were based on the cost of the equipment upgrades as well as cost of a contract negotiated with an outside contractor for future monitoring. The potential exists for changes in these estimates, and both costs and future liabilities will be adjusted if necessary in future periods. The Airport is self-insured for incidents of this magnitude, and no insurance or other recoveries are anticipated.

***Use of Estimates*** – The preparation of financial statements in conformity with GAAP 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 amounts could differ from those estimates.

***Reclassifications*** – Certain amounts previously reported have been reclassified in order to be consistent with the current year presentation.

***Deferred Outflows and Deferred Inflows*** – In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

***Revenue and Expense Recognition*** – Revenue for services is recognized at the time the service is performed. Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Revenue transactions which are capital, financing, or investing related are reported as non-operating revenues. All expenses related to operating the Airport are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

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

***Recent Accounting Pronouncements*** – In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement also establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Statement 83 is effective for fiscal years beginning after June 15, 2018 and early adoption is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.



In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). Statement 85 is effective for fiscal years beginning after June 15, 2017 and early adoption is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The statement is meant to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement 86 is effective for fiscal years beginning after June 15, 2017 and early adoption is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement is meant to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement 87 is effective for fiscal years beginning after December 15, 2019 and early adoption is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

## NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and cash equivalents are comprised of the following as of June 30 (amounts in thousands):

	2017 Fair Value	2016 Fair Value
<b>Deposits</b>		
Petty Cash	\$ 2	\$ 2
Unrestricted cash in the City's pooled cash account	2,363	8,403
Utah State Treasurer's Investments Pool	1,333,192	328,881
Zion's Bank operating accounts	2,860	3,230
<b>Total</b>	<b>\$ 1,338,417</b>	<b>\$ 340,516</b>

The Airport maintains funds in Salt Lake City Corporation's (City) pooled cash account. The Airport receives from or pays to the City an allocation of interest income or expense based upon its balance in the pooled cash account. Utah State Treasurer's Investment Pool balances reported in the Airport's Statement of Net Position includes a write up of \$6 million to the fair market value. The Airport's share of the State's investment pool is based on the amount invested.

It is the policy of the City to invest public funds in accordance with the principles of sound treasury management and in compliance with state and local laws, regulations, and other policies governing the investment of public funds, specifically, according to the terms and conditions of the Utah State Money Management Act of 1974 and Rules of the State Money Management Council as currently amended and the City's own written investment policy. The City may place Airport money in investments/deposits authorized by the Money Management Act (U.C.A. 51-7-11) (Act). In general these investments may be placed in the Utah State Public Treasurer's Investment Pool (Pool) subject to restrictions specified in the Act. The Utah Money Management Council oversees the Pool and works in close partnership with the Treasurer's Office, The Attorney General's office, the Utah Department of Financial Institutions and the State of Utah's Division of Securities to oversee public deposits and investments to ensure the safety of public funds in Utah.

### ***Deposits***

*Credit Risk* – State law requires that City funds, of which the Airport's funds are part, be deposited with a "qualified depository" as defined by the Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may accept. City policy provides that not more than 25% of total City funds or 25% of the qualified depository's allotment, whichever is less, may be invested in any one qualified depository. Not more than 20% of total City funds may be invested in any one certified out-of-state financial institution.

*Custodial Credit Risk* - At June 30, 2017 and 2016, the Airport had deposits with qualified depositories in accordance with the Act totaling \$2.9 million and \$3.2 million, respectively. Of these amounts, \$250 thousand was covered by federal depository insurance. The remaining balances of \$2.6 million and \$3.0 million, respectively, were uninsured and uncollateralized. The Commissioner of Financial Institutions assigns a public funds allotment to each qualified depository and monitors public funds held monthly. Local government deposits and repurchase agreements up to the allotment are not required by state law to be insured or delivered to the public treasurer. The Airport's deposits do not exceed the public funds allotment.

### ***Investments***

*Credit risk* – The City's investment policies are governed by state statutes. In addition, the City has its own written investment policies. City funds, of which the Airport funds are part, are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories (see definition of qualified depository under "Deposits" above); (2) repurchase agreements with qualified depositories or certified dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are held by a qualified depository; (3) commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poor's, Inc., having a remaining term to maturity of 270 days or less. Commercial paper can be purchased directly from the issuer provided proper delivery and safekeeping procedures are followed with a qualified depository of the City Treasurer's safe-keeping bank or trust company; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of maturity of 270 days or less; (5) negotiable certificates of deposit of \$100k or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury bills, United States Treasury notes, and United States Treasury bonds; (7) obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Bank (FHLMC), Federal Farm Credit Bank, Federal National Mortgage Association(FNMA); and (8) the Utah State Public Treasurer's Investment Pool.

*Investment interest rate risk* – Investment interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City currently has no policy regarding investment interest rate risk. The Utah State Public Treasurer’s Investment Pool is not rated, and the average maturities of those investments are not known.

*Custodial Credit Risk* – A substantial portion of the Airport’s funds were invested in the Utah State Treasurer’s Investment Pool, a pooled investments account that does not qualify for any of the above categories. Oversight of the Utah State Treasurer’s Pool is internally managed by the Utah State Treasury Office, and the Utah Public Treasurer’s Investment Fund was unrated as of June 30, 2017 by any outside agency. The amount invested in the Utah State Treasurer’s Pool has been adjusted to market and reflects the fair market value of the plan assets.

Unspent PFC revenue is invested in accordance with FAA guidelines. In addition, the Airport invested PFC funds in U.S. Agency notes and corporate securities. Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Airport will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Of the \$44.7 million invested by the Airport, the entire amount was held in the Airport’s name by the counterparty and was exposed to custodial credit risk. U.S. Agency notes are guaranteed by the federal government but are uninsured investments.

***Fair Value of Investments***

The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Airport has the following recurring fair value measurements as of June 30, 2017 and 2016;

- U.S. Agency securities of \$11.4 and \$6.9 million are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of \$33.3 and \$38.3 million are valued using quoted market prices (Level 1 inputs)

The table below shows the maturities, quality ratings, and fair value of the Airport’s investments (amounts in thousands).

Debt Securities	Quality Ratings	FY 2017 Fair Value	FY 2016 Fair Value	Maturities (in years)
U.S Agency Notes				
FNMA	AA+/Aaa	\$ 4,320	\$ 753	1-5
FHLMC	AA+/Aaa	7,060	6,188	1-5
U.S Treasury Notes	AA+/Aaa	33,284	38,338	1-5
		\$ 44,664	\$ 45,279	

### NOTE 3 – RESTRICTED OR DESIGNATED CASH AND CASH EQUIVALENTS

Certain cash and cash equivalents are restricted or designated:

- As of June 30, 2017 and 2016, \$163.2 and \$120.3 million respectively, of PFC contributions are restricted for construction projects at the Airport under the PFC program requirements.
- As of June 30, 2017 and 2016, \$3.3 and \$1.8 million, respectively, of CFC contributions are restricted for rental car construction projects at the Airport under the CFC program requirements.
- As of June 30, 2017, \$1 billion of debt proceeds are restricted for the use of construction of the TRP and NCP projects.
- As of June 30, 2017 and 2016, \$17.6 and \$16.3 million, respectively, are restricted for an operation and maintenance reserve fund, and \$5 million for a renewal and replacement reserve fund per the Airport Use Agreement effective July 1, 2014.

### NOTE 4 – CAPITAL ASSETS

The following is a summary of transactions affecting capital assets for the year ended June 30, 2017 (amounts in thousands):

	Total June 30, 2016	Additions	Deletions	Total June 30, 2017
Capital Assets that are not depreciated:				
Land	\$ 99,347	\$ 5,243	\$ -	\$ 104,590
Construction in Progress	219,613	305,399	(102,507)	422,505
Total Capital Assets that are not being depreciated	318,960	310,642	(102,507)	527,095
Capital Assets that are depreciated:				
Buildings	490,623	6,518	(2,144)	494,997
Improvements	787,389	86,887	-	874,276
Equipment	139,679	7,524	(5,890)	141,313
Sub-total	1,417,691	100,929	(8,034)	1,510,586
Less accumulated depreciations:				
Buildings	(289,837)	(24,069)	2,002	(311,904)
Improvements	(473,946)	(30,506)	-	(504,452)
Equipment	(103,636)	(9,089)	5,798	(106,929)
Sub-total	(867,419)	(63,664)	7,800	(923,283)
Total Depreciable Capital Assets, net	550,272	37,265	(233)	587,303
Total Capital Assets, net	\$ 869,232	\$ 347,907	\$ (102,740)	\$ 1,114,398

The following is a summary of transactions affecting capital assets for the year ended June 30, 2016 (amounts in thousands):

	Total June 30, 2015	Additions	Deletions	Total June 30, 2016
Capital Assets that are not depreciated:				
Land	\$ 99,157	\$ 190	\$ -	\$ 99,347
Construction in Progress	185,771	151,015	(117,173)	219,613
Total Capital Assets that are not being depreciated	284,928	151,205	(117,173)	318,960
Capital Assets that are depreciated:				
Buildings	400,833	96,736	(6,946)	490,623
Improvements	777,077	14,448	(4,136)	787,389
Equipment	133,821	7,151	(1,293)	139,679
Sub-total	1,311,731	118,335	(12,375)	1,417,691
Less accumulated depreciations:				
Buildings	(273,307)	(22,958)	6,428	(289,837)
Improvements	(448,244)	(29,736)	4,034	(473,946)
Equipment	(95,765)	(8,964)	1,093	(103,636)
Sub-total	(817,316)	(61,658)	11,555	(867,419)
Total Depreciable Capital Assets, net	494,415	56,677	(820)	550,272
Total Capital Assets, net	\$ 779,343	\$ 207,882	\$ (117,993)	\$ 869,232

#### **NOTE 5 – LIMITED OBLIGATION SPECIAL FACILITY REVENUE BONDS**

Delta Air Lines, Inc. (Delta) issued Limited Obligation Special Facility Revenue Bonds (Special Bonds), series 2000, to finance the acquisition and construction of the Delta hangar, marketing, reservation and training center (Delta Facilities) at the Airport. The outstanding balance of the Special Bonds as of June 30, 2017 and 2016 was \$23.5 million. The Special Bonds are limited obligations of the City and are considered conduit debt, and as such, do not constitute a debt of or a pledge of revenues of the City or the Airport, other than the rental revenues received on the Delta Facilities. As the Airport's assignee, Delta is absolutely and unconditionally obligated under the lease agreement, dated June 1, 1987, between the Airport and Delta, to make all principal and interest payments to the Special Bonds' trustee.

#### **NOTE 6 – COMMITMENTS AND CONTINGENCIES**

At June 30, 2017, the Airport was committed to contractors and vendors for approximately \$1.2 billion in conjunction with Airport construction programs.

The Airport receives significant financial assistance from the U.S. Government in the form of contracts and grants. Entitlement to these resources is generally contingent upon compliance with terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal grants and contracts are subject to a financial and compliance audit under federal regulations. Disallowance as a result of compliance audits becomes a liability of the Airport. In the opinion of management, the potential for a material liability because of future audit disallowance is remote.

There are various suits and claims pending against the Airport from third parties. In the opinion of legal counsel for the Airport and Airport management, these are not likely to have a material adverse impact on the Airport's financial statements.

#### **NOTE 7 – PENSION PLANS**

*Plan Description* – Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System);
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employees retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011 who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

Systems issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits provided: Systems provides retirement, disability, and death benefits. Retirement benefits are as follows:

## Summary of Benefits by System

System	Final Average Salary	benefit	Years of service required and/or age eligible for per year of service	Benefit percentage COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years age 60 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

*Contributions* – As a condition of participation in Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions rates as of June 30, 2017 are as follows:

## Utah Retirement Systems

	<b>Employee Paid</b>	<b>Paid by Employer for Employee</b>	<b>Employer Contribution Rate</b>	<b>Employer rate for 401 (k) Plan</b>
<b>Contributory System</b>				
11 Local Government Div - Tier 1	6.00	N/A	14.46	N/A
111 Local Government Div - Tier 2	N/A	N/A	14.91	1.78
<b>Noncontributory System</b>				
15 Local Government Div - Tier 1	N/A	N/A	18.47	N/A
<b>Public Safety System</b>				
<b>Contributory</b>				
122 Tier 2 Defined Benefit Hybrid Public Safety	N/A	N/A	34.92	1.33
<b>Noncontributory</b>				
44 Salt Lake City with 2.5% COLA	N/A	N/A	46.67	N/A
<b>Tier 2 DC Only</b>				
211 Local Government	N/A	N/A	6.69	10.00
222 Public Safety	N/A	N/A	24.25	12.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows (amounts in thousands):

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 3,851	N/A
Contributory System	105	-
Public Safety System	1,404	-
Tier 2 Public Employees System	765	-
Tier 2 Public Safety and Firefighter	245	-
Tier 2 Defined Contribution Only System	116	N/A
Tier 2 Defined Contribution Public Safety and Firefighter System	32	N/A
<b>Total Contributions</b>	<b>\$ 6,518</b>	<b>-</b>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.



## Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2017 and 2016, the Airport reported a net pension asset of \$9 thousand and \$12 thousand, respectively, and a net pension liability of \$27.4 million and \$25.5 million, respectively. The following table shows the net pension asset and liability:

(Amounts in thousands)	(Measurement date December 31, 2016)		
	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	2.65%	\$ -	\$ 17,029
Contributory System	3.39%	-	1,113
Public Safety System	10.04%	-	9,205
Tier 2 Public Employees System	0.68%	-	76
Tier 2 Public Safety and Firefighter System	0.99%	9	-
		<u>\$ 9</u>	<u>\$ 27,423</u>

(Amounts in thousands)	(Measurement date December 31, 2015)		
	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	2.58%	\$ -	\$ 14,586
Contributory System	2.10%	-	1,478
Public Safety System	11.05%	-	9,402
Tier 2 Public Employees System	0.69%	2	-
Tier 2 Public Safety and Firefighter System	0.70%	10	-
		<u>\$ 12</u>	<u>\$ 25,464</u>

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the years ended June 30, 2017 and 2016, the Airport recognized pension expense of \$7.7 million and \$5.4 million, respectively.

At June 30, 2017 and 2016, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	December 31, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 678	\$ 570
Changes in assumptions	3,176	676
Net difference between projected and actual earnings on pension plan investment	5,202	1,521
Changes in proportion and differences between contributions and proportionate share of contributions	119	-
Contributions subsequent to measurement	2,773	-
	<u>\$ 11,948</u>	<u>\$ 2,767</u>

(Amounts in thousands)	December 31, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 170	\$ 856
Changes in assumptions	-	1,081
Net difference between projected and actual earnings on pension plan invest.	6,669	-
Changes in proportion and differences between contributions and proportionate share of contributions	83	-
Contributions subsequent to measurement	3,259	-
	<b>\$ 10,181</b>	<b>\$ 1,937</b>

Subsequent to the measurement date of December 31, 2016, \$2.8 million is reported as deferred outflows of resources related to pensions resulting from contributions by the Airport prior to its fiscal year end. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2017	2,095
2018	2,342
2019	2,158
2020	(310)
2021	96
Thereafter	26

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.35 – 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expenses, including inflation.

Mortality rates were developed from actual experience and mortality tables, based on gender occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
<b>Totals</b>	<b>100%</b>		<b>5.23%</b>
	Inflation		2.60%
	Expected Arithmetic Nominal Return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, and a real return of 4.60% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.20 %. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate (amounts in thousands):

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 35,274	\$ 17,029	\$ 1,806
Contributory System	2,679	1,113	(206)
Public Safety System	13,896	9,206	5,343
Tier 2 Public Employees System	516	76	(259)
Tier 2 Public Safety and Firefighter System	60	(9)	(61)
<b>Total</b>	<b>\$ 52,425</b>	<b>\$ 27,415</b>	<b>\$ 6,623</b>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

## Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The Airport participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- \*401(k) Plan
- \*457(b) Plan
- \*Roth IRA Plan
- \*Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the fiscal year ended June 30 were as follows (amounts in thousands):

	2017	2016	2015
<b>401(k) Plan</b>			
Employer Contributions	\$ 337	\$ 286	\$ 237
Employee Contributions	616	622	620
<b>457 Plan</b>			
Employer Contributions	1	-	-
Employee Contributions	277	253	253
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	109	81	63
<b>Traditional IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3	\$ 4	\$ 3

## NOTE 8 – BONDS PAYABLE

Changes in long-term debt for the year ended June 30, 2017 were as follows (amounts in thousands):

	2017			
	July 1, 2016	Additions	Retirements	June 30, 2017
General Airport Revenue Bonds				
2017A and 2017B	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Unamortized net premiums	-	126,481	1,669	124,812
Total bond debt	\$ -	\$ 1,126,481	\$ 1,669	\$ 1,124,812

The General Airport Revenue Bonds are not general obligations of the City, but are limited obligations of the Airport payable solely from and secured by a pledge of the Airport system's net revenues. Neither the full faith and credit nor the taxing power of Salt Lake City is pledged to the payment of the General Airport Revenue Bonds.

The maturity dates, interest rates, and principal amounts outstanding as of June 30, 2017 are as follows (amounts in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding	
			2017	2016
General Airport Revenue Bonds				
Series 2017A	Annually July 1, 2021-2047	5%	\$ 826,210	\$ -
Series 2017B	Annually July 1, 2021-2047	5%	173,790	-
Total revenue bonds			1,000,000	-
Net unamortized premiums			124,812	
Total bonds payable noncurrent			\$ 1,124,812	\$ -

The Airport term bonds are subject to certain optional redemption provisions. In addition the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

Bond debt service requirements of the Airport for bonds payable to maturity as of June 30, 2017 are as follows (amounts in thousands):

	Principal	Interest
<b>Year:</b>		
2018	\$ -	\$ 42,778
2019	-	50,000
2020	-	50,000
2021	-	50,000
2022	1,140	49,972
2023 - 2027	56,975	242,775
2028 - 2032	143,595	218,484
2033- 2037	186,465	177,173
2038- 2042	237,970	124,369
2043- 2047	303,705	56,981
2048	70,150	1,754
<b>Total</b>	<b>\$ 1,000,000</b>	<b>\$ 1,064,285</b>

On February 23, 2017 the Airport issued \$826,210,000 of Series 2017A (AMT), and \$173,790,000 of Series 2017B (Non-AMT) bonds. The proceeds of the bonds are being used to finance portions of the Terminal Redevelopment Program and the North Concourse Program.

## NOTE 9 – OPERATING REVENUES

Airport operating revenues consist primarily of airline revenues, concession, and other rental revenues from parties who lease Airport facilities. Airport operating revenues consist of the following for the year ended June 30 (amounts in thousands):

	2017		2016	
	Amount	Percent of Total	Amount	Percent of Total
Airline revenues	\$ 66,639	43.0%	\$ 62,454	44.3%
Less: Airline revenue sharing	(12,169)	-7.9%	(10,941)	-7.8%
Concession and other rental revenues	97,353	62.9%	86,724	61.5%
State aviation fuel tax	2,983	1.9%	2,796	2.0%
<b>Total operating revenues</b>	<b>\$ 154,806</b>	<b>100.0%</b>	<b>\$ 141,033</b>	<b>100.0%</b>

Airline revenues consist of the following for the years ended June 30 (amounts in thousands):

	2017	2016
Terminal space rentals	\$ 29,775	\$ 28,500
Landing fees	30,020	27,023
Aircraft remain overnight fees	378	258
Support buildings	4,311	4,314
Fuel farm	528	528
Passenger boarding bridge fees	1,627	1,831
<b>Total</b>	<b>\$ 66,639</b>	<b>\$ 62,454</b>

Charges from terminal space rentals and landing fees for most airlines are determined by the Airport Use Agreement (AUA) that permits the Airport to recover the airlines' share of the operating costs of the terminal and airfield as defined in the agreement. The current AUA was signed effective July 1, 2014 and the agreement terminates on June 30, 2024. Under the current Airport Use Agreement, terminal rent calculations are made on a compensatory basis, recovering the direct and indirect operating and capital costs allocated to the occupied terminal facilities. Landing fee calculations are residual based, recovering the net cost of the airfield facilities after credits for non-signatory and nonairline revenue. Revenue sharing is available to signatory airlines under the AUA. The Airport provides revenue sharing of one dollar (\$1) per enplaned passenger, not to exceed 30% of net remaining operating revenue.

The Airport has entered into several operating lease agreements with parties who lease Airport facilities (primarily car rental agencies, auto parking facility operators, and concessionaires). The Airport received the following rental revenues for the year ended June 30 (amounts in thousands):

	2017	2016
Car rental agencies	\$ 27,186	\$ 22,142
Auto parking facilities	34,297	33,409
Other airport facilities	35,870	31,172
<b>Total</b>	<b>\$ 97,353</b>	<b>\$ 86,724</b>

Minimum future rentals to be received on these non-cancelable leases as of June 30, for each of the next five years and for five-year increments thereafter are as follows (amounts in thousands):

**Year Ending June 30:**

2018	\$	46,452
2019		42,626
2020		37,201
2021		36,763
2022		34,330
2023-2027		101,850
2028-2032		8,098
2033-2037		3,967
2038-2042		2,614
Thereafter		458
<b>Total</b>	<b>\$</b>	<b>314,359</b>

**NOTE 10 – LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity for the year ended June 30, 2017 was as follows (amounts in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Accrued compensation	\$ 6,083	\$ 3,866	\$ (3,512)	\$ 6,437	\$ 2,647
Net pension liability	25,465	1,959	-	27,424	-
Other long-term liabilities	4,106	10,737	(5,765)	9,078	5,765
<b>Total long-term liabilities</b>	<b>\$ 35,654</b>	<b>\$ 16,562</b>	<b>\$ (9,277)</b>	<b>\$ 42,939</b>	<b>\$ 8,412</b>

Long-term liability activity for the year ended June 30, 2016 was as follows (amounts in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Accrued compensation	\$ 5,766	\$ 3,671	\$ (3,354)	\$ 6,083	\$ 2,454
Net OPEB obligation	236	-	(236)	-	-
Net pension liability	20,232	5,233	-	25,465	-
Other long-term liabilities	2,433	3,734	(2,061)	4,106	2,061
<b>Total long-term liabilities</b>	<b>\$ 28,667</b>	<b>\$ 12,638</b>	<b>\$ (5,651)</b>	<b>\$ 35,654</b>	<b>\$ 4,515</b>

#### **NOTE 11 – INTRA-GOVERNMENTAL CHARGES**

Operating expenses include certain costs and expenses charged to the Airport by other funds of the City. These charges did not exceed the cost of the services provided and are as follows for the year ended June 30 (amounts in thousands):

	<b>2017</b>		<b>2016</b>
General and administrative charges	\$ 2,651	\$	2,446
Aircraft rescue and fire fighting services	4,596		4,597
<b>Total</b>	<b>\$ 7,247</b>	<b>\$</b>	<b>7,043</b>

#### **NOTE 12 – MAJOR CUSTOMER**

The Airport received approximately \$31.4 million (20.4%) of its operating revenue during 2017 and \$29.9 million (21.2%) during 2016 from rentals and services provided to one airline.



# REQUIRED SUPPLEMENTAL SCHEDULES



**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Schedule of Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Utah Retirement Systems**  
**December 31, 2016**  
**Last 10 Fiscal Years \***  
**(Amounts in Thousands)**

<b>Noncontributory System</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability	2.65%	2.58%	2.53%
Proportionate share of the net pension liability	\$ 17,029	\$ 14,586	\$ 10,985
Covered payroll	22,028	21,247	21,137
Proportionate share of the net pension liability as a percentage of its covered payroll	77.3%	68.6%	52.0%
Plan fiduciary net position as a percentage of its covered payroll	87.3%	90.2%	90.2%
<b>Contributory Retirement System</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability	3.39%	2.1%	2.62%
Proportionate share of the net pension liability	\$ 1,113	\$ 1,478	\$ 757
Covered payroll	814	896	1,405
Proportionate share of the net pension liability as a percentage of its covered payroll	136.7%	165.0%	53.9%
Plan fiduciary net position as a percentage of its covered payroll	92.9%	94.0%	94.0%
<b>Public Safety System</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability	10.04%	11.05%	11.65%
Proportionate share of the net pension liability	\$ 9,205	\$ 9,402	\$ 8,490
Covered payroll	3,121	3,158	3,292
Proportionate share of the net pension liability as a percentage of its covered payroll	294.9%	297.8%	257.9%
Plan fiduciary net position as a percentage of its covered payroll	74.0%	76.7%	76.7%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the three years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Schedule of Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Utah Retirement Systems**  
**December 31, 2016**  
**Last 10 Fiscal Years \***  
**(Amounts in Thousands)**

<b>Tier 2 Public Employees System</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset)	0.68%	0.69%	0.80%
Proportionate share of the net pension liability (asset)	\$ 76	\$ (2)	\$ (24)
Covered payroll	5,571	4,452	3,909
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of its covered payroll	95.1%	103.5%	103.5%
<b>Tier 2 Public Safety and Firefighter System</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset)	0.99%	0.7%	1.0%
Proportionate share of the net pension liability (asset)	\$ (9)	\$ (10)	\$ (15)
Covered payroll	815	419	431
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.1%	-2.5%	-3.6%
Plan fiduciary net position as a percentage of its covered payroll	103.6%	120.5%	120.5%

\*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the three years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Schedule of Required Supplementary Information**  
**Schedule of Contributions**  
**June 30, 2017**  
**Last 10 Fiscal Years \***  
**(Amounts in Thousands)**

<b>Noncontributory System</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 3,883	\$ 3,867	\$ 4,073
Contributions in relation to the contractually required contribution	(3,883)	(3,867)	(4,073)
Contribution deficiency	-	-	-
Covered payroll	22,395	22,735	21,046
Contributions as a percentage of covered payroll	17.3%	17.8%	19.4%
<b>Contributory Retirement System</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 121	\$ 116	\$ 186
Contributions in relation to the contractually required contribution	(121)	(116)	(186)
Contribution deficiency	-	-	-
Covered payroll	827	958	1,399
Contributions as a percentage of covered payroll	14.7%	12.5%	13.3%
<b>Public Safety System</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 1,376	\$ 1,477	\$ 1,574
Contributions in relation to the contractually required contribution	(1,376)	(1,477)	(1,574)
Contribution deficiency	-	-	-
Covered payroll	3,173	3,379	3,277
Contributions as a percentage of covered payroll	43.4%	45.1%	48.0%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the three years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Schedule of Required Supplementary Information**  
**Schedule of Contributions**  
**June 30, 2017**  
**Last 10 Fiscal Years \*\***  
**(Amounts in Thousands)**

<b>Tier 2 Public Employee System*</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 543	\$ 671	\$ 369
Contributions in relation to the contractually required contribution	(543)	(671)	(369)
Contribution deficiency	-	-	-
Covered payroll	5,004	4,763	3,892
Contributions as a percentage of covered payroll	10.9%	13.5%	9.5%
<b>Tier 2 Public Safety and Firefighter System*</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 126	\$ 139	\$ 54
Contributions in relation to the contractually required contribution	(126)	(139)	(54)
Contribution deficiency	-	-	-
Covered payroll	732	448	429
Contributions as a percentage of covered payroll	17.2%	24.1%	12.7%
<b>Tier 2 Public Employees DC Only System*</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 72	\$ 94	\$ -
Contributions in relation to the contractually required contribution	(72)	(94)	-
Contribution deficiency	-	-	-
Covered payroll	97	4,763	-
Contributions as a percentage of covered payroll	74.1%	13.5%	0.0%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011

\*\*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the three years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**(An Enterprise Fund of Salt Lake City Corporation)**  
**Schedule of Required Supplementary Information**  
**Schedule of Contributions**  
**June 30, 2017**  
**Last 10 Fiscal Years \*\***  
**(Amounts in Thousands)**

<b>Tier 2 Public Safety and Firefighter DC Only System*</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarial determined contributions	\$ 17	\$ 21	\$ -
Contributions in relation to the contractually required contribution	(17)	(21)	-
Contribution deficiency	-	-	-
Covered payroll	97	448	-
Contributions as a percentage of covered payroll	17.2%	24.1%	0.0%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011

\*\*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the three years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Notes to Required Supplementary Information**  
**For Fiscal Year Ended June 30, 2017**

*Changes in Assumptions:*

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

# STATISTICAL SECTION (Unaudited)





**STATISTICAL SECTION**  
(Unaudited)

This part of the Salt Lake City Department of Airport’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information states about the Airport’s overall financial health.

<b><u>Contents</u></b>	<b><u>Schedules</u></b>
<b>Financial Trends</b> This schedule contains trend information to help the reader understand how the Airport’s financial performance and well-being have changed over time.	<b>S2-S6</b>
<b>Debt Capacity</b> This schedule presents information to help the reader assess the affordability of the Airport’s current levels of outstanding debt and the compliance with minimum debt ratios.	<b>S7</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Airport’s financial activities take place.	<b>S8-S12</b>
<b>Insurance</b> This schedule contains the various insurance policies and their terms to help the reader understand the insurance coverage of the Airport.	<b>S13</b>
<b>Operating Information</b> These schedules provide contextual information about the Airport’s operations and resources to help readers use financial statement information to understand and assess the Airport’s economic condition.	<b>S14-S25</b>

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**SUMMARY OF CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Net Position</b>										
Invested in capital assets - net of debt	\$ 761,198	\$ 869,233	\$ 779,343	\$ 707,112	\$ 670,459	\$ 682,910	\$ 696,643	\$ 702,602	\$ 706,411	\$ 706,206
Restricted										
Capital Projects	189,115	143,297	196,439	179,263	132,827	95,738	50,546	7,468	1,525	706
Debt Service	240,783	-	-	-	-	-	-	-	-	-
Unrestricted	<u>96,713</u>	<u>209,704</u>	<u>182,199</u>	<u>223,294*</u>	<u>251,418*</u>	<u>223,977*</u>	<u>207,225*</u>	<u>206,562*</u>	<u>180,211*</u>	<u>153,547*</u>
<b>Total Net Position</b>	<u>\$ 1,287,809</u>	<u>\$ 1,222,234</u>	<u>\$ 1,157,981</u>	<u>\$ 1,109,669</u>	<u>\$ 1,054,704</u>	<u>\$ 1,002,625</u>	<u>\$ 954,415</u>	<u>\$ 916,632</u>	<u>\$ 888,147</u>	<u>\$ 860,460</u>

\* Balance has not been restated for GASB 68

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

<i>For the twelve month period ended June 30,</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Operating Revenues</b>					
Airline Revenue	\$ 66,639	\$ 62,454	\$ 59,420	\$ 58,910	\$ 58,213
Terminal Concessions	18,120	16,637	16,016	15,154	14,037
Landside Concessions	64,408	57,986	52,550	49,199	48,255
Lease Revenue	6,927	6,185	6,093	6,180	5,834
General Aviation	2,334	1,785	1,691	1,662	1,580
State Aviation Tax	2,983	2,796	2,545	2,343	2,321
Other	5,564	4,131	3,894	3,841	3,629
Operating revenues	166,975	151,974	142,209	137,289	133,869
Less: Airline revenue sharing	(12,169)	(10,941)	(9,939)	(10,290)	(10,014)
Total operating revenues	154,806	141,033	132,270	126,999	123,855
<b>Operating Expenses</b>					
Salaries & Benefits	49,350	45,096	33,880	44,916	42,348
Materials & Supplies	11,725	10,940	9,486	10,755	11,118
Maintenance contracts	8,399	8,202	7,827	7,778	9,473
Charges and Services	13,730	10,484	8,571	9,125	9,685
Utilities	6,317	6,539	6,679	6,580	6,479
Inter-Governmental	6,339	6,043	5,783	5,589	5,425
Other	3,599	2,761	3,983	2,872	2,942
Total operating expenses before depreciation	99,459	90,065	76,209	87,615	87,470
<b>Operating Income Before Depreciation</b>	55,347	50,968	56,061	39,384	36,385
<b>Depreciation</b>	63,665	61,657	59,995	59,027	57,127
<b>Operating Loss</b>	(8,318)	(10,689)	(3,934)	(19,643)	(20,742)
<b>Non-operating Revenues (Expenses)</b>					
Passenger Facility Charges	45,750	42,804	40,976	38,437	37,535
Customer Facility Charges	16,157	15,613	15,607	14,849	14,309
Net Bond interest expense	(14,480)	-	-	-	-
Bond issuance costs	(3,454)	-	-	-	-
Loss on disposition of property and equipment	(26)	(488)	(551)	(125)	(1,947)
Interest	8,006	2,783	1,789	1,964	1,814
Increase (decrease) in the fair value of investments	4,146	-	275	1,566	(1,448)
Net non-operating revenue (expense)	56,099	60,712	58,096	56,691	50,263
<b>Capital Contributions</b>	17,794	14,230	15,148	17,916	22,559
<b>Net Position</b>					
Increase in Net Position	65,575	64,253	69,310	54,964	52,080
Net Position, Beginning of Period	1,222,234	1,157,981	1,088,671	1,054,705*	1,002,625*
Net Position, End of Period	\$ 1,287,809	\$ 1,222,234	\$ 1,157,981	\$ 1,109,669	\$ 1,054,705

Source: Salt Lake City Department of Airports Audited Financial Statements

\*Balance has not been restated for GASB 68.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Continued Last Ten Fiscal Years**

<i>For the twelve month period ended June 30,</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>(Amounts in Thousands)</b>					
<b>Operating Revenues</b>					
Airline Revenue	\$ 57,769	\$ 56,920	\$ 43,039	\$ 42,521	\$ 43,337
Terminal Concessions	11,110	11,931	12,315	12,368	13,707
Landside Concessions	45,218	42,653	39,180	40,706	42,019
Lease Revenue	5,620	4,312	4,866	4,890	4,196
General Aviation	1,611	1,626	1,489	1,531	1,509
State Aviation Tax	2,419	2,479	2,824	2,337	2,521
Other	3,721	3,741	3,785	3,888	3,436
<b>Operating revenues</b>	<b>127,468</b>	<b>123,662</b>	<b>107,498</b>	<b>108,241</b>	<b>110,725</b>
Less: Airline revenue sharing	(10,008)	(10,285)	-	-	-
<b>Total operating revenues</b>	<b>117,460</b>	<b>113,377</b>	<b>107,498</b>	<b>108,241</b>	<b>110,725</b>
<b>Operating Expenses</b>					
Salaries & Benefits	41,345	40,662	41,330	41,068	38,349
Materials & Supplies	8,999	9,376	7,692	8,405	8,375
Maintenance contracts	9,006	9,253	8,717	8,505	8,104
Charges and Services	11,002	10,208	8,795	9,257	9,138
Utilities	5,978	5,779	5,242	4,974	5,108
Inter-Governmental	5,343	5,063	4,834	5,117	5,207
Other	2,886	3,776	3,401	3,276	2,821
<b>Total operating expenses before depreciation</b>	<b>84,559</b>	<b>84,117</b>	<b>80,011</b>	<b>80,602</b>	<b>77,102</b>
<b>Operating Income Before Depreciation</b>	<b>32,901</b>	<b>29,260</b>	<b>27,487</b>	<b>27,639</b>	<b>33,623</b>
<b>Depreciation</b>	<b>49,803</b>	<b>50,438</b>	<b>49,577</b>	<b>49,235</b>	<b>48,343</b>
<b>Operating Loss</b>	<b>(16,902)</b>	<b>(21,178)</b>	<b>(22,090)</b>	<b>(21,596)</b>	<b>(14,720)</b>
<b>Non-operating Revenues (Expenses)</b>					
Passenger Facility Charges	37,190	38,485	37,559	36,323	40,061
Customer Facility Charges	11,204	-	-	-	-
Net Bond interest expense	-	-	-	-	(7,851)
Loss on disposition of property and equipment	(17)	(767)	(4,856)	(130)	(1,327)
Interest	1,819	1,903	1,723	3,665	7,464
Increase in the fair value of investments	127	-	-	-	-
<b>Net non-operating revenue (expense)</b>	<b>50,323</b>	<b>39,621</b>	<b>34,426</b>	<b>39,858</b>	<b>38,347</b>
<b>Capital Contributions</b>	<b>14,789</b>	<b>19,340</b>	<b>16,149</b>	<b>9,425</b>	<b>8,208</b>
<b>Net Position</b>					
Increase in Net Position	48,210	37,783	28,485	27,687	31,834
Net Position, Beginning of Period	954,415*	916,632*	888,147*	860,460*	828,626*
<b>Net Position, End of Period</b>	<b>\$ 1,002,625</b>	<b>\$ 954,415</b>	<b>\$ 916,632</b>	<b>\$ 888,147</b>	<b>\$ 860,460</b>

Source: Salt Lake City Department of Airports Audited Financial Statements

\*Balance has not been restated for GASB 68.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**CASH FLOW TREND**

**Last Ten Fiscal Years  
(Amounts in Thousands)**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Operating Activities</b>					
Cash received from providing services	\$ 156,314	\$ 145,959	\$ 139,279	\$ 135,719	\$ 129,243
Cash paid for services by Salt Lake City	(7,247)	(7,043)	(6,978)	(7,060)	(7,031)
Cash paid to suppliers	(37,228)	(39,744)	(35,717)	(39,568)	(40,753)
Cash paid to employees	(48,872)	(46,776)	(45,398)	(43,763)	(42,180)
<b>Net cash from operating activities</b>	<b>62,967</b>	<b>52,396</b>	<b>51,186</b>	<b>45,328</b>	<b>39,279</b>
<b>Cash Flows from Investing Activities</b>					
Interest received on investments/Paid for investments	6,677	1,647	11,787	13,385	(45,951)
<b>Net cash from investing activities</b>	<b>6,677</b>	<b>1,647</b>	<b>11,787</b>	<b>13,385</b>	<b>(45,951)</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>					
Cash overdraft with City pooled cash account	-	(10,043)	10,043	-	-
<b>Net cash from noncapital and related financing activities</b>	<b>-</b>	<b>(10,043)</b>	<b>10,043</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of capital equipment	(6,861)	(7,185)	(3,905)	(2,546)	(2,367)
Payments for acquisition and construction of capital assets	(271,753)	(146,841)	(126,880)	(68,077)	(43,333)
Proceeds from issuance of revenue bonds payable	1,124,493	-	-	-	-
Bond issuance costs	(1,391)	-	-	-	-
Passenger Facility Charges	44,932	42,454	40,955	39,096	37,097
Customer Facility Charges	16,129	15,850	15,673	15,563	14,572
Proceeds from sale of property	208	333	134	29	204
Airport improvement grants	22,500	15,902	9,938	25,206	18,150
<b>Net cash from capital and related financing activities</b>	<b>928,257</b>	<b>(79,487)</b>	<b>(64,084)</b>	<b>9,271</b>	<b>24,323</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>997,901</b>	<b>(35,487)</b>	<b>8,932</b>	<b>67,984</b>	<b>17,651</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>340,516</b>	<b>376,003</b>	<b>367,071</b>	<b>299,087</b>	<b>281,436</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 1,338,417</b>	<b>\$ 340,516</b>	<b>\$ 376,003</b>	<b>\$ 367,071</b>	<b>\$ 299,087</b>

Source: Salt Lake City Department of Airports Audited Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**CASH FLOW TREND**  
**Continued Last Ten Fiscal Years**  
**(Amounts in Thousands)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Cash Flows from Operating Activities</b>					
Cash received from providing services	\$ 112,979	\$ 113,613	\$ 107,586	\$ 110,946	\$ 111,482
Cash paid for services by Salt Lake City	(7,133)	(7,630)	(7,203)	(7,087)	(6,750)
Cash paid to suppliers	(40,583)	(35,003)	(31,178)	(33,508)	(32,074)
Cash paid to employees	(40,340)	(40,762)	(41,731)	(41,698)	(38,447)
<b>Net cash from operating activities</b>	<b>24,923</b>	<b>30,217</b>	<b>27,474</b>	<b>28,653</b>	<b>34,212</b>
<b>Cash Flows from Investing Activities</b>					
Interest received on investments/Paid for investments	29,420	(43,761)	1,723	3,249	7,464
<b>Net cash from investing activities</b>	<b>29,420</b>	<b>(43,761)</b>	<b>1,723</b>	<b>3,249</b>	<b>7,464</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of capital equipment	(2,212)	(4,590)	(6,910)	(11,516)	(4,584)
Payments for acquisition and construction of capital assets	(30,795)	(43,568)	(39,181)	(37,715)	(75,972)
Payments for prior year accrued non-operating rebates	-	-	-	-	(2,798)
Principal payments made on bonds	-	-	-	-	(52,150)
Interest paid on bonds	-	-	-	-	(1,932)
Passenger Facility Charges	37,356	38,562	37,485	36,203	41,034
Proceeds from sale of property	210	242	551	198	616
Airport improvement grants	11,000	22,001	13,338	10,428	12,431
<b>Net cash from capital and related financing activities</b>	<b>25,603</b>	<b>12,647</b>	<b>5,283</b>	<b>(2,401)</b>	<b>(83,354)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>79,946</b>	<b>(897)</b>	<b>34,480</b>	<b>29,501</b>	<b>(41,679)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>201,490</b>	<b>202,387</b>	<b>167,907</b>	<b>138,406</b>	<b>180,084</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 281,436</b>	<b>\$ 201,490</b>	<b>\$ 202,387</b>	<b>\$ 167,907</b>	<b>\$ 138,406</b>

Source: Salt Lake City Department of Airports Audited Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**Ratios of Outstanding Debt  
As of June 30  
(Amounts in Thousands)**

**Ratio of Bond Debt Service to Total Operating Expenses**

<b>General Revenue bonds</b>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	17,778	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>\$ 17,778</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total Operating Expenses	\$ 155,731	\$ 90,065	\$ 76,209	\$ 87,615	\$ 87,471	\$ 84,559	\$ 84,117	\$ 80,011	\$ 80,602	\$ 77,102
<b>Ratio of Bond Debt Service to Total Operating Expenses</b>	<b>11.4%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

**Debt Service per Enplaned Passenger**

Total Debt Service	\$ 17,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Enplaned passengers	11,850	11,293	10,834	10,295	10,044	10,125	10,429	10,259	9,994	10,933
<b>Debt Service per Enplaned Passenger</b>	<b>\$ 1.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Total Outstanding Debt per Enplaned Passenger**

Outstanding debt										
2017A series	\$ 925,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017B series	199,314	-	-	-	-	-	-	-	-	-
<b>Total Outstanding debt</b>	<b>\$ 1,124,812</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Enplaned Passengers	11,850	11,293	10,834	10,295	10,044	10,125	10,429	10,259	9,994	10,933
<b>Outstanding Debt per Enplaned Passenger</b>	<b>\$ 94.92</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: Salt Lake City Department of Airports audited financial statements and statistics reports

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Salt Lake City, Utah Population (1)</b>	<b>Personal Income (amounts expressed in thousands) (2)</b>	<b>Per Capita Personal Income (2)(4)</b>	<b>Number of residents 18 years and older (1)</b>	<b>Unemployment Rate (3)</b>
2017	193,744	\$ unavailable	\$ unavailable	unavailable	3.5%
2016	192,672	5,477,280	23,850	160,159	3.9%
2015	190,884	5,688,916	29,803	148,684	3.7%
2014	191,180	5,939,007	31,065	148,165	4.2%
2013	189,314	5,192,883	27,430	147,718	5.0%
2012	188,010	4,914,957	26,142	147,172	6.0%
2011	186,440	4,142,137	22,217	144,406	7.6%
2010	183,102	4,967,557	27,130	140,959	7.1%
2009	180,772	4,822,455	26,677	140,130	5.4%
2008	178,810	4,384,242	24,519	138,773	3.4%

Sources:

- (1) U.S. Census Bureau Projections
- (2) Utah State Tax Commission
- (3) U.S. Department of Labor; State of Utah Workforce Services
- (4) U.S. Census Bureau Median Household Income



**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**Utah Principal Employers  
Last Ten Fiscal Years**

**June 30, 2017**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Granite School District	10,000	7	6.58%
Smith's Food and Drug Centers	10,000	8	6.58%
Utah State University	10,000	9	6.58%
Davis County School District	7,000	10	4.61%
<b>Total Employees of Principal Employers</b>	<b>152,000</b>		<b>100.0%</b>

**June 30, 2016**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Granite School District	10,000	7	6.58%
Davis County School District	7,000	8	4.61%
Utah State University	10,000	9	6.58%
Smith's Food and Drug Centers	10,000	10	6.56%
<b>Total Employees of Principal Employers</b>	<b>152,000</b>		<b>100.00%</b>

**June 30, 2015**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Granite School District	10,000	7	6.58%
Jordan School District	10,000	8	6.58%
Utah State University	10,000	9	6.58%
Davis County School District	7,000	10	4.59%
<b>Total Employees of Principal Employers</b>	<b>152,000</b>		<b>100.00%</b>

**June 30, 2014**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Davis County School District	10,000	7	6.58%
Granite School District	10,000	8	6.58%
Utah State University	10,000	9	6.58%
Smith's Food and Drug	7,000	10	4.59%
<b>Total Employees of Principal Employers</b>	<b>152,000</b>		<b>100.00%</b>

**June 30, 2013**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	13.16%
State of Utah	20,000	2	13.16%
University of Utah (Including Hospital)	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Davis County School District	10,000	7	6.58%
Granite School District	10,000	8	6.58%
U.S. Department of Treasury	10,000	9	6.58%
Smith's Food and Drug	7,000	10	4.59%
<b>Total Employees of Principal Employers</b>	<b>152,000</b>		<b>100.00%</b>

Source: Workforce Services - based on yearly averages  
Information from the City's Business Licensing Division

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Utah Principal Employers**  
**Continued Last Ten Fiscal Years**

**June 30, 2012**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	15.87%
University of Utah	20,000	2	15.87%
State of Utah	20,000	3	15.87%
Brigham Young University	15,000	4	11.90%
Walmart	15,000	5	11.90%
Hill Air Force Base	10,000	6	7.94%
Granite School District	7,000	7	5.56%
Utah State University	7,000	8	5.56%
Davis County School District	7,000	9	5.56%
Smith's Food and Drug	5,000	10	3.97%
<b>Total Employees of Principal Employers</b>	<b>126,000</b>		<b>100.00%</b>

**June 30, 2011**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	15.87%
University of Utah	20,000	2	15.87%
State of Utah	20,000	3	15.87%
Brigham Young University	15,000	4	11.90%
Walmart	15,000	5	11.90%
Hill Air Force Base	10,000	6	7.94%
Granite School District	7,000	7	5.56%
Utah State University	7,000	8	5.56%
Davis County School District	7,000	9	5.56%
Alpine School District	5,000	10	3.97%
<b>Total Employees of Principal Employers</b>	<b>126,000</b>		<b>100.00%</b>

**June 30, 2010**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
University of Utah	15,000	1	29.53%
State of Utah	9,000	2	17.72%
Intermountain Health Care	7,000	3	13.78%
Salt Lake City School District	5,000	4	9.84%
L3 Communication Systems West	3,200	5	6.30%
Salt Lake City Corporation	2,800	6	5.51%
U.S. Post Office	2,600	7	5.12%
Skywest Airlines	2,400	8	4.72%
ARUP	2,300	9	4.53%
O.C. Tanner	1,500	10	2.95%
<b>Total Employees of Principal Employers</b>	<b>50,800</b>		<b>100.00%</b>

**June 30, 2009**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
University of Utah	15,000	1	30.49%
State of Utah	9,000	2	18.29%
Intermountain Health Care	7,000	3	14.23%
L3 Communications Systems West	3,200	4	6.50%
Salt Lake City School District	3,300	5	6.71%
Salt Lake City Corporation	2,900	6	5.89%
U.S. Post Office	2,600	7	5.28%
Skywest Airlines	2,400	8	4.88%
ARUP	2,300	9	4.67%
O.C. Tanner	1,500	10	3.06%
<b>Total Employees of Principal Employers</b>	<b>49,200</b>		<b>100.00%</b>

**June 30, 2008**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of all Employees</b>
Intermountain Health Care	20,000	1	17.54%
State of Utah	20,000	2	17.54%
University of Utah	15,000	3	13.16%
Brigham Young University	15,000	4	13.16%
Walmart	10,000	5	8.77%
Hill Air Force Base	10,000	6	8.77%
Granite School District	7,000	7	6.14%
Jordan School District	7,000	8	6.14%
Davis County School District	5,000	9	4.39%
Utah State University	5,000	10	4.39%
<b>Total Employees of Principal Employers</b>	<b>114,000</b>		<b>100.00%</b>

Source: Workforce Services - based on yearly averages  
Information from the City's Business Licensing Division

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**AIRPORT EMPLOYEE STATISTICS**

Full-Time Equivalent Employees as of Fiscal Year-End  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Director's Office</u>	<u>Public Relations</u>	<u>Planning &amp; Capital Programming</u>	<u>Finance &amp; Accounting</u>	<u>Admin &amp; Commercial Services</u>	<u>Information Technology</u>	<u>Engineering</u>	<u>Maintenance</u>	<u>Operations</u>	<u>Police</u>	<u>Total</u>
2017	6	2	8	19	13	25	26	222	142	62	525
2016	6	2	8	20	13	25	25	221	191	*	511
2015	6	2	8	19	13	25	25	215	193	*	506
2014	5	2	8	21	14	25	29	217	200	*	521
2013	5	1	8	21	12	24	29	213	202	*	515
2012	5	1	9	20	12	23	29	202	192	*	493
2011	5	1	8	20	10	21	27	201	194	*	487
2010	6	1	9	16	22	0	36	239	233	*	562
2009	10	1	9	16	20	0	36	238	240	*	570
2008	1	1	9	16	26	0	34	236	215	*	538

Note: Airport employees have been re-assigned to their respective divisions as reorganizations have occurred. This did not usually result in the addition of FTEs.

\* Prior to fiscal year 2017, police employees were grouped with operations employees.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**SUMMARY OF CAPITAL ASSETS**

	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b>Military</b>								
Acres of land leased to military	135	135	135	135	135	135	135	135
Annual rent from military leases	\$136,968	\$136,968	\$136,968	\$136,968	\$136,968	\$136,968	\$136,968	\$136,968
<b>Terminal - General</b>								
Number of passenger terminals	3	3	3	3	3	3	3	3
Total square feet	1,090,067	1,090,067	1,102,400	1,102,400	1,102,400	1,102,400	1,102,400	1,102,400
<b>Non-Retail Space - number of sq. ft.</b>								
Counter space	7614	7614	7614	7614	7,614	7,614	7,614	7,614
Airline office	42,569	42,569	42,569	42,369	42,369	42,369	42,369	42,369
Other office (i.e. TSA, SLCDA, concession offices)	61,865	61,865	61,865	61,865	47,882	47,882	47,882	47,882
Common use areas	584,370	584,370	584,370	584,370	598,343	644,935	644,935	644,935
<b>Retail Space - Pre-Security</b>								
Food and beverage	2,674	2,674	2,674	2,674	2,788	1,998	1,998	1,998
Newsstands	184	184	184	184	212	250	250	250
Specialty Retail	-	-	-	-	-	-	-	-
Other concessions (vending)	264	264	264	264	238	497	497	497
<b>Retail Space - Secured Area</b>								
Food and beverage	50,280	50,280	50,280	50,280	49,836	45,454	45,454	45,454
Newsstands	7,721	7,721	7,721	7,721	7,697	4,891	4,891	4,891
Specialty Retail	15,019	15,019	15,001	15,001	13,419	13,994	13,994	13,994
Other concessions	152	152	96	96	140	-	-	-
<b>Parking</b>								
Short-term/ 4 Level Parking Garage (Number of spaces)	1,845	1,845	1,774	1,766	1,766	1,766	1,767	1,847
Long-term (Number of spaces)	9,703	9,703	10,070	10,055	10,057	10,057	10,066	10,066
Tenant Employee Lot (Number of spaces)	2,950	2,950	2,950	2,950	2,950	2,950	2,955	2,966
Park and Wait Lot (Number of spaces)	120	82	82	82	81	81	81	81
<b>Cargo</b>								
Total SF of airport buildings leased for cargo use, including warehouse, office, etc.	202,896	202,896	202,896	202,896	202,896	202,896	202,896	202,896
Total SF of ground leased for cargo, incl. warehousing, office, etc.	797,939	797,939	727,939	727,939	727,939	727,939	727,939	727,939
<b>Runways (feet)</b>								
34L/16R	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000
34R/16L	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003
35/17	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596
32/14	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892
<b>Acres</b>								
Total Acres Owned by Airport	9663	9,633	9,510	9,426	9,426	9,426	9,426	9,426
Total AOA Acres	3325	3325	3375	3375	3,375	3,375	3,375	3,375

Source: Salt Lake Department of Airports AAAE Survey results.  
New Airport concessions program completed at calendar year-end 2012.

**Note: Data for previous years unavailable.**

**SCHEDULE OF INSURANCE POLICIES**

<b>Coverage Type</b>	<b>Carrier / Policy #</b>	<b>Policy Limits</b>	<b>Description / Deductibles</b>	<b>Expiration</b>
<b>Bonds</b>	(1) Hartford Insurance 52BSBG17690	\$10,000,000	Treasurer's Bond \$0 Deductible	6/4/17
	(2) Hartford Insurance 52FA023369015	\$1,000,000	Crimeshield Advanced (Employee Blanket Bond) Employee Dishonesty \$50,000 Deductible	7/1/16
		\$1,000,000	Computer and Funds Transfer Fraud, \$50,000 deductible	
		\$50,000	Credit, Debit or Charge Card Forgery \$2,500 deductible	
		\$50,000	Money, Securities and Other Property, \$2,500 deductible	
		\$50,000	Money Orders and Counterfeit Currency, \$0 deductible	
		\$25,000	Depositors Forgery and Alteration, \$500 deductible	
		\$25,000	Computer Systems Restoration Expenses, \$1,000 deductible	
	\$25,000	Identity Recovery Expenses Reimbursement, \$0 deductible		
<b>Excess Workers' Comp</b>	Safety National SP4053159	\$40,000,000	Excess Workers' Compensation	7/1/17
		Excess of SIR	\$1,000,000 Self-Insured Retention (SIR) per occurrence	
		\$1,000,000 per occurrence	Employers' Liability coverage	
<b>General Liability</b> Dept. of Airports	AIG AP 007741005-56	\$500,000,000	Bodily Injury, Property Damage, Auto Liability on Airport Premises, Hangarkeepers Liability	6/30/17
		\$50,000,000 each offense	Personal & Advertising Injury, Incidental Medical Malpractice	
		\$250,000	Fire Legal Liability	
		\$50,000,000 Excess of SIR	Excess Auto Legal Liability Off-Premises \$500,000 SIR	
<b>Property Insurance</b> Dept. of Airports	Lexington Insurance Co. 014498273	\$500,000,000	Airport Terminals, Concourses, Buildings, Runways, Taxiways Equipment, Fuel Farm, Materials, Machinery	6/30/17
		Sublimits apply		
		\$150,000,000	Earth Movement and Flood 2% deductible per location; \$100,000 min. \$5,000,000 max.	
		\$100,000,000	Windstorm or Hail 5% deductible, \$250,000 min.	
		\$165,971,730	Business Interruption 2% deductible per location; \$100,000 min. \$5,000,000 max.	
	Not covered	Terrorism, Certified & Non-Certified Acts		
<b>Comm. Auto Liability</b> Dept. of Airports	Ohio Casualty - Liberty Mutual AS7Z11261948016	\$500,000 \$0 deductible	Scheduled Autos Only	6/30/17

**Salt Lake City International Airport  
O&D and Connecting Enplaned Passengers**

<u>Fiscal Year</u>	<u>O&amp;D Enplaned Passengers</u>	<u>% Change From Prior FY</u>	<u>Connecting Enplaned Passengers</u>	<u>% Change From Prior FY</u>	<u>Total Enplaned Passengers</u>	<u>% Change From Prior FY</u>
2008	5,659,877	1.2%	5,273,277	-1.1%	10,933,154	0.0%
2009	5,150,548	(9.0)	4,843,881	(8.1)	9,994,429	-8.6%
2010	5,030,672	(2.3)	5,228,278	7.9	10,258,950	2.6%
2011	5,120,614	1.8	5,308,783	1.5	10,429,397	1.7%
2012	5,169,664	1.0	4,955,422	(6.7)	10,125,086	-2.9%
2013	5,276,135	2.1	4,767,934	(3.8)	10,044,069	-0.8%
2014	5,317,054	0.8	4,977,640	4.4	10,294,694	2.5%
2015	5,748,372	8.1	5,085,336	2.2	10,833,708	5.2%
2016	6,138,625	6.8	5,154,449	1.4	11,293,074	4.2%
2017	6,441,475 *	4.9	5,408,745 *	4.9	11,850,220	4.9%

Sources: Total Enplanements: Department Records; USDOT (via Diio) for O&D passengers.  
Connecting passengers were derived by subtracting USDOT-reported O&D passengers from Department-reported total enplanments.

\* O&D passengers for FY 2017 from USDOT are not yet available. As such, the figure has been forecast using percentages from FY 2016.

**Airlines Operating in FY2017  
At Salt Lake City International Airport**

**Signatory Airlines**

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Alaska Airlines (AK)  
American Airlines (AA)  
Delta Air Lines (Delta)  
Frontier Airlines  
JetBlue Airlines  
Southwest Airlines  
United Airlines (UAL)

**Affiliate Airlines\***

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Compass Airlines (AA, Delta)  
Envoy Airlines (d/b/a American Eagle)  
Express Jet (UAL)  
Horizon Air (AK)  
Mesa Airlines (AA, UAL)  
Republic Airlines (AA, UAL)  
Shuttle American (UAL)  
SkyWest Airlines (AK, AA, Delta, UAL)  
TransStates (UAL)

**All Cargo Airlines**

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Air Transport International, Inc.  
Ameriflight, LLC  
Corporate Air  
Empire Airlines  
FedEx  
Southern Air (operates DHL Express service)  
United Parcel Service

**Foreign Flag Airlines\***

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Air Canada  
KLM Royal Dutch Airlines (Delta)

\* Affiliated Signatory Airlines shown in parentheses.

**Salt Lake City International Airport**  
**Market Share of Enplaned Passengers**  
(000's)

<u>Airline</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Market Share FY 2008</u>	<u>Market Share FY 2017</u>
Delta Air Lines	4,323	3,858	3,905	4,443	4,434	4,578	4,786	5,170	5,597	6,097	73.2%	69.9%
Delta Connection*	3,676	3,519	3,866	3,512	3,014	2,844	2,723	2,440	2,329	2,184	0.0%	0.0%
Southwest Airlines	1,473	1,332	1,283	1,294	1,247	1,198	1,173	1,162	1,214	1,216	13.5%	10.3%
American Airlines**	522	465	464	463	534	567	647	713	752	747	4.8%	6.3%
United Airlines	446	388	401	374	460	444	443	491	552	596	4.1%	5.0%
Alaska Air	-	-	-	-	-	26	112	407	409	421	0.0%	3.6%
JetBlue Airways	240	214	155	174	209	167	163	202	232	296	2.2%	2.5%
Frontier	248	216	184	168	222	217	239	238	198	246	2.3%	2.1%
Other	5	2	1	1	3	4	9	10	10	47	0.0%	0.4%
<b>Total</b>	<b>10,933</b>	<b>9,994</b>	<b>10,259</b>	<b>10,429</b>	<b>10,125</b>	<b>10,044</b>	<b>10,295</b>	<b>10,834</b>	<b>11,293</b>	<b>11,850</b>		

\*Percentage included with Delta

\*\*Including US Airways

Note: Amounts may not add due to rounding.

Source: Department Records



**Salt Lake City International Airport  
Historical Aircraft Operations**

	<b>Fiscal Year Ended June 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Passenger Aircraft	311,856	280,906	277,174	272,550	249,040	236,860	237,646	237,948	237,294	247,150
Cargo	23,060	19,236	17,916	16,476	16,520	17,942	18,102	18,484	19,434	20,240
General Aviation	76,333	69,606	69,887	69,796	73,389	74,145	66,670	60,824	50,879	48,843
Military	2,086	1,980	2,181	2,649	4,170	2,044	2,190	2,738	7,978	7,202
<b>Total Operations</b>	<b><u>413,335</u></b>	<b><u>371,728</u></b>	<b><u>367,158</u></b>	<b><u>361,471</u></b>	<b><u>343,119</u></b>	<b><u>330,991</u></b>	<b><u>324,608</u></b>	<b><u>319,994</u></b>	<b><u>315,585</u></b>	<b><u>323,435</u></b>
Annual Change	(-2.6%)	(-10.1%)	(-1.2%)	(-1.5%)	(-5.1%)	(-3.5%)	(-1.9%)	(-1.4%)	(-1.4%)	2.5%

Source: Department Records

**Salt Lake City International Airport**  
**Historical Landed Weights**  
(Amounts in Thousands of Pounds)

	<b>Fiscal Year Ended June 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Airlines	13,605,760	12,607,823	12,224,725	12,352,045	11,731,536	11,463,695	11,740,729	12,202,986	12,511,833	13,303,497
Cargo	1,074,540	962,603	870,574	878,467	873,214	942,557	938,309	997,992	1,069,830	1,106,147
<b>Total</b>	<b>14,680,300</b>	<b>13,570,426</b>	<b>13,095,299</b>	<b>13,230,512</b>	<b>12,604,750</b>	<b>12,406,252</b>	<b>12,679,038</b>	<b>13,200,978</b>	<b>13,581,663</b>	<b>14,409,644</b>
Annual Change	1.4%	(-7.6%)	(-3.5%)	1.0%	(-4.7%)	(-1.6%)	2.2%	4.1%	2.9%	6.1%

Source: Department Records

**Salt Lake City International Airport**  
**Historical Air Cargo and Mail**  
(amounts in U.S. tons)

	<b>Fiscal Year Ended June 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Cargo	185,661	151,494	149,486	158,430	173,030	171,762	162,767	165,356	175,453	183,525
Mail	4,913	4,148	4,964	7,145	10,213	14,417	14,674	15,773	16,420	17,020
<b>Total</b>	<b>190,574</b>	<b>155,642</b>	<b>154,450</b>	<b>165,575</b>	<b>183,243</b>	<b>186,179</b>	<b>177,441</b>	<b>181,129</b>	<b>191,873</b>	<b>200,545</b>
Annual Change	(-3.8%)	(-18.3%)	(-0.8%)	7.2%	10.7%	1.6%	(-4.7%)	2.1%	5.9%	4.5%

Source: Department Records

**SALT LAKE CITY DEPARTMENT OF AIRPORTS  
TOTAL ANNUAL REVENUES AND EXPENSES**

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
<b>Operating Revenues</b>					
Airfield	\$ 27,533,052	\$ 28,986,244	\$ 27,688,088	\$ 31,809,896	\$ 35,333,251
Terminals	45,410,572	45,732,747	49,165,208	50,070,474	52,951,540
Landside	48,119,056	49,064,037	52,477,405	57,912,911	64,364,602
Auxiliary Airports	721,141	736,231	852,204	939,098	1,523,721
General Aviation	2,028,469	2,089,127	2,223,159	2,056,534	2,262,353
Support Areas	7,421,130	7,486,374	7,484,591	7,149,854	7,449,642
Other	2,635,709	3,194,765	2,318,083	2,035,050	3,090,190
Operating revenues	133,869,129	137,289,525	142,208,738	151,973,817	166,975,299
Less: Airline revenue sharing	(10,013,679)	(10,290,299)	(9,938,626)	(10,941,229)	(12,169,163)
<b>Total operating revenues</b>	<b>123,855,450</b>	<b>126,999,226</b>	<b>132,270,112</b>	<b>141,032,588</b>	<b>154,806,136</b>
<b>Operating Expenses</b>					
Airfield	25,848,088	27,040,934	22,546,161	28,358,533	30,038,981
Terminals	38,904,486	36,795,761	32,598,386	37,150,225	40,038,056
Landside	11,311,729	11,813,344	9,788,597	11,237,669	12,336,435
Auxiliary Airports	1,500,433	1,575,915	1,370,456	1,746,575	3,054,345
General Aviation	1,064,049	1,124,905	1,112,793	996,707	2,890,348
Support Areas	1,019,395	1,039,306	958,611	1,130,272	1,347,481
Roads and Grounds	5,679,770	6,000,384	5,736,332	6,991,987	7,165,486
Other	2,142,776	2,224,551	2,097,347	2,453,128	2,588,726
<b>Total operating expenses before depreciation</b>	<b>87,470,726</b>	<b>87,615,100</b>	<b>76,208,683</b>	<b>90,065,096</b>	<b>99,459,858</b>
<b>Operating Income Before Depreciation</b>	<b>36,384,724</b>	<b>39,384,126</b>	<b>56,061,429</b>	<b>50,967,492</b>	<b>55,346,278</b>
<b>Depreciation</b>	<b>57,127,603</b>	<b>59,027,448</b>	<b>59,995,105</b>	<b>61,656,896</b>	<b>63,664,986</b>
<b>Operating Loss</b>	<b>(20,742,879)</b>	<b>(19,643,322)</b>	<b>(3,933,676)</b>	<b>(10,689,404)</b>	<b>(8,318,708)</b>
<b>Non-operating Revenues (Expenses)</b>					
Passenger Facility Charges	37,534,715	38,437,248	40,976,537	42,805,519	45,750,397
Customer Facility Charges	14,308,670	14,848,663	15,606,695	15,613,155	16,157,076
Net Bond interest expense	-	-	-	-	(14,479,594)
Bond issuance costs	-	-	-	-	(3,453,689)
Loss on disposition of property and equipment	(1,946,568)	(124,946)	(551,440)	(488,409)	(25,615)
Interest	1,814,881	1,964,326	1,788,695	2,782,668	8,005,230
Increase (decrease) in the fair value of investments	(1,448,365)	1,566,019	275,772	(256)	4,146,434
<b>Net non-operating revenues (expenses)</b>	<b>50,263,333</b>	<b>56,691,310</b>	<b>58,096,259</b>	<b>60,712,677</b>	<b>56,100,239</b>
<b>Capital Contributions</b>	<b>22,558,966</b>	<b>17,916,389</b>	<b>15,148,122</b>	<b>14,230,033</b>	<b>17,793,909</b>
<b>Net Position</b>					
Increase in Net Position	52,079,420	54,964,377	69,310,705	64,253,306	65,575,440
Net Position, Beginning of Period	1,002,625,089	1,054,704,509	1,088,670,623 *	1,157,981,328	1,222,234,634
<b>Net Position, End of Period</b>	<b>\$ 1,054,704,509</b>	<b>\$ 1,109,668,886</b>	<b>* \$ 1,157,981,328</b>	<b>\$ 1,222,234,634</b>	<b>\$ 1,287,810,074</b>

Source: Salt Lake City Department of Airports Audited Financial Statements

\*Difference between ending balance at 6/30/14 and beginning balance at 7/1/14 reflects GASB 68 requirements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS  
TOTAL ANNUAL REVENUES AND EXPENSES**

	Fiscal Year Ended June 30				
	2008	2009	2010	2011	2012
<b>Operating Revenues</b>					
Airfield	\$ 17,041,231	\$ 17,576,572	\$ 17,830,841	\$ 26,790,645	\$ 27,360,062
Terminals	40,780,653	38,715,525	39,333,123	42,746,010	42,580,560
Landside	42,019,377	40,705,508	39,106,339	42,339,341	45,110,330
Auxiliary Airports	597,301	647,640	595,416	631,234	670,645
General Aviation	1,751,666	1,767,020	1,792,187	1,888,594	2,097,232
Support Areas	6,656,579	6,758,534	6,840,304	6,924,048	7,098,323
Other	1,878,650	2,069,866	1,999,331	2,341,446	2,550,590
Operating revenues	110,725,457	108,240,665	107,497,541	123,661,318	127,467,742
Less: Airline revenue sharing	-	-	-	(10,284,613)	(10,007,605)
<b>Total operating revenues</b>	110,725,457	108,240,665	107,497,541	113,376,705	117,460,137
<b>Operating Expenses</b>					
Airfield	23,759,267	23,046,623	23,113,848	24,928,820	25,680,150
Terminals	33,560,092	36,225,604	37,244,771	37,086,995	37,776,228
Landside	9,234,475	10,726,598	9,474,984	10,706,997	9,608,951
Auxiliary Airports	2,226,838	1,322,687	1,442,239	1,476,851	1,699,831
General Aviation	1,199,764	1,111,004	1,498,930	1,031,487	1,266,518
Support Areas	1,416,904	1,301,920	1,171,870	1,037,924	944,635
Roads and Grounds	4,841,807	6,161,016	5,519,039	5,567,870	5,667,708
Other	862,730	706,120	544,962	2,279,990	1,915,418
<b>Total operating expenses before depreciation</b>	77,101,877	80,601,572	80,010,643	84,116,934	84,559,439
<b>Operating Income Before Depreciation</b>	33,623,580	27,639,093	27,486,898	29,259,771	32,900,698
<b>Depreciation</b>	48,343,878	49,234,710	49,576,610	50,438,401	49,802,772
<b>Operating Loss</b>	(14,720,298)	(21,595,617)	(22,089,712)	(21,178,630)	(16,902,074)
<b>Non-operating Revenues (Expenses)</b>					
Passenger Facility Charges	40,061,013	36,322,763	37,558,105	38,485,478	37,190,302
Customer Facility Charges	-	-	-	-	11,203,789
Net Bond interest expense	(7,850,696)	-	-	-	-
Loss on disposition of property and equipment	(1,327,215)	(129,458)	(4,855,543)	(767,374)	(17,057)
Interest	7,463,453	3,664,984	1,723,269	1,903,536	1,818,745
Increase in the fair value of investments	-	-	-	-	127,021
<b>Net non-operating revenues (expenses)</b>	38,346,555	39,858,289	34,425,831	39,621,640	50,322,800
<b>Capital Contributions</b>	8,207,756	9,424,739	16,148,819	19,340,081	14,789,323
<b>Net Position</b>					
Increase in Net Position	31,834,013	27,687,411	28,484,938	37,783,091	48,210,049
Net Position, Beginning of Period	828,625,587	860,459,600	888,147,011	916,631,949	954,415,040
<b>Net Position, End of Period</b>	\$ 860,459,600	\$ 888,147,011	\$ 916,631,949	\$ 954,415,040	\$ 1,002,625,089

**SALT LAKE CITY DEPARTMENT OF AIRPORTS  
SUMMARY OF OPERATING REVENUES**

(Amounts in Thousands)

**Fiscal Year Ended June 30,**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Landing Fees	\$ 12,888	\$ 13,528	\$ 13,541	\$ 22,092	\$ 23,059	\$ 23,662	\$ 25,000	\$ 23,199	\$ 27,023	\$ 30,020
Airline Terminal Space Rentals	23,645	22,277	22,934	27,378	27,827	27,590	26,812	29,019	28,500	29,775
Other Airline Revenues	7,099	7,051	6,918	6,427	6,881	7,171	7,098	7,201	6,931	6,844
Car Rental	16,314	14,149	14,505	16,346	16,697	17,482	18,064	19,341	22,142	27,186
Auto Parking Facilities	24,817	25,714	23,811	25,067	26,282	28,619	29,228	31,117	33,409	34,297
Other Terminal Rentals	22,955	22,698	22,497	23,405	23,862	26,909	28,431	29,467	30,859	35,042
Other Revenues	3,007	2,824	3,292	2,947	2,860	2,436	2,657	2,864	3,110	3,811
Credit Revenue Sharing	-	-	-	(10,285)	(10,008)	(10,014)	(10,290)	(9,938)	(10,941)	(12,169)
<b>Total Operating Revenues</b>	<b>\$ 110,725</b>	<b>\$ 108,241</b>	<b>\$ 107,498</b>	<b>\$ 113,377</b>	<b>\$ 117,460</b>	<b>\$ 123,855</b>	<b>\$ 127,000</b>	<b>\$ 132,270</b>	<b>\$ 141,033</b>	<b>\$ 154,806</b>

Source: Department Records

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**SOURCES OF AIRLINE REVENUES**  
(Amounts in Thousands)

Airline (includes affiliates)	FY 2015				FY 2016				FY 2017			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
Alaska	\$ 883	3.8%	\$ 714	2.4%	\$ 965	3.6%	\$ 1,067	3.8%	\$ 1,053	3.5%	\$ 957	3.3%
American*	815	3.5%	873	3.0%	1,713	6.3%	1,333	4.8%	1,537	5.1%	1,239	4.3%
Delta	14,786	63.7%	22,153	75.5%	17,577	65.1%	21,242	76.2%	19,438	65.0%	21,831	74.8%
Frontier	420	1.8%	428	1.5%	377	1.4%	352	1.3%	483	1.6%	449	1.5%
JetBlue	393	1.7%	368	1.3%	472	1.7%	301	1.1%	631	2.1%	435	1.5%
Southwest	2,105	9.1%	2,792	9.5%	2,435	9.0%	2,454	8.8%	2,832	9.5%	2,882	9.9%
United	944	4.1%	1,242	4.2%	1,205	4.5%	1,103	4.0%	1,342	4.5%	1,348	4.6%
US Airways (1)	747	3.2%	759	2.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other (2)	2,105	9.1%	-	0.0%	2,279	8.4%	-	0.0%	2,638	8.8%	-	0.0%
<b>Totals:</b>	<b>\$ 23,199</b>	<b>100.0%</b>	<b>\$ 29,328</b>	<b>100.0%</b>	<b>\$ 27,023</b>	<b>100.0%</b>	<b>\$ 27,852</b>	<b>100.0%</b>	<b>\$ 29,954</b>	<b>100.0%</b>	<b>\$ 29,142</b>	<b>100.0%</b>

Airline (includes affiliates)	FY 2013				FY 2014			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
Alaska	\$ -	0.0%	\$ -	0.0%	\$ 168	0.7%	\$ 224	0.8%
American	615	2.6%	642	2.3%	814	3.3%	729	2.7%
Delta	16,125	68.1%	21,141	77.3%	18,163	72.7%	20,116	75.7%
Frontier	453	1.9%	429	1.6%	620	2.5%	537	2.0%
JetBlue	320	1.4%	392	1.4%	346	1.4%	389	1.5%
SkyWest	-	0.0%	-	0.0%	-	0.0%	34	0.1%
Southwest	2,727	11.5%	2,740	10.0%	2,895	11.6%	2,612	9.8%
United	919	3.9%	1,282	4.7%	1,010	4.0%	1,213	4.6%
US Airways	601	2.5%	586	2.1%	785	3.1%	579	2.2%
Other (2)	1,901	8.1%	140	0.6%	198	0.7%	151	0.6%
<b>Totals:</b>	<b>\$ 23,662</b>	<b>100.0%</b>	<b>\$ 27,352</b>	<b>100.0%</b>	<b>\$ 25,000</b>	<b>100.0%</b>	<b>\$ 26,583</b>	<b>100.0%</b>

Source: Department Records

(1) During FY 2016, US Airways merged with American Airlines

(2) Includes charter cargo and commuter

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**SOURCES OF AIRLINE REVENUES**  
(Amounts in Thousands)

Airline (includes affiliates)	FY 2010				FY 2011				FY 2012			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
American	\$ 322	2.4%	\$ 720	3.0%	\$ 522	2.4%	\$ 657	2.4%	\$ 645	2.8%	\$ 648	2.4%
Continental	111	0.8%	255	1.1%	203	0.9%	275	1.0%	227	1.0%	270	1.0%
Delta	4,675	34.5%	17,949	75.0%	8,807	39.9%	20,957	76.5%	15,691	68.0%	21,076	77.1%
Frontier	263	1.9%	360	1.5%	345	1.6%	426	1.6%	438	1.9%	417	1.5%
JetBlue	183	1.3%	365	1.5%	338	1.5%	422	1.5%	399	1.7%	379	1.4%
Northwest	583	4.3%	36.76	0.2%	785	3.6%	-	0.0%	-	0.0%	-	0.0%
Shuttle America	30	0.2%	-	0.0%	101	0.5%	-	0.0%	-	0.0%	-	0.0%
SkyWest	3,959	29.2%	27.93	0.1%	5,861	26.5%	-	0.0%	-	0.0%	-	0.0%
Southwest	1,767	13.1%	2,505	10.5%	2,802	12.7%	2,875	10.5%	2,897	12.6%	2,776	10.2%
United	393	2.9%	956	4.0%	588	2.7%	1,098	4.0%	725	3.1%	1,062	3.9%
US Airways	229	1.7%	558	2.3%	410	1.9%	574	2.1%	502	2.2%	571	2.1%
Other (1)	1,025	7.7%	197	0.8%	1,330	5.8%	122	0.4%	1,535	6.7%	138	0.4%
<b>Totals:</b>	<b>\$ 13,541</b>	<b>100.0%</b>	<b>\$ 23,931</b>	<b>100.0%</b>	<b>\$ 22,092</b>	<b>100.0%</b>	<b>\$ 27,407</b>	<b>100.0%</b>	<b>\$ 23,059</b>	<b>100.0%</b>	<b>\$ 27,338</b>	<b>100.0%</b>

Airline (includes affiliates)	FY 2008				FY 2009			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
American	\$ 274	2.1%	\$ 601	2.6%	\$ 309	2.3%	\$ 623	2.8%
Continental	130	1.0%	420	1.8%	114	0.8%	349	1.6%
Delta	4,749	36.8%	13,883	59.1%	4,796	35.5%	13,254	59.1%
Frontier	266	2.1%	349	1.5%	316	2.3%	331	1.5%
JetBlue	265	2.1%	415	1.8%	267	2.0%	351	1.6%
Northwest	141	1.1%	492	2.1%	222	1.6%	240	1.1%
SkyWest	3,685	28.6%	2,996	12.8%	3,640	26.9%	3,359	15.0%
Southwest	1,782	13.8%	2,531	10.8%	2,042	15.1%	2,370	10.6%
United	252	2.0%	1,249	5.3%	439	3.2%	1,058	4.7%
US Airways	252	2.0%	526	2.1%	235	1.7%	492	2.0%
Other (Charter, Cargo & Commuter)	1,092	8.4%	30	0.1%	1,149	8.6%	10	0.0%
<b>Totals:</b>	<b>\$ 12,888</b>	<b>100.0%</b>	<b>\$ 23,491</b>	<b>100.0%</b>	<b>\$ 13,528</b>	<b>100.0%</b>	<b>\$ 22,435</b>	<b>100.0%</b>

Source: Department Records

(1) Includes charter cargo and commuter



**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**SUMMARY OF OPERATING EXPENSES**

(Amounts in Thousands)

**Fiscal Year Ended June 30,**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Personnel Services	\$ 38,349	\$ 41,068	\$ 41,330	\$ 40,661	\$ 41,345	\$ 42,347	\$ 44,916	\$ 33,880	\$ 45,096	\$ 49,350
Charges/Services/Fees	18,535	19,194	18,791	21,006	20,773	19,796	18,547	19,785	20,811	24,901
Operational Maintenance Supplies	8,374	8,405	7,692	9,376	8,999	11,118	10,755	9,487	10,940	11,725
Utilities	4,556	4,407	4,927	5,405	5,630	6,122	6,209	6,313	6,175	5,946
Fire Services	3,917	3,854	3,689	3,840	4,091	4,152	4,185	4,314	4,597	4,886
Salt Lake City Administration	3,371	3,674	3,581	3,829	3,721	3,935	3,003	2,430	2,446	2,651
<b>Total Operating Expenses</b>	<b>\$ 77,102</b>	<b>\$ 80,602</b>	<b>\$ 80,010</b>	<b>\$ 84,117</b>	<b>\$ 84,559</b>	<b>\$ 87,470</b>	<b>\$ 87,615</b>	<b>\$ 76,209</b>	<b>\$ 90,065</b>	<b>\$ 99,459</b>

Source: Department Records