

# **Comprehensive Annual Financial Report**

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

**For the Years Ended June 30, 2018 and 2017**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Salt Lake City Corporation**  
**Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

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# INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING  
SUBSECTIONS:

Letter of Transmittal  
Organizational Chart  
Certificate of Achievement





September 28, 2018

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 ended June 30, 2018 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, 2018 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 (City) 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.

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. 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, 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) construction activities for FY 2018 included completion of the roofing and start of exterior metal panel and glazing systems to dry-in the south concourse west which allowed the start of the south concourse west installation activities including moving walks, elevators, and mechanical and electrical systems. Structural Steel Erection was completed for the Terminal Building and started for the Gateway Center. The Central Utility Plant construction advanced towards commissioning and start-up to provide construction heat to all facilities for the winter of 2018-2019. The Parking Garage Elevated concrete deck pours continued on the south side and the elevated roadway girders were set in place. The North Concourse Program (NCP) enabling construction activities including stone columns and driven steel piles for the North Concourse Phase 1 were started in FY 2018, as well as the excavation and dewatering activities to tie-in to the Mid-Concourse Tunnel.

Due to the age of the terminal buildings and the need to provide reliable, safe, and efficient terminal facilities, \$6.7 million is included in the FY 2019 budget to continue necessary concourse and terminal facility renovations. This includes funding for an employee screening facility, roof and solar panel installations, and for the operational readiness, activation, transition program for the new airport.

The FY 2019 budget includes \$19.9 million for airfield projects. This includes T/W K pavement rehabilitation, short-term north cargo expansion – Fedex, lighting rehabilitation, replacing lagoon liners and covers and the reclamation plant, as well as reconstructing a pump house. These airfield improvement projects ensure the safe operation of aircraft and preserve valuable assets.

The FY 2019 budget includes \$4.5 million for landside projects. Amounts budgeted for landside are to strengthen pavement at 2100 N and 4000 W, as well as continued asphalt overlays and an attic stock warehouse.

Funding for the airport capital improvement program (CIP) includes reserves generated by the Airport, airport improvement program (AIP) grants from the Federal Aviation Administration (FAA), passenger facility charges (PFC), customer facility charges (CFC), future Airport bonds and Airport funds.

Construction commenced in FY 2014 on the TRP, a \$2.2 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 2018, 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 31-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. It is currently estimated that the NCP will cost approximately \$1.3 billion.

The Airport is currently ranked the 23rd busiest in the United States, and 85th busiest in the world in terms of passenger numbers with over 353 scheduled daily departing flights serving more than 96 non-stop destinations. The Airport served approximately 24.8 million passengers in FY 2018 and is one of Delta's largest hubs.

### **Economic Condition**

According to the recently published State of Utah's 2018 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 2017, Utah's employment rate remained constant at 3.5 percent for 2017 compared to 2016.

Utah's total personal income is estimated to have increased by 6.3 percent in 2017, in addition to the 5.7 percent increase in 2016. The 2017 increase in personal income was led by strong wage growth at 5.2 percent. Jobs were added across all industry sectors in the Utah economy during 2017, 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 0.5 percent, while passengers increased 4.8 percent in FY 2018 over FY 2017. A large decrease in operating costs relates to changes in pension benefits that decreased the amount of pension expense recognized in FY 2018 compared to FY 2017. Other expenses increased moderately from the prior year.

The Airport borrowed \$1 billion of 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 to the airlines and reduce airline cost per enplaned passenger, currently at \$3.83 for FY 2018 and \$3.53 for FY 2017, one of the lowest rates among large hub airports in the nation. The Airport has total cash balances of \$1 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, bonds, 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. Improvements in the state's labor market will continue during 2018 with job growth at 2.8 percent, slightly below the state's long-term average. This growth is expected to cause Utah's unemployment level to remain at 3.5 percent by the end of 2018. Personal income is expected to increase by 4.9 percent in 2018.

Salt Lake City Airport passengers are projected to increase by 2 percent and operations are projected to increase by 3 percent during FY 2019. 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 2018 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 2018-2038, 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 2018 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 1.9 percent per year. The Salt Lake City Airport forecasts an average annual 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 the end of 2020 with the entire TRP opening by summer 2024.

The NCP includes the development of 31 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 \$3 billion remodel of the international airport that is expected to contribute \$3.3 billion to the economy.

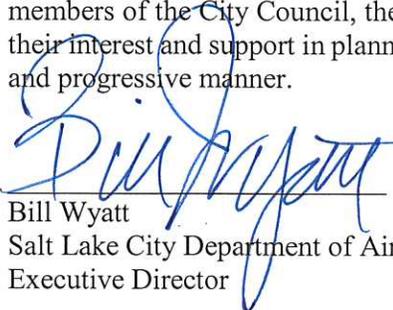
## **Awards and Acknowledgments**

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, 2017.

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 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 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 | Chris Wharton, Vice Chair |
| District Four  | Derek Kitchen             |
| District Five  | Erin Mendenhall, Chair    |
| District Six   | Charlie Luke              |
| District Seven | Amy Fowler                |

### **Department of Airports**

#### **Advisory Board Members**

Larry Pinnock, Chair

Cynthia D. Miller, Vice Chair

J. T. Martin

Wade B. Bitner

Roger Boyer

Arlyn Bradshaw

Theresa Foxley

Karen Mayne

Steve Price

James Rogers

Jim Riding

### **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    | Brady Fredrickson - Acting |
| Public Relations/Marketing  | Nancy Volmer               |



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**Salt Lake City**  
**Department of Airports, Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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  
September 28, 2018

**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, 2018 and 2017.

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 and is supported wholly 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. The Airport ranks as the 23rd busiest in the United States and the 85th 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 2018, FY 2017 and FY 2016, the economy and the airline industry continued to grow. Total passengers increased by 1.1 million, 1.1 million and 921 thousand in FY 2018, FY 2017 and FY 2016 to a total of 24.8 million, 23.7 million and 22.6 million passengers. Enplaned passengers alone increased by 570 thousand, 557 thousand and 459 thousand in FY 2018, FY 2017 and FY 2016 to a total of 12.4 million, 11.9 million and 11.3 million enplaned passengers; an increase of 4.8%, 4.9% and 4.2%, respectively.

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

Salt Lake City International Airport provides 353 average daily departures to 96 non-stop destinations. Load factors remained constant at 86% in FY 2018 from FY 2017 after a decrease from 88% in FY 2016.

Total aircraft operations increased 2.8% in FY 2018, increased 2.5% in FY 2017, and decreased 1.4% in FY 2016. Landed weights increased by 499 million pounds, 3.5%, in FY 2018 after an increase of 6.1% and 2.9% in FY 2017 and FY 2016. The increase in operations and landed weights are due to an increased number of flights and passengers flying through the Airport.

|  | <b><u>FY 2018</u></b> | <b><u>FY 2017</u></b> | <b><u>FY 2016</u></b> | <b><u>FY 2015</u></b> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Enplanements (in thousands)                    | 12,420                | 11,850                | 11,293                | 10,834                |
| % increase from prior year                     | 4.8%                  | 4.9%                  | 4.2%                  | 5.2%                  |
| Landed weight lb's (in thousands)              | 14,908,945            | 14,409,644            | 13,581,663            | 13,200,978            |
| % increase from prior year                     | 3.5%                  | 6.1%                  | 2.9%                  | 4.1%                  |
| Aircraft Operations - All Types (in thousands) | 332                   | 323                   | 316                   | 320                   |
| % increase (decrease) from prior year          | 2.8%                  | 2.5%                  | (1.4%)                | (1.4%)                |
| Total # of passengers (in thousands)           | 24,831                | 23,691                | 22,595                | 21,674                |
| % increase from prior year                     | 4.8%                  | 4.9%                  | 4.2%                  | 5.3%                  |

**STATEMENT OF NET POSITION**

The Airports' net position was \$1.4 billion as of June 30, 2018. The total increase in net position during the year ended June 30, 2018 was \$66.8 million. The largest portion of the Airport's net position (88.5%) 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,<br>2018    | June 30,<br>2017    | June 30,<br>2016    |
|---|---------------------|---------------------|---------------------|
| <b>STATEMENTS OF NET POSITION</b>                                       |                     |                     |                     |
| <b>ASSETS:</b>  |                     |                     |                     |
| Current and other assets  | \$ 1,031,425        | \$ 1,411,670        | \$ 416,234          |
| Capital assets  | 1,609,860           | 1,114,398           | 869,232             |
| <b>TOTAL ASSETS</b>   | <b>2,641,285</b>    | <b>2,526,068</b>    | <b>1,285,466</b>    |
| <b>DEFERRED OUTFLOWS</b>  | <b>9,843</b>        | <b>11,948</b>       | <b>10,181</b>       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                               | <b>2,651,128</b>    | <b>2,538,016</b>    | <b>1,295,647</b>    |
| <b>LIABILITIES:</b>   |                     |                     |                     |
| Current liabilities   | 114,059             | 78,462              | 34,375              |
| Noncurrent liabilities  | 1,171,654           | 1,165,104           | 33,200              |
| <b>TOTAL LIABILITIES</b>  | <b>1,285,713</b>    | <b>1,243,566</b>    | <b>67,575</b>       |
| <b>DEFERRED INFLOWS</b>   | <b>10,775</b>       | <b>6,641</b>        | <b>5,838</b>        |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>                           | <b>1,296,488</b>    | <b>1,250,207</b>    | <b>73,413</b>       |
| <b>NET POSITION:</b>  |                     |                     |                     |
| Invested in capital assets  | 1,201,228           | 761,198             | 869,232             |
| Restricted  |                     |                     |                     |
| Capital Projects  | 32,693              | 189,115             | 143,297             |
| Debt Service  | 200,842             | 240,783             | -                   |
| Unrestricted  | (80,123)            | 96,713              | 209,705             |
| <b>Total Net Position</b>   | <b>1,354,640</b>    | <b>1,287,809</b>    | <b>1,222,234</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>            | <b>\$ 2,651,128</b> | <b>\$ 2,538,016</b> | <b>\$ 1,295,647</b> |
| <b>SUMMARY OF CHANGES IN NET POSITION</b>                               |                     |                     |                     |
|   | <b>FY 2018</b>      | <b>FY 2017</b>      | <b>FY 2016</b>      |
| Operating revenues  | \$ 165,548          | \$ 154,806          | \$ 141,033          |
| Operating expenses  | (99,976)            | (99,459)            | (90,065)            |
| Operating Income before depreciation                                    | 65,572              | 55,347              | 50,968              |
| Depreciation  | (63,827)            | (63,665)            | (61,657)            |
| Operating income (loss)   | 1,745               | (8,318)             | (10,689)            |
| <b>NON-OPERATING REVENUES (EXPENSES)<br/>AND CAPITAL CONTRIBUTIONS:</b> |                     |                     |                     |
| Passenger facility charges  | 47,739              | 45,750              | 42,804              |
| Customer facility charges   | 15,740              | 16,157              | 15,613              |
| Contributions and grants  | 18,142              | 17,794              | 14,230              |
| Interest expense  | (34,675)            | (14,480)            | -                   |
| Other, net  | 18,140              | 8,672               | 2,295               |
| Increase in Net Position  | 66,831              | 65,575              | 64,253              |
| Net Position, beginning of period                                       | 1,287,809           | 1,222,234           | 1,157,981           |
| <b>Net Position, end of period</b>                                      | <b>\$ 1,354,640</b> | <b>\$ 1,287,809</b> | <b>\$ 1,222,234</b> |

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Restricted cash for construction has decreased \$457 million from the prior year as the Airport continues to fund the construction of the Terminal Redevelopment Plan (TRP) and North Concourse Plan (NCP). As of June 30, 2018, \$745 million (28.2%) of Airport assets were restricted for construction compared with \$1.2 billion (47.6%) in FY 2017, and \$122 million (9.5%) in FY 2015. These amounts represent bond proceeds and PFC and customer facility charges (CFC) that have been collected, but have not yet been reimbursed to general operating cash for TRP and NCP construction projects. In addition, \$18.3 million (0.7%) of Airport assets in FY 2018 were restricted for an operation and maintenance reserve fund, and \$5.0 million (0.2%) was restricted for a renewal and replacement reserve fund as required by the Airport Use Agreement (AUA).

Total cash and investments decreased in the current year as the Airport continues to finance the major terminal redevelopment program. Total available cash and investments decreased by \$383 million in FY 2018. After restricted balances, the Airport's unrestricted cash available for operating expenses and reserves for the terminal redevelopment program increased by \$73.7 million.

To increase return on restricted and reserved cash, the Airport invested cash in the State Treasurer's investment pool. Cash investments in the State Treasurer's investment pool were increased by \$3.4 million, and U.S. Treasury, Agency, and corporate bonds were reduced by \$926 thousand to fair market value at June 30, 2018. 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, \$397 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 increased by \$76.8 million (38.6%) as the Airport reimbursed operating cash from PFC restricted cash or bond proceeds restricted cash for capital projects financed in FY 2018. Non-operating cash from passenger facility charges, customer facility charges, bond proceeds, and grants decreased, which was offset with the increase in available operating cash.

Airport cash payments for current year construction and land acquisitions in the amount of \$558 million were reimbursed by restricted PFC funds in the amount of \$201 million, CFC funds in the amount of \$19.4 million, federal airport improvement program grants (AIP) of \$18.1 million, and debt proceeds in the amount of \$271.3 million. The remainder of cash outflows for construction as well as payments for capital equipment of \$48.2 million was provided by Airport operating cash.

Capital assets (net of accumulated depreciation) have increased by \$495.5 million because of an increase in construction in progress of \$499.7 million from current terminal redevelopment projects not yet completed, along with an increase in buildings and improvements of \$50.3 million for the airport operations building and runway rehabilitations that were capitalized in FY 2018.

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 million for FY 2018 and FY 2017. 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, TSA grants, PFC, CFC, bond proceeds, and Airport funds. For more detailed information on changes in capital assets, refer to Note 4 in the notes to the financial statements.

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The Airport adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in FY 2015. The Airport recorded a reduction in deferred outflows of \$2.1 million in FY 2018, which decreased deferred outflows to \$9.8 million, which represent deferred outflow of resources (expenses) in future periods. The Airport also recorded deferred inflows of \$3.9 million in FY 2018, which increased deferred inflows to \$6.7 million, which represent resources (revenues) that will be recognized in future periods.

| <b>SUMMARY OF CASHFLOW ACTIVITIES</b>                  | <b>FY 2018</b> | <b>FY 2017</b> | <b>FY 2016</b> |
|--|----------------|----------------|----------------|
| Cash flow from operating activities                    | \$ 61,553      | \$ 62,967      | \$ 52,396      |
| Cash flow (used) from investing activities             | (25,623)       | 6,677          | 1,647          |
| Cash flow (used) from noncapital and related financing | -              | -              | (10,043)       |
| Cash flow from passenger facility charges              | 47,474         | 44,932         | 42,454         |
| Cash flow from customer facility charges               | 15,656         | 16,129         | 15,850         |
| Cash flow from grants                                  | 19,735         | 22,500         | 15,902         |
| Cash flow from sale of capital assets and equipment    | 136            | 208            | 333            |
| Cash flow from revenue bond proceeds                   | -              | 1,124,493      | -              |
| Cash flow (used) from interest paid on bonds           | (42,778)       | -              | -              |
| Cash flow (used) from bond issuance costs              | -              | (1,391)        | -              |
| Payments for acquisition and construction of property  | (504,443)      | (278,614)      | (154,026)      |
| Cash and cash equivalents at beginning of year         | 1,338,417      | 340,516        | 376,003        |
| Net increase (decrease) in cash                        | (428,290)      | 997,901        | (35,487)       |
| Cash and cash equivalents at end of year               | \$ 910,127     | \$ 1,338,417   | \$ 340,516     |

(amounts in thousands)

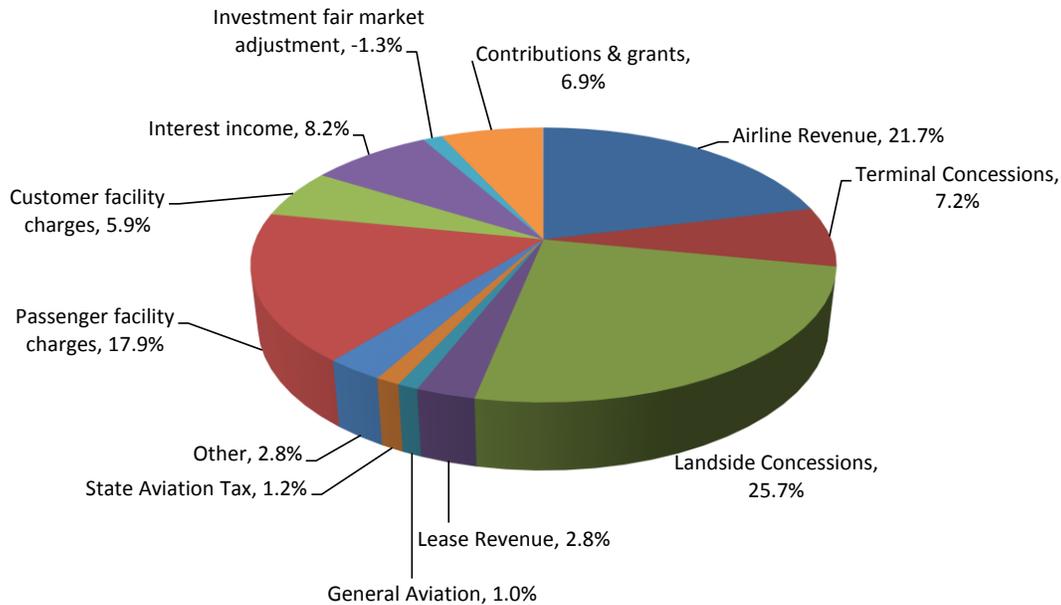
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Operating income, before depreciation, was \$65.6 million in FY 2018, compared with \$55.3 million in FY 2017 and \$51.0 million in FY 2016. With the inclusion of depreciation and non-operating revenue and expenses, the resulting increase in net position for FY 2018 was \$66.8 million, FY 2017 was \$65.6 million, and FY 2016 was \$64.3 million.

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**Revenues**

The following chart and table shows the major sources of revenues and the percentage to total revenues:  
The year ended June 30, 2018:



| (Amounts in thousands)                                   | FY 2018<br>Amount | Percent<br>of Total | FY 2017<br>Amount | Percent<br>of Total | FY 2016<br>Amount | Percent<br>of Total |
|--|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| <b>Operating revenues:</b>                               |                   |                     |                   |                     |                   |                     |
| Airline revenue  | \$ 70,572         | 26.6%               | \$ 66,639         | 27.0%               | \$ 62,454         | 28.9%               |
| Terminal concessions                                     | 19,193            | 7.2%                | 18,120            | 7.3%                | 16,637            | 7.7%                |
| Landside concessions                                     | 68,081            | 25.7%               | 64,408            | 26.1%               | 57,986            | 26.8%               |
| Lease revenue  | 7,539             | 2.8%                | 6,927             | 2.8%                | 6,185             | 2.9%                |
| General aviation   | 2,661             | 1.0%                | 2,334             | 0.9%                | 1,785             | 0.8%                |
| State aviation tax                                       | 3,122             | 1.2%                | 2,983             | 1.2%                | 2,796             | 1.3%                |
| Other  | 7,387             | 2.8%                | 5,564             | 2.3%                | 4,131             | 1.9%                |
| Operating revenues                                       | 178,555           |                     | 166,975           |                     | 151,974           |                     |
| Less: Airline revenue sharing                            | (13,007)          | -4.9%               | (12,169)          | -4.9%               | (10,941)          | -5.1%               |
| <b>Total operating revenues</b>                          | <b>165,548</b>    | <b>62.4%</b>        | <b>154,806</b>    | <b>62.8%</b>        | <b>141,033</b>    | <b>65.3%</b>        |
| <b>Non-operating revenues and capital contributions:</b> |                   |                     |                   |                     |                   |                     |
| Passenger facility charges                               | 47,739            | 17.9%               | 45,750            | 18.4%               | 42,804            | 19.8%               |
| Customer facility charges                                | 15,740            | 5.9%                | 16,157            | 6.6%                | 15,613            | 7.2%                |
| Interest income  | 21,783            | 8.2%                | 8,006             | 3.2%                | 2,783             | 1.3%                |
| Investment fair market adjustment                        | (3,768)           | -1.3%               | 4,146             | 1.7%                | (0)               | 0.0%                |
| Contributions & grants                                   | 18,142            | 6.9%                | 17,794            | 7.2%                | 14,230            | 6.6%                |
| Gain (loss) on sale or disposition of assets             | 125               | 0.0%                | (26)              | 0.0%                | (488)             | -0.2%               |
| <b>Total non-operating revenues</b>                      | <b>99,761</b>     | <b>37.6%</b>        | <b>91,827</b>     | <b>37.2%</b>        | <b>74,942</b>     | <b>34.7%</b>        |
| <b>Total revenues</b>                                    | <b>\$ 265,309</b> | <b>100.0%</b>       | <b>\$ 246,633</b> | <b>100.0%</b>       | <b>\$ 215,975</b> | <b>100.0%</b>       |

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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). Each AUA terminates on June 30, 2024, unless earlier terminated, except that Delta has entered into an amendment to its AUA extending the term for an additional ten years to June 30, 2034. Each of the other Signatory Airlines has been offered the opportunity to extend the term of their AUA on the same terms as Delta, but as of September 28, 2018, none of the other Signatory Airlines has elected to extend the term of their 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 \$838 thousand over the prior year from \$12.2 million in FY 2017 to \$13.0 million in FY 2018 due to increased enplaned passengers in FY 2018. 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, has increased \$3.1 million in FY 2018 over the prior year. Landing fees have increased by \$2.6 million over the prior year. Terminal space and other building rentals have increased by \$2.7 million. As a valuable partner with the airlines, the Airport continues its efforts to keep airline costs low. The Airport cost per enplaned passenger (CPE) for FY 2018 was \$3.83, an increase from the FY 2017 amount of \$3.53.

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 year-end financial results. Final terminal rents and landing fees for the past three years are as follows:

|   | <u>FY 2018</u> | <u>FY 2017</u> | <u>FY 2016</u> |
|---|----------------|----------------|----------------|
| Terminal Rents (annual per square foot) | \$ 69.27       | \$ 67.94       | \$ 63.46       |
| Landing Fees (per 1,000 lbs)            | \$ 2.27        | \$ 1.90        | \$ 2.03        |

Non-airline concession revenues are allocated into two major categories: (1) terminal concessions, which include food service, retail, and advertising, and (2) landside concessions, which consist of auto parking, rental car commissions, and ground transportation fees. Terminal concessions have increased by \$1.1 million (7.2%) from FY 2017. The increase in terminal concession is a result of the increase in total passengers of 4.8%. Landside concessions have increased by \$6.4 million (25.5%). The primary cause for the increase is from car rental fees, which increased \$3.7 million due to the increase in enplaned passengers. Auto parking revenues have increased \$1.0 million (3.8%) and ground transportation revenues have increased \$657k (22.5%).

**Non-operating Revenues**

The Airport recorded \$18.1 million in grants in FY 2018. These funds consisted of \$18.1 million in AIP grants provided by the Federal Aviation Administration, and \$85 thousand in State grant revenue. Airport improvement grants increased from the prior year by \$3.6 million (25.0%). Passenger facility charges

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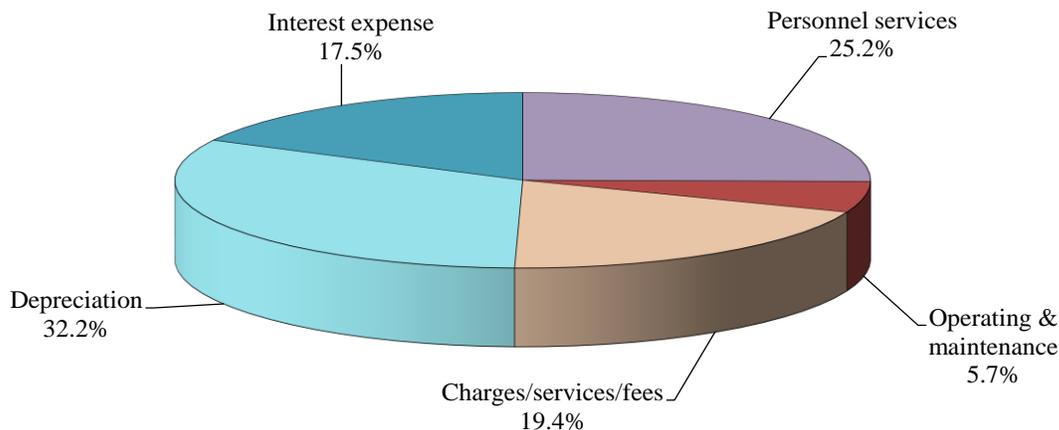
revenue in FY 2018 was \$47.7 million, including \$1.1 million in interest on PFC deposited funds. This is a total increase of \$1.9 million (4.3%) from the FY 2017 total of \$45.8 million.

The Airport recorded a gain of \$125 thousand on the disposition and sale of property and equipment in FY 2018. In FY 2017, the loss on the disposition and sale of property and equipment was \$26 thousand.

The average interest rate on investments that are held in the State Treasurer’s pool for FY 2018 was 1.8%, compared to 1.1% in FY 2017 and 0.7% in FY 2016. In FY 2018, FY 2017, and FY 2016, interest earned from the State Treasurer’s pool and depository accounts totaled \$21.4 million, \$6.5 million, and \$1.6 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 \$1.6 million in FY 2018 and \$492k in FY 2017 (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 \$1 million in FY 2018 and \$972k in FY 2017 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, 2018, including the amount and percentage of change in relation to prior year amounts, is as follows:



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| (Amounts in thousands)                              | FY 2018           | Percent<br>of Total | FY 2017           | Percent<br>of Total | FY 2016           | Percent<br>of Total |
|---|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Operating expenses:                                 |                   |                     |                   |                     |                   |                     |
| Personnel services                                  | \$ 50,076         | 25.2%               | \$ 49,350         | 27.3%               | \$ 45,096         | 29.7%               |
| Operating and maintenance                           | 11,343            | 5.7%                | 11,725            | 6.5%                | 10,940            | 7.2%                |
| Charges/services/fees                               | 38,557            | 19.4%               | 38,384            | 21.2%               | 34,029            | 22.4%               |
| <b>Total operating expenses before depreciation</b> | <b>99,976</b>     | <b>50.3%</b>        | <b>99,459</b>     | <b>55.0%</b>        | <b>90,065</b>     | <b>59.4%</b>        |
| Depreciation  | 63,827            | 32.2%               | 63,665            | 35.1%               | 61,657            | 40.6%               |
| <b>Total operating expenses</b>                     | <b>163,803</b>    | <b>82.5%</b>        | <b>163,124</b>    | <b>90.1%</b>        | <b>151,722</b>    | <b>100.0%</b>       |
| Non-operating expenses:                             |                   |                     |                   |                     |                   |                     |
| Interest expense                                    | 34,675            | 17.5%               | 14,480            | 8.0%                | -                 | 0.0%                |
| Bond issuance costs                                 | -                 | 0.0%                | 3,454             | 1.9%                | -                 | 0.0%                |
| <b>Total non-operating expenses</b>                 | <b>34,675</b>     | <b>17.5%</b>        | <b>17,934</b>     | <b>9.9%</b>         | <b>-</b>          | <b>0.0%</b>         |
| <b>Total expenses</b>                               | <b>\$ 198,478</b> | <b>100.0%</b>       | <b>\$ 181,058</b> | <b>100.0%</b>       | <b>\$ 151,722</b> | <b>100.0%</b>       |

**Operating Expenses**

Operating expenses before depreciation have increased by \$500 thousand (0.5%) in the current fiscal year. These expenses increased by \$9.4 million (10.4%) in FY 2017, and increased by \$13.9 million (18.2%) in FY 2016. Personnel services have increased by \$726 thousand (0.7%) in the current fiscal year. The increase is related to wage and benefits increases which were mostly offset by a reduction in pension expense due to favorable market conditions.

Operating and maintenance costs have decreased by \$382 thousand (-0.4%) from prior year. Maintenance supplies have decreased by \$750 thousand (-9.8%) mainly due to less chemicals being used on the runways during the snow season of approximately \$500 thousand. Automotive supplies increased \$306 thousand (4.0%) compared to FY 2017 mostly because of an increase in demand of 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 \$61 thousand (3.6%). This increase is caused by increased purchases of computer supplies and software and small tools with minor increases in other areas to accommodate the increased passengers at the Airport.

Expenses for charges and services have increased by \$172 thousand (0.4%). The largest increase was \$244 thousand for Aircraft Rescue Fire Fighting (ARFF) services based on more classes being offered and more fire fighters being trained in the current year.

Depreciation expense increased by \$162 thousand (0.3%) in FY 2018, increased by \$2.0 million in FY 2017, and increased by \$1.7 million in FY 2016. 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 2018, FY 2017, and FY 2016 and will continue in varying amounts throughout the program as these assets are fully depreciated over shorter remaining useful lives.

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**NON-OPERATING EXPENSES**

Non-operating expenses consist primarily of interest on long-term debt. Interest expense was \$34.7 million in FY 2018 and \$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 2016 as the Airport had no outstanding debt during this year.

**CAPITAL TRANSACTIONS**

The Terminal Redevelopment Program (TRP) construction activities for FY 2018 included completion of the roofing and start of exterior metal panel and glazing systems to dry-in the south concourse west which allowed the start of the south concourse west installation activities including moving walks, elevators, and mechanical and electrical systems. Structural Steel Erection was completed for the Terminal Building and started for the Gateway Center. The Central Utility Plant construction advanced towards commissioning and start-up to provide construction heat to all facilities for the winter of 2018-2019. The Parking Garage Elevated concrete deck pours continued on the south side and the elevated roadway girders were set in place.

The North Concourse Program (NCP) enabling construction activities including stone columns and driven steel piles for the North Concourse Phase 1 were started in FY 2018, as well as the excavation and dewatering activities to tie-in to the Mid-Concourse Tunnel.

In addition to the TRP and NCP activities, the Airport completed the remodel of the old FedEx building that is now the new Airports Operations Center. Other projects completed in FY 2018 include the pavement rehabilitation of Runway 17/35 – Taxiway P & R, Runway 14/32, Phase 1 of the East Apron Pavement, the replacement of 3 passenger boarding bridges, roof replacements, a new fiber optic run along 2200 W & 2200 N, several electric vehicle charging stations, and several road overlays. The rehabilitation of Runway 16/34 and Taxiway A at South Valley Regional Airport was also completed.

At the beginning of the fiscal year, Airport projects totaling \$422.5 million were in the process of construction. A total of \$56.7 million in projects and equipment were capitalized and placed in service in FY 2018, \$4.5 million was expensed, and \$922.2 million remains in construction in progress. The largest portion of the \$922.2 million of construction in progress is related to the TRP and NCP. The phased construction on the \$3.6 billion TRP and NCP programs will continue through 2025. 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, 2018 and 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 with an interest rate of 5%. 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.

**ECONOMIC OUTLOOK**

The Salt Lake City Airport continues economic recovery along with the airline industry. Projections indicate future passenger growth and new destinations. The Airport's strong financial position allows for

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flexibility to respond to the short-term problems created by an economic recession and changes in the industry. This financial position will also enable the Airport to plan for long term facility needs and redevelopment programs to meet the future growth in air travel and meet the needs of its airline partners and the Utah community.

**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.

  
Ryan R. Tesch, CPA  
Director of Finance

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

| <i>As of June 30,</i>                                  | <b>2018</b>         | <b>2017</b>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>Current Assets</b>                                  |                     |                     |
| Cash and cash equivalents                              | \$ 210,560          | \$ 136,907          |
| Restricted cash and cash equivalents                   | 50,266              | 21,093              |
| Investments  | 10,840              | 12,014              |
| Airline and rental fees receivable                     | 24,185              | 22,003              |
| Other assets   | 4,635               | 4,583               |
| <b>Total current assets</b>                            | <b>300,486</b>      | <b>196,600</b>      |
| <b>Noncurrent Assets</b>                               |                     |                     |
| Restricted cash and cash equivalents                   | 649,301             | 1,180,417           |
| Restricted investments                                 | 45,134              | -                   |
| Investments  | 34,228              | 32,650              |
| Other assets   | 2,276               | 2,003               |
| <b>Total noncurrent assets and investments</b>         | <b>730,939</b>      | <b>1,215,070</b>    |
| <b>Capital assets</b>                                  |                     |                     |
| Land   | 105,129             | 104,590             |
| Building and improvements                              | 1,419,580           | 1,369,273           |
| Equipment  | 148,677             | 141,313             |
| Construction in progress                               | 922,216             | 422,505             |
| <b>Total capital assets - at cost</b>                  | <b>2,595,602</b>    | <b>2,037,681</b>    |
| Less accumulated depreciation                          | 985,742             | 923,283             |
| <b>Net capital assets</b>                              | <b>1,609,860</b>    | <b>1,114,398</b>    |
| <b>Total noncurrent assets</b>                         | <b>2,340,799</b>    | <b>2,329,468</b>    |
| <b>Total Assets</b>                                    | <b>2,641,285</b>    | <b>2,526,068</b>    |
| <b>Deferred Outflows of Resources</b>                  | <b>9,843</b>        | <b>11,948</b>       |
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>\$ 2,651,128</b> | <b>\$ 2,538,016</b> |

See Notes to Financial Statements

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

| <i>As of June 30,</i>   | <b>2018</b>         | <b>2017</b>         |
|---|---------------------|---------------------|
| <b>LIABILITIES</b>  |                     |                     |
| <b>Current Liabilities</b>  |                     |                     |
| Accounts payable  | \$ 69,361           | \$ 36,458           |
| Accrued compensation  | 937                 | 2,647               |
| Interest payable  | 25,000              | 17,778              |
| Other accrued liabilities   | 18,761              | 21,579              |
| <b>Total current liabilities</b>  | <b>114,059</b>      | <b>78,462</b>       |
| <b>Noncurrent Liabilities</b>   |                     |                     |
| Revenue bonds payable   | 1,120,641           | 1,124,812           |
| Noncurrent compensation liability   | 3,936               | 3,790               |
| Net pension liability   | 20,449              | 27,424              |
| Other accrued liabilities   | 26,628              | 9,078               |
| <b>Total noncurrent liabilities</b>                                       | <b>1,171,654</b>    | <b>1,165,104</b>    |
| <b>Total Liabilities</b>  | <b>1,285,713</b>    | <b>1,243,566</b>    |
| <b>Deferred Inflows of Resources</b>                                      | <b>10,775</b>       | <b>6,641</b>        |
| <b>NET POSITION</b>   |                     |                     |
| Net investment in capital assets  | 1,201,228           | 761,198             |
| Restricted for  |                     |                     |
| Capital projects  | 32,693              | 189,115             |
| Debt service  | 200,842             | 240,783             |
| Unrestricted  | (80,123)            | 96,713              |
| <b>Net Position</b>   | <b>1,354,640</b>    | <b>1,287,809</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | <b>\$ 2,651,128</b> | <b>\$ 2,538,016</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 twelve month period ended June,</i>           | <b>2018</b>   | <b>2017</b>    |
|--|---------------|----------------|
| <b>Operating Revenues</b>                                |               |                |
| Airline revenue  | \$ 70,572     | \$ 66,639      |
| Terminal concessions                                     | 19,193        | 18,120         |
| Landside concessions                                     | 68,081        | 64,408         |
| Lease revenue  | 7,539         | 6,927          |
| General aviation   | 2,661         | 2,334          |
| State aviation tax                                       | 3,122         | 2,983          |
| Other revenue  | 7,387         | 5,564          |
| Operating revenues                                       | 178,555       | 166,975        |
| Less airline revenue sharing                             | (13,007)      | (12,169)       |
| Total operating revenues                                 | 165,548       | 154,806        |
| <b>Operating Expenses</b>                                |               |                |
| Salaries and benefits                                    | 50,076        | 49,350         |
| Materials and supplies                                   | 11,343        | 11,725         |
| Maintenance contracts                                    | 9,034         | 8,399          |
| Charges and services                                     | 12,175        | 13,730         |
| Utilities  | 5,649         | 6,317          |
| Intra-governmental                                       | 8,395         | 6,339          |
| Other expenses   | 3,304         | 3,599          |
| Total operating expenses before depreciation             | 99,976        | 99,459         |
| <b>Operating Income Before Depreciation</b>              | <b>65,572</b> | <b>55,347</b>  |
| <b>Depreciation Expense</b>                              | <b>63,827</b> | <b>63,665</b>  |
| <b>Operating Income (Loss)</b>                           | <b>1,745</b>  | <b>(8,318)</b> |
| <b>Non-Operating Revenues (Expenses)</b>                 |               |                |
| Passenger facility charges                               | 47,739        | 45,750         |
| Customer facility charges                                | 15,740        | 16,157         |
| Interest income  | 21,783        | 8,006          |
| Interest expense   | (34,675)      | (14,480)       |
| Bond issuance costs                                      | -             | (3,454)        |
| Net increase (decrease) in the fair value of investments | (3,768)       | 4,146          |
| Gain (loss) on disposition of property and equipment     | 125           | (26)           |
| Net non-operating income                                 | 46,944        | 56,099         |
| <b>Capital Contributions</b>                             |               |                |
| Contributions and grants                                 | 18,142        | 17,794         |
| Total capital contributions                              | 18,142        | 17,794         |
| <b>Net Position</b>                                      |               |                |
| Increase in net position                                 | 66,831        | 65,575         |
| Net Position, beginning of period                        | 1,287,809     | 1,222,234      |
| Net Position, end of period                              | \$ 1,354,640  | \$ 1,287,809   |

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>2018</b>       | <b>2017</b>         |
|--|-------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                      |                   |                     |
| Cash received from providing services  | \$ 170,276        | \$ 156,314          |
| Cash paid for services for intra-governmental charges                            | (8,395)           | (7,247)             |
| Cash paid to suppliers   | (46,948)          | (37,228)            |
| Cash paid to employees   | (53,380)          | (48,872)            |
| <b>Net cash from operating activities</b>  | <b>61,553</b>     | <b>62,967</b>       |
| <b>Cash Flows from Investing Activities</b>                                      |                   |                     |
| Cash paid for investments  | (63,858)          | (13,627)            |
| Cash proceeds from investments   | 17,500            | 13,621              |
| Interest received on investments   | 20,735            | 6,683               |
| <b>Net cash from investing activities</b>  | <b>(25,623)</b>   | <b>6,677</b>        |
| <b>Cash Flows from Capital and Related Financing Activities</b>                  |                   |                     |
| Purchase of capital equipment  | (2,920)           | (6,861)             |
| Payments for acquisition and construction of capital assets                      | (501,523)         | (271,753)           |
| Proceeds from issuance of revenue bonds payable                                  | -                 | 1,124,493           |
| Interest paid on bonds   | (42,778)          | -                   |
| Bond issuance costs  | -                 | (1,391)             |
| Passenger facility charges   | 47,474            | 44,932              |
| Customer facility charges  | 15,656            | 16,129              |
| Proceeds from sale of capital assets and equipment                               | 136               | 208                 |
| Contributions and grants   | 19,735            | 22,500              |
| <b>Net cash received and (used) for capital and related financing activities</b> | <b>(464,220)</b>  | <b>928,257</b>      |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                      | <b>(428,290)</b>  | <b>997,901</b>      |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                             | <b>1,338,417</b>  | <b>340,516</b>      |
| <b>Cash and Cash Equivalents - End of Year</b>                                   | <b>\$ 910,127</b> | <b>\$ 1,338,417</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>2018</b>       | <b>2017</b>       |
|---|-------------------|-------------------|
| <b>Reconciliation of Operating Income (Loss) to Net</b>                                     |                   |                   |
| <b>Cash from Operating Activities</b>   |                   |                   |
| Operating income (loss)   | \$ 1,745          | \$ (8,318)        |
| Adjustments to reconcile loss from operations to net cash provided by operating activities: |                   |                   |
| Depreciation  | 63,827            | 63,665            |
| Pension benefit   | (967)             | 1,025             |
| Changes in assets and liabilities:  |                   |                   |
| Airline and rental fee receivable   | 3,051             | 235               |
| Other assets  | 51                | 378               |
| Deferred outflows   | 4,569             | 1,767             |
| Accounts payable  | 412               | (1,124)           |
| Accrued compensation  | 178               | 142               |
| Other accrued liabilities   | (8,736)           | 2,665             |
| Net pension liability   | (6,975)           | 1,959             |
| Deferred inflows  | 4,133             | 774               |
| Deposits and advance rentals  | 265               | (201)             |
| <b>Net cash from operating activities</b>   | <b>61,553</b>     | <b>62,967</b>     |
| <b>Schedule of Non-cash Transactions Affecting Net Position</b>                             |                   |                   |
| Contributions and grants  | (1,678)           | (4,758)           |
| Passenger facility charges (includes interest)  | 265               | 818               |
| Customer facility charges (includes interest)   | 84                | 28                |
| Bond issuance costs   | -                 | (1,988)           |
| Net increase in fair value of investments   | (3,768)           | 4,146             |
| Loss on disposition of property   | (11)              | (234)             |
| <b>Total Noncash Transactions Affecting Net Position</b>                                    | <b>\$ (5,108)</b> | <b>\$ (1,988)</b> |

See Notes to Financial Statements

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

**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 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 2018, 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 concessionaires. Current 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 facilities 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 restricted by some sources to apply 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, and if needed, Airport funds unless specific restrictions on any fund source require 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, 2018 and 2017, the Airport does not anticipate any material losses on accounts receivable, and no allowance 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 tax-exempt borrowing (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, PFCs, or CFCs.

Total interest expense was approximately \$34.7 and \$14.5 million for the years ended June 30, 2018 and 2017, while interest capitalized as part of the cost of constructed assets was approximately \$11.2 and \$1.6 million respectively.

**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 operating expense and a future liability obligation of \$191k associated with two pollution remediation 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 \$112k for some additional leaking underground fuel tanks. Since 2010, the Airport has incurred \$152k in costs for monthly monitoring at both sites including \$14k in FY 2018. The liability recorded as of June 30, 2018 is \$152k. 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 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.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The statement is meant to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement 88 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 June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The statement is meant to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period as well as to simplify accounting for interest cost incurred before the end of a construction period. Statement 89 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):

|   | <b>2018</b>       | <b>2017</b>         |
|---|-------------------|---------------------|
|   | <b>Fair Value</b> | <b>Fair Value</b>   |
| <b>Deposits</b>                                     |                   |                     |
| Petty Cash  | \$ 2              | \$ 2                |
| Unrestricted cash in the City's pooled cash account | 745               | 2,363               |
| Utah State Treasurer's Investments Pool             | 906,013           | 1,333,192           |
| Zion's Bank operating accounts                      | 3,367             | 2,860               |
| <b>Total</b>  | <b>\$ 910,127</b> | <b>\$ 1,338,417</b> |

The Airport maintains funds in the City's 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 \$3.4 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 (Act) 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). 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 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 Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified institution 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, 2018 and 2017, the Airport had deposits with qualified depositories in accordance with the Utah Money Management Act totaling \$3.4 and \$2.9 million. Of these amounts, \$250k was covered by federal depository insurance. The remaining balances of \$3.1 and \$2.6 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* - 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 Treasurers Pool is internally managed by the Utah State Treasury Office, and the Utah Public Treasurer’s Investment Fund was unrated as of June 30, 2018 by any outside agency. This amount has been adjusted to market and reflects the fair market value of the plan assets.

Investments made with unspent PFC revenue are in accordance with FAA guidelines. In addition, the Airport invested 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 \$90.7 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, 2018 and 2017;

- U.S. Agency securities of \$29.3 and \$11.4 million are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of \$21.5 and \$33.3 million are valued using quoted market prices (Level 1 inputs)
- Corporate bond securities of \$39.4 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<br><u>Ratings</u> | FY 2018<br><u>Fair Value</u> | FY 2017<br><u>Fair Value</u> | <u>Maturities</u><br><u>(in years)</u> |
|--------------------|---------------------------|------------------------------|------------------------------|--|
| U.S Agency Notes   |                           |                              |                              |  |
| FNMA               | AA+/Aaa                   | \$ 7,096                     | \$ 4,320                     | 1-5                                    |
| FHLMC              | AA+/Aaa                   | 22,186                       | 7,060                        | 1-5                                    |
| U.S Treasury Notes | AA+/Aaa                   | 21,494                       | 33,284                       | 1-5                                    |
| Corporate Bonds    | A/BBB+                    | 39,425                       | -                            | 5+                                     |
|                    |                           | <u>\$ 90,201</u>             | <u>\$ 44,664</u>             |  |

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

Certain cash and cash equivalents are restricted or designated:

- As of June 30, 2018 and 2017, \$9.1 and \$163.2 million, respectively, of PFC contributions are restricted for construction projects at the Airport under the PFC program requirements.
- As of June 30, 2018 and 2017, \$266 thousand and \$3.3 million, respectively, of CFC contributions are restricted for rental car construction projects at the Airport under the CFC program requirements.
- As of June 30, 2018 and 2017, \$666.4 million and \$1 billion of debt proceeds are restricted for the use of construction of the TRP and NCP projects.
- As of June 30, 2018 and 2017, \$18.3 and \$17.6 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, 2018 (amounts in thousands):

|   | <b>Total</b>         |                  |                  |  | <b>Total</b>         |
|---|----------------------|------------------|------------------|--|----------------------|
|   | <b>June 30, 2017</b> | <b>Additions</b> | <b>Deletions</b> |  | <b>June 30, 2018</b> |
| Capital Assets that are not depreciated:            |                      |                  |                  |  |                      |
| Land  | \$ 104,590           | \$ 539           | \$ -             |  | \$ 105,129           |
| Construction in Progress                            | 422,505              | 560,358          | (60,647)         |  | 922,216              |
| Total Capital Assets that are not being depreciated | 527,095              | 560,897          | (60,647)         |  | 1,027,345            |
| Capital Assets that are depreciated:                |                      |                  |                  |  |                      |
| Buildings   | 494,997              | 21,843           | -                |  | 516,840              |
| Improvements  | 874,276              | 28,464           | -                |  | 902,740              |
| Equipment   | 141,313              | 8,744            | (1,380)          |  | 148,677              |
| Sub-total   | 1,510,586            | 59,051           | (1,380)          |  | 1,568,257            |
| Less accumulated depreciations:                     |                      |                  |                  |  |                      |
| Buildings   | (311,904)            | (22,654)         | 1,369            |  | (333,189)            |
| Improvements  | (504,452)            | (33,351)         | -                |  | (537,803)            |
| Equipment   | (106,929)            | (7,821)          | -                |  | (114,750)            |
| Sub-total   | (923,283)            | (63,826)         | 1,369            |  | (985,742)            |
| Total Depreciable Capital Assets, net               | 587,303              | (4,775)          | (11)             |  | 582,515              |
| Total Capital Assets, net                           | \$ 1,114,398         | \$ 556,123       | \$ (60,657)      |  | \$ 1,609,860         |

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

|   | Total<br>June 30, 2016 | Additions  | Deletions    | Total<br>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           |

#### **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, 2018 and 2017 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, 2018, the Airport was committed to contractors and vendors for approximately \$1.4 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 | Years of Service Required and/or Age Eligible for Benefit                                       | Benefit Percentage per Year of Service                          | COLA**                                 |
|--------------------------------------|----------------------|---|---|--|
| Noncontributory System               | Highest 3 Years      | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 2.0% per year all years   | Up to 4%                               |
| Contributory System                  | Highest 5 years      | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>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<br>10 years age 60<br>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<br>20 years age 60*<br>10 years age 62*<br>4 years age 65                      | 1.5% per year all years   | Up to 2.5%                             |
| Tier 2 Public Safety and Firefighter | Highest 5 years      | 25 years any age<br>20 years age 60*<br>10 years age 62*  | 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, 2018 are as follows:

## Utah Retirement Systems

|   | <b>Employee</b> | <b>Employer</b> | <b>Employer<br/>401 (k)</b> |
|---|-----------------|-----------------|-----------------------------|
| <b>Contributory System</b>                      |                 |                 |                             |
| 11 Local Government Div - Tier 1                | 6.00%           | 14.46%          | N/A                         |
| 111 Local Government Div - Tier 2               | N/A             | 14.91%          | 1.78%                       |
| <b>Noncontributory System</b>                   |                 |                 |                             |
| 15 Local Government Div - Tier 1                | N/A             | 18.47%          | N/A                         |
| <b>Public Safety System</b>                     |                 |                 |                             |
| <b>Contributory</b>                             |                 |                 |                             |
| 122 Tier 2 Defined Benefit Hybrid Public Safety | N/A             | 34.92%          | 1.33%                       |
| <b>Noncontributory</b>                          |                 |                 |                             |
| 44 Salt Lake City with 2.5% COLA                | N/A             | 46.67%          | N/A                         |
| <b>Tier 2 DC Only</b>                           |                 |                 |                             |
| 211 Local Government                            | N/A             | 6.69%           | 10.00%                      |
| 222 Public Safety                               | 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, 2018, the employer and employee contributions for the Airport to the Systems were as follows (amounts in thousands):

| <b>System</b>  |           | <b>Employer<br/>Contributions</b> | <b>Employee<br/>Contributions</b> |
|--|-----------|-----------------------------------|-----------------------------------|
| Noncontributory System   | \$        | 3,918                             | N/A                               |
| Contributory System  |           | 87                                | -                                 |
| Public Safety System   |           | 1,479                             | -                                 |
| Tier 2 Public Employees System                                   |           | 372                               | -                                 |
| Tier 2 Public Safety and Firefighter                             |           | 493                               | -                                 |
| Tier 2 Defined Contribution Only System                          |           | 153                               | N/A                               |
| Tier 2 Defined Contribution Public Safety and Firefighter System |           | 30                                | N/A                               |
| <b>Total Contributions</b>                                       | <b>\$</b> | <b>6,532</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.

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

At June 30, 2018 and 2017, the Airport reported a net pension asset of \$7 thousand and \$9 thousand, respectively, and a net pension liability of \$20.4 million and \$27.4 million, respectively. The following table shows the net pension asset and liability:

| (Amounts in thousands)                      | (Measurement date December 31, 2017) |                   |                       |
|---|--------------------------------------|-------------------|-----------------------|
|   | Proportionate Share                  | Net Pension Asset | Net Pension Liability |
| Noncontributory System                      | 2.63%                                | \$ -              | \$ 11,188             |
| Contributory System                         | 3.21%                                | -                 | 256                   |
| Public Safety System                        | 10.38%                               | -                 | 8,946                 |
| Tier 2 Public Employees System              | 0.68%                                | -                 | 59                    |
| Tier 2 Public Safety and Firefighter System | 0.55%                                | 7                 | -                     |
|   |                                      | <u>\$ 7</u>       | <u>\$ 20,449</u>      |

| (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>      |

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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 year ended June 30, 2018 and 2017, the Airport recognized pension expense of \$6.4 million and \$7.7 million respectively.

At June 30, 2018 and 2017, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| (Amounts in thousands)   | December 31, 2017                 |                                  |
|--|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected and actual  | \$ 590                            | \$ 740                           |
| Changes in assumptions   | 5,512                             | 268                              |
| Net difference between projected and actual earnings on pension plan investment                      | -                                 | 5,332                            |
| Changes in proportion and differences between contributions and proportionate share of contributions | 109                               | 328                              |
| Contributions subsequent to measurement  | 3,102                             | -                                |
|  | <u>\$ 9,313</u>                   | <u>\$ 6,668</u>                  |

| (Amounts in thousands)   | December 31, 2016                 |                                  |
|--|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>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>                  |

\$3.1 million and \$2.8 million, respectively, are reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017 and 2016, respectively.

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):

| <u>Year ended December 31,</u> | <u>Net Deferred Outflows<br/>(Inflows) of Resources</u> |
|--------------------------------|---|
| 2018                           | \$ 1,105  |
| 2019                           | 1,507   |
| 2020                           | 13  |
| 2021                           | (1,678)   |
| 2022                           | (731)   |
| Thereafter                     | (673)   |

### **Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Airport recognized pension expense of \$3.9 million.

At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| (Amounts in thousands)   | December 31, 2017                         |  |
|--|---|--|
|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
| Differences between expected and actual  | \$ 250                                    | \$ 685                                   |
| Changes in assumptions   | 4,019                                     | 261                                      |
| Net difference between projected and actual earnings on pension plan investment                      | -   | 3,916                                    |
| Changes in proportion and differences between contributions and proportionate share of contributions | 39  | 328                                      |
| Contributions subsequent to measurement  | 1,675                                     | -  |
|  | <u>\$ 5,983</u>                           | <u>\$ 5,190</u>                          |

\$1.7 million reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2017.

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<br/>(Inflows) of Resources</b> |
|--------------------------------|---|
| 2018 \$                        | 2,138   |
| 2019                           | 2,916   |
| 2020                           | 26  |
| 2021                           | (3,246)   |
| 2022                           | (1,414)   |
| Thereafter                     | (1,302)   |

### **Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Airport recognized pension expense of \$68 thousand.

At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| (Amounts in thousands)   | December 31, 2017                 |                                  |
|--|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected and actual  | \$ -                              | \$ -                             |
| Changes in assumptions   | -                                 | -                                |
| Net difference between projected and actual earnings on pension plan investment                      | -                                 | 411                              |
| Changes in proportion and differences between contributions and proportionate share of contributions | -                                 | -                                |
| Contributions subsequent to measurement  | 53                                | -                                |
|  | <u>\$ 53</u>                      | <u>\$ 411</u>                    |

\$53 thousand reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2017.

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):

| Year ended December 31, | Net Deferred Outflows<br>(Inflows) of Resources |
|-------------------------|---|
| 2018                    | \$ 995  |
| 2019                    | 1,357   |
| 2020                    | 12  |
| 2021                    | (1,511)   |
| 2022                    | (658)   |
| Thereafter              | (606)   |

### **Police Retirement System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Airport recognized pension expense of \$1.8 million.

At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| (Amounts in thousands)   | December 31, 2017                 |                                  |
|--|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected and actual  | \$ 335                            | \$ -                             |
| Changes in assumptions   | 1,399                             | -                                |
| Net difference between projected and actual earnings on pension plan investment                      | -                                 | 930                              |
| Changes in proportion and differences between contributions and proportionate share of contributions | -                                 | -                                |
| Contributions subsequent to measurement  | 629                               | -                                |
|  | <u>\$ 2,363</u>                   | <u>\$ 930</u>                    |

\$629 thousand reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

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):

| <u>Year ended December 31,</u> | <b>Net Deferred Outflows<br/>(Inflows) of Resources</b> |         |
|--------------------------------|---|---------|
| 2018                           | \$  | (1,947) |
| 2019                           |   | (2,656) |
| 2020                           |   | (23)    |
| 2021                           |   | 2,956   |
| 2022                           |   | 1,288   |
| Thereafter                     |   | 1,186   |

**Tier 2 Public Employees Contributory Retirement System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Airport recognized pension expense of \$569 thousand.

At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| (Amounts in thousands)   | December 31, 2017                         |  |
|--|---|--|
|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
| Differences between expected and actual  | \$ 2                                      | \$ 55                                    |
| Changes in assumptions   | 80  | 6  |
| Net difference between projected and actual earnings on pension plan investment                      | -   | 68                                       |
| Changes in proportion and differences between contributions and proportionate share of contributions | 67  | -  |
| Contributions subsequent to measurement  | 648                                       | -  |
|  | <u>\$ 797</u>                             | <u>\$ 129</u>                            |

\$648 thousand reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2017.

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):

| <u>Year ended December 31,</u> | <b>Net Deferred Outflows<br/>(Inflows) of Resources</b> |      |
|--------------------------------|---|------|
| 2018                           | \$  | (49) |
| 2019                           |   | (67) |
| 2020                           |   | (1)  |
| 2021                           |   | 74   |
| 2022                           |   | 32   |
| Thereafter                     |   | 30   |

**Tier 2 Public Safety and Firefighter Contributory Retirement System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Airport recognized pension expense of \$60 thousand.

At June 30, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| (Amounts in thousands)   | <u>December 31, 2017</u>                  |  |
|--|---|--|
|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
| Differences between expected and actual  | \$ 3                                      | \$ 0                                     |
| Changes in assumptions   | 14  | 1  |
| Net difference between projected and actual earnings on pension plan investment                      | -   | 7  |
| Changes in proportion and differences between contributions and proportionate share of contributions | 3   | -  |
| Contributions subsequent to measurement  | 97  | -  |
|  | <u>\$ 117</u>                             | <u>\$ 8</u>                              |

\$97 thousand reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2017.

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):

| <u>Year ended December 31,</u> | <u>Net Deferred Outflows<br/>(Inflows) of Resources</u> |
|--------------------------------|---|
| 2018 \$                        | (32)  |
| 2019                           | (44)  |
| 2020                           | (0)   |
| 2021                           | 49  |
| 2022                           | 21  |
| Thereafter                     | 20  |

### **Actuarial Assumptions**

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.50 percent  |
| Salary increases          | 3.25 – 9.75 percent, average, including inflation                           |
| Investment rate of return | 6.95 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, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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         | 40.00%                             | 6.15%                        | 2.46%  |
| Debt securities           | 20.00%                             | 0.40%                        | 0.08%  |
| Real assets               | 15.00%                             | 5.75%                        | 0.86%  |
| Private equity            | 9.00%                              | 9.95%                        | 0.89%  |
| Absolute return           | 16.00%                             | 2.85%                        | 0.46%  |
| Cash and cash equivalents | 0.00%                              | 0.00%                        | 0.00%  |
| Totals                    | 100%                               |                              | 4.75%  |
|                           | Inflation                          |                              | 2.50%  |
|                           | Expected Arithmetic Nominal Return |                              | 7.25%  |

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 %. 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 6.95 percent from 7.20 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 table presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate (amounts in thousands):

| System                                      | 1% Decrease<br>(5.95%) | Discount Rate<br>(6.95%) | 1% Increase<br>(7.95%) |
|---|------------------------|--------------------------|------------------------|
| Noncontributory System                      | \$ 30,258              | \$ 11,188                | \$ (4,668)             |
| Contributory System                         | 1,737                  | 256                      | (986)                  |
| Public Safety System                        | 14,270                 | 8,946                    | 4,570                  |
| Tier 2 Public Employees System              | 697                    | 59                       | (433)                  |
| Tier 2 Public Safety and Firefighter System | -                      | -                        | -                      |
| Total                                       | \$ 46,962              | \$ 20,449                | \$ (1,517)             |

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):

|                             | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-----------------------------|-------------|-------------|-------------|
| <b>401(k) Plan</b>          |             |             |             |
| Employer Contributions      | \$ 350      | \$ 337      | \$ 286      |
| Employee Contributions      | 639         | 616         | 622         |
| <b>457 Plan</b>             |             |             |             |
| Employer Contributions      | -           | 1           | -           |
| Employee Contributions      | 375         | 277         | 253         |
| <b>Roth IRA Plan</b>        |             |             |             |
| Employer Contributions      | N/A         | N/A         | N/A         |
| Employee Contributions      | 139         | 109         | 81          |
| <b>Traditional IRA Plan</b> |             |             |             |
| Employer Contributions      | N/A         | N/A         | N/A         |
| Employee Contributions      | \$ 10       | \$ 3        | \$ 4        |

## NOTE 8 – BONDS PAYABLE

Changes in long-term debt for the year ended June 30, 2018 were as follows (amounts in thousands):

|                               | <u>2018</u>         |                  |                    |                      |
|-------------------------------|---------------------|------------------|--------------------|----------------------|
|                               | <u>July 1, 2017</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2018</u> |
| General Airport Revenue Bonds |                     |                  |                    |                      |
| 2017A and 2017B               | \$ 1,000,000        | \$ -             | \$ -               | \$ 1,000,000         |
| Unamortized net premiums      | \$ 124,812          | -                | 4,171              | 120,641              |
| Total bond debt               | <u>\$ 1,124,812</u> | <u>\$ -</u>      | <u>\$ 4,171</u>    | <u>\$ 1,120,641</u>  |

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

|                               | <b>2017</b>         |                     |                    |                      |
|-------------------------------|---------------------|---------------------|--------------------|----------------------|
|                               | <u>July 1, 2016</u> | <u>Additions</u>    | <u>Retirements</u> | <u>June 30, 2017</u> |
| 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               | <u>\$ -</u>         | <u>\$ 1,126,481</u> | <u>\$ 1,669</u>    | <u>\$ 1,124,812</u>  |

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

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

| <b>Bond</b>                    | <b>Maturity</b>            | <b>Interest Rate</b> | <b>Amount Outstanding</b> |                     |
|--------------------------------|----------------------------|----------------------|---------------------------|---------------------|
|                                |                            |                      | <b>2018</b>               | <b>2017</b>         |
| General Airport Revenue Bonds  |                            |                      |                           |                     |
| Series 2017A                   | Annually July 1, 2021-2047 | 5%                   | \$ 826,210                | \$ 826,210          |
| Series 2017B                   | Annually July 1, 2021-2047 | 5%                   | 173,790                   | 173,790             |
| Total revenue bonds            |                            |                      | 1,000,000                 | 1,000,000           |
| Net unamortized premiums       |                            |                      | 120,641                   | 124,812             |
| Total bonds payable noncurrent |                            |                      | <u>\$ 1,120,641</u>       | <u>\$ 1,124,812</u> |

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, 2018 are as follows (amounts in thousands):

|              | <u>Principal</u>    | <u>Interest</u>     |
|--------------|---------------------|---------------------|
| <b>Year:</b> |                     |                     |
| 2019         | \$ -                | \$ 50,000           |
| 2020         | -                   | 50,000              |
| 2021         | -                   | 50,000              |
| 2022         | 1,140               | 49,972              |
| 2023         | 20,345              | 49,434              |
| 2024 - 2028  | 60,570              | 239,836             |
| 2029 - 2033  | 153,405             | 211,059             |
| 2034- 2038   | 195,785             | 167,616             |
| 2039- 2043   | 249,860             | 112,174             |
| 2044- 2048   | 318,895             | 41,417              |
| <b>Total</b> | <u>\$ 1,000,000</u> | <u>\$ 1,021,508</u> |

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 TRP and NCP

## 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):

|                                      | 2018              |                  | 2017              |                  |
|--------------------------------------|-------------------|------------------|-------------------|------------------|
|                                      | Amount            | Percent of Total | Amount            | Percent of Total |
| Airline revenues                     | \$ 70,572         | 42.6%            | \$ 66,639         | 43.0%            |
| Less: Airline revenue sharing        | (13,007)          | -7.9%            | (12,169)          | -7.9%            |
| Concession and other rental revenues | 104,861           | 63.3%            | 97,353            | 62.9%            |
| State aviation fuel tax              | 3,122             | 1.9%             | 2,983             | 1.9%             |
| <b>Total operating revenues</b>      | <b>\$ 165,548</b> | <b>100.0%</b>    | <b>\$ 154,806</b> | <b>100.0%</b>    |

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

|                                | 2018             | 2017             |
|--------------------------------|------------------|------------------|
| Terminal space rentals         | \$ 31,031        | \$ 29,775        |
| Landing fees                   | 32,742           | 30,020           |
| Aircraft remain overnight fees | 292              | 378              |
| Support buildings              | 4,335            | 4,311            |
| Fuel farm                      | 537              | 528              |
| Passenger boarding bridge fees | 1,635            | 1,627            |
| <b>Total</b>                   | <b>\$ 70,572</b> | <b>\$ 66,639</b> |

Charges from terminal space rentals and landing fees for most airlines are determined by the Airport Use Agreements that permit the Airport to recover the airlines' share of the operating costs of the terminal and airfield as defined in the agreement. The most recent agreement was signed effective July 1, 2014 and the agreement terminates on June 30, 2024. Under the new 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 this new agreement. 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):

|                          | 2018              | 2017             |
|--------------------------|-------------------|------------------|
| Car rental agencies      | \$ 29,181         | \$ 27,186        |
| Auto parking facilities  | 35,351            | 34,297           |
| Other airport facilities | 40,356            | 35,870           |
| <b>Total</b>             | <b>\$ 104,888</b> | <b>\$ 97,353</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):

| <b>Year Ending June 30:</b> |                   |
|-----------------------------|-------------------|
| 2019                        | \$ 46,686         |
| 2020                        | 40,181            |
| 2021                        | 39,726            |
| 2022                        | 37,217            |
| 2023                        | 30,687            |
| 2024-2028                   | 83,765            |
| 2029-2033                   | 8,007             |
| 2034-2038                   | 3,891             |
| 2039-2043                   | 2,589             |
| Thereafter                  | 401               |
| <b>Total</b>                | <b>\$ 293,150</b> |

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

Long-term liability activity for the year ended June 30, 2018 was as follows (amounts in thousands):

|                                    | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b>  | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|------------------------------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| Accrued compensation               | \$ 6,437                     | \$ 2,083         | \$ (3,647)         | \$ 4,873                  | \$ 937                         |
| Net pension liability              | 27,424                       | -                | (6,974)            | 20,449                    | -                              |
| Other long-term liabilities        | 9,078                        | 20,094           | (4,755)            | 24,417                    | 4,755                          |
| <b>Total long-term liabilities</b> | <b>\$ 42,939</b>             | <b>\$ 22,176</b> | <b>\$ (15,376)</b> | <b>\$ 49,739</b>          | <b>\$ 5,692</b>                |

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

|                                    | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending<br/>Balance</b> | <b>Due Within<br/>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           | (5,454)           | 9,389                     | 5,454                          |
| <b>Total long-term liabilities</b> | <b>\$ 35,654</b>             | <b>\$ 16,562</b> | <b>\$ (8,966)</b> | <b>\$ 43,250</b>          | <b>\$ 8,101</b>                |

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

The City provides various services to the Airport, including data processing, investing, financial services, and firefighting services. These expenses have been included in operating expenses and are as follows for the year ended June 30 (amounts in thousands):

|  | <b>2018</b>     | <b>2017</b>     |
|--|-----------------|-----------------|
| General and administrative charges         | \$ 3,265        | \$ 2,651        |
| Aircraft rescue and fire fighting services | 5,130           | 4,596           |
| <b>Total</b>                               | <b>\$ 8,395</b> | <b>\$ 7,247</b> |

#### **NOTE 12 – MAJOR CUSTOMER**

The Airport received approximately \$33.9 million (20.5%) of its operating revenue during 2018 and \$31.4 million (20.4%) during 2017 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, 2017**  
**Last 10 Fiscal Years \***  
**(Amounts in Thousands)**

| <b>Noncontributory System</b>   | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|
| Proportion of the net pension liability   | 2.55%       | 2.65%       | 2.58%       | 2.53%       |
| Proportionate share of the net pension liability  | \$ 11,188   | \$ 17,029   | \$14,586    | \$10,985    |
| Covered payroll   | 20,761      | 22,028      | 21,247      | 21,137      |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 53.9%       | 77.3%       | 68.6%       | 52.0%       |
| Plan fiduciary net position as a percentage of its covered payroll                      | 91.9%       | 87.3%       | 90.2%       | 90.2%       |
| <b>Contributory Retirement System</b>   | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| Proportion of the net pension liability   | 3.15%       | 3.39%       | 2.1%        | 2.62%       |
| Proportionate share of the net pension liability  | \$ 256      | \$ 1,113    | \$ 1,478    | \$ 757      |
| Covered payroll   | 639         | 814         | 896         | 1,405       |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 40.1%       | 136.7%      | 165.0%      | 53.9%       |
| Plan fiduciary net position as a percentage of its covered payroll                      | 98.2%       | 92.9%       | 94.0%       | 94.0%       |
| <b>Public Safety System</b>   | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| Proportion of the net pension liability   | 10.38%      | 10.04%      | 11.05%      | 11.65%      |
| Proportionate share of the net pension liability  | \$ 8,946    | \$ 9,205    | \$ 9,402    | \$ 8,490    |
| Covered payroll   | 3,113       | 3,121       | 3,158       | 3,292       |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 287.3%      | 294.9%      | 297.8%      | 257.9%      |
| Plan fiduciary net position as a percentage of its covered payroll                      | 77.3%       | 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 four 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, 2017**  
**Last 10 Fiscal Years \***  
**(Amounts in Thousands)**

| <b>Tier 2 Public Employees System</b>  | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|
| Proportion of the net pension liability (asset)  | 0.67%       | 0.68%       | 0.69%       | 0.80%       |
| Proportionate share of the net pension liability (asset)   | \$ 59       | \$ 76       | \$ (2)      | \$ (24)     |
| Covered payroll  | 6,570       | 5,571       | 4,452       | 3,909       |
| Proportionate share of the net pension liability (asset)<br>as a percentage of its covered payroll | 0.9%        | 1.4%        | 0.0%        | -0.6%       |
| Plan fiduciary net position as a percentage of its<br>covered payroll                              | 97.4%       | 95.1%       | 103.5%      | 103.5%      |
| <b>Tier 2 Public Safety and Firefighter System</b>   | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| Proportion of the net pension liability (asset)  | 0.56%       | 0.99%       | 0.7%        | 1.0%        |
| Proportionate share of the net pension liability (asset)   | \$ (7)      | \$ (9)      | \$ (10)     | \$ (15)     |
| Covered payroll  | 593         | 815         | 419         | 431         |
| Proportionate share of the net pension liability (asset)<br>as a percentage of its covered payroll | -1.1%       | -1.1%       | -2.5%       | -3.6%       |
| Plan fiduciary net position as a percentage of its<br>covered payroll                              | 103.0%      | 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 four years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Schedule of Required Supplementary Information**  
**Schedule of Contributions**  
**June 30, 2018**  
**Last 10 Fiscal Years \***  
**(Amounts in Thousands)**

| <b>Noncontributory System</b>  | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|-------------|-------------|
| Actuarial determined contributions                                   | \$ 3,864    | \$ 3,883    | \$ 3,867    | \$ 4,073    |
| Contributions in relation to the contractually required contribution | (3,864)     | (3,883)     | (3,867)     | (4,073)     |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 22,947      | 22,395      | 22,735      | 21,046      |
| Contributions as a percentage of covered payroll                     | 16.8%       | 17.3%       | 17.8%       | 19.4%       |
| <b>Contributory Retirement System</b>                                | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
| Actuarial determined contributions                                   | \$ 100      | \$ 121      | \$ 116      | \$ 186      |
| Contributions in relation to the contractually required contribution | (100)       | (121)       | (116)       | (186)       |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 706         | 827         | 958         | 1,399       |
| Contributions as a percentage of covered payroll                     | 14.1%       | 14.7%       | 12.5%       | 13.3%       |
| <b>Public Safety System</b>  | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
| Actuarial determined contributions                                   | \$ 1,402    | \$ 1,376    | \$ 1,477    | \$ 1,574    |
| Contributions in relation to the contractually required contribution | (1,402)     | (1,376)     | (1,477)     | (1,574)     |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 3,441       | 3,173       | 3,379       | 3,277       |
| Contributions as a percentage of covered payroll                     | 40.7%       | 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 four years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Schedule of Required Supplementary Information**  
**Schedule of Contributions**  
**June 30, 2018**  
**Last 10 Fiscal Years \*\***  
**(Amounts in Thousands)**

| <b>Tier 2 Public Employee System*</b>                                | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|-------------|-------------|
| Actuarial determined contributions                                   | \$ 815      | \$ 543      | \$ 671      | \$ 369      |
| Contributions in relation to the contractually required contribution | (815)       | (543)       | (671)       | (369)       |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 6,399       | 5,004       | 4,763       | 3,892       |
| Contributions as a percentage of covered payroll                     | 12.7%       | 10.9%       | 13.5%       | 9.5%        |
| <b>Tier 2 Public Safety and Firefighter System*</b>                  | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
| Actuarial determined contributions                                   | \$ 112      | \$ 126      | \$ 139      | \$ 54       |
| Contributions in relation to the contractually required contribution | (112)       | (126)       | (139)       | (54)        |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 565         | 732         | 448         | 429         |
| Contributions as a percentage of covered payroll                     | 19.9%       | 17.2%       | 24.1%       | 12.7%       |
| <b>Tier 2 Public Employees DC Only System*</b>                       | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
| Actuarial determined contributions                                   | \$ 109      | \$ 72       | \$ 94       | \$ -        |
| Contributions in relation to the contractually required contribution | (109)       | (72)        | (94)        | -           |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 656         | 829         | 4,763       | -           |
| Contributions as a percentage of covered payroll                     | 16.6%       | 8.6%        | 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 four 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, 2018**  
**Last 10 Fiscal Years \*\***  
**(Amounts in Thousands)**

| <b>Tier 2 Public Safety and Firefighter DC Only System*</b>          | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|-------------|-------------|
| Actuarial determined contributions                                   | \$ 18       | \$ 17       | \$ 21       | \$ -        |
| Contributions in relation to the contractually required contribution | (18)        | (17)        | (21)        | -           |
| Contribution deficiency  | -           | -           | -           | -           |
| Covered payroll  | 91          | 97          | 448         | -           |
| Contributions as a percentage of covered payroll                     | 19.9%       | 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 four years currently available.

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**Notes to Required Supplementary Information**  
**For Fiscal Year Ended June 30, 2018**

**Changes in Assumptions:**

As a result of an experience study conducted as of December 31, 2016 the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60 to 2.50% (which also resulted in a corresponding decrease in the cost-of-living adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

# 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><br>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><br>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><br>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><br>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><br>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>2018</u>         | <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>       |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| <b>Net Position</b>                      |                     |                     |                     |                     |                     |                     |                     |                   |                   |                   |
| Invested in capital assets - net of debt | \$ 1,201,228        | \$ 761,198          | \$ 869,233          | \$ 779,343          | \$ 707,112          | \$ 670,459          | \$ 682,910          | \$ 696,643        | \$ 702,602        | \$ 706,411        |
| Restricted                               |                     |                     |                     |                     |                     |                     |                     |                   |                   |                   |
| Capital Projects                         | 32,693              | 189,115             | 143,297             | 196,439             | 179,263             | 132,827             | 95,738              | 50,546            | 7,468             | 1,525             |
| Debt Service                             | 200,842             | 240,783             | -                   | -                   | -                   | -                   | -                   | -                 | -                 | -                 |
| Unrestricted                             | (80,123)            | 96,713              | 209,704             | 182,199             | 223,294*            | 251,418*            | 223,977*            | 207,225*          | 206,562*          | 180,211*          |
| <b>Total Net Position</b>                | <u>\$ 1,354,640</u> | <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> |

\* 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>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Operating Revenues</b>                            |              |              |              |              |              |
| Airline Revenue                                      | \$ 70,572    | \$ 66,639    | \$ 62,454    | \$ 59,420    | \$ 58,910    |
| Terminal Concessions                                 | 19,193       | 18,120       | 16,637       | 16,016       | 15,154       |
| Landside Concessions                                 | 68,081       | 64,408       | 57,986       | 52,550       | 49,199       |
| Lease Revenue  | 7,539        | 6,927        | 6,185        | 6,093        | 6,180        |
| General Aviation                                     | 2,661        | 2,334        | 1,785        | 1,691        | 1,662        |
| State Aviation Tax                                   | 3,122        | 2,983        | 2,796        | 2,545        | 2,343        |
| Other  | 7,387        | 5,564        | 4,131        | 3,894        | 3,841        |
| Operating revenues                                   | 178,555      | 166,975      | 151,974      | 142,209      | 137,289      |
| Less: Airline revenue sharing                        | (13,007)     | (12,169)     | (10,941)     | (9,939)      | (10,290)     |
| Total operating revenues                             | 165,548      | 154,806      | 141,033      | 132,270      | 126,999      |
| <b>Operating Expenses</b>                            |              |              |              |              |              |
| Salaries & Benefits                                  | 50,076       | 49,350       | 45,096       | 33,880       | 44,916       |
| Materials & Supplies                                 | 11,343       | 11,725       | 10,940       | 9,486        | 10,755       |
| Maintenance contracts                                | 9,034        | 8,399        | 8,202        | 7,827        | 7,778        |
| Charges and Services                                 | 12,175       | 13,730       | 10,484       | 8,571        | 9,125        |
| Utilities  | 5,649        | 6,317        | 6,539        | 6,679        | 6,580        |
| Inter-Governmental                                   | 8,395        | 6,339        | 6,043        | 5,783        | 5,589        |
| Other  | 3,304        | 3,599        | 2,761        | 3,983        | 2,872        |
| Total operating expenses before depreciation         | 99,976       | 99,459       | 90,065       | 76,209       | 87,615       |
| <b>Operating Income Before Depreciation</b>          | 65,572       | 55,347       | 50,968       | 56,061       | 39,384       |
| <b>Depreciation</b>                                  | 63,827       | 63,665       | 61,657       | 59,995       | 59,027       |
| <b>Operating Income (Loss)</b>                       | 1,745        | (8,318)      | (10,689)     | (3,934)      | (19,643)     |
| <b>Non-operating Revenues (Expenses)</b>             |              |              |              |              |              |
| Passenger Facility Charges                           | 47,739       | 45,750       | 42,804       | 40,976       | 38,437       |
| Customer Facility Charges                            | 15,740       | 16,157       | 15,613       | 15,607       | 14,849       |
| Net Bond interest expense                            | (34,675)     | (14,480)     | -            | -            | -            |
| Bond issuance costs                                  | -            | (3,454)      | -            | -            | -            |
| Gain (loss) on disposition of property and equipment | 125          | (26)         | (488)        | (551)        | (125)        |
| Interest income                                      | 21,783       | 8,006        | 2,783        | 1,789        | 1,964        |
| Increase (decrease) in the fair value of investments | (3,768)      | 4,146        | -            | 275          | 1,566        |
| Net non-operating revenues (expenses)                | 46,944       | 56,099       | 60,712       | 58,096       | 56,691       |
| <b>Capital Contributions</b>                         | 18,142       | 17,794       | 14,230       | 15,148       | 17,916       |
| <b>Net Position</b>                                  |              |              |              |              |              |
| Increase in Net Position                             | 66,831       | 65,575       | 64,253       | 69,310       | 54,964       |
| Net Position, Beginning of Period                    | 1,287,809    | 1,222,234    | 1,157,981    | 1,088,671    | 1,054,705*   |
| Net Position, End of Period                          | \$ 1,354,640 | \$ 1,287,809 | \$ 1,222,234 | \$ 1,157,981 | \$ 1,109,669 |

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>(Amounts in Thousands)</b> |              |             |             |             |
|---|-------------------------------|--------------|-------------|-------------|-------------|
|   | <b>2013</b>                   | <b>2012</b>  | <b>2011</b> | <b>2010</b> | <b>2009</b> |
| <b>Operating Revenues</b>                         |                               |              |             |             |             |
| Airline Revenue                                   | \$ 58,213                     | \$ 57,769    | \$ 56,920   | \$ 43,039   | \$ 42,521   |
| Terminal Concessions                              | 14,037                        | 11,110       | 11,931      | 12,315      | 12,368      |
| Landside Concessions                              | 48,255                        | 45,218       | 42,653      | 39,180      | 40,706      |
| Lease Revenue                                     | 5,834                         | 5,620        | 4,312       | 4,866       | 4,890       |
| General Aviation                                  | 1,580                         | 1,611        | 1,626       | 1,489       | 1,531       |
| State Aviation Tax                                | 2,321                         | 2,419        | 2,479       | 2,824       | 2,337       |
| Other   | 3,629                         | 3,721        | 3,741       | 3,785       | 3,888       |
| Operating revenues                                | 133,869                       | 127,468      | 123,662     | 107,498     | 108,241     |
| Less: Airline revenue sharing                     | (10,014)                      | (10,008)     | (10,285)    | -           | -           |
| Total operating revenues                          | 123,855                       | 117,460      | 113,377     | 107,498     | 108,241     |
| <b>Operating Expenses</b>                         |                               |              |             |             |             |
| Salaries & Benefits                               | 42,348                        | 41,345       | 40,662      | 41,330      | 41,068      |
| Materials & Supplies                              | 11,118                        | 8,999        | 9,376       | 7,692       | 8,405       |
| Maintenance contracts                             | 9,473                         | 9,006        | 9,253       | 8,717       | 8,505       |
| Charges and Services                              | 9,685                         | 11,002       | 10,208      | 8,795       | 9,257       |
| Utilities   | 6,479                         | 5,978        | 5,779       | 5,242       | 4,974       |
| Inter-Governmental                                | 5,425                         | 5,343        | 5,063       | 4,834       | 5,117       |
| Other   | 2,942                         | 2,886        | 3,776       | 3,401       | 3,276       |
| Total operating expenses before depreciation      | 87,470                        | 84,559       | 84,117      | 80,011      | 80,602      |
| <b>Operating Income Before Depreciation</b>       | 36,385                        | 32,901       | 29,260      | 27,487      | 27,639      |
| <b>Depreciation</b>                               | 57,127                        | 49,803       | 50,438      | 49,577      | 49,235      |
| <b>Operating Loss</b>                             | (20,742)                      | (16,902)     | (21,178)    | (22,090)    | (21,596)    |
| <b>Non-operating Revenues (Expenses)</b>          |                               |              |             |             |             |
| Passenger Facility Charges                        | 37,535                        | 37,190       | 38,485      | 37,559      | 36,323      |
| Customer Facility Charges                         | 14,309                        | 11,204       | -           | -           | -           |
| Net Bond interest expense                         | -                             | -            | -           | -           | -           |
| Loss on disposition of property and equipment     | (1,947)                       | (17)         | (767)       | (4,856)     | (130)       |
| Interest Income                                   | 1,814                         | 1,819        | 1,903       | 1,723       | 3,665       |
| Increase in the fair value of investments         | (1,448)                       | 127          | -           | -           | -           |
| Net non-operating revenues (expenses)             | 50,263                        | 50,323       | 39,621      | 34,426      | 39,858      |
| <b>Capital Contributions</b>                      | 22,559                        | 14,789       | 19,340      | 16,149      | 9,425       |
| <b>Net Position</b>                               |                               |              |             |             |             |
| Increase in Net Position                          | 52,080                        | 48,210       | 37,783      | 28,485      | 27,687      |
| Net Position, Beginning of Period                 | 1,002,625*                    | 954,415*     | 916,632*    | 888,147*    | 860,460*    |
| Net Position, End of Period                       | \$ 1,054,705                  | \$ 1,002,625 | \$ 954,415  | \$ 916,632  | \$ 888,147  |

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>2018</b>       | <b>2017</b>         | <b>2016</b>       | <b>2015</b>       | <b>2014</b>       |
|--|-------------------|---------------------|-------------------|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                        |                   |                     |                   |                   |                   |
| Cash received from providing services                              | \$ 170,276        | \$ 156,314          | \$ 145,959        | \$ 139,279        | \$ 135,719        |
| Cash paid for services by Salt Lake City                           | (8,395)           | (7,247)             | (7,043)           | (6,978)           | (7,060)           |
| Cash paid to suppliers   | (46,948)          | (37,228)            | (39,744)          | (35,717)          | (39,568)          |
| Cash paid to employees   | (53,380)          | (48,872)            | (46,776)          | (45,398)          | (43,763)          |
| <b>Net cash from operating activities</b>                          | <b>61,553</b>     | <b>62,967</b>       | <b>52,396</b>     | <b>51,186</b>     | <b>45,328</b>     |
| <b>Cash Flows from Investing Activities</b>                        |                   |                     |                   |                   |                   |
| Interest received on investments/Paid for investments              | (25,623)          | 6,677               | 1,647             | 11,787            | 13,385            |
| <b>Net cash from investing activities</b>                          | <b>(25,623)</b>   | <b>6,677</b>        | <b>1,647</b>      | <b>11,787</b>     | <b>13,385</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>-</b>            | <b>(10,043)</b>   | <b>10,043</b>     | <b>-</b>          |
| <b>Cash Flows from Capital and Related Financing Activities</b>    |                   |                     |                   |                   |                   |
| Purchase of capital equipment                                      | (2,920)           | (6,861)             | (7,185)           | (3,905)           | (2,546)           |
| Payments for acquisition and construction of capital assets        | (501,523)         | (271,753)           | (146,841)         | (126,880)         | (68,077)          |
| Proceeds from issuance of revenue bonds payable                    | -                 | 1,124,493           | -                 | -                 | -                 |
| Bond issuance costs  | -                 | (1,391)             | -                 | -                 | -                 |
| Interest paid on bonds   | (42,778)          | -                   | -                 | -                 | -                 |
| Passenger Facility Charges   | 47,474            | 44,932              | 42,454            | 40,955            | 39,096            |
| Customer Facility Charges  | 15,656            | 16,129              | 15,850            | 15,673            | 15,563            |
| Proceeds from sale of property                                     | 136               | 208                 | 333               | 134               | 29                |
| Airport improvement grants   | 19,735            | 22,500              | 15,902            | 9,938             | 25,206            |
| <b>Net cash from capital and related financing activities</b>      | <b>(464,220)</b>  | <b>928,257</b>      | <b>(79,487)</b>   | <b>(64,084)</b>   | <b>9,271</b>      |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>        | <b>(428,290)</b>  | <b>997,901</b>      | <b>(35,487)</b>   | <b>8,932</b>      | <b>67,984</b>     |
| <b>Cash and Cash Equivalents - Beginning of Year</b>               | <b>1,338,417</b>  | <b>340,516</b>      | <b>376,003</b>    | <b>367,071</b>    | <b>299,087</b>    |
| <b>Cash and Cash Equivalents - End of Year</b>                     | <b>\$ 910,127</b> | <b>\$ 1,338,417</b> | <b>\$ 340,516</b> | <b>\$ 376,003</b> | <b>\$ 367,071</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>2013</b>       | <b>2012</b>       | <b>2011</b>       | <b>2010</b>       | <b>2009</b>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                     |                   |                   |                   |                   |                   |
| Cash received from providing services                           | \$ 129,243        | \$ 112,979        | \$ 113,613        | \$ 107,586        | \$ 110,946        |
| Cash paid for services by Salt Lake City                        | (7,031)           | (7,133)           | (7,630)           | (7,203)           | (7,087)           |
| Cash paid to suppliers  | (40,753)          | (40,583)          | (35,003)          | (31,178)          | (33,508)          |
| Cash paid to employees  | (42,180)          | (40,340)          | (40,762)          | (41,731)          | (41,698)          |
| <b>Net cash from operating activities</b>                       | <b>39,279</b>     | <b>24,923</b>     | <b>30,217</b>     | <b>27,474</b>     | <b>28,653</b>     |
| <b>Cash Flows from Investing Activities</b>                     |                   |                   |                   |                   |                   |
| Interest received on investments/Paid for investments           | (45,951)          | 29,420            | (43,761)          | 1,723             | 3,249             |
| <b>Net cash from investing activities</b>                       | <b>(45,951)</b>   | <b>29,420</b>     | <b>(43,761)</b>   | <b>1,723</b>      | <b>3,249</b>      |
| <b>Cash Flows from Capital and Related Financing Activities</b> |                   |                   |                   |                   |                   |
| Purchase of capital equipment                                   | (2,367)           | (2,212)           | (4,590)           | (6,910)           | (11,516)          |
| Payments for acquisition and construction of capital assets     | (43,333)          | (30,795)          | (43,568)          | (39,181)          | (37,715)          |
| Payments for prior year accrued non-operating rebates           | -                 | -                 | -                 | -                 | -                 |
| Principal payments made on bonds                                | -                 | -                 | -                 | -                 | -                 |
| Interest paid on bonds  | -                 | -                 | -                 | -                 | -                 |
| Passenger Facility Charges                                      | 37,097            | 37,356            | 38,562            | 37,485            | 36,203            |
| Customer Facility Charges                                       | 14,572            | 10,013            | -                 | -                 | -                 |
| Proceeds from sale of property                                  | 204               | 210               | 242               | 551               | 198               |
| Airport improvement grants                                      | 18,150            | 11,000            | 22,001            | 13,338            | 10,428            |
| <b>Net cash from capital and related financing activities</b>   | <b>24,323</b>     | <b>25,603</b>     | <b>12,647</b>     | <b>5,283</b>      | <b>(2,401)</b>    |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>     | <b>17,651</b>     | <b>79,946</b>     | <b>(897)</b>      | <b>34,480</b>     | <b>29,501</b>     |
| <b>Cash and Cash Equivalents - Beginning of Year</b>            | <b>281,436</b>    | <b>201,490</b>    | <b>202,387</b>    | <b>167,907</b>    | <b>138,406</b>    |
| <b>Cash and Cash Equivalents - End of Year</b>                  | <b>\$ 299,087</b> | <b>\$ 281,436</b> | <b>\$ 201,490</b> | <b>\$ 202,387</b> | <b>\$ 167,907</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>                                  | 2018             | 2017             | 2016        | 2015        | 2014        | 2013        | 2012        | 2011        | 2010        | 2009        |
|---|------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Principal   | \$ -             | \$ -             | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Interest  | 50,000           | 17,778           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Debt Service</b>                                     | <b>\$ 50,000</b> | <b>\$ 17,778</b> | <b>\$ -</b> |
| Total Operating Expenses                                      | \$ 99,976        | \$ 99,459        | \$ 90,065   | \$ 76,209   | \$ 87,615   | \$ 87,471   | \$ 84,559   | \$ 84,117   | \$ 80,011   | \$ 80,602   |
| <b>Ratio of Bond Debt Service to Total Operating Expenses</b> | <b>50.0%</b>     | <b>17.9%</b>     | <b>0%</b>   |

**Debt Service per Enplaned Passenger**

|  |                |                |             |             |             |             |             |             |             |             |
|--|----------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Debt Service                         | \$ 50,000      | \$ 17,778      | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Enplaned passengers                        | 12,420         | 11,850         | 11,293      | 10,834      | 10,295      | 10,044      | 10,125      | 10,429      | 10,259      | 9,994       |
| <b>Debt Service per Enplaned Passenger</b> | <b>\$ 4.03</b> | <b>\$ 1.50</b> | <b>\$ -</b> |

**Total Outstanding Debt per Enplaned Passenger**

|  |                     |                     |             |             |             |             |             |             |             |             |
|--|---------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Outstanding debt                               |                     |                     |             |             |             |             |             |             |             |             |
| 2017A series                                   | \$ 922,178          | \$ 925,498          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| 2017B series                                   | 198,463             | 199,314             | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Outstanding debt</b>                  | <b>\$ 1,120,641</b> | <b>\$ 1,124,812</b> | <b>\$ -</b> |
| Enplaned Passengers                            | 12,420              | 11,850              | 11,293      | 10,834      | 10,295      | 10,044      | 10,125      | 10,429      | 10,259      | 9,994       |
| <b>Outstanding Debt per Enplaned Passenger</b> | <b>\$ 90.23</b>     | <b>\$ 94.92</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> |
|-----------------------------------|--|---|--|---|------------------------------|
| 2018                              | 200,544                                    | \$ unavailable  | \$ unavailable                           | unavailable                                       | 3.5%                         |
| 2017                              | 193,744                                    | 6,042,488   | 31,188                                   | 150,151   | 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%                         |

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, 2018**

| <b>Employer</b>                               | <b>Number of Employees</b> | <b>Rank</b> | <b>Percent of all Employees</b> |
|---|----------------------------|-------------|---------------------------------|
| Intermountain Health Care                     | 20,000                     | 1           | 12.90%                          |
| University of Utah (Including Hospital)       | 20,000                     | 2           | 12.90%                          |
| State of Utah                                 | 20,000                     | 3           | 12.90%                          |
| Brigham Young University                      | 20,000                     | 4           | 12.90%                          |
| Walmart                                       | 20,000                     | 5           | 12.90%                          |
| Hill Air Force Base                           | 15,000                     | 6           | 9.68%                           |
| Utah State University                         | 10,000                     | 7           | 6.45%                           |
| Davis County School District                  | 10,000                     | 8           | 6.45%                           |
| Granite School District                       | 10,000                     | 9           | 6.45%                           |
| Smith's Food and Drug Centers                 | 10,000                     | 10          | 6.45%                           |
| <b>Total Employees of Principal Employers</b> | <b>155,000</b>             |             | <b>100.0%</b>                   |

**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          | 4.61%                           |
| <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 Centers                 | 7,000                      | 10          | 4.61%                           |
| <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, 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          | 4.61%                           |
| <b>Total Employees of Principal Employers</b> | <b>152,000</b>             |             | <b>100.00%</b>                  |

**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>                  |

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

| Fiscal Year | Director's Office | Public Relations | Planning & Capital Programming | Finance & Accounting | Admin & Commercial Services | Information Technology | Engineering | Maintenance | Operations | Police | Total |
|-------------|-------------------|------------------|--------------------------------|----------------------|-----------------------------|------------------------|-------------|-------------|------------|--------|-------|
| 2018        | 6                 | 2                | 8                              | 19                   | 13                          | 23                     | 25          | 226         | 142        | 62     | 526   |
| 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   |

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,<br/>2018</b> | <b>June 30,<br/>2017</b> | <b>June 30,<br/>2016</b> | <b>June 30,<br/>2015</b> | <b>June 30,<br/>2014</b> | <b>June 30,<br/>2013</b> | <b>June 30,<br/>2012</b> | <b>June 30,<br/>2011</b> | <b>June 30,<br/>2010</b> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Military</b>   |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Acres of land leased to military  | 135                      | 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                | \$136,968                |
| <b>Terminal - General</b>   |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Number of passenger terminals   | 3                        | 3                        | 3                        | 3                        | 3                        | 3                        | 3                        | 3                        | 3                        |
| Total square feet   | 1,090,067                | 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   | 7,614                    | 7,614                    | 7,614                    | 7,614                    | 7,614                    | 7,614                    | 7,614                    | 7,614                    | 7,614                    |
| Airline office  | 42,569                   | 42,569                   | 42,569                   | 42,569                   | 42,369                   | 42,369                   | 42,369                   | 42,369                   | 42,369                   |
| Other office (i.e. TSA, SLCD, concession offices)                                     | 61,865                   | 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                  | 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                    | 2,674                    | 2,788                    | 1,998                    | 1,998                    | 1,998                    |
| Newsstands  | 184                      | 184                      | 184                      | 184                      | 184                      | 212                      | 250                      | 250                      | 250                      |
| Specialty Retail  | -                        | -                        | -                        | -                        | -                        | -                        | -                        | -                        | -                        |
| Other concessions (vending)   | 264                      | 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                   | 50,280                   | 49,836                   | 45,454                   | 45,454                   | 45,454                   |
| Newsstands  | 7,721                    | 7,721                    | 7,721                    | 7,721                    | 7,721                    | 7,697                    | 4,891                    | 4,891                    | 4,891                    |
| Specialty Retail  | 15,019                   | 15,019                   | 15,019                   | 15,001                   | 15,001                   | 13,419                   | 13,994                   | 13,994                   | 13,994                   |
| Other concessions   | 152                      | 152                      | 152                      | 96                       | 96                       | 140                      | -                        | -                        | -                        |
| <b>Parking</b>  |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Short-term / 4 Level Parking Garage (Number of spaces)                                | 1,845                    | 1,845                    | 1,845                    | 1,774                    | 1,766                    | 1,766                    | 1,766                    | 1,767                    | 1,847                    |
| Long-term (Number of spaces)  | 10,463                   | 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                    | 2,950                    | 2,955                    | 2,966                    |
| Park and Wait Lot (Number of spaces)  | 120                      | 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                  | 202,896                  |
| Total SF of ground leased for cargo, incl. warehousing, office, etc.                  | 797,939                  | 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             |
| 34R/16L   | 150 x 12,003             |
| 35/17   | 150 x 9,596              |
| 32/14   | 150 x 4,892              |
| <b>Acres</b>  |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Total Acres Owned by Airport  | 9,663                    | 9,663                    | 9,633                    | 9,510                    | 9,426                    | 9,426                    | 9,426                    | 9,426                    | 9,426                    |
| Total AOA Acres   | 3,325                    | 3,325                    | 3,325                    | 3,375                    | 3,375                    | 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.**



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

| <u>Fiscal Year</u> | <u>O&amp;D<br/>Enplaned<br/>Passengers</u> | <u>% Change<br/>From<br/>Prior FY</u> | <u>Connecting<br/>Enplaned<br/>Passengers</u> | <u>% Change<br/>From<br/>Prior FY</u> | <u>Total<br/>Enplaned<br/>Passengers</u> | <u>% Change<br/>From<br/>Prior FY</u> |
|--------------------|--|---------------------------------------|---|---------------------------------------|--|---------------------------------------|
| 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               | 6,643,195                                  | 8.2                                   | 5,207,025                                     | 1.0                                   | 11,850,220                               | 4.9%                                  |
| 2018               | 7,200,000 *                                | 8.4                                   | 5,220,172 *                                   | 0.3                                   | 12,420,172                               | 4.8%                                  |

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 2018 from USDOT are not yet available. As such, the figure has been forecast using percentages from FY 2017.

**Airlines Operating in FY2018  
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)  
GoJet (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**

---

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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Aeromexico (Delta)  
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 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>FY 2018</u> | <b>Market<br/>Share<br/>FY 2009</b> | <b>Market<br/>Share<br/>FY 2018</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------------|-------------------------------------|
| Delta Air Lines     | 3,858          | 3,905          | 4,443          | 4,434          | 4,578          | 4,786          | 5,170          | 5,597          | 6,097          | 6,431          | 73.8%                               | 70.3%                               |
| Delta Connection*   | 3,519          | 3,866          | 3,512          | 3,014          | 2,844          | 2,723          | 2,440          | 2,329          | 2,184          | 2,298          | 0.0%                                | 0.0%                                |
| Southwest Airlines  | 1,332          | 1,283          | 1,294          | 1,247          | 1,198          | 1,173          | 1,162          | 1,214          | 1,216          | 1,310          | 13.3%                               | 10.5%                               |
| American Airlines** | 465            | 464            | 463            | 534            | 567            | 647            | 713            | 752            | 747            | 775            | 4.7%                                | 6.2%                                |
| United Airlines     | 388            | 401            | 374            | 460            | 444            | 443            | 491            | 552            | 596            | 608            | 3.9%                                | 4.9%                                |
| Alaska Air          | -              | -              | -              | -              | 26             | 112            | 407            | 409            | 421            | 379            | 0.0%                                | 3.1%                                |
| JetBlue Airways     | 214            | 155            | 174            | 209            | 167            | 163            | 202            | 232            | 296            | 363            | 2.1%                                | 2.9%                                |
| Frontier            | 216            | 184            | 168            | 222            | 217            | 239            | 238            | 198            | 246            | 243            | 2.2%                                | 2.0%                                |
| Other               | <u>2</u>       | <u>1</u>       | <u>1</u>       | <u>3</u>       | <u>4</u>       | <u>9</u>       | <u>10</u>      | <u>10</u>      | <u>47</u>      | <u>13</u>      | 0.0%                                | 0.1%                                |
| Total               | <u>9,994</u>   | <u>10,259</u>  | <u>10,429</u>  | <u>10,125</u>  | <u>10,044</u>  | <u>10,295</u>  | <u>10,834</u>  | <u>11,293</u>  | <u>11,850</u>  | <u>12,420</u>  |                                     |                                     |

\*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>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>           | <b>2018</b>           |
| Passenger Aircraft      | 280,906                          | 277,174               | 272,550               | 249,040               | 236,860               | 237,646               | 237,948               | 237,294               | 247,150               | 250,904               |
| Cargo                   | 19,236                           | 17,916                | 16,476                | 16,520                | 17,942                | 18,102                | 18,484                | 19,434                | 20,240                | 20,382                |
| General Aviation        | 69,606                           | 69,887                | 69,796                | 73,389                | 74,145                | 66,670                | 60,824                | 50,879                | 48,843                | 53,695                |
| Military                | 1,980                            | 2,181                 | 2,649                 | 4,170                 | 2,044                 | 2,190                 | 2,738                 | 7,978                 | 7,202                 | 7,037                 |
| <b>Total Operations</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> | <b><u>332,018</u></b> |
| Annual Change           | (-10.1%)                         | (-1.2%)               | (-1.5%)               | (-5.1%)               | (-3.5%)               | (-1.9%)               | (-1.4%)               | (-1.4%)               | 2.5%                  | 2.7%                  |

Source: Department Records

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

|               | <b>Fiscal Year Ended June 30</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>       | <b>2018</b>       |
| Airlines      | 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        | 13,737,381        |
| Cargo         | 962,603                          | 870,574           | 878,467           | 873,214           | 942,557           | 938,309           | 997,992           | 1,069,830         | 1,106,147         | 1,171,564         |
| <b>Total</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> | <b>14,908,945</b> |
| Annual Change | (-7.6%)                          | (-3.5%)           | 1.0%              | (-4.7%)           | (-1.6%)           | 2.2%              | 4.1%              | 2.9%              | 6.1%              | 3.5%              |

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>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>           | <b>2018</b>           |
| Cargo         | 151,494                          | 149,486               | 158,430               | 173,030               | 171,762               | 162,767               | 165,356               | 175,453               | 183,525               | 190,143               |
| Mail          | 4,148                            | 4,964                 | 7,145                 | 10,213                | 14,417                | 14,674                | 15,773                | 16,420                | 17,020                | 20,712                |
| <b>Total</b>  | <b><u>155,642</u></b>            | <b><u>154,450</u></b> | <b><u>165,575</u></b> | <b><u>183,243</u></b> | <b><u>186,179</u></b> | <b><u>177,441</u></b> | <b><u>181,129</u></b> | <b><u>191,873</u></b> | <b><u>200,545</u></b> | <b><u>210,855</u></b> |
| Annual Change | (-18.3%)                         | (-0.8%)               | 7.2%                  | 10.7%                 | 1.6%                  | (-4.7%)               | 2.1%                  | 5.9%                  | 4.5%                  | 5.1%                  |

Source: Department Records

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

|  | Fiscal Year Ended June 30 |                         |                         |                         |                         |
|--|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 2014                      | 2015                    | 2016                    | 2017                    | 2018                    |
| <b>Operating Revenues</b>                            |                           |                         |                         |                         |                         |
| Airfield   | \$ 28,986,244             | \$ 27,688,088           | \$ 31,809,896           | \$ 35,333,251           | \$ 37,850,416           |
| Terminals  | 45,732,747                | 49,165,208              | 50,070,474              | 52,951,540              | 56,371,640              |
| Landside   | 49,064,037                | 52,477,405              | 57,912,911              | 64,364,602              | 68,304,466              |
| Auxiliary Airports                                   | 736,231                   | 852,204                 | 939,098                 | 1,523,721               | 1,782,152               |
| General Aviation                                     | 2,089,127                 | 2,223,159               | 2,056,534               | 2,262,353               | 2,526,808               |
| Support Areas  | 7,486,374                 | 7,484,591               | 7,149,854               | 7,449,642               | 7,662,008               |
| Other  | 3,194,765                 | 2,318,083               | 2,035,050               | 3,090,190               | 4,057,479               |
| Operating revenues                                   | 137,289,525               | 142,208,738             | 151,973,817             | 166,975,299             | 178,554,969             |
| Less: Airline revenue sharing                        | (10,290,299)              | (9,938,626)             | (10,941,229)            | (12,169,163)            | (13,007,308)            |
| <b>Total operating revenues</b>                      | <b>126,999,226</b>        | <b>132,270,112</b>      | <b>141,032,588</b>      | <b>154,806,136</b>      | <b>165,547,661</b>      |
| <b>Operating Expenses</b>                            |                           |                         |                         |                         |                         |
| Airfield   | 27,040,934                | 22,546,161              | 28,358,533              | 30,038,981              | 31,484,601              |
| Terminals  | 36,795,761                | 32,598,386              | 37,150,225              | 40,038,056              | 41,079,201              |
| Landside   | 11,813,344                | 9,788,597               | 11,237,669              | 12,336,435              | 12,522,236              |
| Auxiliary Airports                                   | 1,575,915                 | 1,370,456               | 1,746,575               | 3,054,345               | 3,253,108               |
| General Aviation                                     | 1,124,905                 | 1,112,793               | 996,707                 | 2,890,348               | 995,461                 |
| Support Areas  | 1,039,306                 | 958,611                 | 1,130,272               | 1,347,481               | 1,235,761               |
| Roads and Grounds                                    | 6,000,384                 | 5,736,332               | 6,991,987               | 7,165,486               | 6,876,733               |
| Other  | 2,224,551                 | 2,097,347               | 2,453,128               | 2,588,726               | 2,529,250               |
| <b>Total operating expenses before depreciation</b>  | <b>87,615,100</b>         | <b>76,208,683</b>       | <b>90,065,096</b>       | <b>99,459,858</b>       | <b>99,976,351</b>       |
| <b>Operating Income Before Depreciation</b>          | <b>39,384,126</b>         | <b>56,061,429</b>       | <b>50,967,492</b>       | <b>55,346,278</b>       | <b>65,571,310</b>       |
| <b>Depreciation</b>                                  | <b>59,027,448</b>         | <b>59,995,105</b>       | <b>61,656,896</b>       | <b>63,664,986</b>       | <b>63,826,718</b>       |
| <b>Operating Income/(Loss)</b>                       | <b>(19,643,322)</b>       | <b>(3,933,676)</b>      | <b>(10,689,404)</b>     | <b>(8,318,708)</b>      | <b>1,744,592</b>        |
| <b>Non-operating Revenues (Expenses)</b>             |                           |                         |                         |                         |                         |
| Passenger Facility Charges                           | 38,437,248                | 40,976,537              | 42,805,519              | 45,750,397              | 47,739,461              |
| Customer Facility Charges                            | 14,848,663                | 15,606,695              | 15,613,155              | 16,157,076              | 15,740,068              |
| Net Bond interest expense                            | -                         | -                       | -                       | (14,479,594)            | (34,674,629)            |
| Bond issuance costs                                  | -                         | -                       | -                       | (3,453,689)             | -                       |
| Gain/(Loss) on disposition of property and equipment | (124,946)                 | (551,440)               | (488,409)               | (25,615)                | 124,908                 |
| Interest   | 1,964,326                 | 1,788,695               | 2,782,668               | 8,005,230               | 21,782,631              |
| Increase (decrease) in the fair value of investments | 1,566,019                 | 275,772                 | (256)                   | 4,146,434               | (3,768,835)             |
| <b>Net non-operating revenues (expenses)</b>         | <b>56,691,310</b>         | <b>58,096,259</b>       | <b>60,712,677</b>       | <b>56,100,239</b>       | <b>46,943,604</b>       |
| <b>Capital Contributions</b>                         | <b>17,916,389</b>         | <b>15,148,122</b>       | <b>14,230,033</b>       | <b>17,793,909</b>       | <b>18,142,126</b>       |
| <b>Net Position</b>                                  |                           |                         |                         |                         |                         |
| Increase in Net Position                             | 54,964,377                | 69,310,705              | 64,253,306              | 65,575,440              | 66,830,322              |
| Net Position, Beginning of Period                    | 1,054,704,509 *           | 1,088,670,623           | 1,157,981,328           | 1,222,234,634           | 1,287,810,074           |
| <b>Net Position, End of Period</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> | <b>\$ 1,354,640,396</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 |                |                |                  |                  |
|---|---------------------------|----------------|----------------|------------------|------------------|
|   | 2009                      | 2010           | 2011           | 2012             | 2013             |
| <b>Operating Revenues</b>                           |                           |                |                |                  |                  |
| Airfield  | \$ 17,576,572             | \$ 17,830,841  | \$ 26,790,645  | \$ 27,360,062    | \$ 27,533,052    |
| Terminals   | 38,715,525                | 39,333,123     | 42,746,010     | 42,580,560       | 45,410,572       |
| Landside  | 40,705,508                | 39,106,339     | 42,339,341     | 45,110,330       | 48,119,056       |
| Auxiliary Airports                                  | 647,640                   | 595,416        | 631,234        | 670,645          | 721,141          |
| General Aviation                                    | 1,767,020                 | 1,792,187      | 1,888,594      | 2,097,232        | 2,028,469        |
| Support Areas                                       | 6,758,534                 | 6,840,304      | 6,924,048      | 7,098,323        | 7,421,130        |
| Other   | 2,069,866                 | 1,999,331      | 2,341,446      | 2,550,590        | 2,635,709        |
| Operating revenues                                  | 108,240,665               | 107,497,541    | 123,661,318    | 127,467,742      | 133,869,129      |
| Less: Airline revenue sharing                       | -                         | -              | (10,284,613)   | (10,007,605)     | (10,013,679)     |
| <b>Total operating revenues</b>                     | 108,240,665               | 107,497,541    | 113,376,705    | 117,460,137      | 123,855,450      |
| <b>Operating Expenses</b>                           |                           |                |                |                  |                  |
| Airfield  | 23,046,623                | 23,113,848     | 24,928,820     | 25,680,150       | 25,848,088       |
| Terminals   | 36,225,604                | 37,244,771     | 37,086,995     | 37,776,228       | 38,904,486       |
| Landside  | 10,726,598                | 9,474,984      | 10,706,997     | 9,608,951        | 11,311,729       |
| Auxiliary Airports                                  | 1,322,687                 | 1,442,239      | 1,476,851      | 1,699,831        | 1,500,433        |
| General Aviation                                    | 1,111,004                 | 1,498,930      | 1,031,487      | 1,266,518        | 1,064,049        |
| Support Areas                                       | 1,301,920                 | 1,171,870      | 1,037,924      | 944,635          | 1,019,395        |
| Roads and Grounds                                   | 6,161,016                 | 5,519,039      | 5,567,870      | 5,667,708        | 5,679,770        |
| Other   | 706,120                   | 544,962        | 2,279,990      | 1,915,418        | 2,142,776        |
| <b>Total operating expenses before depreciation</b> | 80,601,572                | 80,010,643     | 84,116,934     | 84,559,439       | 87,470,726       |
| <b>Operating Income Before Depreciation</b>         | 27,639,093                | 27,486,898     | 29,259,771     | 32,900,698       | 36,384,724       |
| <b>Depreciation</b>                                 | 49,234,710                | 49,576,610     | 50,438,401     | 49,802,772       | 57,127,603       |
| <b>Operating Loss</b>                               | (21,595,617)              | (22,089,712)   | (21,178,630)   | (16,902,074)     | (20,742,879)     |
| <b>Non-operating Revenues (Expenses)</b>            |                           |                |                |                  |                  |
| Passenger Facility Charges                          | 36,322,763                | 37,558,105     | 38,485,478     | 37,190,302       | 37,534,715       |
| Customer Facility Charges                           | -                         | -              | -              | 11,203,789       | 14,308,670       |
| Net Bond interest expense                           | -                         | -              | -              | -                | -                |
| Loss on disposition of property and equipment       | (129,458)                 | (4,855,543)    | (767,374)      | (17,057)         | (1,946,568)      |
| Interest  | 3,664,984                 | 1,723,269      | 1,903,536      | 1,818,745        | 1,814,881        |
| Increase in the fair value of investments           | -                         | -              | -              | 127,021          | (1,448,365)      |
| <b>Net non-operating revenues (expenses)</b>        | 39,858,289                | 34,425,831     | 39,621,640     | 50,322,800       | 50,263,333       |
| <b>Capital Contributions</b>                        | 9,424,739                 | 16,148,819     | 19,340,081     | 14,789,323       | 22,558,966       |
| <b>Net Position</b>                                 |                           |                |                |                  |                  |
| Increase in Net Position                            | 27,687,411                | 28,484,938     | 37,783,091     | 48,210,049       | 52,079,420       |
| Net Position, Beginning of Period                   | 860,459,600               | 888,147,011    | 916,631,949    | 954,415,040      | 1,002,625,089    |
| <b>Net Position, End of Period</b>                  | \$ 888,147,011            | \$ 916,631,949 | \$ 954,415,040 | \$ 1,002,625,089 | \$ 1,054,704,509 |

**SALT LAKE CITY DEPARTMENT OF AIRPORTS**  
**SUMMARY OF OPERATING REVENUES**  
(Amounts in Thousands)  
**Fiscal Year Ended June 30,**

|                                 | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>2018</u>       |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Landing Fees                    | \$ 13,528         | \$ 13,541         | \$ 22,092         | \$ 23,059         | \$ 23,662         | \$ 25,000         | \$ 23,199         | \$ 27,023         | \$ 30,020         | \$ 32,742         |
| Airline Terminal Space Rentals  | 22,277            | 22,934            | 27,378            | 27,827            | 27,590            | 26,812            | 29,019            | 28,500            | 29,775            | 31,028            |
| Other Airline Revenues          | 7,051             | 6,918             | 6,427             | 6,881             | 7,171             | 7,098             | 7,201             | 6,931             | 6,844             | 6,799             |
| Car Rental                      | 14,149            | 14,505            | 16,346            | 16,697            | 17,482            | 18,064            | 19,341            | 22,142            | 27,186            | 29,181            |
| Auto Parking Facilities         | 25,714            | 23,811            | 25,067            | 26,282            | 28,619            | 29,228            | 31,117            | 33,409            | 34,297            | 35,323            |
| Other Terminal Rentals          | 22,698            | 22,497            | 23,405            | 23,862            | 26,909            | 28,431            | 29,467            | 30,859            | 35,042            | 39,041            |
| Other Revenues                  | 2,824             | 3,292             | 2,947             | 2,860             | 2,436             | 2,657             | 2,864             | 3,110             | 3,811             | 4,441             |
| Credit Revenue Sharing          | -                 | -                 | (10,285)          | (10,008)          | (10,014)          | (10,290)          | (9,938)           | (10,941)          | (12,169)          | (13,007)          |
| <b>Total Operating Revenues</b> | <u>\$ 108,241</u> | <u>\$ 107,498</u> | <u>\$ 113,377</u> | <u>\$ 117,460</u> | <u>\$ 123,855</u> | <u>\$ 127,000</u> | <u>\$ 132,270</u> | <u>\$ 141,033</u> | <u>\$ 154,806</u> | <u>\$ 165,548</u> |

Source: Department Records

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

| Airline (includes affiliates) | FY 2016          |               |                  |               | FY 2017          |               |                  |               | FY 2018          |               |                  |               |
|-------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                               | Landing Fees     | % of Total    | Rents            | % of Total    | Landing Fees     | % of Total    | Rents            | % of Total    | Landing Fees     | % of Total    | Rents            | % of Total    |
| Alaska                        | \$ 965           | 3.6%          | \$ 1,067         | 3.8%          | \$ 1,053         | 3.5%          | \$ 957           | 3.3%          | \$ 973           | 3.0%          | \$ 1,025         | 3.3%          |
| American*                     | 1,713            | 6.3%          | 1,333            | 4.8%          | 1,537            | 5.1%          | 1,239            | 4.3%          | 1,727            | 5.3%          | 1,250            | 4.0%          |
| Delta                         | 17,577           | 65.1%         | 21,242           | 76.2%         | 19,438           | 65.0%         | 21,831           | 74.8%         | 21,136           | 64.7%         | 23,227           | 74.8%         |
| Frontier                      | 377              | 1.4%          | 352              | 1.3%          | 483              | 1.6%          | 449              | 1.5%          | 480              | 1.5%          | 483              | 1.6%          |
| JetBlue                       | 472              | 1.7%          | 301              | 1.1%          | 631              | 2.1%          | 435              | 1.5%          | 854              | 2.6%          | 478              | 1.5%          |
| Southwest                     | 2,435            | 9.0%          | 2,454            | 8.8%          | 2,832            | 9.5%          | 2,882            | 9.9%          | 3,219            | 9.8%          | 3,056            | 9.9%          |
| United                        | 1,205            | 4.5%          | 1,103            | 4.0%          | 1,342            | 4.5%          | 1,348            | 4.6%          | 1,483            | 4.5%          | 1,396            | 4.5%          |
| US Airways (1)                | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          |
| Other (2)                     | 2,279            | 8.4%          | -                | 0.0%          | 2,638            | 8.8%          | -                | 0.0%          | 2,870            | 8.8%          | 84               | 0.3%          |
| <b>Totals:</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>\$ 29,141</b> | <b>100.0%</b> | <b>\$ 32,742</b> | <b>100.0%</b> | <b>\$ 30,999</b> | <b>100.0%</b> |

| Airline (includes affiliates) | FY 2014          |               |                  |               | FY 2015          |               |                  |               |
|-------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                               | Landing Fees     | % of Total    | Rents            | % of Total    | Landing Fees     | % of Total    | Rents            | % of Total    |
| Alaska                        | \$ 168           | 0.7%          | \$ 224           | 0.8%          | \$ 883           | 3.8%          | \$ 714           | 2.4%          |
| American                      | 814              | 3.3%          | 729              | 2.7%          | 815              | 3.5%          | 873              | 3.0%          |
| Delta                         | 18,163           | 72.7%         | 20,116           | 75.7%         | 14,786           | 63.7%         | 22,153           | 75.5%         |
| Frontier                      | 620              | 2.5%          | 537              | 2.0%          | 420              | 1.8%          | 428              | 1.5%          |
| JetBlue                       | 346              | 1.4%          | 389              | 1.5%          | 393              | 1.7%          | 368              | 1.3%          |
| SkyWest                       | -                | 0.0%          | 34               | 0.1%          | -                | 0.0%          | -                | 0.0%          |
| Southwest                     | 2,895            | 11.6%         | 2,612            | 9.8%          | 2,105            | 9.1%          | 2,792            | 9.5%          |
| United                        | 1,010            | 4.0%          | 1,213            | 4.6%          | 944              | 4.1%          | 1,242            | 4.2%          |
| US Airways                    | 785              | 3.1%          | 579              | 2.2%          | 747              | 3.2%          | 759              | 2.6%          |
| Other (2)                     | 198              | 0.7%          | 151              | 0.6%          | 2,105            | 9.1%          | -                | 0.0%          |
| <b>Totals:</b>                | <b>\$ 25,000</b> | <b>100.0%</b> | <b>\$ 26,583</b> | <b>100.0%</b> | <b>\$ 23,199</b> | <b>100.0%</b> | <b>\$ 29,328</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 2011          |               |                  |               | FY 2012          |               |                  |               | FY 2013          |               |                  |               |
|-------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                               | Landing Fees     | % of Total    | Rents            | % of Total    | Landing Fees     | % of Total    | Rents            | % of Total    | Landing Fees     | % of Total    | Rents            | % of Total    |
| American                      | \$ 522           | 2.4%          | \$ 657           | 2.4%          | \$ 645           | 2.8%          | \$ 648           | 2.4%          | 615              | 2.6%          | 642              | 2.3%          |
| Continental                   | 203              | 0.9%          | 275              | 1.0%          | 227              | 1.0%          | 270              | 1.0%          | -                | 0.0%          | -                | 0.0%          |
| Delta                         | 8,807            | 39.9%         | 20,957           | 76.5%         | 15,691           | 68.0%         | 21,076           | 77.1%         | 16,125           | 68.1%         | 21,141           | 77.3%         |
| Frontier                      | 345              | 1.6%          | 426              | 1.6%          | 438              | 1.9%          | 417              | 1.5%          | 453              | 1.9%          | 429              | 1.6%          |
| JetBlue                       | 338              | 1.5%          | 422              | 1.5%          | 399              | 1.7%          | 379              | 1.4%          | 320              | 1.4%          | 392              | 1.4%          |
| Northwest                     | 785              | 3.6%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          |
| Shuttle America               | 101              | 0.5%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          |
| SkyWest                       | 5,861            | 26.5%         | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          | -                | 0.0%          |
| Southwest                     | 2,802            | 12.7%         | 2,875            | 10.5%         | 2,897            | 12.6%         | 2,776            | 10.2%         | 2,727            | 11.5%         | 2,740            | 10.0%         |
| United                        | 588              | 2.7%          | 1,098            | 4.0%          | 725              | 3.1%          | 1,062            | 3.9%          | 919              | 3.9%          | 1,282            | 4.7%          |
| US Airways                    | 410              | 1.9%          | 574              | 2.1%          | 502              | 2.2%          | 571              | 2.1%          | 601              | 2.5%          | 586              | 2.1%          |
| Other (1)                     | 1,330            | 5.8%          | 122              | 0.4%          | 1,535            | 6.7%          | 138              | 0.4%          | 1,901            | 8.1%          | 140              | 0.6%          |
| <b>Totals:</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> | <b>\$ 23,662</b> | <b>100.0%</b> | <b>\$ 27,352</b> | <b>100.0%</b> |

| Airline (includes affiliates)     | FY 2009          |               |                  |               | FY 2010          |               |                  |               |
|-----------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                                   | Landing Fees     | % of Total    | Rents            | % of Total    | Landing Fees     | % of Total    | Rents            | % of Total    |
| American                          | \$ 309           | 2.3%          | \$ 623           | 2.8%          | \$ 322           | 2.4%          | \$ 720           | 3.0%          |
| Continental                       | 114              | 0.8%          | 349              | 1.6%          | 111              | 0.8%          | 255              | 1.1%          |
| Delta                             | 4,796            | 35.5%         | 13,254           | 59.1%         | 4,675            | 34.5%         | 17,949           | 75.0%         |
| Frontier                          | 316              | 2.3%          | 331              | 1.5%          | 263              | 1.9%          | 360              | 1.5%          |
| JetBlue                           | 267              | 2.0%          | 351              | 1.6%          | 183              | 1.3%          | 365              | 1.5%          |
| Northwest                         | 222              | 1.6%          | 240              | 1.1%          | 583              | 4.3%          | 36.76            | 0.2%          |
| SkyWest                           | 3,640            | 26.9%         | 3,359            | 15.0%         | 3,959            | 29.2%         | 27.93            | 0.1%          |
| Southwest                         | 2,042            | 15.1%         | 2,370            | 10.6%         | 1,767            | 13.1%         | 2,505            | 10.5%         |
| United                            | 439              | 3.2%          | 1,058            | 4.7%          | 393              | 2.9%          | 956              | 4.0%          |
| US Airways                        | 235              | 1.7%          | 492              | 2.0%          | 229              | 1.7%          | 558              | 2.3%          |
| Other (Charter, Cargo & Commuter) | 1,149            | 8.6%          | 10               | 0.0%          | 1,025            | 7.7%          | 197              | 0.8%          |
| <b>Totals:</b>                    | <b>\$ 13,528</b> | <b>100.0%</b> | <b>\$ 22,435</b> | <b>100.0%</b> | <b>\$ 13,541</b> | <b>100.0%</b> | <b>\$ 23,931</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>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>      | <b>2018</b>      |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel Services               | \$ 41,068        | \$ 41,330        | \$ 40,661        | \$ 41,345        | \$ 42,347        | \$ 44,916        | \$ 33,880        | \$ 45,096        | \$ 49,350        | \$ 50,076        |
| Charges/Services/Fees            | 19,194           | 18,791           | 21,006           | 20,773           | 19,796           | 18,547           | 19,785           | 20,811           | 24,901           | 23,996           |
| Operational Maintenance Supplies | 8,405            | 7,692            | 9,376            | 8,999            | 11,118           | 10,755           | 9,487            | 10,940           | 11,725           | 11,343           |
| Utilities                        | 4,407            | 4,927            | 5,405            | 5,630            | 6,122            | 6,209            | 6,313            | 6,175            | 5,946            | 6,166            |
| Fire Services                    | 3,854            | 3,689            | 3,840            | 4,091            | 4,152            | 4,185            | 4,314            | 4,597            | 4,886            | 5,130            |
| Salt Lake City Administration    | 3,674            | 3,581            | 3,829            | 3,721            | 3,935            | 3,003            | 2,430            | 2,446            | 2,651            | 3,265            |
| <b>Total Operating Expenses</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> | <b>\$ 99,976</b> |

Source: Department Records