



W A Y N E C O U N T Y A I R P O R T A U T H O R I T Y

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2018

FOR THE YEAR ENDED SEPTEMBER 30, 2018 - DETROIT, MICHIGAN



WAYNE COUNTY AIRPORT AUTHORITY

Detroit, Michigan

Comprehensive Annual Financial Report

Year Ended September 30, 2018

Prepared by:
Controller's Office

WAYNE COUNTY AIRPORT AUTHORITY

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January 25, 2019

To the Wayne County Airport Authority Board:

The Comprehensive Annual Financial Report (CAFR) of the Wayne County Airport Authority (the Authority) as of and for the year ended September 30, 2018 is submitted herewith. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America (GAAP). It includes disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities included within the CAFR. The report of the independent auditors on the financial statements is included on pages 1 – 3 of the CAFR.

The CAFR was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those governments whose annual financial reports are judged to conform substantially to the high standards of public financial reporting, including GAAP promulgated by the Governmental Accounting Standards Board (GASB).

The management of the Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible to make certain that an adequate internal control structure is in place to ensure compliance with general and specific laws and regulations related to the Airport Improvement Program and the Aviation Safety and Capacity Expansion Act.

The objectives of an internal control structure are to provide management with reasonable assurance that the resources are safeguarded against waste, loss and misuse and reliable data are recorded, maintained and fairly disclosed in reports. The current internal controls provide the Authority with a solid base of reliable financial records from which the financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

State laws require an annual audit of the financial records and transactions of the Authority by a firm of independent licensed certified public accountants. The Board appoints an Audit Committee of three Board members to ensure compliance with this requirement. The Audit Committee is to meet at least four times each year with the Chief Executive Officer, the Chief Financial Officer (who is appointed by the Chief Executive Officer) and the Authority's independent public auditors to review the financial condition, operations, performance and management of the Authority. In addition, the Chief Executive Officer appoints an Internal Auditor to evaluate the Authority's internal accounting and administrative control system and conduct audits relating to the Authority's financial activities.

The Authority's financial statements for the year ended September 30, 2018 have received an "unmodified opinion" from Plante & Moran, PLLC, the Authority's independent certified public accountants. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

An independent audit was also performed by Plante & Moran, PLLC, as required under Federal Aviation Regulation, Part 158 (Passenger Facility Charges). The auditor's reports related to the Schedule of Passenger Facility Charges are immediately following the CAFR in the Compliance Section.

Unlike most fiscal years, for the year ended September 30, 2018 an independent audit was not performed in accordance with the requirements of the Uniform Grant Guidance (2 CFR Part 200), i.e., Single Audit. Federal expenditures of the Authority did not meet the \$750,000 threshold which requires the performance of a Single Audit.

This CAFR was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section – In addition to serving as a transmittal letter, this section provides the reader an introduction to the CAFR and the Authority. The introductory section includes background information on the reporting entity, its operations and services, accounting systems and budgetary controls, overview of the local economic conditions, its long-term financial planning and certain other pertinent information. It is complementary to financial and analytical data offered in the Management Discussion and Analysis (MD&A) and the Statistical Section of the CAFR discussed below.

Financial Section – The independent auditor's report, MD&A, financial statements, notes to the financial statements and required supplementary information are included here. These are the Authority's basic financial statements and provide an overview of the Authority's financial position. MD&A immediately follows the independent auditor's report and complements this letter of transmittal and should be read in conjunction with it.

Statistical Section – The supplementary information presented in this section is designed to provide additional historical perspective, context and detail to assist a reader to understand and assess the Authority's economic condition beyond what is provided in the financial statements and notes to the financial statements. The information contained in this section is prepared by the Authority and is not part of the independent auditor's report.

Continuing Disclosure Section – The continuing disclosure schedules reflect information in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission and as set

forth in the Continuing Disclosure Undertaking for issued debt. The information contained in this section is prepared by the Authority and is not part of the independent auditor's report.

Compliance Section – This section presents schedules and footnotes prepared to meet the Federal Aviation Administration requirements applicable to the Passenger Facility Charge Program in accordance with 14 CFR Part 158.

REPORTING ENTITY BACKGROUND

The Authority is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County), which owns the Detroit Metropolitan Wayne County Airport (DTW) and Willow Run Airport (YIP), (collectively, the "Airports"). Until August 9, 2002, the County operated the Airports. Pursuant to an amendment to the Aeronautics Code of the State of Michigan, known as the Public Airport Authority Act (the Authority Act), Public Act 90, Michigan Public Acts of 2002, effective March 26, 2002, the Authority has operational jurisdiction of the Airports, with the exclusive right, responsibility and authority to occupy, operate, control and use the Airports and the Airport Hotel.

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Airports and the Airport Hotel.

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

AUTHORITY OPERATIONS AND SERVICES

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals and revenue from parking, concessions and various additional sources to fund operating expenses. The Authority is not taxpayer-funded. The Capital Improvement Program is funded by bonds issued by the Authority, federal and state grants, passenger facility charges (PFCs) and other discretionary funds.

Airline Use and Lease Agreement

Leases. Revenues received by the Authority in accordance with the Master Airport Revenue Bond Ordinance (Master Bond Ordinance) are derived from rentals, fees and charges imposed upon airlines operating at the Airport under Airline Use and Lease Agreements relating to their use of the Airport. The following airlines are parties to such agreements: Air France, American Airlines, Delta Air Lines, Federal Express, JetBlue Airways, KLM Royal Dutch Airlines, Lufthansa German Airlines, Southwest Airlines, Spirit Airlines, United Airlines and United Parcel Service (collectively, the "Signatory Airlines"). KLM is not currently operating at the Airport.

Activity Fees. Under the Airline Use and Lease Agreements, the Signatory Airlines also are obligated to pay activity fees, which are calculated on an Airport residual basis (Activity Fees). Essentially, the Activity Fee calculation for each Operating Year is based on all airport revenue bond Debt Service (net of Debt Service paid by PFCs and federal grant funds) and all Operation and Maintenance (O&M) Expenses for such Operating Year minus all non-airline revenue for such Operating Year, all airline rental payments for such Operating Year, all international facility use fees for such Operating Year and all payments for use of the Authority-controlled airline space, if any, in each terminal for such Operating Year.

Amendment to End of Year True-Up of Fees and Charges. In order to enable the Authority to issue airport revenue bonds for airfield-related capital projects without the bonds being subject to the federal alternative minimum tax, all of the Signatory Airlines agreed in 2012 to an amendment of the Airline Use and Lease Agreements that revised the end of year true-up provision so that the amount to be refunded would include the Signatory and Non-Signatory Airlines. Prior to 2012, Non-Signatory Airlines did not participate in year-end refunds.

Weighted Majority Approval. The Airline Use and Lease Agreements provide that a Weighted Majority of the Signatory Airlines can approve additional capital projects for which airport revenue bonds may be issued to pay the costs. A Weighted Majority is defined as either Signatory Airlines which, in the aggregate, landed eighty-five percent (85%) or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available or all but one of the Signatory Airlines regardless of landed weight.

Passenger Facility Charges. The Authority is obligated under the Airline Use and Lease Agreements to use PFCs to pay Debt Service on airport revenue bonds issued to pay the costs of certain PFC-eligible projects at the Airport. These projects include the construction of both the South Terminal and the North Terminal. The Airline Use and Lease Agreements also set forth a required priority for the application of PFCs to pay Debt Service in the event there is insufficient PFC revenue available in any Operating Year to pay all PFC-eligible debt service.

The Airline Industry

Over the past decade, since the most recent recession, the airline industry has undergone a significant transformation. By reducing capacity, particularly in short-haul markets served with small, short-range aircraft, the industry has become consistently profitable. In addition, current trends such as historically low fuel costs, the unbundling of services and the use of ancillary fees such as charges for checked baggage have further contributed to profitability, with net profits for the global airline industry totaling \$34.2 billion in 2016 and \$38.0 billion in 2017 (per the International Air Transport Association, IATA). Profitability was further supported by year over year growth in global passenger traffic of 7.4 percent in 2016 and 8.1 percent in 2017. IATA forecasts that net profits will remain high for the global airline industry in 2018 at \$33.8 billion, with year over year growth of global passenger traffic of 7.0 percent.

This period of profitability has also been a period of consolidation within the United States airline industry. Noteworthy consolidation activities included the merger of Delta and Northwest Airlines (now operating as Delta), the merger of United Airlines and Continental Airlines (now operating as United Airlines) and the purchase of AirTran Airways by Southwest Airlines.

While capacity reductions and merger activity contributed to increased profitability, as demand for air travel has increased, airlines have selectively added back seat capacity over the past three years. Capacity growth has resulted from additional seats on fewer flights, which is accomplished by up-gauging equipment via replacement of smaller aircraft with larger aircraft. Based on aviation data provider Diio, the year over year growth in the nationwide capacity for the twelve months ended September 30, 2018 was 1.8 percent for flights and 3.9 percent for seats. Seats capacity at DTW grew by 1.6 percent and flights declined by 0.2 percent during this time. These changes demonstrate the effect of the airlines equipment up-gauging, as seat growth outpaces operations.

Airport Activity

DTW ended fiscal year 2018 with a 1.6 percent increase in enplaned passengers, a 0.3 percent increase in operations, a 6.5 percent increase in cargo and a 1.7 percent increase in landed weight compared to the prior fiscal year. DTW's activities for the years ended September 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>	<u>Prct. Change</u>
Enplanements	17,558,618	17,281,219	1.6%
Operations	394,807	393,713	0.3%
Cargo (in metric tons)	227,963	213,980	6.5%
Landed Weight (in thousand, lbs.)	21,959,469	21,601,812	1.7%

A modest increase in demand for air travel is expected for the next fiscal year.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority's Budget

Prior to the commencement of each fiscal year (currently October 1 to September 30), the Authority is required by the Master Bond Ordinance and Public Act 90 to prepare and adopt a budget. The budget contains an itemized statement of the estimated current operational expenses and the expenses for capital, including funds for the operation and development of the Airports under the jurisdiction of the Authority and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year. The budget also contains an estimate of the revenues of the Authority from all sources for the next fiscal year.

Budgeting serves as an important management tool to plan, control and evaluate the operations of the Authority. DTW, including the Westin Hotel, and YIP Operation & Maintenance funds budgets are the Authority's annual financial plan for operating and maintaining the airports and hotel. These budgets must be sufficient to cover the operation and maintenance expenses of the Airports, the debt service payable on bonds and other known financial requirements for the ensuing fiscal year. The Capital Improvement Program budget is the Authority's plan for the design and construction of major improvements and new facilities at the Airports with a five-year horizon.

The Authority's basis of budgeting is in accordance to the terms of the Airline Use & Lease Agreements with the Airlines, which differs from Accounting Principles Generally Accepted in the United States of America – the Authority's accounting basis.

Budgetary control is required to ensure that expenditures do not exceed appropriations. The Authority maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances to prevent overspending. Amendments to the budget are subject to approval by the Board in accordance with the terms contained in the Board resolution adopted with the budget. The independent monitoring of the budget continues throughout the fiscal year for management control purposes. Each month, Financial Planning & Analysis (FP&A) reviews and analyzes all revenue and expense accounts to compare actual to prior year actual and to budget. The findings are reported to the Board in the monthly management report.

AUTHORITY'S ECONOMIC CONDITION

Population and Air Trade Area

DTW resides in a region which the United States Office of Management and Budget (OMB) defines as the Detroit-Warren-Ann Arbor Combined Statistical Area (CSA) and is composed of the ten Michigan counties of Genesee, Lapeer, St. Clair, Livingston, Oakland, Macomb, Washtenaw, Wayne, Lenawee and Monroe. These counties represent the primary geographical area served by DTW and are commonly called the “Air Trade Area.” The estimated population of the Air Trade Area as of 2017 was 5.3 million according to the U.S. Census Bureau.

DTW serves as the primary commercial service airport for the CSA, and is by far the largest airport in the region. Within a 100-mile driving radius from DTW there are four commercial service airports that offer limited scheduled airline service. These airports are Windsor International Airport (YQG), Toledo Express Airport (TOL), Bishop International Airport (FNT) in Flint, Michigan and Capital Regional Airport (LAN) in Lansing, Michigan. Total combined enplanement activity at these airports was less than 6 percent of total enplanements at DTW in calendar year 2017.

Chicago Midway International Airport (MDW) and Chicago O’Hare International Airport (ORD) are the nearest large hub airports at approximately 270 and 290 driving miles from DTW. Toronto Pearson International Airport (YYZ) in Ontario, Canada is the nearest large airport somewhat comparable in size to DTW, however, it is across the U.S. boarder and is approximately 240 driving miles from DTW. The nearest medium hub airport is Cleveland-Hopkins International Airport, which is approximately 145 driving miles from DTW.

In calendar year 2017, DTW ranked 17th nationwide in total aircraft operations with 395,357 aircraft movements and 18th nationwide in total passengers, enplaning and deplaning, with approximately 34.7 million passengers.

Economy

The demand for air transportation is, to a large extent, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the Air Trade Area). Home to a number of Fortune 500 companies, the Air Trade Area has seen steady improvement in employment rates and a high percentage of households in the uppermost income categories when compared to Michigan and the nation. The Air Trade area is home to 10 Fortune 500 Company Headquarters. Six of the Air Trade Area’s Fortune 500 companies are part of the automotive industry. The three largest employers in the Air Trade Area as of July 2018 are automobile manufacturers: Ford Motor (48,000 employees), General Motors (37,400 employees) and FCA US (35,399 employees). The University of Michigan (34,067 employees) and Beaumont Health (28,012 employees) complete the top five employers. Consistently appearing near the top of the Fortune 500 Rankings, in 2017 General Motors and Ford Motor were ranked 8th and 10th, respectively.

Consistent with nationwide employment trends, the Air Trade Area has experienced significant reductions in unemployment rates from levels seen during the most recent recession (2007–2009). As of September 2018, the unemployment rate in the Air Trade Area was 3.7 percent (non-seasonally adjusted). This rate is comparable to the unemployment rate in the State of Michigan (3.5 percent) and in the United States of America (3.6 percent).

Personal income is a composite measurement of market potential and indicates the general level of affluence of local residents, which corresponds to an area's ability to afford air travel, as well as the area's attractiveness to business and leisure travelers. For the ten-year period from 2007-2017, per capita personal income for the Air Trade Area increased at a compounded annual growth rate (CAGR) of 2.8 percent, rising from \$38,624 to \$50,863. In the same time period, the CAGR for Michigan was 2.9 percent and the CAGR for the United States was 2.6 percent.

LONG-TERM FINANCIAL PLANNING

The Authority's long-term financial planning includes the completion of certain approved capital projects and the accumulation of sufficient resources required to service the debt issued to finance these projects, as well as to operate and maintain the Airports. Under the terms of the Airline Use and Lease Agreement, fees and charges paid by the Airlines are used along with other income from DTW to service the debt issued to finance the construction program.

The Authority covenants in the Master Bond Ordinance state that DTW's net revenues plus other available monies as defined by the Master Bond Ordinance are sufficient to provide debt service coverage of 125 percent of the average annual debt service requirement on senior lien bonds. This coverage ratio for the year ended September 30, 2018 was in excess of the requirements at 142 percent of senior lien debt service and 133 percent of total debt service.

Capital Improvement Program

The Authority maintains an ongoing Capital Improvement Program (CIP) to expand, modernize and maintain the Airports. In addition to renovations and modernization of certain existing facilities, the CIP includes construction of the principal elements of the Master Plan for each Airport. The Master Plans establish the framework for the CIP that is necessary for the development of the Airports.

The Authority's CIP represents current expectations of future capital needs. The current five-year plan for 2019-2023 includes planned funding of approximately \$787.9 million and \$107.9 million for Detroit Metropolitan and Willow Run Airports, respectively.

The Authority's funding sources for the CIP are airport revenue bonds, PFCs, grants and Authority discretionary funds. Given the multiple funding sources that comprise this plan, Board approval of the CIP does not imply that the source of funding has been determined. A detailed review of the CIP is published in the Authority's budget book.

Airport Improvement Program

Since 1986, the Authority has participated in the Airport Improvement Program (AIP), the Federal government's airport grant program. The AIP provides funding for airport development, airport planning and noise compatibility programs from the Airport and Airway Trust Fund. The AIP also provides both entitlement and discretionary grants for eligible projects. The Authority also receives grants from the State of Michigan.

Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the

use and reporting of PFCs. PFCs may be used for projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

Since 1992, the FAA has approved six PFC applications and amendments submitted by the Authority. The Authority is currently authorized to impose and use a PFC of \$4.50 per enplaned passenger up to \$3.2 billion, which includes amounts for the payment of principal, interest and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of September 30, 2018, the Authority received approximately \$1.44 billion of PFC revenue and interest earnings of approximately \$73.6 million. The Authority expended approximately \$1.51 billion on approved projects. The current PFC expiration date is estimated at February 1, 2034.

OTHER INFORMATION

Awards and Achievement

The GFOA awarded the Authority a “Certificate of Achievement” for Excellence in Financial Reporting for its CAFR for the year ended September 30, 2017. This was the fifteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting this 2018 CAFR to the GFOA for consideration.

Acknowledgments

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

This report also could not have been possible without the leadership and support of the governing body of the Authority’s Board.

Respectfully submitted,



Chad Newton
Chief Executive Officer



Amber Hunt
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

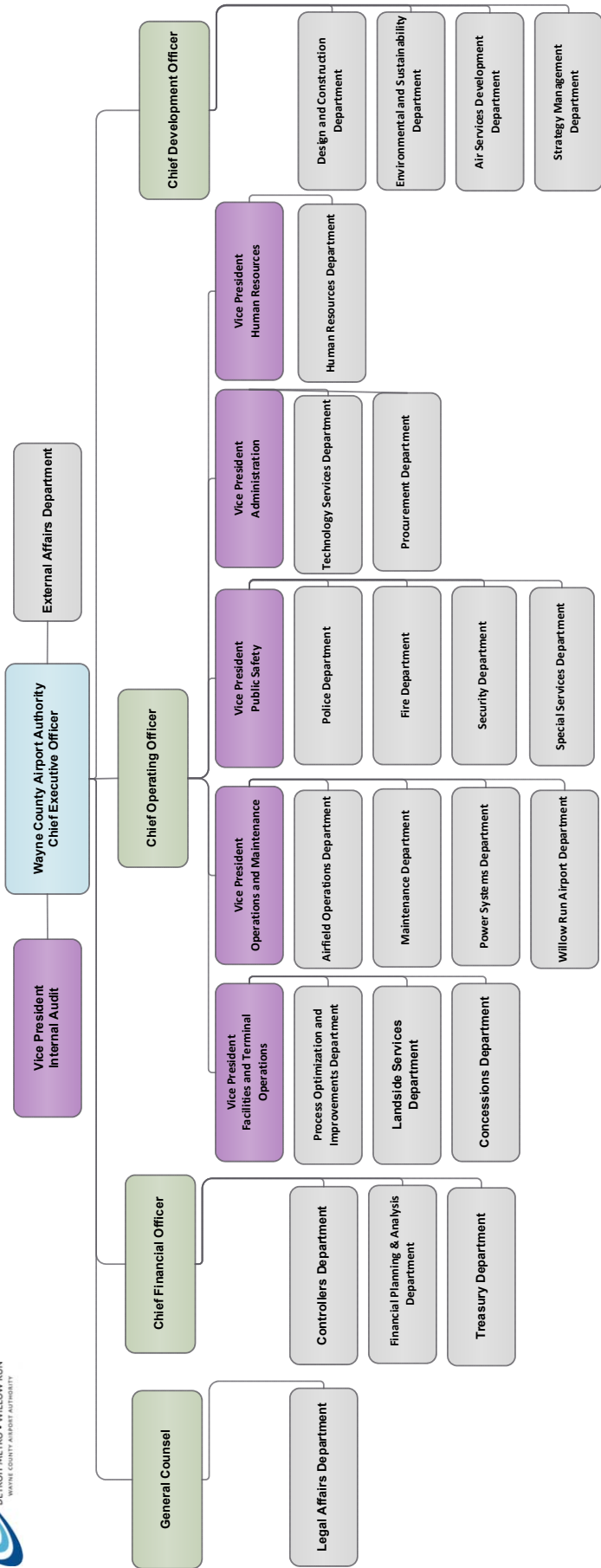
Wayne County Airport Authority
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



LIST OF PRINCIPAL OFFICIALS

<u>Authority Board</u>	<u>Position</u>	<u>Term Expires</u>
Nabih H. Ayad	Chairperson	October 2020
Dr. Curtis L. Ivery	Vice-Chairperson	October 2024
Marvin W. Beatty	Secretary	October 2023
Michael Garavaglia	Board Member	October 2020
Ronald Hall, Jr.	Board Member	October 2020
Mark Ouimet	Board Member	October 2022
Al Haidous	Board Member	October 2024

<u>Airport Management</u>	<u>Position</u>
Chad Newton	Chief Executive Officer
Amber Hunt	Chief Financial Officer
June Lee	Chief Operating Officer
Bryant Holt	Chief Development Officer
Shannon Ozga	Interim General Counsel
Angela Frakes	Vice President – Facilities and Terminal Operations
Darryl Brown	Vice President – Public Safety
Istakur Rahman	Vice President – Internal Audit
James Montgomery	Vice President – Operations and Maintenance
Lynda Racey	Vice President – Human Resources

Independent Auditor's Report

To the Board of Directors
Wayne County Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Wayne County Airport Authority (the "Authority") as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the Wayne County Airport Authority'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Wayne County Airport Authority as of September 30, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 2(v) to the notes to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in the Authority restating net position for the recognition of the Authority's other postemployment benefit related activity incurred prior to October 1, 2017. Our opinion is not modified with respect to this matter.

To the Board of Directors
Wayne County Airport Authority

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 that collectively comprise the Wayne County Airport Authority's basic financial statements. The schedule of passenger facility charge revenues and expenditures, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, and the introductory section, statistical section, and continuing disclosure section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of passenger facility charge revenues and expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charge revenues and expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, statistical section, and continuing disclosure 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 nor provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 on our consideration of the Wayne County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne County Airport Authority's internal control over financial reporting and compliance.



January 25, 2019

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WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

The following discussion and analysis provides an overview of the financial performance and activities of the Wayne County Airport Authority (the Authority) as of and for the year ended September 30, 2018, with selected comparative information for the year ended September 30, 2017. This discussion and analysis has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

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

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

The financial statements include the operations of Detroit Metropolitan Wayne County Airport, including the Airport Hotel (the Airport) and Willow Run Airport.

The Airport Funding Methodology

Funding for the Airport's operations is predicated upon the stipulations in the Airport Use and Lease Agreements (the agreements) between the Authority and the Airlines. The agreements set the terms of the business relationship between the Authority and the Airlines. Key terms in the agreements include rental rates, activity fee methodology, utilities, etc. Once an airline signs an agreement, they are designated a "Signatory Airline." The agreements also determine the budget and financing (activity fee) methodology that the Authority and Airlines agree to follow. Airport budget methodologies throughout the United States are usually characterized as either compensatory or residual, although some airports have a hybrid methodology that combines both features.

The Airport operates under a residual methodology. The methodology places additional risk on the Airlines as these Airlines guarantee the net cost of operating the entire Airport. This obligation includes operating expenses and all debt service requirements of the Airport. If the Airport incurs a deficit in a particular year, it has the ability to increase rates to all Airlines up to the amount of the deficit. Conversely, if the Airport realizes a surplus, the Airport must refund the surplus to all the Airlines. The total amount to be charged or refunded is based on a pro rata allocation between the Signatory Airlines and the Non-Signatory Airlines, which reflects the same ratio as the ratio of total activity fees paid by each group.

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

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

Financial Highlights

Fiscal Year 2018 operating revenues increased \$14.5 million (3.9 percent) compared to 2017. Authority airline revenues increased by \$0.6 million (0.4 percent) compared to 2017, primarily due to a decrease in landing fee revenue (\$2.6 million) partially offset by increases in terminal building rental and facility use fee revenues of \$2.7 million and \$0.5 million, respectively. Authority non-airline revenues increased by \$13.9 million (7.0 percent) compared to 2017 and outperformed budgeted non-airline revenues by \$14.0 million (7.2 percent).

Operating expenses are \$11.8 million (2.9 percent) lower than fiscal year 2017. The primary categories that decreased were salaries, wages and fringe benefits (\$14.4 million) and depreciation (\$10.0 million). These decreases were offset by increases in professional and other contractual services (\$6.8 million) and hotel management (\$1.7 million).

Nonoperating revenues in 2018 increased by \$5.7 million (6.9 percent) compared to 2017. The primary categories that increased were interest income, which increased by \$4.0 million and passenger facility charges, which increased by \$1.6 million. Nonoperating expenses increased by \$3.8 million (4.7 percent). The increase is primarily due to an increase in interest expense (\$9.7 million) offset by a decrease in the loss on disposal of assets (\$5.8 million). In addition, capital contributions decreased \$6.9 million from the prior year.

Statement of Net Position

The Statement of Net Position includes all assets, liabilities, deferred inflows and outflows of resources and the resulting net position. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation. The condensed summary of the Authority's net position as of September 30, 2018 and 2017 is as follows:

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS**

September 30, 2018

	<u>2018</u> <u>(000's)</u>	<u>2017</u> <u>(000's)</u>
ASSETS:		
Current unrestricted assets	\$ 224,019	\$ 214,794
Restricted assets	391,709	371,935
Capital assets (net)	1,947,922	1,991,353
Other assets	<u>2,004</u>	<u>9,082</u>
Total assets	<u>2,565,654</u>	<u>2,587,164</u>
DEFERRED OUTFLOWS	<u>46,116</u>	<u>48,455</u>
LIABILITIES:		
Current liabilities	76,960	90,066
Liabilities payable from restricted assets	127,534	127,324
Long-term liabilities	<u>2,255,744</u>	<u>2,200,923</u>
Total liabilities	<u>2,460,238</u>	<u>2,418,313</u>
DEFERRED INFLOWS	<u>5,139</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets	(118,242)	(90,041)
Restricted	296,207	295,809
Unrestricted	<u>(31,572)</u>	<u>11,538</u>
TOTAL NET POSITION	<u>\$ 146,393</u>	<u>\$ 217,306</u>

Current unrestricted assets consist mainly of cash and investments, accounts receivable and amounts due from other governmental units. Current unrestricted assets increased \$9.2 million over 2017, primarily due to an increase in unrestricted cash (\$12.2 million) and accounts receivable (\$2.0 million) offset by a reduction in grants receivable (\$5.8 million). Restricted assets consist of cash and investments and accounts receivable which are restricted for debt service and bonded construction. Restricted assets increased approximately \$19.8 million over the prior year due to the issuance of new airport revenue bonds. All cash and investments of the Authority are invested according to legal requirements established by the legislature of the State of Michigan. In accordance with State law, investments are restricted to various U.S. government securities, certificates of deposit, commercial paper and repurchase agreements. Other assets consist primarily of prepaid bond insurance premiums, net of related amortization. Deferred outflows of

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

resources represent the consumption of net position in one period that is applicable to future periods. They are reported separately from assets and consist of the deferred amount on debt refunding and deferred outflows related to pensions and other post-employment benefits (OPEB).

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. The components of net position have been reserved related to certain restrictions on the use of those assets. Net position has been restricted for operations and maintenance, replacement and improvements, construction, bond and interest redemption, passenger facility charges, customer facility charges and drug enforcement.

Current liabilities consist mainly of accounts payable, payroll-related liabilities, self-insurance liabilities, accrued vacation and sick time, amounts due to other governmental units and security/performance deposits. Long-term liabilities consist primarily of long-term debt, net pension liability, net OPEB liability, other accrued liabilities and amounts due to other governmental units. Long-term liabilities increased approximately \$54.8 million in fiscal year 2018, primarily as a result of the implementation of GASB 75, which resulted in an increase in long-term liabilities of \$56.7 million. Deferred inflows of resources represent an acquisition of net position that is applicable to future periods, and increased \$5.1 million due to differences between projected and actual earnings on pension plan investments and the implementation of GASB 75.

Total net position at September 30, 2018 was approximately \$146.4 million, which is a decrease in net position of \$70.9 million from 2017. The decrease is the net result of a \$68 million decrease in net position resulting from the restatement of beginning net position for GASB 75, and a decrease of \$2.9 million as a result of changes in net position from current year operations. A total of \$296.2 million of the Airport's 2018 net position is restricted for future debt service, capital construction and replacement, bond and interest redemption and passenger facility charges, subject to federal regulations. Net investment in capital assets was a negative \$118.2 million and represents land, intangible assets, buildings, improvements and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition of, construction or improvement of those assets. Unrestricted net position was a negative \$31.6 million. The Authority reported a positive unrestricted net position in each of the past two fiscal years (\$11.5 million in 2017 and \$19.2 million in 2016). The net OPEB liability of \$56.7 million which was recorded upon implementation of GASB 75 caused the shift from positive to negative unrestricted net position at September 30, 2018.

Capital Assets and Long Term Debt Activity

The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects and include the debt service on such bonds in the fees and charges of the Signatory Airlines only after receiving approval of a Weighted Majority for such capital projects. As of September 30, 2018, the Authority had approximately \$2.2 billion in outstanding bonds and other debt, both senior and subordinate, paying fixed and variable rates. The total annual debt service (principal and interest) was approximately \$182.7 million in 2018 and long-term debt amounting to \$92.7 million was paid off during the year. More detailed information on capital assets and long-term debt activity can be found in Notes 7 and 8 included in the Notes to Basic Financial Statements section of this report.

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the Authority, as well as the nonoperating revenues and expenses. Operating revenues include both airline and non-airline revenues and consist primarily of landing and related fees, terminal building rental and fees, parking fees, concession fees, car rental and hotel revenues. Nonoperating revenues consist primarily of passenger facility charges, federal and state sources and interest income. Interest expense is the most significant nonoperating expense. A summarized comparison of the Authority's revenues, expenses, and changes in net position for the years ended September 30, 2018 and 2017 follows:

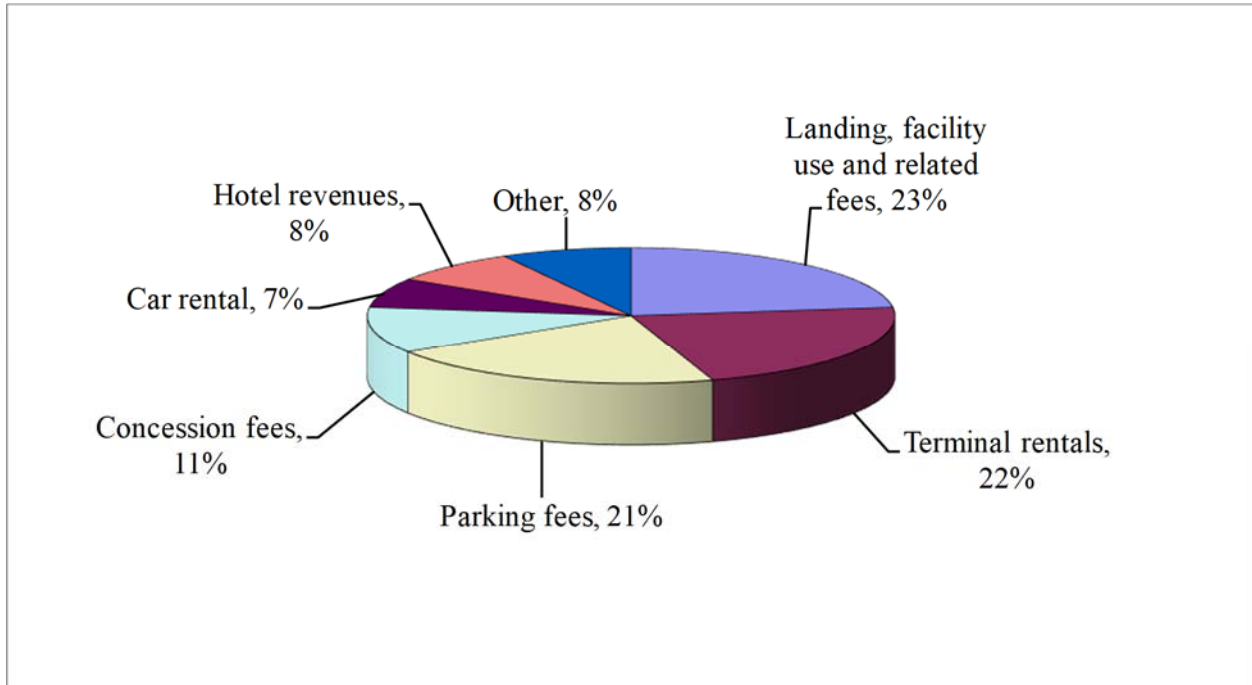
	2018	2017
	(000's)	(000's)
Operating revenues:		
Airline revenues:		
Airport landing and related fees	\$ 77,551	\$ 80,160
Terminal building rentals and fees	84,929	82,231
Facility use fees	9,378	8,829
Non-airline revenues:		
Parking fees	80,248	76,707
Concession fees	42,787	39,753
Car rental	26,165	24,950
Hotel	31,368	29,928
Other	<u>30,220</u>	<u>25,574</u>
Total operating revenues	<u>382,646</u>	<u>368,132</u>
Operating expenses:		
Salaries, wages, and fringe benefits	96,282	110,656
Parking management	8,405	7,987
Hotel management	19,775	18,049
Depreciation	124,774	134,754
Professional and contractual services	32,760	25,925
Utilities	23,877	23,259
Building, ground, equipment maintenance	38,180	36,863
Other	<u>45,561</u>	<u>43,898</u>
Total operating expenses	<u>389,614</u>	<u>401,391</u>
Operating loss	(6,968)	(33,259)
Nonoperating revenues (expense):		
Passenger facility charges	69,774	68,128
Other nonoperating revenues	18,815	14,779
Interest expense	(82,468)	(72,739)
Other nonoperating expenses	<u>(2,500)</u>	<u>(8,385)</u>
Net nonoperating expenses	<u>3,621</u>	<u>1,783</u>
Net loss before capital contribution	(3,347)	(31,476)
Capital Contribution	<u>390</u>	<u>7,278</u>
Changes in net position	(2,957)	(24,198)
Net position, beginning of the year, restated	<u>149,350</u>	<u>241,504</u>
Net position, end of the year	<u>\$ 146,393</u>	<u>\$ 217,306</u>

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

Operating Revenues

The chart below illustrates the sources of total operating revenue for the year ended September 30, 2018:



Operating revenues for the Authority increased \$14.5 million in 2018 as compared to 2017.

Airline revenues, a major category of operating revenues, includes terminal rentals, landing, facility use and related fees. Total Airline revenues increased 0.4 percent to \$171.9 million in 2018 from \$171.2 million in 2017. Landing fee revenues decreased 3.3 percent in 2018 to \$77.6 million from \$80.2 million in 2017. The decrease in landing fee revenue was primarily a result of a decrease in landing fee rates, which was adjusted in accordance with the airline agreement. The landing fee rate decreased by 4.7 percent from the prior year, with a final Signatory rate of \$3.48 per 1,000 pounds landed weight. The decrease in the landing fee rate was offset by a 1.6 percent increase in total landed weights over the prior year. Another aspect of Airline revenues is terminal building rentals and fees, which are driven by the terminal rental rates. Terminal building rentals and fees increased \$2.7 million (3.3 percent) over the prior year. The final Signatory rate was \$60.32 for the South Terminal and \$98.89 for the North Terminal.

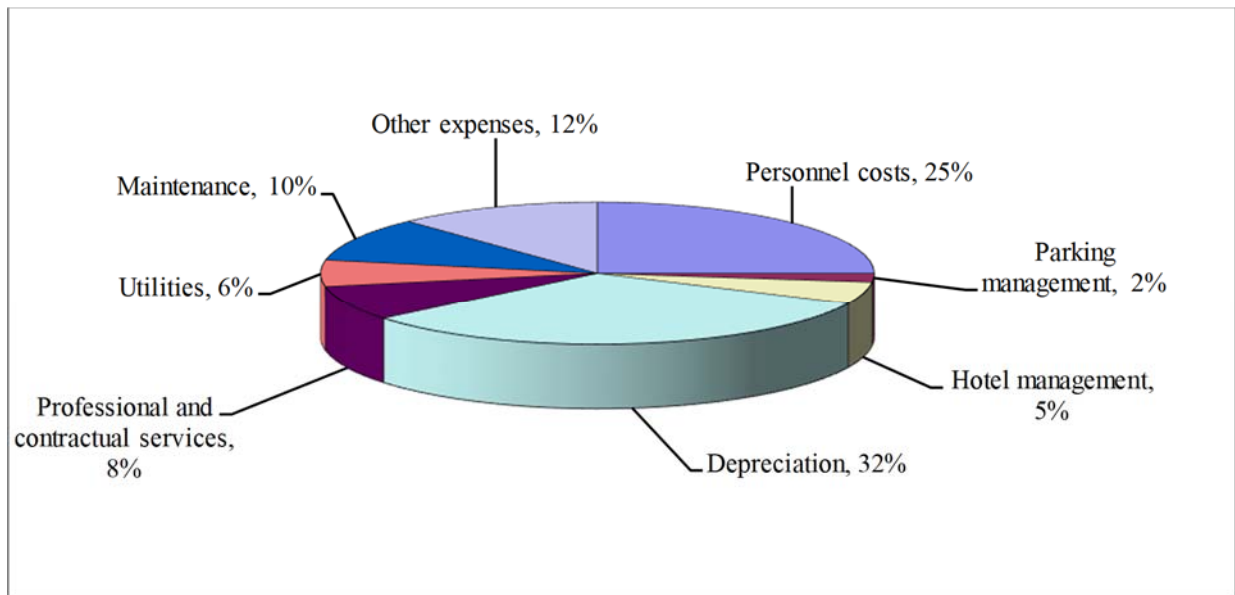
Non-Airline revenues, the other major category of operating revenues, includes revenue collected for activities that are not specifically aviation related. In fiscal year 2018, total non-Airline operating revenues increased by 7.0 percent to \$210.8 million compared to \$196.9 million in 2017. The growth was largely due to increases in parking fee revenue, ground transportation and concession fee revenue and hotel revenue. Parking fee revenue increased \$3.5 million (4.6 percent) over 2017 due to growth in originating passenger enplanements while concession fees increased \$3.0 million (7.6 percent). Ground transportation revenue increased \$2.4 million over 2017 primarily due to revenue from transportation network companies (TNC's), Uber and Lyft, which began operating at the Airport in March 2017. Hotel revenue increased by \$1.4 million (4.8 percent) driven by an increase in room revenue caused by weather related delays in the winter months and the conclusion of construction activity.

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

Operating Expenses

The chart below illustrates the components of total operating expenses for the year ended September 30, 2018:



Operating expenses for the Authority decreased by 2.9 percent to \$389.6 million in 2018 from \$401.4 million in 2017. The primary categories that had significant decreases were salary, wages and benefits (\$14.4 million) and depreciation (\$10.0 million). These decreases were offset by increases in professional and contractual services (\$6.8 million) and hotel management (\$1.7 million).

Salaries, wages and fringe benefits decreased 13.0 percent from 2017 to \$96.3 million. This decrease was the result of a one-time charge which was recognized in 2017. The charge was a result of the Authority recognizing its share of pre-2002 retiree liabilities, which were valued at \$22 million, and documented via a memorandum of understanding entered into in 2017 between the Authority, Wayne County and Wayne County Employees' Retirement System (WCERS). See Note 10 for additional information.

Depreciation expense decreased 7.4 percent to \$124.8 million. This is the result of a large number of assets, which were placed in service in 2002 at the opening of the McNamara Terminal, reaching the end of their 15-year useful lives in 2017. Professional and contractual services increased by \$6.8 million (26.4 percent) in fiscal year 2018. The increase was largely due to increased snowfall during the 2017/2018 winter as compared to the 2016/2017 winter, which resulted in an increase in snow removal costs of approximately \$3.6 million. In addition, professional fees related to bond issues increased by \$1.3 million in 2018 as compared to 2017 due to the issuance of new airport revenue bonds and airport revenue refunding bonds.

Hotel operating expenses increased by \$1.7 million (9.6 percent) in fiscal year 2018. During fiscal year 2017, the hotel went through a renovation, resulting in a decrease in the amount of rooms available for occupancy and a corresponding decrease in operating expense. As renovation activities have concluded and the full complement of rooms have become available for occupancy operating expenses have increased accordingly.

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

Nonoperating Revenues, Expenses and Contributed Capital

Nonoperating revenue increased \$5.7 million in 2018. The increase in nonoperating revenue was primarily due to an increase in interest income of \$4.0 million and passenger facility charges (PFC) of \$1.6 million. The Authority collects \$4.50 of PFCs per enplaned passenger and enplanements increased 1.6 percent in 2018.

Nonoperating expense increased \$3.8 million in 2018. The primary reason for the increase in nonoperating expense was additional interest expense of \$9.7 million offset by a decrease in the loss on disposal of assets of \$5.9 million.

Capital contributions decreased \$6.9 million from 2017. The Authority anticipates significant increases in capital contributions in 2019 as it begins reconstruction of runway 3L/21R.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Position

September 30, 2018

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
Assets:			
Current assets:			
Cash and investments (note 4)	\$ 186,888,626	\$ 650,089	\$ 187,538,715
Accounts receivable, less allowance (note 2)	29,985,700	272,083	30,257,783
Due from other governmental units	4,490,815	—	4,490,815
Due from other funds	—	807,865	807,865
Prepays and deposits	909,666	14,298	923,964
Total current assets	222,274,807	1,744,335	224,019,142
Restricted assets (notes 4 and 6):			
Cash and investments	390,340,813	—	390,340,813
Accounts receivable	1,368,002	—	1,368,002
Capital assets (note 7):			
Capital assets not being depreciated:			
Land and nondepreciable assets	225,745,388	17,476,885	243,222,273
Construction in progress	111,762,853	1,377,845	113,140,698
Capital assets being depreciated:			
Buildings and improvements	2,151,425,294	13,934,137	2,165,359,431
Equipment	106,406,834	6,439,305	112,846,139
Infrastructure	1,398,631,979	145,858,177	1,544,490,156
Total capital assets	3,993,972,348	185,086,349	4,179,058,697
Less accumulated depreciation	2,121,152,931	109,983,986	2,231,136,917
Net capital assets	1,872,819,417	75,102,363	1,947,921,780
Other assets:			
Prepays and deposits	450,000	—	450,000
Prepaid bond insurance premiums (note 2)	1,554,170	—	1,554,170
Total noncurrent assets	2,266,532,402	75,102,363	2,341,634,765
Total assets	\$ 2,488,807,209	\$ 76,846,698	\$ 2,565,653,907
Deferred outflows of resources:			
Deferred amount on refunding (note 2)	\$ 21,813,007	\$ —	\$ 21,813,007
Deferred outflows from pensions (note 10)	23,380,784	320,199	23,700,983
Deferred outflows from other postemployment benefits (note 11)	590,978	10,832	601,810
Total deferred outflows of resources	\$ 45,784,769	\$ 331,031	\$ 46,115,800

See accompanying notes to basic financial statements.

(continued)

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Position

September 30, 2018

	<u>Detroit Metropolitan Airport Fund</u>	<u>Willow Run Airport Fund</u>	<u>Total</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 41,285,402	\$ 1,244,200	\$ 42,529,602
Accrued wages and benefits	3,156,966	59,222	3,216,188
Due to other governmental units	1,856,670	—	1,856,670
Due to other funds	807,865	—	807,865
Advance billings and payments received in advance	3,720,447	9,993	3,730,440
Bonds payable and other debt (note 8)	—	39,476	39,476
Other accrued liabilities	24,399,960	379,819	24,779,779
Total current liabilities	<u>75,227,310</u>	<u>1,732,710</u>	<u>76,960,020</u>
Payable from restricted assets:			
Accrued interest and other payables	33,577,498	—	33,577,498
Bonds payable and other debt (note 8)	93,956,439	—	93,956,439
Other accrued liabilities (note 8)	862,869	940,200	1,803,069
Advance billings and payments received in advance	26,987	—	26,987
Due to other governmental units (note 12)	4,715,000	—	4,715,000
Net pension liability (note 10)	58,227,049	865,368	59,092,417
Net other postemployment benefit liability (note 11)	55,720,423	1,021,352	56,741,775
Bonds payable and other debt, net (note 8)	2,132,899,141	464,866	2,133,364,007
Total noncurrent liabilities	<u>2,379,985,406</u>	<u>3,291,786</u>	<u>2,383,277,192</u>
Total liabilities	<u>\$ 2,455,212,716</u>	<u>\$ 5,024,496</u>	<u>\$ 2,460,237,212</u>
Deferred inflows of resources:			
Deferred inflows from pension (note 10)	\$ 3,188,845	\$ 58,452	\$ 3,247,297
Deferred inflows from other postemployment benefits (note 11)	1,858,062	34,058	1,892,120
Total deferred inflows of resources	<u>\$ 5,046,907</u>	<u>\$ 92,510</u>	<u>\$ 5,139,417</u>
Net position:			
Net investment in capital assets	\$ (193,320,150)	\$ 75,078,021	\$ (118,242,129)
Restricted for:			
Capital assets	18,470,404	—	18,470,404
Debt service	235,729,366	—	235,729,366
Operations	40,666,901	—	40,666,901
Drug enforcement	1,340,714	—	1,340,714
Unrestricted (deficit)	(28,554,880)	(3,017,298)	(31,572,178)
Total net position	<u>\$ 74,332,355</u>	<u>\$ 72,060,723</u>	<u>\$ 146,393,078</u>

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2018

	<u>Detroit Metropolitan Airport Fund</u>	<u>Willow Run Airport Fund</u>	<u>Total</u>
Operating revenues:			
Airline revenues:			
Airport landing and related fees	\$ 76,738,881	\$ 811,745	\$ 77,550,626
Terminal building rentals and related fees	84,732,195	197,159	84,929,354
Facility use fees	8,876,488	501,744	9,378,232
Nonairline revenues:			
Parking fees	80,248,186	—	80,248,186
Concession fees	42,786,536	—	42,786,536
Car rental	26,164,448	—	26,164,448
Hotel	31,368,028	—	31,368,028
Employee shuttle bus	2,891,239	—	2,891,239
Ground transportation	10,199,443	—	10,199,443
Utility service fees	4,969,809	126,588	5,096,397
Rental facilities	3,673,131	1,028,511	4,701,642
Other	6,429,744	902,317	7,332,061
Total operating revenues	<u>379,078,128</u>	<u>3,568,064</u>	<u>382,646,192</u>
Operating expenses:			
Salaries, wages, and fringe benefits	94,557,519	1,724,809	96,282,328
Parking management	8,404,763	—	8,404,763
Hotel management	19,775,235	—	19,775,235
Shuttle bus services	6,849,343	—	6,849,343
Janitorial services	14,405,534	22,384	14,427,918
Security	6,031,481	—	6,031,481
Professional and other contractual services	31,455,194	1,304,630	32,759,824
Utilities	23,253,212	623,249	23,876,461
Buildings and grounds maintenance	18,234,066	462,960	18,697,026
Equipment repair and maintenance	19,315,017	167,457	19,482,474
Materials and supplies	10,300,584	112,150	10,412,734
Insurance	1,901,742	32,838	1,934,580
Other	5,481,474	423,950	5,905,424
Depreciation	120,445,640	4,328,775	124,774,415
Total operating expenses	<u>380,410,804</u>	<u>9,203,202</u>	<u>389,614,006</u>
Operating gain (loss)	<u>(1,332,676)</u>	<u>(5,635,138)</u>	<u>(6,967,814)</u>
Nonoperating revenues (expenses):			
Passenger facility charges	69,774,131	—	69,774,131
Customer facility charges	4,548,815	—	4,548,815
Federal and state sources	6,650,317	—	6,650,317
Interest income	7,612,101	5,572	7,617,673
Interest expense	(82,468,769)	—	(82,468,769)
(Loss) gain on disposal of assets	(2,399,305)	—	(2,399,305)
Amortization of bond insurance premiums	(101,414)	—	(101,414)
Net nonoperating revenues	<u>3,615,876</u>	<u>5,572</u>	<u>3,621,448</u>
Net gain (loss) before capital contributions and transfers	2,283,200	(5,629,566)	(3,346,366)
Capital contributions	389,653	—	389,653
Transfers (out) in	(2,467,217)	2,467,217	—
Changes in net position	205,636	(3,162,349)	(2,956,713)
Net position – Beginning of year, restated (note 2)	<u>74,126,719</u>	<u>75,223,072</u>	<u>149,349,791</u>
Net position – End of year	<u>\$ 74,332,355</u>	<u>\$ 72,060,723</u>	<u>\$ 146,393,078</u>

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2018

	<u>Detroit Metropolitan Airport Fund</u>	<u>Willow Run Airport Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 382,791,056	\$ 3,645,641	\$ 386,436,697
Payments to suppliers	(163,700,323)	(3,085,232)	(166,785,555)
Payments to employees	(102,700,066)	(1,771,462)	(104,471,528)
Payments (to) from other funds for services provided	(1,219,051)	1,219,051	—
Advances (to) from other funds for services provided	54,015	(54,015)	—
Return of customer deposits	(485,242)	(4,224)	(489,466)
Collection of customer deposits	394,335	2,791	397,126
Net cash provided by (used in) operating activities	<u>115,134,724</u>	<u>(47,450)</u>	<u>115,087,274</u>
Cash flows from noncapital financing activities:			
Passenger facility charges received	478,411	—	478,411
Customer facility charges received	25,463	—	25,463
Transfers (to) from other funds	(73,077)	73,077	—
Insurance proceeds received from settlement	—	92,000	92,000
Grants from federal/state government	5,358,200	8,615	5,366,815
Net cash provided by noncapital financing activities	<u>5,788,997</u>	<u>173,692</u>	<u>5,962,689</u>
Cash flows from capital and related financing activities:			
Capital contributions received	6,848,192	—	6,848,192
Passenger facility charges received	69,382,995	—	69,382,995
Customer facility charges received	4,517,759	—	4,517,759
Transfers (to) from other funds	(367,223)	367,223	—
Proceeds from capital debt	106,084,452	—	106,084,452
Principal paid on capital debt	(92,632,782)	(19,476)	(92,652,258)
Acquisition and construction of capital assets	(99,035,262)	(897,788)	(99,933,050)
Proceeds from disposal of capital assets	407,998	—	407,998
Interest paid on capital debt	(91,189,903)	—	(91,189,903)
Net cash used in capital and related financing activities	<u>(95,983,774)</u>	<u>(550,041)</u>	<u>(96,533,815)</u>
Cash flows from investing activities:			
Interest and dividends received	6,838,107	5,572	6,843,679
Purchases of investments	(335,702,414)	—	(335,702,414)
Maturities of investments	339,985,218	—	339,985,218
Net cash provided by investing activities	<u>11,120,911</u>	<u>5,572</u>	<u>11,126,483</u>
Net increase (decrease) in cash and cash equivalents	36,060,858	(418,227)	35,642,631
Cash and cash equivalents – Beginning of year	<u>332,762,285</u>	<u>1,068,316</u>	<u>333,830,601</u>
Cash and cash equivalents – End of year	<u>\$ 368,823,143</u>	<u>\$ 650,089</u>	<u>\$ 369,473,232</u>

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2018

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,332,676)	\$ (5,635,138)	\$ (6,967,814)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	120,445,640	4,328,775	124,774,415
(Decrease) increase in accounts receivable	(2,396,459)	74,741	(2,321,718)
(Decrease) increase in due from/to other funds	(1,165,036)	1,165,036	—
Decrease (increase) in prepaids/deposits	19,269	(917)	18,352
Increase in accounts payable	2,985,579	87,803	3,073,382
(Increase) decrease in accrued wages and benefits	(267,766)	3,990	(263,776)
Increase in unearned revenue	2,028,739	2,836	2,031,575
Increase in due to other governmental units	3,741,452	—	3,741,452
Increase (decrease) in other accrued liabilities	2,130,164	(21,735)	2,108,429
Increase in net OPEB liability	(4,082,735)	(74,836)	(4,157,571)
(Increase) decrease in net pension liability	(6,701,447)	21,994	(6,679,453)
Total adjustments	116,737,400	5,587,687	122,325,087
Net cash provided by (used in) operating activities	\$ 115,404,724	\$ (47,451)	\$ 115,357,273
Cash and investments at September 30, 2018 consist of:			
Cash and cash equivalents	\$ 368,823,143	\$ 650,089	\$ 369,473,232
Investments	208,406,296	—	208,406,296
Total cash and investments	\$ 577,229,439	\$ 650,089	\$ 577,879,528

Noncash operating activities:

- Loans due from Willow Run Airport Fund to Detroit Metropolitan Airport Fund of \$1,182,347 were forgiven during fiscal year 2018.

Noncash capital and related financing activities:

- The issuance of refunding bonds resulted in several noncash activities. The major components are as follows: \$593.1 million of principal and \$39.5 million of bond premium additions offset by \$632.3 million of principal reductions. In addition, deferred refunding charges totaling \$9.5 million were recorded, along with write-offs of \$9.4 million of deferred refunding charges, \$1.3 million of prepaid bond insurance, and \$2.4 million of bond premiums.
- Interest expense of approximately \$6.6 million was capitalized into Detroit Metropolitan Airport capital assets during 2018.

Noncash investing activities:

- Detroit Metropolitan Airport Fund had a noncash change in the fair value of investments of approximately \$121,000 in 2018.

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

(1) The Reporting Entity

The Wayne County Airport Authority (the Authority) is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County) for the purposes of federal and state laws, but is not subject to any County charter requirements or the direction or control of either the Wayne County Executive or Commission. Pursuant to Public Act 90 (the Authority Act), Michigan Public Acts of 2002 (effective March 26, 2002), the Authority has operational jurisdiction of the Detroit Metropolitan Wayne County Airport (Metro Airport), the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. The financial statements of the Authority include the operations of Metro Airport (which includes the Airport Hotel) and Willow Run Airport. The Authority is not deemed a component unit of the County.

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

Metro Airport has airport use contracts with 11 airlines. These airlines, along with their affiliates, constitute approximately 97 percent of total landed weight in 2018. Metro Airport has agreements with various concessionaires (parking, food service, rental car agencies, etc.) for which Metro Airport pays a management fee or receives revenue.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The Authority reports the following major funds:

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

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

(b) *Basis of Accounting and Measurement Focus*

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

(c) *Cash and Investments*

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

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

(d) Cash Flows

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

(e) Passenger Facility Charges

The Authority assesses passenger facility charges of \$4.50 per passenger enplanement. The passenger facility charges are recorded as nonoperating revenues and may only be expended on capital and noncapital projects approved by the federal government. Passenger facility charges from airlines are recorded on an accrual basis. Unspent PFC cash and accounts receivable are classified as restricted net position for eligible debt service.

(f) Customer Facility Charges

The Authority collects customer facility charges (CFC) from all rental car concessionaires that operate at Detroit Metropolitan Airport. During the fiscal year ending September 30, 2018, \$1.00 was charged to each airport rental car concessionaire customer on a per transaction day basis. This charge was increased to \$5.50 effective November 1, 2018. CFC revenues are classified as nonoperating on the statement of revenues, expenses, and changes in net position. Such amounts are restricted for capital improvements related to the rental car operations at Detroit Metropolitan Airport.

(g) Revenue Recognition

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

(h) Net Position

Equity is displayed in three components, as follows:

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

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

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

(i) *Classification of Revenues and Expenses*

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

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

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

(j) *Use of Estimates*

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

(k) *Capital Assets*

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

Buildings and improvements	10 - 50 years
Equipment	3 - 12 years
Infrastructure	10 - 40 years

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

(l) *Compensated Absences*

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

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

termination, retirement, or death. Unused hours exceeding these limitations are forfeited. A liability for accumulated unpaid vacation and sick pay has been recorded in the financial statements as a current “other accrued liability” and will be paid with resources from both the Detroit Metropolitan Airport Fund and the Willow Run Airport Fund. Activity for the year ended September 30, 2018 was as follows:

Beginning balance	Increases	Decreases	Ending balance
\$ 5,791,963	\$ 5,914,937	\$ (6,599,269)	\$ 5,107,631

(m) Retirement Contributions and Other Postemployment Benefit Costs

The Authority offers defined benefit and defined contribution retirement benefits through the Wayne County Employees’ Retirement System (WCERS), an agent multiemployer retirement system. Related to the defined benefit plans, the Authority records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. 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 pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by WCERS. 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. Related to the defined contribution plans, employer and employee contributions are recognized in the period in which the contributions are due.

In addition, the Authority has entered into an arrangement with WCERS and Wayne County which the Authority has concluded represents a special funding situation under GASB 68. Under the arrangement, which was entered into in 2016, the Authority has committed to a five-year payment schedule of \$1.1 million per quarter for its estimated share (10.25 percent) of the Combined Pre-2002 Retiree Liability of \$20,948,822.

The Authority offers retiree healthcare benefits to retirees. For purposes of measuring the net retiree healthcare benefit liability, deferred outflows of resources and deferred inflows of resources, and retiree healthcare benefit plan expense, information about the fiduciary net position of the retiree healthcare benefit plan and additions to/deductions from the retiree healthcare benefit plans fiduciary net position have been determined on the same basis as they are reported by Authority. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition, the Authority has agreed to contribute 11.25 percent for its estimated share of stipend payments made to participants in the Wayne County Health and Welfare Plan that retired before September 1, 2002. Members of the Wayne County Health and Welfare Plan are required to file annual certifications related to the use of this stipend for healthcare benefits.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

(n) *Accounts Receivable*

Net receivables at September 30, 2018 consist of trade receivables incurred by customers during the normal course of business. Total allowance for uncollectible accounts at September 30, 2018 was \$241,000, of which \$205,000 was for the Detroit Metropolitan Airport Fund and \$36,000 was for the Willow Run Airport Fund.

(o) *Accounts Payable*

Total payables at September 30, 2018 consist of payables due to vendors used during the normal course of business.

(p) *Restricted Assets and Liabilities*

Restricted assets consist of cash, investments, and accounts receivable that are legally required to be trustee or maintained in separate depository accounts. Capital program funds are restricted to pay the costs of certain capital projects as defined in various bond agreements. Debt service funds are restricted to make payments for principal and interest as required by the specific bond agreements. Liabilities payable from restricted assets are the accrued interest and current portion of long-term debt associated with the purchase and construction of the capital projects funded by the restricted assets.

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

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

Interfund transfers are used to transfer unrestricted resources from one reporting fund to another to fund operations and capital projects.

(r) *Prepaid Bond Insurance Premiums*

Prepaid bond insurance premium costs are amortized over the period the bond is outstanding using the straight-line method. Accumulated amortization at September 30, 2018 is \$781,520.

(s) *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority has three items that qualify for reporting in this category. One is the deferred charge on refunding reported on the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

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The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third are the deferred outflows for pension and OPEB. See the detailed categories of the deferred outflows for pension in Note 10 and OPEB in Note 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category, deferred inflows for pensions and deferred inflows for OPEB. See the detailed categories of the deferred inflows for pension in Note 10 and OPEB in Note 11.

(t) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. These accruals are evaluated periodically for changes due to additional assessment and remediation efforts, as well as more detailed legal or technical information. Environmental liabilities are included in the statement of net position as current and long-term "other accrued liabilities."

In certain instances, environmental remediation costs cannot be reasonably estimated; however, the nature of the matters is disclosed in the notes to the basic financial statements as commitments and contingencies. As components of the remediation efforts are able to be projected, they are calculated using an expected cash flow technique and recorded accordingly.

(u) Self-Insurance

During the year ended September 30, 2004, the Authority became self-insured for disability, unemployment, and liability insurance. The Authority charges its departments a specified percentage of the department's regular biweekly payroll for these liabilities. Claims related to unemployment, disability, claim administration, deductibles, self-insured retentions, and legal bills are paid out of these funds. The Authority purchases commercial insurance for general liability claims in excess of \$10,000, auto liability insurance for claims in excess of \$25,000, public officials/employment practices liability insurance for claims in excess of \$500,000, and Law Enforcement liability insurance for claims in excess of \$50,000. There were no claims in the current year that exceeded the deductible amounts.

During the year ended September 30, 2005, the Authority became self-insured for health insurance and workers' compensation. The Authority charges its departments a specified percentage of the department's regular biweekly payroll for these liabilities. The funds collected for workers' compensation are used to pay claims (wages and medical), third-party administration services, and loss control services. The Authority purchases workers' compensation insurance for claims that exceed \$1 million. There have been two claims that have exceeded the \$1 million deductible wherein the insurer has been responsible for settlement of all future wages, medical, and legal costs. The funds collected for health insurance are used to pay self-insured claims to Blue Cross Blue Shield, the primary healthcare provider, and premiums for Health Alliance Plan, dental, and life insurance. The Authority purchases stop/loss coverage from Blue Cross Blue Shield for healthcare claims that exceed \$1 million. No claims have been incurred that have exceeded this threshold.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

The liability for self-insurance claims has been recorded in the financial statements as a current “other accrued liability”. The Detroit Metropolitan Airport Fund resources are used to liquidate this liability. A reconciliation of the Authority’s self-insured claims liability at September 30, 2018 follows:

	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Other Claims</u>	<u>Total</u>
Claims liability, September 30, 2016	\$ 3,774,718	\$ 755,446	\$ 427,120	\$ 4,957,284
Claims incurred during fiscal year 2017	12,538,802	459,483	205,375	13,203,660
Payments on claims	(11,922,836)	(409,625)	(317,223)	(12,649,684)
Increase (decrease) in the reserve	<u>(647,725)</u>	<u>54,099</u>	<u>(76,365)</u>	<u>(669,991)</u>
Claims liability, September 30, 2017	\$ 3,742,959	\$ 859,403	\$ 238,907	\$ 4,841,269
Claims incurred during fiscal year 2018	10,670,432	555,714	521,929	11,748,075
Payments on claims	(11,053,117)	(503,768)	(289,480)	(11,846,365)
Increase (decrease) in the reserve	<u>(1,449,700)</u>	<u>59,142</u>	<u>11,509</u>	<u>(1,379,049)</u>
Claims liability, September 30, 2018	<u>\$ 1,910,574</u>	<u>\$ 970,491</u>	<u>\$ 482,865</u>	<u>\$ 3,363,930</u>

(v) New Accounting Pronouncement

During the current year, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of the statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit OPEB, the statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. As a result of this implementation, the Authority has restated its beginning net position as follows:

	<u>Detroit Metropolitan Airport Fund</u>	<u>Willow Run Airport Fund</u>
Beginning net position - October 1, 2017	\$ 140,963,609	\$ 76,342,484
Implementation of GASB 75	<u>(66,836,890)</u>	<u>(1,119,412)</u>
Beginning net position - as restated	<u>74,126,719</u>	<u>75,223,072</u>

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

(3) Major Customer

Delta Air Lines (Delta) and its affiliates account for approximately 32 percent of total Authority operating revenues for the year ended September 30, 2018, including 71 percent of landing and related fees, 69 percent of airline rental and related fees, and 78 percent of facility use fees. Approximately 72 percent of total 2018 enplanements are attributable to Delta's (and affiliates) operations. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately \$5.9 million in receivables from Delta at September 30, 2018.

It is reasonable to assume that any financial or operational difficulties incurred by Delta, the predominant airline servicing the Airport, or another Signatory Airline may, whether directly or indirectly, have a material adverse impact on Airport operations.

(4) Deposits and Investments

Michigan Compiled Laws Section 129.9 1 (Public Act 20 of 1943, as amended), authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Authority in accordance with Public Act 20 of 1943, as amended, authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities (date-specific maturities only), non-negotiable certificates of deposits, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

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

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

Credit risk - In compliance with state law, the Authority’s investment policy limits investments of commercial paper to the two top ratings issued by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of investments (other than the U.S. government and municipal bonds) are as follows:

<u>Investment</u>	<u>Fair value</u>	<u>Rating</u>	<u>Organization</u>
Money market funds	\$ 4,807,110	AAA	S&P
Commercial paper	50,413,948	A1+, P1	S&P, Moody
Commercial paper	115,908,053	A1, P1	S&P, Moody
Commercial paper	36,861,586	P1	Moody

Custodial credit risk of bank deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority’s investment policy requires that deposits over the \$250,000 insured limit in a commercial bank shall not equal more than 25 percent of the combined capital and surplus of that bank, and that bank must meet the minimum standards of at least one standard rating service. At year-end, the Authority had \$107,583,984 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments - Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority, be purchased using the delivery vs. payment procedure, and be held in third party safekeeping. At year-end, none of the Authority’s investments was subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Authority’s name.
- Investments were held by the Authority’s trustee in the Authority’s name.
- Investments were part of a mutual fund.

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority’s investment policy addresses this risk by setting limits by investment fund type as follows:

<u>Investment fund</u>	<u>Maturity maximum</u>
General Pool	1 year
Bond Reserve	5 years
Bond Payment and Capital Interest Funds	1 business day prior to bond payment date
Construction Funds	Must match draw schedule or less

Note: All Commercial Paper is limited by state statute to 270 days maximum

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

At year end, the average maturities of investments subject to interest rate risk are as follows:

	Fair value	Average maturity
Investments subject to risk:		
General pool funds:		
U.S. Agencies	\$ 9,859,798	9.9 months
Commercial paper	4,942,669	5.4 months
Bond reserves:		
U.S. Treasuries	9,798,050	1.6 years
U.S. Agencies	102,272,584	1.9 years
Municipal Bonds	1,468,620	1.6 years
Long-term repo	3,629,278	3.2 years
Commercial paper	18,292,421	2.1 months
Bond payment funds:		
U.S. Treasuries	106,200,544	2 months
Construction funds:		
2007 Construction:		
Commercial paper	7,790,478	20 days
2012A Construction:		
Commercial paper	8,497,290	6 days
2012B Construction:		
Commercial paper	8,291,884	17 days
2014A Construction:		
Commercial paper	1,399,432	7 days
2014B Construction:		
Commercial paper	15,078,754	23 days
2014C Construction:		
Commercial paper	15,776,778	24 days
2015E Construction:		
Commercial paper	1,799,540	5 days
2017A Construction:		
Commercial paper	45,433,941	24 days
2017B Construction:		
Commercial paper	34,541,336	28 days
Other construction and operating funds:		
Commercial paper	41,339,064	2.4 months
Investments subject to risk	436,412,461	
Deposits/investments not subject to risk:		
Deposits	136,659,957	
Money market funds	4,807,110	
Total deposits and investments	\$ 577,879,528	

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

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Concentration of credit risk – Through its investment policy, the Authority places limits on the amount the Authority may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test: Maximum investment is 25 percent of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments:

<u>Investment type</u>	<u>Limit</u>	<u>Actual at year-end</u>
Bankers' acceptances	50%	-
Repurchase agreements	25	0.6
Certificates of deposit (bank)	50	5.7
Money market funds	50	0.8
Commercial paper	60	35.2
U.S. Government	100	39.5

Authority limits based upon use of a single issuer:

<u>Investment type</u>	<u>Limit</u>
Bankers' acceptances	25% of total portfolio
Repurchase agreements	10% of total portfolio
Certificates of Deposit (bank)	33% of total portfolio
Certificates of Deposit (S&L)	5% of total portfolio

Actual year-end investments in a single issuer exceeding 5 percent of total portfolio are as follows:

<u>Issuer</u>	<u>Investment type</u>	<u>Fair value</u>	<u>Percentage of portfolio</u>	<u>Rating</u>
Toyota Motor Credit	Commercial paper	\$ 38,723,162	6.70%	A1+, P1
General Electric Capital Corp	Commercial paper	36,861,586	6.38	P1
Santander UK PLC	Commercial paper	35,267,994	6.10	A1, P1
MUFG Bank LTD	Commercial paper	30,391,708	5.26	A1, P1

(5) Fair Market Measurement

The Authority 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

WAYNE COUNTY AIRPORT AUTHORITY

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In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Authority has the following recurring fair value measurements as of September 30, 2018:

- U.S. Treasury securities of \$115,998,594 - are valued using quoted market prices (Level 1 inputs).
- Commercial paper of \$203,183,587 - are valued using a matrix pricing model and par value (Level 2 inputs).
- U.S. Government Agency securities of \$112,132,382 - are valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Municipal securities of \$1,468,620 – are valued using observable inputs, either directly or indirectly (Level 2 inputs).
- Repurchase agreements of \$3,629,278 - are valued using par value (Level 2 inputs).

Investments in Entities that Calculate Net Asset Value per Share – The Authority holds shares or interests in money market mutual funds at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the money market mutual fund. Certain investments measured at net asset value per share (or equivalent) are classified within Level 1 of the fair value hierarchy as the investment can be redeemed at the measurement date. At year end, the fair value of these investments was \$4,807,110. There were no unfunded commitments or redemption rules associated with these investments.

(6) Restricted Assets

In accordance with the terms of applicable ordinances and federal and state laws, the Authority is required to restrict assets for various purposes. Net position has been restricted related to certain of the restricted assets. A summary of the restricted assets at September 30, 2018 is as follows:

Construction:	
Cash and investments	146,560,451
Accounts receivable	<u>271,145</u>
Total	<u>146,831,596</u>
Bond and interest redemption:	
Cash and investments	243,780,362
Accounts receivable	<u>1,096,857</u>
Total	<u>244,877,219</u>
Total restricted assets	<u>\$ 391,708,815</u>

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(7) Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Detroit Metropolitan Airport Fund:				
Capital assets not being depreciated:				
Land and nondepreciable assets	\$ 227,361,355	\$ -	\$ (1,615,967)	\$ 225,745,388
Construction in progress	<u>95,687,316</u>	<u>68,756,643</u>	<u>(52,681,106)</u>	<u>111,762,853</u>
Total capital assets not being depreciated	<u>323,048,671</u>	<u>68,756,643</u>	<u>(54,297,073)</u>	<u>337,508,241</u>
Capital assets being depreciated:				
Buildings and improvements	2,163,704,347	22,755,044	(35,034,097)	2,151,425,294
Equipment	93,152,159	13,705,010	(450,335)	106,406,834
Infrastructure	<u>1,368,375,923</u>	<u>30,256,056</u>	<u>-</u>	<u>1,398,631,979</u>
Total capital assets being depreciated	<u>3,625,232,429</u>	<u>66,716,110</u>	<u>(35,484,432)</u>	<u>3,656,464,107</u>
Less accumulated depreciation for:				
Buildings and improvements	1,256,649,476	61,268,584	(33,847,025)	1,284,071,035
Equipment	58,597,124	7,655,418	(426,696)	65,825,846
Infrastructure	<u>719,734,412</u>	<u>51,521,638</u>	<u>-</u>	<u>771,256,050</u>
Total accumulated depreciation	<u>2,034,981,012</u>	<u>120,445,640</u>	<u>(34,273,721)</u>	<u>2,121,152,931</u>
Total capital assets being depreciated, net	<u>1,590,251,417</u>	<u>(53,729,530)</u>	<u>(1,210,711)</u>	<u>1,535,311,176</u>
Total Detroit Metropolitan Airport Fund capital assets, net	<u>\$ 1,913,300,088</u>	<u>\$ 15,027,113</u>	<u>\$ (55,507,784)</u>	<u>\$ 1,872,819,417</u>

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	Beginning balance	Increases	Decreases	Ending balance
Willow Run Airport Fund:				
Capital assets not being depreciated:				
Land and nondepreciable assets	\$ 17,476,885	\$ -	\$ -	\$ 17,476,885
Construction in progress	<u>832,382</u>	<u>561,303</u>	<u>(15,840)</u>	<u>1,377,845</u>
Total capital assets not being depreciated	<u>18,309,267</u>	<u>561,303</u>	<u>(15,840)</u>	<u>18,854,730</u>
Capital assets being depreciated:				
Buildings and improvements	13,934,137	-	-	13,934,137
Equipment	5,622,798	816,507	-	6,439,305
Infrastructure	<u>145,842,337</u>	<u>15,840</u>	<u>-</u>	<u>145,858,177</u>
Total capital assets being depreciated	<u>165,399,272</u>	<u>832,347</u>	<u>-</u>	<u>166,231,619</u>
Less accumulated depreciation for:				
Buildings and improvements	5,816,105	543,383	-	6,359,488
Equipment	4,881,487	238,313	-	5,119,800
Infrastructure	<u>94,957,620</u>	<u>3,547,078</u>	<u>-</u>	<u>98,504,698</u>
Total accumulated depreciation	<u>105,655,212</u>	<u>4,328,774</u>	<u>-</u>	<u>109,983,986</u>
Total capital assets being depreciated, net	<u>59,744,060</u>	<u>(3,496,427)</u>	<u>-</u>	<u>56,247,633</u>
Total Willow Run Airport Fund capital assets, net	<u>78,053,327</u>	<u>(2,935,124)</u>	<u>(15,840)</u>	<u>75,102,363</u>
Total Authority capital assets, net	<u>\$ 1,991,353,415</u>	<u>\$ 12,091,989</u>	<u>\$ (55,523,624)</u>	<u>\$ 1,947,921,780</u>

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(8) Long-term Debt

The detail of long-term debt at September 30, 2018 is as follows:

Detroit Metropolitan Airport Fund:

Airport Revenue Bonds:

Series 2008A, 4.00% to 5.75%, due 12/1/2032	\$ 93,190,000
Series 2010A, 2.00% to 5.00%, due 12/1/2018	32,170,000
Series 2010C, 1.50% to 5.50%, due 12/1/2022	61,910,000
Series 2010D, 1.50% to 5.50%, due 12/1/2021	12,075,000
Series 2011A, 4.00% to 5.00%, due 12/1/2022	152,465,000
Series 2011B, 3.00% to 5.00%, due 12/1/2020	7,900,000
Series 2012A, 3.00% to 5.00%, due 12/1/2042	173,985,000
Series 2012B, 5.00%, due 12/1/2037	24,290,000
Series 2012C, 3.00% to 4.00%, due 12/1/2020	760,000
Series 2012D, 3.00% to 5.00%, due 12/1/2028	40,790,000
Series 2014A, Variable, Current Yield at 9/30/18, 2.029625%, due 12/1/2034	29,800,000
Series 2014B, 3.00% to 5.00%, due 12/1/2044	66,495,000
Series 2014C, 3.00% to 5.00%, due 12/1/2044	31,745,000
Series 2015A, 1.67%, due 12/1/2020	52,010,000
Series 2015B, 2.716%, due 12/1/2024	75,000,000
Series 2015C, 3.75%, due 12/1/2034	25,640,000
Series 2015D, 3.00% to 5.00%, due 12/1/2045	213,330,000
Series 2015E, 5.00%, due 12/1/2038	7,755,000
Series 2015F, 5.00%, due 12/1/2034	224,155,000
Series 2015G, 2.00% to 5.00%, due 12/1/2036	72,715,000
Series 2015H, Variable, Crnt. Yield at 9/30/18, 2.291%, due 12/1/2039	23,125,000
Series 2017A, 4.00% to 5.00%, due 12/1/2047	50,670,000
Series 2017B, 4.00% to 5.00%, due 12/1/2047	40,770,000
Series 2017C, 5.00%, due 12/1/2028	78,360,000
Series 2017A, Jr. Lien, 4.00% to 5.00%, due 12/1/2037	63,055,000
Series 2017B, Jr. Lien, 5.00%, due 12/1/2032	46,040,000
Series 2017C, Jr. Lien, 5.00%, due 12/1/2037	24,615,000
Series 2017D, Variable, Crnt. Yield at 9/30/18, 2.169625%, due 12/1/2033	198,955,000
Series 2017E, 4.00%, due 12/1/2028	67,765,000
Series 2017F, 2.6835%, due 12/1/2028	114,345,000
Installment purchase contract, 4.33%, due 5/21/2023	1,814,983

Total Detroit Metropolitan Airport Fund	<u>2,107,694,983</u>
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Willow Run Airport Fund:

Notes payable – Washtenaw County, 0%, due 12/31/2019	24,342
Notes payable – Downriver Community Conference, 0%, due 5/1/2027	<u>480,000</u>

Total Willow Run Airport Fund	<u>504,342</u>
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Total Authority bonds payable and other debt	2,108,199,325
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Add (less):		
Certain bond discounts		(460,034)
Certain bond premiums		<u>119,620,631</u>
Total Authority bonds payable and other debt, net		2,227,359,922
Less current portion		<u>93,995,915</u>
Total Authority bonds payable and other debt, noncurrent		<u>\$ 2,133,364,007</u>

The annual requirements to pay principal and interest on the Authority's debt outstanding at September 30, 2018 are summarized as follows:

	Principal			
	Airport Revenue Bonds	Installment Purchase Contracts	Willow Run Debt	Total
2019	\$ 93,620,000	\$ 336,439	\$ 39,476	\$ 93,995,915
2020	100,895,000	363,757	64,866	101,323,623
2021	99,820,000	392,636	60,000	100,272,636
2022	100,795,000	423,497	60,000	101,278,497
2023	96,740,000	298,653	280,000	97,318,653
2024 to 2028	535,665,000	—	—	535,665,000
2029 to 2033	462,635,000	—	—	462,635,000
2034 to 2038	313,375,000	—	—	313,375,000
2039 to 2043	201,280,000	—	—	201,280,000
2044 to 2048	101,055,000	—	—	101,055,000
Total	<u>\$ 2,105,880,000</u>	<u>\$ 1,814,983</u>	<u>\$ 504,342</u>	<u>\$ 2,108,199,325</u>

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		Interest	
	Airport Revenue Bonds	Installment Purchase Contracts	Total
2019	\$ 89,697,372	\$ 72,022	\$ 89,769,394
2020	85,425,009	56,917	85,481,926
2021	81,040,886	40,602	81,081,488
2022	76,583,419	22,993	76,606,412
2023	72,098,396	4,870	72,103,266
2024 to 2028	302,222,609	—	302,222,609
2029 to 2033	195,879,880	—	195,879,880
2034 to 2038	105,746,063	—	105,746,063
2039 to 2043	49,749,625	—	49,749,625
2044 to 2048	9,025,125	—	9,025,125
Total	\$ 1,067,468,384	\$ 197,405	\$ 1,067,665,789

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority and is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the Outstanding Senior Lien Bonds and Additional Bonds issued by the Authority under the Master Bond Ordinance, and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds and the Installment Purchase Contract. Net revenues consist of operating revenues, interest income and other, federal and state sources, passenger facility charges, and customer facility charges reduced by operating expenses not including depreciation. For fiscal year 2018, the net revenue was \$210,741,905 compared to the net debt service (principal and interest) of \$182,688,215.

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

In June 1999, the County entered into agreements with Northwest to issue approximately \$15.2 million in Airport Special Facility Revenue Bonds to finance the construction of an aircraft maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to pay debt service in the event of default by Northwest. As these bonds are payable from special facility lease rentals payable in full by Northwest, the related debt has not been reflected in the financial statements of the Authority. An “Event of Default” occurred as a result of the Northwest Airlines bankruptcy filing on September 14, 2005. Northwest Airlines has since emerged from bankruptcy and affirmed its obligation for the Series 1999 Special Facility Bonds and is no longer in default. Effective December 31, 2009, the FAA issued a

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single operating certificate for the integrated airline, and on the same date Northwest legally merged into Delta, resulting in a single surviving corporation known as Delta Air Lines, Inc. As a result of the merger, by operation of law, Delta has succeeded to all of the rights and obligations of Northwest.

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

In September 2007, the Authority executed a Master Lease Purchase Agreement to finance up to \$8 million in major equipment purchases over a three-year period. The Authority used \$5,397,299 of this agreement and entered into five Installment Purchase Contracts to pay for equipment and additional energy conservation improvements at Metro Airport. As of September 30, 2018, four of the five Installment Purchase Contracts were paid in full.

In April 2008, the Authority issued \$142.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2008A. The Series 2008A Fixed Rate Refunding Bonds were issued to refund the Series 2002A Variable Rate Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2008A Bonds are revenue obligations of the Authority payable solely from revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2002A Bonds by placing the proceeds of the Series 2008A Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2002A Bonds were subsequently called and paid in full in May 2008.

In December 2010, the Authority issued \$722.7 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2010A, 2010B, 2010C, 2010D, 2010E-1, 2010E-2 and 2010F. The Series 2010A, 2010B, 2010C, 2010D, 2010E-1, 2010E-2 and 2010F Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2010A Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010B Refunding Bonds were issued to refund a portion of the Series 1998B Bonds. The Series 2010C Refunding Bonds were issued to refund a portion of the Series 2008B Bonds, a portion of the Series 2008C Bonds, the Series 2008E Bonds and the Series 2008F Bonds. The Series 2010D Refunding Bonds were issued to refund the Series 2008D Bonds. The Series 2010E-1 Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010E-2 Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010F Refunding Bonds were issued to refund a portion of the Series 2008B Bonds and a portion of the Series 2008C Bonds. The Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portions of the Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds and Series 2008F Bonds by placing the proceeds of the Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series

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1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds and Series 2008F Bonds were subsequently called and paid in full in January 2011 and February 2011. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$52.2 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$25.5 million.

In November 2011, the Authority issued \$169.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2011A and 2011B. The Series 2011A and 2011B Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2011A Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2011B Refunding Bonds were issued to refund a portion of the Series 2002C Bonds. The Series 2011A Bonds and Series 2011B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portions of the Series 1998A Bonds and the refunded portions of the Series 2002C Bonds by placing the proceeds of the Series 2011A Bonds and Series 2011B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds and Series 2002C Bonds were subsequently called and paid in full in December 2011 and December 2012. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.6 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.1 million.

In September 2012, the Authority issued \$202.7 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the reconstruction and rehabilitation of airfield pavement and parking decks/lots, the replacement and construction of support facilities, acquisition of fleet and heavy equipment, design of powerhouse control room, watermain replacements, security network upgrades and roof replacements. The Series 2012A Bonds and Series 2012B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In September 2012, the Authority issued \$75.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2012C and 2012D. The Series 2012C and 2012D Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2012C Refunding Bonds were issued to refund a portion of the Series 2002C Bonds. The Series 2012D Refunding Bonds were issued to refund a portion of the Series 1998A Bonds and the Series 2002D Bonds. The Series 2012C Bonds and Series 2012D Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portions of the Series 1998A Bonds, the refunded portions of the Series 2002C Bonds and the refunded Series 2002D Bonds by placing the proceeds of the Series 2012C Bonds and Series 2012D Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 2002C Bonds and Series 2002D Bonds were subsequently called and paid in full in October 2012 and December 2012. The difference between

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the cash flows required to service the new debt and complete the refunding was approximately \$10.0 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$7.8 million.

In May 2014, the Authority issued a \$30 million Direct Placement Bond with Banc of America Preferred Funding Corporation, Series 2014A Bonds. The Series 2014A Bonds were issued to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include airfield pavement rehabilitation and reconstruction, development of wide-body aircraft parking apron, various electrical upgrades throughout the airport grounds, North power plant chillers, support systems and HVAC/air handler replacements, roadway reconstructions, demolition costs for various buildings and site improvement costs related to those demolition sites. The Series 2014A Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Series 2014A Bonds are variable-rate bonds. Banc of America Preferred Funding Corporation is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of Banc of America Preferred Funding Corporation, would cause the Series 2014A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In August 2014, the Authority issued \$98.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include taxiway rehabilitation and reconstruction, road reconstruction, bridges and roadway rehabilitation, fleet and heavy equipment acquisitions, various electrical projects, power plant equipment replacements and demolition of various buildings. The Series 2014B Bonds and Series 2014C Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In January and March 2015, the Authority received \$600,000 from a note payable signed in May 2014 with the Downriver Community Conference to assist Willow Run Airport with the demolition of Hangar 2. In May 2015, \$120,000 of the funds borrowed was converted into a grant, thereby reducing the amount of the note payable to \$480,000. The agreement calls for principal to be paid in monthly installments commencing June 1, 2019.

In September 2015, the Authority issued an \$85 million Direct Placement Bond with PNC Bank, N.A., Series 2015A Bonds. The Series 2015A Refunding Bonds were issued to refund a portion of the Series 2005A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2015A Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2005A Bonds by placing the proceeds of the Series 2015A Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds were subsequently called and paid in full in December 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.5 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.3 million.

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In September 2015, the Authority issued a \$75 million Direct Placement Bond with Bank of America, N.A., Series 2015B Bonds. The Series 2015B Refunding Bonds were issued to refund a portion of the Series 2005A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2015B Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2005A Bonds by placing the proceeds of the Series 2015B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds were subsequently called and paid in full in December 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$16 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$12.7 million.

In September 2015, the Authority issued a \$25.6 million Direct Placement Bond with Citibank, N.A., Series 2015C Bonds. The Series 2015C Refunding Bonds were issued to refund a portion of the Series 2005A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2015C Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2005A Bonds by placing the proceeds of the Series 2015C Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds were subsequently called and paid in full in September 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$4.4 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$3.5 million.

In October 2015, the Authority issued \$221.1 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include reconstruction and rehabilitation of airfield pavement, acquisition of fleet and heavy equipment, roadway rehabilitation and lighting, GTC heating system reconfiguration, retaining wall reconstruction, construction of an administration building, power plant building rehabilitation and security system upgrades. The series 2015D Bonds and Series 2015E Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In October 2015, the Authority issued \$299 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2015F and 2015G. The Series 2015F and 2015G Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2015F Refunding Bonds were issued to refund a portion of the Series 2005A Bonds. The Series 2015G Refunding Bonds were issued to refund a portion of the Series 2001A Airport Hotel Revenue Bonds. The Series 2015F Bonds and the Series 2015G Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portion of the Series 2005A Bonds and the refunded portion of the Series 2001A Bonds by placing the proceeds of the Series 2015F Bonds and Series 2015G Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds and the Series 2001A Bonds were subsequently called and paid in full in December 2015. The difference

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between the cash flows required to service the new debt and complete the refunding was approximately \$27.1 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$29.6 million.

In October 2015, the Authority issued a \$23.1 million Direct Placement Bond with Bank of America, N.A., Series 2015H Bonds. The Series 2015H Refunding Bonds were issued to refund a portion of the Series 2001A Airport Hotel Revenue Bonds which were initially issued to finance the cost of the Westin Hotel located in the McNamara Terminal. The Series 2015H Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2001A Bonds by placing the proceeds of the Series 2015H Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2001A Bonds were subsequently called and paid in full in December 2015.

The Series 2015H Bonds are variable-rate bonds. Bank of America, N.A. is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of Bank of America N.A., would cause the Series 2015H Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In October 2017, the Authority issued \$91.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include reconstruction and rehabilitation of airfield pavement, acquisition of fleet and heavy equipment, roadway rehabilitation, improvements to the baggage handling system at the McNamara Terminal and improvements to the passenger tram control system at the McNamara Terminal. The Series 2017A Bonds and Series 2017B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In October 2017, the Authority issued \$78.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2017C. The Series 2017C Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017C Refunding Bonds were issued to refund the Series 2007B Bonds. The Series 2017C Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portion of the Series 2007B Bonds by placing the proceeds of the Series 2017C Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2007B Bonds were subsequently called and paid in full in December 2017. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$15.2 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$12.8 million.

In October 2017, the Authority issued \$109.1 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2017A Jr. Lien and 2017B Jr. Lien. The Series 2017A Jr. Lien

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and 2017B Jr. Lien Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017A Jr. Lien and Series 2017B Jr. Lien Refunding Bonds were issued to refund a portion of the Series 2007A Jr. Lien Bonds. The Series 2017A Jr. Lien Bonds and the Series 2017B Jr. Lien Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2017A Jr. Lien Bonds and Series 2017B Jr. Lien Bonds are “Junior Lien Bonds” under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2017A Jr. Lien Bonds and Series 2017B Jr. Lien Bonds.

The Authority defeased the refunded portion of the Series 2007A Jr. Lien Bonds by placing the proceeds of the Series 2017A Jr. Lien Bonds and Series 2017B Jr. Lien Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2007A Jr. Lien Bonds were subsequently called and paid in full in December 2017. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$26 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$18.8 million.

In October 2017, the Authority issued a \$24.6 million Direct Placement Bond with Citibank, N.A., Series 2017C Jr. Lien Bonds. The Series 2017C Jr. Lien Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017C Jr. Lien Refunding Bonds were issued to refund a portion of the Series 2007A Jr. Lien Bonds. The Series 2017C Jr. Lien Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2017C Jr. Lien Bonds are “Junior Lien Bonds” under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2017C Jr. Lien Bonds.

The Authority defeased the Series 2007A Jr. Lien Bonds by placing the proceeds of the Series 2017C Jr. Lien Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2007A Jr. Lien Bonds were subsequently called and paid in full in December 2018. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$6.8 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$4.3 million.

In December 2017, the Authority issued a \$199 million Direct Placement Bond with Bank of America, N.A., Series 2017D Bonds. The Series 2017D Refunding Bonds were issued to refund the Series 2013A Direct Placement Bonds which were initially issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017D Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

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The Authority refunded the Series 2013A Direct Placement Bond by placing the proceeds of the Series 2017D Bonds in the 2013A Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2013A Direct Placement Bond was paid in full on December 21, 2017.

The Series 2017D Bonds are variable-rate bonds. Bank of America N.A. is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of Bank of America N.A., would cause the Series 2017D Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In December 2017, the Authority issued a \$67.8 million Direct Placement Bond with Citibank, N.A., Series 2017E Bonds. The Series 2017E Refunding Bonds were issued to refund the Series 2013B Direct Placement Bond which were initially issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017E Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority refunded the Series 2013B Direct Placement Bond by placing the proceeds of the Series 2017E Bonds in the 2013B Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2013B Direct Placement Bond was paid in full on December 21, 2017.

In December 2017, the Authority issued a \$114.3 million Direct Placement Bond with Bank of America, N.A., Series 2017F Bonds. The Series 2017F Refunding Bonds were issued to refund the Series 2013C Direct Placement Bond which were initially issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017F Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority refunded the Series 2013C Direct Placement Bond by placing the proceeds of the Series 2017F Bonds in the 2013C Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2013C Direct Placement Bond was paid in full on December 21, 2017.

Long-term debt activity for the year ended September 30, 2018 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Detroit Metropolitan Airport Fund:					
Airport revenue bonds	\$ 2,145,910,000	\$ 684,575,000	\$ (724,605,000)	\$ 2,105,880,000	\$ 93,620,000
Installment purchase contracts	2,152,765	—	(337,782)	1,814,983	336,439
Add (less):					
Certain bond discounts	(490,528)	30,494	—	(460,034)	—
Certain bond premiums	74,855,937	52,795,267	(8,030,573)	119,620,631	—
Total Detroit Metropolitan Airport Fund	<u>2,222,428,174</u>	<u>737,400,761</u>	<u>(732,973,355)</u>	<u>2,226,855,580</u>	<u>93,956,439</u>
Willow Run Airport Fund:					
Notes payable	523,820	—	(19,478)	504,342	39,476
Total Willow Run Airport Fund	<u>523,820</u>	<u>—</u>	<u>(19,478)</u>	<u>504,342</u>	<u>39,476</u>
Total Long-Term Debt	<u>\$ 2,222,951,994</u>	<u>\$ 737,400,761</u>	<u>\$ (732,992,833)</u>	<u>\$ 2,227,359,922</u>	<u>\$ 93,995,915</u>

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Other long-term liability activity for the year ended September 30, 2018 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Detroit Metropolitan Airport Fund:					
Accrued interest and other payables	\$ 34,691,521	\$ 6,601,520	\$ (7,715,543)	\$ 33,577,498	\$ —
Other accrued liabilities	3,296,349	—	(606,391)	2,689,958	1,827,089
Due to other governmental units	—	4,715,000	—	4,715,000	—
Net pension liability	67,600,745	14,535,235	(23,908,931)	58,227,049	—
Net OPEB liability ¹	61,070,242	9,562,383	(14,912,202)	55,720,423	—
Willow Run Airport Fund:					
Other accrued liabilities	962,700	—	(22,500)	940,200	—
Net pension liability	922,161	266,430	(323,223)	865,368	—
Net OPEB liability ¹	1,119,414	175,278	(273,340)	1,021,352	—
Total Other Long-Term Liabilities	\$ 169,663,132	\$ 35,855,846	\$ (47,762,130)	\$ 157,756,848	\$ 1,827,089

¹ - Beginning balance upon implementation of GASB 75 in the current year.

(9) Commitments and Contingencies

(a) Litigation

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

(b) Construction

The estimated costs to complete Metro Airport's current capital improvement program totaled \$668.5 million at September 30, 2018, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional services contracts in connection with Metro Airport's program totaled \$20.2 million at September 30, 2018.

The estimated costs to complete Willow Run Airport's current capital improvement program totaled \$121.9 million at September 30, 2018, which will be funded with federal and state grants. Unexpended commitments on construction and professional services contracts in connection with Willow Run Airport's program totaled \$1.9 million at September 30, 2018.

(c) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. At September 30, 2018, the Authority had accrued obligations of \$3.3 million for environmental remediation and restoration costs. This is management's best estimate of the costs with respect to environmental matters; however, these estimates contain inherent uncertainties primarily due to unknown conditions, changing regulations, and developing technologies. In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the liability has been recorded at the current value

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estimated using the expected cash flow technique, a probability-weighted approach. Twenty-three percent of the recorded environmental liabilities are related to a Consent Decree and judgment issued during 1994 that identifies the Airport as one of the fourteen responsible parties to the improvements to the Wayne County Downriver Sewage Disposal System (the System). The bulk of the remainder is for asbestos remediation estimates. See additional discussion on both below.

Downriver Sewage Disposal System

In 1994, the Environmental Protection Agency (EPA) and Michigan Department of Natural Resources (MDNR) through a federal court ruling, issued a mandate for environmental remediation of the System noting in their Financing Plan and Final Judgment RE: 1994 Court-Ordered Improvements, “Whereas, it is immediately necessary and imperative for the public health and welfare of the present and future residents of Wayne and the Downriver Communities that the improvements for the System required by the Consent Decree be planned, designed, acquired, constructed and financed to service the Downriver Communities.”

The “Downriver Communities” listed as responsible parties to this decree included 13 communities as well as Metro Airport, which utilize the plant for water and sewage disposal. Total project costs were initially estimated at \$230 million and financed by Wayne County (the County) through the issuance of bonds and additional State Revolving Fund (SRF) financing. Each responsible party is required to pay their allocated portion of principal and interest on the bonds and SRF bonds, as well as their portion of any subsequent debt issued to pay project costs. In August 2007, a series of completion bonds were issued to finance the estimated final costs of the project. Metro Airport has paid \$8.02 million to the City of Romulus for prior year debt service as of September 30, 2018 and an additional \$400 thousand to fund a bond reserve. The amounts recorded by the Authority for future debt service payments are believed to materially encompass the remaining obligation.

On October 13, 2016, the “Downriver Communities” listed as the responsible parties in the Consent Decree entered into an agreement with the Downriver Utility Wastewater Authority (DUWA) authorizing DUWA to acquire and operate the sewage disposal system. This acquisition does not impact the obligation of each responsible party to pay their allocated portion of principal and interest on the bonds and SRF bond, as well as any subsequent debt issued to pay project costs. The Authority’s outstanding liability related to the sewage disposal system was \$826,000 at September 30, 2018.

Asbestos Remediation

It is known that certain Metro Airport and Willow Run Airport buildings hold asbestos-containing materials (ACMs) that will need to be disposed of upon demolition of affected structures. While the pollutant is currently contained due to prior remediation efforts during the late 1980’s and early 1990’s, the environmental assessments have indicated that remediation will be necessary during the demolition of the affected buildings to ensure containment of the pollutants and proper disposal. WCAA personnel, with the assistance of WCAA contractors, have performed preliminary assessments of the nature and extent of the material. Based upon the information gathered and provided the Authority has recorded asbestos-related liabilities of \$1.6 million and \$940 thousand at Detroit Metro and Willow Run Airports, respectively, as of September 30, 2018.

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Additional Remediation Matters

In the mid-1990's, it was discovered that areas at or near the Willow Run airport were contaminated with toxic materials. Various public and private entities (including the County of Wayne, the predecessor entity to WCAA) were tasked by the EPA to remediate the areas. Toxic materials were dredged from Tyler Pond, and then encapsulated in a controlled facility located on a plot of land owned by WCAA. Pursuant to the various documents and orders governing the remediation, title to the real property where the controlled facility is located was required to be transferred to General Motors or Ford Motor Company, as both entities were jointly and severally liable. In June of 2009, before taking title to the real property where the controlled facility is located, General Motors filed for bankruptcy protection. While Ford Motor Company has continued to operate the controlled facility, to date, and despite the WCAA's attempts, Ford Motor Company has not taken title to the real property where the controlled facility is located. WCAA is in negotiation to facilitate the transfer of real property where the controlled facility is located to the Ford Motor Company.

(10) Employee Benefits

(a) Plan Description

The Authority provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), an agent multi-employer public employee retirement system that is governed by the Wayne County Retirement Ordinance as amended. The Retirement System provides both defined benefit plan and defined contribution plan retirement options. The Defined Benefit Plan consists of Plan Option 1, Plan Option 2, Plan Option 3, Plan Option 5 and Plan Option 5A (collectively, the Plan). Three of the Plan options require employee contributions (Plan Option 1, Plan Option 3 and Plan Option 5A) and two do not require employee contributions (Plan Option 2 and Plan Option 5). Two of the Plan options are hybrid plans (Plan Option 5 and Plan Option 5A) which consist of both a defined benefit component and a defined contribution component. The Defined Contribution Plan consists of Plan Option 4, Plan Option 4A, Plan Option 5 and Plan Option 5A.

The Retirement System provides retirement, survivor, and disability benefits to substantially all County and Authority employees. The Retirement Board issues separate financial statements for the Defined Benefit Plan and the Defined Contribution Plan annually. Copies of these financial statements can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226. The statements are also available on WCERS website at www.wcers.org.

Effective October 1, 2012, WCERS established Wayne County Defined Contribution Plan #4A and Wayne County Hybrid Retirement Plan #5A, which contains both a defined benefit component and a defined contribution component. Participants in the plan options previously in existence (Plan Option 4 and Plan Option 5) could elect to transfer their account balances to Plan Option 5A. Plan Options 1, 2, 3, and 4 were closed to new hires.

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At the September 30, 2017 measurement date, the following employees were covered by the Plan:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	215
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	334
Total Plan Members	<u>561</u>

(b) Pension Benefits

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

Plan Option 1 – 2.65 percent for each year of service. Maximum Authority-financed portion is 75 percent of average final compensation (less workers’ compensation payments). Minimum monthly pension is \$5 times years of service.

Plan Option 2 – 1 percent for each year up to 20 years and 1.25 percent for each year over 20 years. Maximum Authority-financed portion is 75 percent of average final compensation (less worker’s compensation payments).

Plan Option 3 – 1.5 percent for each year up to 20 years, 2 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years. Maximum Authority-financed portion is 75 percent of average final compensation (less workers’ compensation payments).

Plan Option 5 – 1.25 percent for each year up to 20 years and 1.5 percent for each year over 20 years. Maximum pension is 75 percent of average final compensation (less workers’ compensation payments).

Plan Option 5A – 1.50 percent for each year up to 20 years and 1.75 percent for each year over 20 years. Maximum pension is 75 percent of average final compensation (less workers’ compensation payments).

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

(c) Contributions

Participants in Plan Option 1 contribute 2.00 percent to 6.58 percent of annual compensation, depending on years of credited service. Participants in Plan Option 2 do not make plan contributions, but receive a lower final benefit. Plan Option 3 participants make contributions of 3.0 percent of covered compensation and receive a lower final benefit. Participants in Plan Option 5 with 1.25/1.5 percent multiplier contribute 0 percent of covered compensation depending on the collective bargaining agreement. Participants in Plan 5A contribute 2.00 percent of annual compensation,

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unless the Annual Actuarial Valuation Report of the Wayne County Employees' Retirement System show the Authority's funding level less than 100 percent, then the participant's contribution level will increase to 3 percent until the funding level is at 100 percent.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's and subsequently the Authority's collective bargaining units. For the year ended September 30, 2018, the average Authority's contribution rate was 24.63 percent of annual payroll.

(d) Pension Plan Investments – Policy and Rate of Return

The Retirement Commission is vested with a fiduciary responsibility for administration, management, and proper operation of WCERS. The Plan's assets are held and invested in accordance with the Michigan Public Pension Investment Act 314 of 1965, as amended (Act 55, P.A. 1982). Act 314 incorporates the prudent person rule and requires investment fiduciaries to act solely in the interest of the Plan's participants and beneficiaries.

Accordingly, the Retirement Commission has the authority to invest the Plan's assets in common and preferred stock, obligations of the United States, its agencies or United States government-sponsored enterprises, obligations of any state or political subdivision of a state having the power to levy taxes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, reverse repurchase agreements, real and personal property, mortgages, and certain other investments.

Investment Allocation Policy. The Retirement Commission has established an investment policy statement ("IPS") for the Plan. The IPS outlines the goals and investment objectives of WCERS and is intended to provide guidelines for the investment and management of the Plan's assets. The IPS pursues an investment strategy that protects the financial health of the Plan and reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets are invested in the broad investment categories and asset classes to achieve the allocation targets in the below table. Recognizing that returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the Plan may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long term, the Plan will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

The adopted asset allocation policy as of September 30, 2017, was as follows:

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Asset Class	Target Allocation
Domestic Equity	35%
International Equity	15%
Domestic Bonds	10%
Domestic High Yield	5%
International Bonds	5%
Real Estate	15%
Alternatives	15%
	100%

Rate of Return. For the year ended September 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expenses, was 12.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(e) Net Pension Liability

The Authority has chosen to use September 30, 2017 as its measurement date for the net pension liability. The September 30, 2018 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of September 30, 2017. The September 30, 2017 total pension liability was determined by an actuarial valuation performed as of September 30, 2017.

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at 9/30/16	\$ 161,200,880	\$ 110,277,974	\$ 50,922,906
Changes for the year:			
Service cost	2,078,813	—	2,078,813
Interest	11,459,580	—	11,459,580
Difference between expected and actual experience	913,792	—	913,792
Contributions - employer	—	6,345,861	(6,345,861)
Contributions - employee	—	367,168	(367,168)
Net investment income	—	13,119,125	(13,119,125)
Benefit payments, including refunds	(8,359,546)	(8,359,546)	—
Administrative expenses	—	(344,164)	344,164
Other	5,316	—	5,316
Balance at 9/30/17	\$ 167,298,835	\$ 121,406,418	\$ 45,892,417

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For the fiscal year ended September 30, 2018, the Authority recognized pension expense of \$7,588,883. At fiscal year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 3,247,297
Changes in actuarial assumptions	5,896,353	—
Difference between projected and actual experience	3,939,345	—
Employer contributions to the plan subsequent to the measurement date	7,265,285	—
Total	\$ 17,100,983	\$ 3,247,297

Deferred outflows of pension resources related to contributions after the measurement date will be a reduction of the net pension liability at September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Outflow
2019	\$ 1,991,168
2020	2,450,144
2021	1,173,342
2022	906,356
2023	67,391
Thereafter	—
Total	\$ 6,588,401

Actuarial Assumptions. The total pension liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% to 13.15% including inflation
Investment rate of return	7.25%

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the base year of 2006.

The actuarial assumptions used to calculate contribution rates in the September 30, 2017 valuation were determined using an experience-based table of rates specific to the type of eligibility condition. The experience-based table of rates was last updated for the 2016 valuation pursuant to an experience study of the period beginning October 1, 2010 and ending September 30, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine this rate assumed that plan member contributions will be

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made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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

The assumed rate of investment return was adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary. Additional information about the assumed rate of investment return is included in the September 30, 2017 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class, and in conjunction with a formal study of experience during the period October 1, 2010 through September 30, 2015. These real rates of return 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. For each major asset class that is included in the pension plan’s target asset allocation as of September 30, 2017, these best estimates of the arithmetic real rates of return are as follows:

<u>Asset Class</u>	<u>Long Term Real Return</u>
Domestic Equity	5.54%
International Equity	6.86%
Domestic Bonds	1.40%
Domestic High Yield	3.49%
International Bonds	0.05%
Real Estate	5.61%
Alternatives	5.53%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discounted rate of 7.25 percent, as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	<u>1% Decrease 6.25%</u>	<u>Current Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Net Pension Liability	\$ 65,226,741	\$ 45,892,418	\$ 29,592,954

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued financial report. For purposes of measuring the net pension liability, deferred outflows of resources or deferred inflow of resources related to pension and pension expense, information about the Plan’s fiduciary net position and addition to/deduction from fiduciary net

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position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting, and investments are stated at fair value. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with benefit terms.

(f) Pre-2002 Retirees

The Authority participates in the Wayne County Employees’ Retirement System with the County, an agent multiple employer defined benefit plan. Pursuant to Public Act 90 and Michigan Public Act of 2002, the Authority was granted operational jurisdiction of the Detroit Metropolitan Wayne County Airport, the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. Prior to the Act, the Authority and its employees were employees of the County. In connection with the Authority’s assumption of control and operation of the Airports pursuant to Act 90, the Authority was responsible for funding any retirement obligations for those employees that were previously County employees. During fiscal year 2016, the Authority committed to a five-year payment schedule of \$1.1 million per quarter for its estimated share (10.25 percent) of the Combined Pre-2002 Retiree Liability of \$20,948,822 as of September 30, 2015. Prior to the end of the fifth payment year, an actuarial valuation will be prepared to determine the Authority’s remaining estimated share of the liability (if any). The funding requirement and payment amortization of any remaining liability will be determined at that time. The terms of this commitment were memorialized in a memorandum of understanding between the Authority, Wayne County and WCERS in fiscal year 2017. The Authority has concluded that this arrangement represents a special funding situation under GASB Statement No. 68. The Authority’s liability under this arrangement is reflected as of the Authority’s measurement date of September 30, 2017, and is presented on the Authority’s balance sheet as of September 30, 2018 in accordance with GASB 68. The \$6.6 million of payments made during fiscal year 2018 are presented on the balance sheet as deferred outflows of resources for contributions to the plan subsequent to the measurement date. The net pension liability and deferred outflows from pensions for pre-2002 and post-2002 retirees at the September 30, 2017 measurement date were as follows:

		Net Pension Liability		Deferred Outflows from Pensions		Deferred Inflows from Pensions
Pre-2002 Retirees	\$	13,200,000	\$	6,600,000	\$	—
Post-2002 Retirees		45,892,417		17,100,983		3,247,297
Total	\$	59,092,417	\$	23,700,983	\$	3,247,297

(g) Retirement System Wayne County Employees’ Defined Contribution Plan

The Wayne County Employees’ Retirement System instituted a Defined Contribution Plan (Plan Option 4, Plan Option 4A, Plan Option 5, and Plan Option 5A) under the County’s Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Plan was established to provide retirement, survivor, and disability benefits to County and Authority employees. The administration,

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management, and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Commission.

Under Plan Option 4, the Authority contributes \$4.00 for every \$1.00 contributed by each member or, for eligible executives, \$5.00 for every \$1.00 contributed by each member, with the member contributions ranging from 1.0 percent to 2.5 percent (3 percent for employees with 20 or more years of service and 3 percent for eligible executives with 10 or more years of service) of base compensation. Employees hired prior to July 1, 1984 were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective September 30, 2012, the Authority closed the Plan Option 4 to new hires.

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

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

Participants in Plan Option 4A must contribute 4 percent and can elect to contribute an additional 7.5 percent of their compensation. The Authority makes matching contribution of eight percent of an employee's compensation. Employees are vested after three years.

Participants in Plan Option 5 and Plan Option 5A contribute 3 percent of gross pay. The Authority makes matching contributions at a rate equal to the amount contributed by each employee. Employees are vested at 50 percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the Authority's collective bargaining units. Total Authority employer and employee contributions to the Plan during 2018 were \$3,779,326 and \$1,994,290, respectively.

(11) Other Postemployment Benefits

Wayne County Airport Authority Retiree Health Care Plan

(a) Plan Description

As provided for in the Authority Act, the Authority provides hospitalization and other health insurance benefits for retirees, pursuant to agreements with various collective bargaining units or other actions of the Authority Board. Benefits are provided through the Wayne County Airport Authority Retiree Health Care Plan, a single employer defined benefit plan administered by the Municipal Employees' Retirement System (MERS). The plan does not issue a separate stand-alone financial statement.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

At the September 30, 2017 valuation date, the following members were covered by the plan:

Retirees and Beneficiaries Currently Receiving Benefits	236
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	442
Total Plan Members	<u>678</u>

(b) Benefits Provided

Benefits are provided after normal retirement or non-duty disability subject to age and service requirements established in respective collective bargaining agreements. Benefits are provided after duty disability with no age or service requirement. Medical and prescription drug coverage is provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees.

(c) Contributions

In September 2008, the Authority created and began funding an Act 149 Health Care Trust (Trust). The Trust provides a funding mechanism for the Wayne County Airport Authority Retiree Healthcare Plan. In September 2012, the Authority transferred the assets of the Trust into a MERS of Michigan Retiree Health Funding Vehicle, which is held in a separate reserve, but invested on a pooled basis by MERS with other governmental units. The balance as of September 30, 2018 in this restricted plan is \$64,502,368.

Retiree healthcare costs are generally paid by the Authority on a “pay-as-you-go” basis, and funds are accumulated in the Trust for the payment of future benefits. The Authority is under no obligation to make contributions to the Trust in advance of when costs are incurred; however, the Authority’s financial plan is to fund these obligations annually based upon the actuarial recommended contribution. Non-Medicare retirees are required to contribute either 10 percent of the Blue Cross Blue Shield illustrative rate or 10 percent of the lesser of HAP active and HAP retiree premium. For the fiscal year ended September 30, 2018 the Authority has paid postemployment healthcare benefits of \$1,875,930, plus it contributed \$7,697,891 into the Trust.

(d) Net OPEB Liability

The Authority has chosen to use September 30, 2018 as its measurement date for the net OPEB liability. The September 30, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the September 30, 2018 measurement date. The September 30, 2018 total OPEB liability was determined by an actuarial valuation performed as of September 30, 2017. Update procedures were performed to roll forward the estimated liability to September 30, 2018.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at 9/30/2017	\$ 115,729,202	\$ 53,539,546	\$ 62,189,656
Changes for the year:			
Service cost	1,644,712	-	1,644,712
Interest	8,092,952	-	8,092,952
Differences between expected and actual experience	(2,346,793)	-	(2,346,793)
Contributions - Employer	-	9,573,821	(9,573,821)
Net investment income	-	3,264,931	(3,264,931)
Benefit payments, including refunds	(1,875,930)	(1,875,930)	-
Net changes	5,514,941	10,962,822	(5,447,881)
Balance at 9/30/2018	\$ 121,244,143	\$ 64,502,368	\$ 56,741,775

The Plan's fiduciary net position represents 53.2 percent of the total OPEB liability.

For the fiscal year ended September 30, 2018, the Authority recognized OPEB expense of \$5,416,250. At fiscal year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (1,892,120)
Net difference between projected and actual earnings on OPEB plan investments	601,810	-
Total	\$ 601,810	\$ (1,892,120)

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

Fiscal Year	Amount
2019	\$ 304,220
2020	304,220
2021	304,220
2022	304,220
2023	73,430
Thereafter	-
Total	\$ 1,290,310

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

Actuarial Assumptions. The total OPEB liability in the September 30, 2018 actuarial valuation was determined using a wage inflation assumption of 3.0 percent; assumed salary increases (including inflation) ranging from 3.0 percent to 13.15 percent; an investment rate of return (net of investment expenses) of 7.0 percent; an initial healthcare cost trend rate of 8.5 percent for 2018, gradually decreasing to an ultimate rate of 3.5 percent for 2027 and later years; and using the RP-2014 Healthy Annuitant Mortality table with the MP-2016 mortality improvement scale. These assumptions were applied to all periods included in the measurement.

The actuarial assumptions used to calculate contribution rates in the September 30, 2017 valuation were determined using an experience-based table of rates specific to the type of eligibility condition. The experience-based table of rates was last updated pursuant to an experience study of the period beginning October 1, 2010 and ending September 30, 2015.

Discount Rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. The discount rate reflects 1) the long-term expected rate of return on OPEB plan investments of 7.0 percent and 2) a municipal bond rate of 3.83 percent (based on fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year GO AA Index” as of September 28, 2018).

Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a forward-looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment percentages. The target allocation and best estimate of arithmetic real rates of return for each asset class are summarized in the following table:

<u>Fund Name</u>	<u>Long Term Real Return</u>
MERS Established Market Portfolio	4.20%
MERS Total Market Portfolio	5.25%

Sensitivity of Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Authority, calculated using the discount rate of 7.0 percent, as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

	1% Decrease	Current Rate Assumption	1% Increase
	6.0%	7.0%	8.0%
Net OPEB Liability \$	72,791,795	\$ 56,741,775	\$ 43,481,361

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate of 8.5 percent, as well as what the Authority’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	7.5%	8.5%	9.5%
Net OPEB Liability \$	41,813,352	\$ 56,741,775	\$ 74,976,588

(12) Due to Other Governmental Units - Wayne County Health and Welfare Plan (Pre-2002)

As provided for in the Authority Act, the Authority, through the County, provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Board of Commissioners, the Wayne County Retirement Board, or the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents as these costs are incurred by the retirees. Currently, the plan’s members include retirees for the County and the Authority that retired before September 1, 2002. The plan is closed to new members.

During the year ended September 30, 2016, the County Commission adopted an ordinance amending the 1990 Wayne County Health and Welfare Plan. The ordinance provided for stipend payments in lieu of healthcare benefits for Plan members that meet certain eligibility requirements. Plan members that receive the stipend benefit are required to file annual certifications related to the use of this stipend for health care benefits. Plan members may become ineligible for this stipend benefit upon eligibility for another health care plan.

The Authority’s liability under this arrangement as of September 30, 2018 is \$4,715,000. To date, the Authority has made \$1,727,205 in payments related to these stipend benefits.

(13) Subsequent Events

On November 14, 2018, the Authority issued \$153.4 million in Wayne County Airport Authority Revenue Bonds at the following amounts: Series 2018A - \$147.4 million and Series 2018B - \$6 million. These bonds were issued to provide funds to pay a portion of the costs of certain capital acquisitions and improvements at Metro Airport and make deposits to Bond Reserve Accounts.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

On November 14, 2018, the Authority also issued \$78.5 million in Wayne County Airport Authority Revenue Refunding Bonds at the following amounts: Series 2018C - \$35.5 million and Series 2018D - \$43 million. The Series 2018C and Series 2018D Revenue Refunding Bonds were issued to provide funds to refund the Series 2008A Revenue Refunding Bonds and make deposits to Bond Reserve Accounts.

(14) Upcoming Reporting Changes

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for legally enforceable liabilities associated with the retirement of a tangible capital asset. This standard will require entities that have legal obligations to perform future asset retirement activities related to its tangible assets to recognize an estimated liability based on the current value of outlays expected to be incurred. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2019.

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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 of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2021.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the 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. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2018

cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the September 30, 2021 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2018

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

Fiscal Year End:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 2,078,813	\$ 2,035,141	\$ 1,910,254	\$ 1,784,942
Interest	11,459,580	10,943,315	10,408,880	10,007,566
Changes in benefits	-	-	-	1,083,361
Difference between expected and actual experience	913,793	3,004,584	2,360,317	-
Changes in actuarial assumptions	-	8,982,156	-	-
Benefit payments, including refunds	(8,359,546)	(7,901,621)	(7,790,299)	(7,621,347)
Other	5,315	-	-	-
Net Change in Total Pension Liability	6,097,955	17,063,575	6,889,152	5,254,522
Total Pension Liability - Beginning of Year	161,200,880	144,137,305	137,248,153	131,993,631
Total Pension Liability - End of Year	\$ 167,298,835	\$ 161,200,880	\$ 144,137,305	\$ 137,248,153
Plan Fiduciary Net Position				
Contributions - Employer	\$ 6,345,861	\$ 11,021,191	\$ 13,105,600	\$ 8,475,718
Contributions - Member	367,168	334,437	2,168,732	1,359,927
Net investment income	13,119,125	10,247,311	786,957	8,502,195
Administrative expenses	(344,164)	(318,694)	(919,758)	(319,237)
Benefit payments, including refunds	(8,359,546)	(7,901,621)	(7,790,299)	(7,621,347)
Net Change in Plan Fiduciary Net Position	11,128,444	13,382,624	7,351,232	10,397,256
Plan Fiduciary Net Position - Beginning of Year	110,277,974	96,895,350	89,544,118	79,146,862
Plan Fiduciary Net Position - End of Year	\$ 121,406,418	\$ 110,277,974	\$ 96,895,350	\$ 89,544,118
Authority's Net Pension Liability - Ending	\$ 45,892,417	\$ 50,922,906	\$ 47,241,955	\$ 47,704,035
Plan Fiduciary Net Position as a % of Total Pension Liability	72.57%	68.41%	67.22%	65.24%
Covered Payroll	\$ 29,022,520	\$ 30,105,635	\$ 28,300,056	\$ 27,197,880
Authority's Net Pension Liability as a % of Covered Payroll	158.13%	169.15%	166.93%	175.40%

Schedule of Contributions

Fiscal Year End:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 5,958,323	\$ 6,924,296	\$ 7,001,434	\$ 5,782,269
Contributions in relation to the actuarially determined contribution	6,345,861	11,021,191	13,105,600	8,475,718
Contribution Deficiency (Excess)	\$ (387,538)	\$ (4,096,895)	\$ (6,104,166)	\$ (2,693,449)
Covered Payroll	\$ 29,022,520	\$ 30,105,635	\$ 28,300,056	\$ 27,197,880
Contributions as a Percentage of Covered Employee Payroll	21.87%	36.61%	46.31%	31.16%

For the measurement date September 30, 2017, the investment rate of return used was 7.25 percent which was the same as the previous year.

GASB Statement No. 68 was implemented on September 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2018

Notes to Schedule of Authority Contributions

Valuation date Actuarially determined contribution rates are calculated as of September 30 each year, which is one period prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	22 years decreased by two years annually
Asset valuation method	4-year smoothed market; 20% corridor
Wage inflation	3.00% as of September 30, 2016. Before that, 3.50%.
Salary increases	3.00% to 13.15% including inflation as of September 30, 2016. Before that, 3.50% to 8.80% including inflation.
Investment rate of return	7.25% as of September 30, 2016. Before that, 7.75%.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2016 valuation pursuant to an experience study of the period October 1, 2010 - September 30, 2015.
Mortality	As of September 30, 2016: RP-2014 Healthy Annuitant Mortality table for males and females, adjusted for mortality improvement back to the base year of 2006. Mortality rates for a particular calendar year are determined by applying the MP-2016 Mortality Improvement scale to the above described tables. The corresponding Disabled and Employee tables were used for disability and pre-retirement mortality, respectively. Before September 30, 2016: RP-2000 Combined Healthy Mortality Table projected 20 years. Set forward 5 years for disabled retirees.
Cost of living adjustment	None

Other Information

The investment rate of return was assumed to be 7.25% as of September 30, 2016. Before that, it was assumed to be 7.75%.

A new mortality table was used as of September 30, 2016. See "Mortality" section above for detail of mortality assumptions used as of September 30, 2016 and before.

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2018

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

Fiscal Year End:	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,644,712
Interest	8,092,952
Changes in benefits	-
Difference between expected and actual experience	(2,346,793)
Changes in actuarial assumptions	-
Benefit payments, including refunds	(1,875,930)
Other	-
Net Change in Total OPEB Liability	5,514,941
Total OPEB Liability - Beginning of Year	<u>115,729,202</u>
Total OPEB Liability - End of Year	\$ <u>121,244,143</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 9,573,821
Net investment income	3,264,931
Administrative expenses	0
Benefit payments, including refunds	<u>(1,875,930)</u>
Net Change in Plan Fiduciary Net Position	10,962,822
Plan Fiduciary Net Position - Beginning of Year	<u>53,539,546</u>
Plan Fiduciary Net Position - End of Year	\$ <u>64,502,368</u>
Authority's Net OPEB Liability - Ending	\$ <u>56,741,775</u>
Plan Fiduciary Net Position as a % of Total OPEB Liability	53.20%
Covered Employee Payroll	\$ <u>41,144,209</u>
Net OPEB Liability	137.91%

Schedule of OPEB Contributions

Fiscal Year End:	<u>2018</u>
Actuarially determined contribution	\$ 6,885,604
Contributions in relation to the actuarially determined contribution	<u>9,573,821</u>
Contribution Deficiency (Excess)	\$ <u>(2,688,217)</u>
Covered Employee Payroll	\$ 41,144,209
Contributions as a Percentage of Covered Payroll	23.27%

GASB Statement No. 75 was implemented September 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2018

Notes to Schedule of Authority Contributions

Valuation date Actuarially determined contribution amounts for the year ended September 30, 2018 were based on the September 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	24 years, Closed
Asset valuation method	Market Value of Assets
Price inflation	2.50%
Wage inflation	3.00%
Salary increases	3.00% to 13.15%
Investment rate of return	7.00%, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Healthy Annuitant Mortality table, adjusted back to the base year of 2006. Mortality rates are determined by applying the MP-2016 Mortality Improvement scale.
Healthcare trend rates	Initial trend of 8.50% gradually decreasing to an ultimate trend rate of 3.50% in year 10.

Other Information

None

STATISTICAL SECTION

This section of the Wayne County Airport Authority'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 says about the Authority's overall financial health.

CONTENTS

Financial Trends – Exhibits S-1, S-2

These exhibits contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity – Exhibits S-3, S-5

These exhibits contain information to help the reader assess the factors affecting the Authority's ability to generate revenue.

Debt Capacity – Exhibits S-6 to S-8

These exhibits present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic & Economic Information – Exhibits S-10 series

These exhibits offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time with other entities. In certain instances, due to the nature of the Authority's operations, 10 years of data may not be necessary for readers to understand the Authority's environment or to make comparisons with other entities. In these instances, less than 10 years of data may be presented.

Operating Information – Exhibits S-4, S-5, S-9, S-11, S-12

These exhibits contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. In the case of S-11 and S-12, due to the nature of the Authority's operations, 10 years of data may not be necessary for readers to understand the Authority's environment or to make comparisons with other entities. In these instances, less than 10 years of data may be presented.

Sources: Unless otherwise noted, the information in these exhibits is derived from the comprehensive annual financial reports of the relevant year.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-1

Annual Revenues, Expenses, and Changes in Net Position

(Unaudited)

	<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>
Operating revenues:										
Airport landing and related fees	\$ 77,550,626	\$ 80,160,100	\$ 78,661,781	\$ 73,888,139	\$ 76,406,397	\$ 65,493,268	\$ 67,299,967	\$ 69,099,578	\$ 70,172,024	\$ 60,059,740
Concession fees	68,950,984	64,702,113	61,820,000	57,615,102	54,161,908	51,696,676	51,689,387	50,575,848	47,974,977	48,424,882
Parking fees	80,248,186	76,706,962	74,497,683	68,017,761	61,187,198	57,828,811	56,091,494	54,145,257	48,309,486	49,911,261
Hotel	31,368,028	29,928,448	33,889,957	33,345,294	32,922,844	29,301,463	27,611,922	29,372,498	26,828,936	23,246,792
Rental facilities	112,099,910	106,121,745	104,913,627	107,356,129	105,234,040	103,155,137	107,353,758	96,449,901	91,822,952	90,110,146
Expense recoveries	5,096,397	5,026,053	4,812,705	4,722,477	5,027,074	5,282,902	4,927,372	5,010,457	4,445,747	4,535,773
Other	7,332,061	5,486,987	4,473,948	4,790,511	4,784,310	6,007,508	3,664,924	6,406,295	7,542,765	4,470,468
Total operating revenues	382,646,192	368,132,408	363,069,701	349,735,413	339,723,771	318,765,765	318,638,824	311,059,834	297,096,887	280,759,062
Nonoperating revenues:										
Passenger facility charges	69,774,131	68,128,397	66,764,363	63,840,589	62,016,364	61,705,013	62,134,255	62,197,495	60,305,754	59,711,453
Customer facility charges	4,548,815	4,442,148	4,260,370	304,510	—	—	—	—	—	—
Federal and state sources	6,650,317	6,655,554	5,568,130	1,339,342	1,029,619	1,353,122	1,378,911	1,326,034	1,264,891	1,089,499
Interest income and other	7,617,673	3,681,738	3,956,859	2,209,999	2,808,958	2,048,283	1,834,241	3,390,214	5,021,589	7,310,241
Total nonoperating revenues	88,590,936	82,907,837	80,549,722	67,694,440	65,854,941	65,106,418	65,347,407	66,913,743	66,592,234	68,111,193
Total revenues	471,237,128	451,040,245	443,619,423	417,429,853	405,578,712	383,872,183	383,986,231	377,973,577	363,689,121	348,870,255
Operating expenses:										
Salaries, wages, and fringe benefits	96,282,328	110,655,997	85,906,812	77,278,115	80,339,925	72,891,273	70,105,901	71,489,016	70,060,439	75,098,962
Parking management	8,404,763	7,986,688	7,908,549	7,882,292	6,630,160	6,280,332	6,048,290	6,794,062	6,504,949	7,082,235
Hotel management	19,775,235	18,049,328	22,357,224	18,793,497	23,063,942	21,064,105	20,888,610	22,644,120	20,032,541	18,693,537
Janitorial services	14,427,918	13,537,224	12,014,456	11,967,572	11,809,916	11,400,627	11,498,166	11,164,616	10,988,244	10,599,304
Security	6,031,481	5,149,362	3,745,339	2,557,818	2,511,402	2,260,167	2,288,013	2,401,473	2,293,067	2,657,120
Utilities	23,876,461	23,258,507	22,220,804	24,499,913	28,939,467	27,035,597	26,676,454	24,886,104	26,691,836	27,700,377
Repairs, professional services, and other	96,041,405	88,001,189	98,458,024	94,162,429	82,616,234	75,658,752	71,689,848	79,689,990	74,617,012	69,556,874
Depreciation	124,774,415	134,753,534	173,101,695	167,105,516	141,539,710	140,526,973	142,828,398	142,754,436	146,151,075	146,151,805
Total operating expenses	389,614,006	401,391,829	425,712,903	404,247,152	377,450,756	357,117,826	352,023,680	361,823,817	357,339,163	357,540,214
Nonoperating expenses:										
Interest expense	82,468,769	72,739,426	71,351,499	80,334,978	82,352,146	82,825,198	85,514,177	91,549,044	105,913,828	116,392,802
Loss on disposal of assets	2,399,305	8,209,718	9,513,323	1,564,607	1,016,927	5,488,973	2,555,076	—	—	1,104,513
Amortization of bond insurance premiums	101,414	175,438	175,438	371,068	371,068	—	—	—	—	—
Amortization of bond issuance costs	—	—	—	—	—	1,968,924	2,035,607	1,902,952	2,161,678	1,942,959
Total nonoperating expenses	84,969,488	81,124,582	81,040,260	82,270,653	83,740,141	90,283,095	90,104,860	93,451,996	108,075,506	119,440,274
Total expenses	474,583,494	482,516,411	506,753,163	486,517,805	461,190,897	447,400,921	442,128,540	455,275,813	465,414,669	476,980,488
Capital contributions	389,653	7,278,160	32,953,269	8,560,699	32,679,821	41,637,536	27,121,478	17,750,671	29,137,352	36,318,566
Change in net position	\$ (2,956,713)	\$ (24,198,006)	\$ (30,180,471)	\$ (60,527,253)	\$ (22,932,364)	\$ (21,891,202)	\$ (31,020,831)	\$ (59,551,565)	\$ (72,588,196)	\$ (91,791,667)
Net position at year end composed of:										
Net investment in capital assets	(118,242,129)	(90,041,234)	(97,448,351)	(6,890,342)	39,760,424	27,234,267	36,778,052	86,906,586	120,302,294	151,759,863
Restricted	296,207,385	295,809,085	319,728,265	287,087,714	314,707,433	323,698,561	338,786,218	322,488,477	358,386,114	405,007,255
Unrestricted	(31,572,178)	(56,418,060)	19,224,185	(8,512,802)	(22,256,034)	48,582,410	58,895,731	56,085,769	46,343,989	40,853,475
Total net position	\$ 146,393,078	\$ 149,349,791	\$ 241,504,099	\$ 271,684,570	\$ 332,211,823	\$ 399,515,238	\$ 434,460,001	\$ 465,480,832	\$ 525,032,397	\$ 597,620,593

¹ In 2010, the Authority restated beginning net position by \$50,958,860. This amount less the increase/decrease in net position is used to arrive at ending net position.

² In 2014, the Authority restated beginning net position by \$13,053,561. This amount less the increase/decrease in net position is used to arrive at ending net position.

³ In 2015, the Authority restated beginning net position by \$44,371,051. This amount less the increase/decrease in net position is used to arrive at ending net position.

⁴ In 2018, the Authority restated beginning net position by \$67,956,302. This amount less the increase/decrease in net position is used to arrive at ending net position.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY
 Exhibit S-2
 Principal Revenue Sources and Revenues per Enplaned Passenger
 (Unaudited)

	<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>
Airline revenues:										
Airport landing and related fees	\$ 77,550,626	\$ 80,160,100	\$ 78,661,781	\$ 73,888,139	\$ 76,406,397	\$ 65,493,268	\$ 67,299,967	\$ 69,099,578	\$ 70,172,024	\$ 60,059,740
Terminal building rentals and fees	84,929,354	82,231,045	84,580,455	86,816,124	85,169,050	84,354,836	86,463,382	74,347,911	71,852,635	67,703,125
Facility use fees	9,378,232	8,829,376	8,288,005	8,367,454	8,608,737	7,552,051	7,489,497	7,143,733	6,302,145	6,468,964
Total airline revenues	171,858,212	171,220,521	171,530,241	169,071,717	170,184,184	157,400,155	161,252,846	150,591,222	148,326,804	134,231,829
Percentage of total revenues	36.5%	38.0%	38.7%	40.5%	42.0%	41.0%	42.0%	39.8%	40.8%	38.5%
Non-Airline revenues:										
Parking fees	80,248,186	76,706,962	74,497,683	68,017,761	61,187,198	57,828,811	56,091,494	54,145,257	48,309,486	49,911,261
Concession fees	42,786,536	39,752,574	37,947,768	35,185,895	32,253,029	31,536,249	32,063,017	31,592,316	30,702,401	30,885,107
Car rental	26,164,448	24,949,539	23,872,232	22,429,207	21,908,879	20,160,427	19,626,370	18,983,532	17,272,576	17,539,775
Hotel	31,368,028	29,928,448	33,889,957	33,345,294	32,922,844	29,301,463	27,611,922	29,372,498	26,828,936	23,246,792
Employee shuttle bus	2,891,239	2,833,329	2,316,970	2,100,820	2,032,346	2,502,311	5,210,640	5,869,315	5,467,240	5,655,355
Ground transportation	10,199,443	7,813,795	5,125,120	5,428,501	5,452,612	5,094,540	4,882,553	4,944,291	4,738,700	6,510,045
Utility service fees	5,096,397	5,026,053	4,812,705	4,722,477	5,027,074	5,282,902	4,927,372	5,010,457	4,445,747	4,535,773
Rental facilities	4,701,642	4,414,200	4,603,077	4,643,230	3,971,295	3,651,399	3,307,686	4,144,651	3,462,232	3,772,657
Other	7,332,061	5,486,987	4,473,948	4,790,511	4,784,310	6,007,508	3,664,924	6,406,295	7,542,765	4,470,468
Total non-airline revenues	210,787,980	196,911,887	191,539,460	180,663,696	169,539,587	161,365,610	157,385,978	160,468,612	148,770,083	146,527,233
Percentage of total revenues	44.7%	43.7%	43.2%	43.3%	41.8%	42.0%	41.0%	42.5%	40.9%	42.0%
Nonoperating revenues:										
Passenger facility charges	69,774,131	68,128,397	66,764,363	63,840,589	62,016,364	61,705,013	62,134,255	62,197,495	60,305,754	59,711,453
Customer facility charges	4,548,815	4,442,148	4,260,370	304,510	—	—	—	—	—	—
Federal and state grants	6,650,317	6,655,554	5,568,130	1,339,342	1,029,619	1,353,122	1,378,911	1,326,034	1,264,891	1,089,499
Interest	7,617,673	3,567,954	3,856,859	1,454,197	1,388,246	1,616,192	1,810,277	3,241,109	4,941,344	7,310,241
Other	—	113,784	100,000	755,802	1,420,712	432,091	23,964	149,105	80,245	—
Total nonoperating revenues	88,590,936	82,907,837	80,549,722	67,694,440	65,854,941	65,106,418	65,347,407	66,913,743	66,592,234	68,111,193
Percentage of total revenues	18.7%	18.3%	18.1%	16.2%	16.2%	17.0%	17.0%	17.7%	18.3%	19.5%
Total revenues	\$ 471,237,128	\$ 451,040,245	\$ 443,619,423	\$ 417,429,853	\$ 405,578,712	\$ 383,872,183	\$ 383,986,231	\$ 377,973,577	\$ 363,689,121	\$ 348,870,255
Enplaned passengers	17,558,618	17,281,219	17,130,687	16,443,778	16,216,673	16,077,652	16,169,584	16,226,201	15,876,381	15,941,132
Total revenue per enplaned passenger	\$ 26.84	26.10	25.90	25.39	25.01	23.88	23.75	23.29	22.91	21.88
Airline revenue per enplaned passenger	\$ 9.79	9.91	10.01	10.28	10.49	9.79	9.97	9.28	9.34	8.42

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-3

Airlines Rates and Charges **

(Unaudited)

	<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>
Landing Fees:										
Signatory Airlines ¹	\$ 3.48	3.65	3.62	3.54	3.71	3.14	3.23	3.26	3.44	2.83
Non-Signatory Airlines ²	4.35	4.56	4.52	4.43	4.64	3.93	4.04	4.08	4.30	3.39
General Aviation ³	2.32	2.32	2.25	2.00	2.00	1.75	1.50	1.50	1.50	1.50
Facility Use Fees:										
South Terminal	\$ 5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00
North Terminal	5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00
Terminal Rental Rates (per SF per year):										
South Terminal - Signatory Airlines ¹	\$ 60.32	56.81	56.90	58.74	60.00	57.71	60.00	57.70	54.51	52.00
South Terminal - Non-Signatory Airlines	69.37	65.33	65.44	67.55	69.00	66.36	69.00	69.00	68.00	60.00
North Terminal - Signatory Airlines ¹	98.89	109.26	119.35	124.12	117.00	118.95	118.00	51.20	65.17	61.00
North Terminal - Non-Signatory Airlines	113.73	125.65	137.25	142.74	134.00	136.79	136.00	78.00	88.00	71.00
Cargo Building/Warehouse	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Aircraft Ramp	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Unimproved Land	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Electric	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67	1.24

** The revenue bases to which these rates are applied and their principal payers can be found in Schedules S-2 and S-4.

¹ Calculated pursuant to the formulas set forth in the Airport Use and Lease Agreement. The agreement provides the calculation of the annual landing fee and terminal rental rates, with rate adjustments at mid-year, if required.

² Average billed rate per 1,000 lbs. MGLW.

³ General aviation rates are charged at Willow Run Airport only and represent an average of the tiered rates applied per 1,000 lbs. MGLW.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-4

Airline Landed Weights

(in thousands of pounds)

(Unaudited)

Detroit Metropolitan Airport

Airline ¹	2018		2017		2016		2015		2014	
	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share
Delta	10,584,280	48.2%	10,505,297	48.6%	10,616,006	49.5%	10,615,528	51.5%	10,273,955	50.4%
Delta (Sky West)	2,069,010	9.4	1,643,645	7.6	864,151	4.0	465,842	2.3	294,404	1.4
Spirit Airlines	1,601,875	7.3	1,405,062	6.5	1,293,177	6.0	1,129,323	5.5	886,234	4.3
Delta (Endeavor) ⁵	1,315,655	6.0	1,439,231	6.7	1,960,734	9.1	1,824,960	8.8	2,523,978	12.4
Delta (GoJet)	1,253,053	5.7	888,262	4.1	271,737	1.3	128,707	0.6	190,615	0.9
Southwest/AirTran Airways ³	903,968	4.1	931,658	4.3	898,636	4.2	854,196	4.1	904,127	4.4
American/US Airways ⁷	785,679	3.6	855,276	4.0	861,963	4.0	843,916	4.1	842,150	4.1
Federal Express	496,174	2.3	470,760	2.2	483,114	2.3	479,295	2.3	493,528	2.4
United/Continental ⁴	244,621	1.1	275,721	1.3	209,604	1.0	136,885	0.7	100,958	0.5
Delta (Republic) ⁵	226,916	1.0	130,371	0.6	—	—	—	—	—	—
United Parcel Service	221,034	1.0	189,156	0.9	179,533	0.8	175,421	0.9	170,445	0.8
United/Continental (Republic) ⁴	217,724	1.0	169,454	0.8	114,619	0.5	—	—	—	—
Lufthansa	194,131	0.9	170,089	0.8	165,418	0.8	162,237	0.8	180,296	0.9
Delta (ExpressJet) ²	168,179	0.8	680,318	3.2	1,423,967	6.6	1,544,732	7.5	1,351,443	6.6
JetBlue Airways	167,276	0.8	162,534	0.8	168,108	0.8	129,654	0.6	—	—
United/Continental (Mesa) ⁴	165,922	0.8	183,080	0.8	157,475	0.7	91,642	0.4	—	—
Frontier	150,280	0.7	189,950	0.9	140,122	0.7	100,624	0.5	105,448	0.5
Air France	137,656	0.6	134,507	0.6	134,644	0.6	138,530	0.7	136,291	0.7
American/US Airways (Republic) ⁷	131,669	0.6	149,076	0.7	194,949	0.9	225,467	1.1	107,669	0.5
American/US Airways (PSA) ⁷	128,353	0.6	102,934	0.5	68,183	0.3	40,838	0.2	—	—
American/US Airways (SkyWest) ⁷	123,201	0.5	76,389	0.4	—	—	—	—	—	—
Alaska Airlines	117,327	0.5	76,993	0.4	65,210	0.3	55,208	0.3	—	—
United/Continental (SkyWest) ⁴	77,164	0.4	53,126	0.2	73,679	0.4	69,752	0.3	33,738	0.2
DHL (Kalitta)	71,360	0.3	—	—	—	—	—	—	—	—
DHL (Atlas)	61,808	0.3	118,096	0.5	119,608	0.6	—	—	—	—
Air Canada (Air Georgian)	61,180	0.3	61,194	0.3	43,749	0.2	18,548	0.1	16,600	0.1
American/US Airways (Envoy) ^{6,7}	47,843	0.2	52,670	0.2	77,245	0.4	176,287	0.9	209,816	1.0
Aeromexico	41,408	0.2	30,883	0.1	—	—	—	—	—	—
Royal Jordanian	39,520	0.2	38,380	0.2	39,520	0.2	38,257	0.2	40,645	0.2
Aeromexico Connect	27,353	0.1	—	—	—	—	—	—	—	—
American/US Airways (Piedmont) ⁷	26,015	0.1	—	—	—	—	—	—	—	—
United/Continental (GoJet) ⁴	24,522	0.1	7,705	—	36,917	0.2	46,297	0.2	45,091	0.2
Delta (Compass)	—	—	149,528	0.7	154,667	0.7	165,734	0.8	252,328	1.2
Virgin Atlantic Airways	—	—	61,014	0.3	135,699	0.6	49,683	0.2	—	—
Delta (Shuttle America)	—	—	58,320	0.3	276,165	1.3	480,607	2.3	97,562	0.5
American/US Airways (Air Wisconsin) ⁷	—	—	53,580	0.2	72,615	0.4	48,927	0.2	69,466	0.3
Delta (Chataqua)	—	—	—	—	—	—	141,015	0.7	564,145	2.8
United/Continental (ExpressJet) ^{2,4}	—	—	—	—	—	—	78,571	0.4	147,800	0.7
Lufthansa Cargo	—	—	—	—	—	—	—	—	17,657	0.1
Delta (Comair)	—	—	—	—	—	—	—	—	—	—
Mesaba	—	—	—	—	—	—	—	—	—	—
KLM	—	—	—	—	—	—	—	—	—	—
Other ⁸	77,313	0.3	87,553	0.3	165,380	0.6	168,969	0.8	326,312	1.9
Total	21,959,469	100.0%	21,601,812	100.0%	21,466,594	100.0%	20,625,652	100.0%	20,382,701	100.0%

¹ Signatory Affiliate Airlines are associated based on 2018 affiliations and shown in parentheses to major carrier name. All historical landed weights for these affiliates are shown on one line regardless of prior affiliations.

² Atlantic Southwest Airlines acquired ExpressJet on November 22, 2011 and began operating as ExpressJet. For comparative purposes, entities are shown as one on this report.

³ Southwest Airlines acquired AirTran Airways on May 2, 2011 and for comparative purposes, are shown as one on this report.

⁴ Continental Airlines merged with and into United Airlines on October 1, 2010, and for comparative purposes, are shown as one on this report.

⁵ Effective August 1, 2013, Pinnacle Airlines changed its legal name to Endeavor Air.

⁶ Effective April 15, 2014, American Eagle changed its legal name to Envoy Air.

⁷ US Airways merged with American Airlines on April 8, 2015 and, for comparative purposes, are shown as one on this report.

⁸ Includes airlines no longer serving Detroit Metro or carriers with insignificant activity. Several airlines reported in the "Other" category in prior years have been reported individually in the current year.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport									
2013		2012		2011		2010		2009	
Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share
10,051,320	48.7%	9,655,644	46.9%	10,153,498	48.5%	10,369,432	51.4%	11,333,666	54.0%
—	—	—	—	—	—	—	—	—	—
765,188	3.7	749,026	3.6	752,623	3.6	637,083	3.2	690,048	3.3
3,661,163	17.7	3,237,417	15.7	2,743,336	13.1	2,817,713	14.0	2,616,584	12.5
—	—	—	—	—	—	—	—	—	—
969,194	4.7	942,596	4.6	973,682	4.6	894,080	4.4	946,536	4.5
785,631	3.8	755,222	3.7	741,329	3.5	692,460	3.4	776,576	3.7
446,450	2.2	461,450	2.2	409,567	2.0	361,807	1.8	374,202	1.8
95,890	0.5	166,107	0.8	242,335	1.2	238,808	1.2	394,117	1.9
—	—	—	—	—	—	—	—	—	—
167,762	0.8	168,483	0.8	171,832	0.8	171,234	0.8	171,687	0.8
—	—	—	—	—	—	—	—	—	—
153,106	0.7	146,790	0.7	147,477	0.7	142,243	0.7	174,062	0.8
1,260,107	6.1	1,110,252	5.4	795,381	3.8	104,058	0.5	1,474	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
84,124	0.4	124,080	0.6	143,844	0.7	126,776	0.6	140,742	0.7
142,397	0.7	146,639	0.7	146,476	0.7	138,582	0.7	122,641	0.6
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
65,129	0.3	50,850	0.3	29,405	0.1	75,208	0.4	34,341	0.2
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
207,170	1.0	195,133	0.9	180,815	0.9	193,235	1.0	155,625	0.7
—	—	—	—	—	—	—	—	—	—
42,452	0.2	40,244	0.2	40,698	0.2	41,097	0.2	42,294	0.2
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
51,389	0.2	39,329	0.2	66,531	0.3	79,931	0.4	69,077	0.3
225,942	1.1	288,096	1.4	371,436	1.8	438,616	2.2	596,054	2.8
—	—	—	—	—	—	—	—	—	—
139,035	0.7	221,668	1.1	—	—	—	—	—	—
77,597	0.4	85,634	0.4	97,431	0.5	87,467	0.4	113,082	0.5
467,713	2.3	217,005	1.1	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
52,480	0.3	31,390	0.2	—	—	—	—	—	—
—	—	942,080	4.6	1,115,580	5.3	669,929	3.3	187,696	0.9
—	—	144,408	0.7	872,731	4.2	1,202,839	6.0	1,484,510	7.1
—	—	—	—	—	—	—	—	74,970	0.4
717,622	3.5	688,808	3.2	727,706	3.5	684,667	3.4	504,662	2.3
20,628,861	100.0%	20,608,351	100.0%	20,923,713	100.0%	20,167,265	100.0%	21,004,646	100.0%

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-5

Enplaned Passengers

(Unaudited)

Airline ⁴	Detroit Metropolitan Airport									
	2018		2017		2016		2015		2014	
	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share
Domestic:										
Alaska Airlines	103,328	0.59	72,380	0.42	66,040	0.39	57,636	0.35	—	—
American/US Airways (Air Wisconsin) ⁷	2,541	0.01	45,400	0.26	63,898	0.37	34,465	0.21	57,178	0.35
American/US Airways (Envoy) ^{6,7}	44,557	0.25	44,914	0.26	67,414	0.39	136,328	0.83	169,854	1.05
American/US Airways (Mesa) ⁷	—	—	—	—	—	—	13,713	0.08	29,246	0.18
American/US Airways (Piedmont) ⁷	25,553	0.14	8,985	0.05	3,621	0.02	—	—	—	—
American/US Airways (PSA) ⁷	101,289	0.58	81,867	0.47	58,585	0.34	39,344	0.24	5,492	0.03
American/US Airways (Republic) ⁷	99,408	0.57	118,354	0.68	156,144	0.91	178,734	1.09	92,224	0.57
American/US Airways (SkyWest) ⁷	101,370	0.58	63,056	0.36	—	—	—	—	—	—
American/US Airways ⁷	672,190	3.83	725,334	4.20	761,214	4.44	732,616	4.46	725,183	4.47
Delta (Chautauqua)	—	—	—	—	—	—	140,318	0.85	560,376	3.46
Delta (Comair)	—	—	—	—	—	—	—	—	—	—
Delta (Compass)	—	—	117,490	0.68	111,614	0.65	120,847	0.73	207,036	1.28
Delta (Endeavor) ⁴	1,117,394	6.36	1,223,918	7.08	1,677,874	9.79	1,556,601	9.46	2,159,842	13.32
Delta (ExpressJet) ¹	137,411	0.78	547,541	3.17	1,150,700	6.72	1,276,020	7.76	1,098,157	6.77
Delta (GoJet)	1,056,632	6.02	745,286	4.31	230,733	1.35	107,108	0.65	160,650	0.99
Delta (Mesaba Aviation)	—	—	—	—	—	—	—	—	—	—
Delta (Republic)	193,050	1.10	111,888	0.65	—	—	—	—	—	—
Delta (Shuttle America)	—	—	48,860	0.28	264,188	1.54	475,505	2.89	86,319	0.53
Delta (Sky West)	1,351,867	7.70	1,114,479	6.45	570,927	3.33	353,817	2.15	251,177	1.55
Delta Air Lines	7,534,271	42.91	7,456,453	43.15	7,486,766	43.70	7,249,879	44.09	6,856,076	42.28
Frontier	162,764	0.93	208,426	1.21	149,124	0.87	92,038	0.56	98,958	0.61
JetBlue Airways	141,241	0.80	142,117	0.82	146,799	0.86	105,591	0.64	—	—
Southwest/Airtran Airlines ⁵	836,627	4.76	848,036	4.91	845,604	4.94	784,365	4.77	828,595	5.11
Spirit Airlines	1,607,113	9.15	1,424,905	8.25	1,289,024	7.52	1,096,225	6.67	875,463	5.40
United/Continental (ExpressJet) ^{2,3}	1,637	0.01	5,268	0.03	9,002	0.05	76,704	0.47	143,587	0.89
United/Continental (GoJet) ²	22,350	0.13	7,011	0.04	31,741	0.19	42,751	0.26	40,249	0.25
United/Continental (Mesa) ²	148,448	0.85	153,771	0.89	140,502	0.82	80,084	0.49	18,478	0.11
United/Continental (Republic) ²	183,134	1.04	124,655	0.72	92,302	0.54	—	—	—	—
United/Continental (Skywest) ²	67,976	0.39	46,470	0.27	69,388	0.41	65,860	0.40	31,384	0.19
United/Continental Airlines ²	203,974	1.16	218,781	1.27	171,058	1.00	105,188	0.64	78,956	0.49
USA 3000	—	—	—	—	—	—	—	—	—	—
Other ⁴	1,412	0.01	19,868	0.11	65,294	0.38	86,562	0.53	177,393	1.09
Total Domestic	15,917,537	90.65	15,725,513	90.99	15,679,556	91.52	15,008,299	91.27	14,751,873	90.97
International:										
Aeromexico	29,317	0.17	19,954	0.12	—	—	—	—	—	—
Aeromexico Connect	16,771	0.10	—	—	—	—	—	—	—	—
Air Canada	45,462	0.26	40,781	0.24	32,392	0.19	23,980	0.15	21,253	0.13
Air France	75,679	0.43	71,462	0.41	71,642	0.42	75,576	0.46	73,512	0.45
American/US Airways ⁷	—	—	—	—	566	—	520	—	1,256	0.01
Delta (Comair)	—	—	—	—	—	—	—	—	—	—
Delta (Compass)	—	—	5,841	0.03	18,703	0.11	17,102	0.10	8,691	0.05
Delta (Endeavor) ⁴	—	—	—	—	—	—	—	—	—	—
Delta (Mesaba Aviation)	—	—	—	—	—	—	—	—	—	—
Delta Air Lines	1,315,807	7.49	1,275,473	7.38	1,161,607	6.78	1,178,621	7.17	1,226,121	7.56
KLM-Royal Dutch Airlines	—	—	—	—	—	—	—	—	—	—
Lufthansa	89,688	0.51	77,521	0.45	71,472	0.42	76,694	0.47	77,650	0.48
Royal Jordanian Airlines	16,163	0.09	14,937	0.09	13,403	0.08	12,225	0.07	14,755	0.09
Southwest/Airtran Airlines ⁵	—	—	—	—	—	—	—	—	12,255	0.08
Spirit Airlines	36,024	0.21	28,806	0.17	22,575	0.13	22,457	0.14	22,986	0.14
Virgin Atlantic Airways	—	—	19,417	0.11	47,380	0.28	20,442	0.12	—	—
WOW air	16,170	0.09	—	—	—	—	—	—	—	—
Other ⁴	—	—	1,514	0.01	11,391	0.07	7,862	0.05	6,321	0.04
Total International	1,641,081	9.35	1,555,706	9.01	1,451,131	8.48	1,435,479	8.73	1,464,800	9.03
Grand Total	17,558,618	100.00%	17,281,219	100.00%	17,130,687	100.00%	16,443,778	100.00%	16,216,673	100.00%

¹ Signatory Affiliate Airlines are associated based on 2018 affiliations and shown in parentheses to major carrier name.

All historical enplanements for these affiliates are shown on one line regardless of prior affiliations.

² Continental Airlines merged with and into United Airlines on October 1, 2010 and for comparative purposes, are shown as one in this report.

³ Atlantic Southeast Airlines acquired ExpressJet on November 22, 2011 and began operating as ExpressJet. For comparative purposes, entities are shown as one in this report.

⁴ Effective August 1, 2013, Pinnacle Airlines changed its legal name to Endeavor Air.

⁵ Southwest Airlines acquired AirTran Airways on May 2, 2011 and for comparative purposes, are shown as one in this report.

⁶ Effective April 15, 2014, American Eagle changed its legal name to Envoy Air.

⁷ US Airways merged with American Airlines on April 8, 2015 and for comparative purposes, are shown as one in this report.

⁸ Includes airlines no longer serving Detroit Metro or carriers with insignificant activity.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

2013		2012		2011		2010		2009	
Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share
—	—	—	—	—	—	—	—	—	—
63,752	0.40	71,394	0.44	81,860	0.50	76,414	0.48	95,658	0.60
169,407	1.05	162,633	1.01	154,136	0.95	161,692	1.02	125,766	0.79
26,173	0.16	37,154	0.23	19,074	0.12	22,387	0.14	22,640	0.14
—	—	—	—	—	—	—	—	—	—
6,519	0.04	10,716	0.07	5,990	0.04	5,860	0.04	15,747	0.10
96,509	0.60	80,347	0.50	111,361	0.69	112,838	0.71	74,785	0.47
—	—	—	—	—	—	—	—	—	—
662,355	4.12	635,870	3.95	616,654	3.80	588,264	3.70	660,549	4.15
448,754	2.79	217,573	1.35	168,194	1.04	95,086	0.60	4,798	0.03
—	—	811,218	5.02	945,095	5.82	540,781	3.41	145,990	0.92
175,829	1.09	241,508	1.49	312,578	1.93	340,262	2.14	439,785	2.76
3,080,866	19.16	2,698,992	16.69	2,254,208	13.89	2,186,627	13.77	2,066,229	12.96
978,390	6.09	885,230	5.47	650,836	4.01	83,690	0.53	1,289	0.01
—	—	—	—	—	—	—	—	—	—
—	—	123,066	0.76	721,808	4.45	949,610	5.98	1,042,785	6.54
—	—	—	—	—	—	—	—	—	—
121,712	0.76	190,663	1.18	85,863	0.53	4,462	0.03	10,599	0.07
—	—	—	—	—	—	—	—	—	—
6,568,924	40.86	6,349,263	39.27	6,651,576	40.99	7,328,799	46.16	7,894,790	49.52
80,496	0.50	125,186	0.77	140,291	0.86	117,044	0.74	117,396	0.74
—	—	—	—	—	—	—	—	—	—
832,772	5.18	842,732	5.21	813,744	5.02	755,276	4.76	742,389	4.65
755,169	4.70	711,134	4.40	703,335	4.33	558,596	3.52	591,150	3.71
130,342	0.81	123,199	0.76	112,402	0.69	118,001	0.74	63,765	0.40
44,311	0.28	34,532	0.21	57,089	0.35	66,206	0.42	56,837	0.36
42,346	0.26	43,702	0.27	19,733	0.12	29,999	0.19	47,908	0.30
—	—	—	—	—	—	—	—	—	—
58,464	0.36	43,592	0.27	29,789	0.18	68,400	0.43	31,407	0.20
70,789	0.44	128,634	0.80	195,711	1.21	186,520	1.17	287,568	1.80
—	—	—	—	153	—	2,226	0.01	19,823	0.12
251,438	1.56	233,942	1.45	61,052	0.37	215,005	1.36	62,738	0.40
14,665,317	91.21	14,802,280	91.57	14,912,532	91.89	14,614,045	92.05	14,622,391	91.74
—	—	—	—	—	—	—	—	2,053	0.01
—	—	—	—	—	—	—	—	—	—
17,156	0.11	14,887	0.09	12,340	0.08	6,875	0.04	5,956	0.04
77,751	0.48	82,675	0.51	76,568	0.47	70,685	0.45	55,233	0.35
1,302	0.01	1,459	0.01	1,493	0.01	1,997	0.01	1,853	0.01
—	—	—	—	—	—	20,851	0.13	—	—
—	—	—	—	—	—	13,301	0.08	26,608	0.17
2,175	0.01	18,094	0.11	44,711	0.28	97,518	0.61	—	—
—	—	—	—	67	—	19,583	0.12	45,248	0.28
1,180,193	7.34	1,119,589	6.92	1,065,984	6.57	921,973	5.81	1,009,773	6.33
—	—	—	—	—	—	—	—	40,196	0.25
66,977	0.42	64,854	0.40	67,952	0.42	65,568	0.41	72,884	0.46
14,334	0.09	15,143	0.09	14,051	0.09	15,258	0.10	14,822	0.09
11,120	0.07	10,295	0.06	11,436	0.07	5,849	0.04	271	—
22,669	0.14	23,339	0.14	15,579	0.10	12,274	0.08	16,928	0.11
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
18,658	0.12	16,969	0.10	3,488	0.02	10,604	0.07	26,916	0.16
1,412,335	8.79	1,367,304	8.43	1,313,669	8.11	1,262,336	7.95	1,318,741	8.26
16,077,652	100.00%	16,169,584	100.00%	16,226,201	100.00%	15,876,381	100.00%	15,941,132	100.00%

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-7
Revenue Coverage
(Unaudited)

	<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>
Detroit Metro and Willow Run Airports (a)										
Net revenues:										
Operating revenues	\$ 382,646,192	\$ 368,132,408	\$ 363,069,701	\$ 316,390,119	\$ 306,800,927	\$ 289,464,302	\$ 291,026,902	\$ 281,687,336	\$ 270,267,951	\$ 257,512,270
Interest income and other	7,617,673	3,681,738	3,956,859	2,157,671	2,789,211	2,026,745	1,798,471	3,354,863	4,992,574	7,143,858
Federal and state sources	6,650,317	6,655,554	5,568,130	1,339,342	1,029,619	1,353,122	1,378,911	1,326,034	1,264,891	1,089,499
Passenger facility charges	69,774,131	68,128,397	66,764,363	63,840,589	62,016,364	61,705,013	62,134,255	62,197,495	60,305,754	59,711,453
Customer facility charges	4,548,815	4,442,148	4,260,370	304,510	—	—	—	—	—	—
Total revenues	471,237,128	451,040,245	443,619,423	384,032,231	372,636,121	354,549,182	356,338,539	348,565,728	336,831,170	325,457,080
Less operating expenses, not including depreciation	(264,839,591)	(266,638,295)	(252,611,208)	(218,348,139)	(212,847,104)	(195,526,748)	(188,306,672)	(196,428,761)	(191,159,047)	(192,698,372)
Net revenues	206,397,537	184,401,950	191,008,215	165,684,092	159,789,017	159,022,434	168,031,867	152,136,967	145,672,123	132,758,708
Net debt service:										
Principal ³	92,652,258	95,994,178	90,336,871	86,409,236	83,228,434	80,467,061	69,627,483	70,086,416	75,938,312	46,738,501
Interest ¹	90,035,957	89,874,600	87,544,123	84,525,509	85,031,425	86,277,279	79,703,054	84,231,580	97,323,384	105,019,840
Net debt service	182,688,215	185,868,778	177,880,994	170,934,745	168,259,859	166,744,340	149,330,537	154,317,996	173,261,696	151,758,341
Debt Service Coverage ²	1.13	0.99	1.07	0.97	0.95	0.95	1.13	0.99	0.84	0.87
Pledged Revenue Coverage – Airport Hotel (a)										
Net revenues:										
Operating revenues	—	—	—	33,345,294	32,922,844	29,301,463	27,611,922	29,372,498	26,828,936	23,246,792
Interest income and other	—	—	—	52,328	19,747	21,538	43,320	35,351	29,015	166,383
Total revenues	—	—	—	33,397,622	32,942,591	29,323,001	27,655,242	29,407,849	26,857,951	23,413,175
Less operating expenses, not including depreciation	—	—	—	(18,793,497)	(23,063,942)	(21,064,105)	(20,888,610)	(22,640,620)	(20,029,041)	(18,690,037)
Net revenues	—	—	—	14,604,125	9,878,649	8,258,896	6,766,632	6,767,229	6,828,910	4,723,138
Net debt service:										
Principal	—	—	—	4,185,000	3,145,000	4,402,147	1,639,308	1,385,640	1,139,553	935,848
Interest ¹	—	—	—	5,283,910	5,463,680	5,703,957	5,957,275	6,062,988	6,152,079	6,225,621
Net debt service	—	—	—	9,468,910	8,608,680	10,106,104	7,596,583	7,448,628	7,291,632	7,161,469
Debt Service Coverage ²	—	—	—	1.54	1.15	0.82	0.89	0.91	0.94	0.66
Combined net debt service:										
Principal	92,652,258	95,994,178	90,336,871	90,594,236	86,373,434	84,869,208	71,266,791	71,472,056	77,077,865	47,674,349
Interest ¹	90,035,957	89,874,600	87,544,123	89,809,419	90,495,105	91,981,236	85,660,329	90,294,568	103,475,463	111,245,461
Total combined net debt service	\$ 182,688,215	\$ 185,868,778	\$ 177,880,994	\$ 180,403,655	\$ 176,868,539	\$ 176,850,444	\$ 156,927,120	\$ 161,766,624	\$ 180,553,328	\$ 158,919,810

Notes: The Authority has pledged all net Airport revenues solely for the payment of the Airport Revenue Bonds and the Parity Obligations, and a statutory first lien has been granted upon all net revenues for such purpose.

¹ Interest does not include adjustments for capitalized interest, amortization of issuance costs/ bond insurance premiums, discount, premium, refunding costs, or arbitrage.

² Coverage calculations presented in this schedule differ from those required by the Master Bond Ordinance and all series ordinances as shown in the Continuing Disclosures.

³ Principal payments do not include bond refunding payoffs.

(a) In October 2015, the Authority entered into a new hotel agreement and the 2001A Hotel Bonds, which were special facility bonds, were refunded by the 2016G-H Airport Revenue Refunding Bonds. As a result, the operations of the Airport Hotel have been included with the operations of Detroit Metro Airport (see Note 2 of 2016 financial statements for additional discussion).

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-8

Ratios of Outstanding Debt

(Unaudited)

<u>Outstanding Debt per Enplaned Passenger</u>	<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>
Outstanding debt by type:										
Airport revenue bonds	\$ 2,105,880,000	\$ 2,145,910,000	\$ 2,241,105,000	\$ 2,031,565,000	\$ 2,116,145,000	\$ 2,070,180,000	\$ 2,149,380,000	\$ 2,026,685,000	\$ 2,121,835,000	\$ 2,188,500,000
Installment purchase contracts	1,814,983	2,152,765	2,932,469	3,679,864	4,454,624	5,273,582	6,120,019	4,354,379	6,608,280	8,853,973
Willow Run notes payable	504,342	523,820	543,294	562,770	102,246	102,246	542,346	569,365	591,879	619,498
Airport hotel bonds	—	—	—	99,630,000	103,815,000	105,460,000	106,940,000	108,140,000	109,120,000	109,885,000
Other hotel debt	—	—	—	—	—	1,500,000	4,422,147	4,861,455	5,267,095	5,641,648
Bond discounts	(460,034)	(490,528)	(521,022)	(1,766,475)	(1,336,251)	(1,459,143)	(1,583,695)	(3,274,117)	(8,125,540)	(8,827,652)
Bond premiums	119,320,631	74,855,937	89,758,579	51,018,768	59,941,546	60,323,458	67,169,038	38,070,986	21,667,285	23,326,660
Total outstanding debt	\$ 2,227,059,922	\$ 2,222,951,994	\$ 2,333,818,320	\$ 2,184,689,927	\$ 2,283,122,165	\$ 2,241,380,143	\$ 2,332,989,855	\$ 2,144,610,199	\$ 2,243,422,254	\$ 2,313,500,119
Enplaned passengers	17,558,618	17,281,219	17,130,687	16,443,778	16,216,673	16,077,652	16,169,584	16,226,201	15,876,381	15,941,132
Outstanding debt per enplaned passenger	\$ 126.84	\$ 128.63	\$ 136.24	\$ 132.86	\$ 140.79	\$ 139.41	\$ 144.28	\$ 132.17	\$ 141.31	\$ 145.13
<u>Combined net debt service per enplaned passenger</u>										
Combined net debt service ¹	\$ 182,688,215	\$ 185,868,778	\$ 177,880,994	\$ 180,403,655	\$ 176,868,539	\$ 176,850,444	\$ 156,927,120	\$ 161,766,624	\$ 180,553,328	\$ 158,919,810
Enplaned passengers	17,558,618	17,281,219	17,130,687	16,443,778	16,216,673	16,077,652	16,169,584	16,226,201	15,876,381	15,941,132
Net debt service per enplaned passenger	\$ 10.40	\$ 10.76	\$ 10.38	\$ 10.97	\$ 10.91	\$ 11.00	\$ 9.71	\$ 9.97	\$ 11.37	\$ 9.97

¹ Combined Net Debt Service does not include adjustments for capitalized interest, amortization of issuance costs/bond insurance premiums, discount, premium, refunding costs, or arbitrage.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-9

Authority Employees

(Unaudited)

	Authority Full-Time Positions *									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Administration	15	12	10	11	9	8	8	16	11	15
Internal Audit	3	3	3	3	3	3	3	3	2	2
Legal	5	5	5	5	5	5	5	5	5	5
Finance	28	33	33	32	33	32	31	34	35	31
Information Technology/Telecommunications	20	20	17	18	15	14	12	13	14	14
Procurement/Business Diversity	16	16	19	16	15	14	14	18	24	20
Human Resources	12	12	13	13	11	11	11	14	12	14
Maintenance/Facilities	245	235	216	196	199	194	192	206	204	203
Airfield Operations	47	47	47	42	40	39	40	44	44	44
Public Safety	231	224	223	205	204	203	204	209	207	207
Planning & Development	30	29	32	31	25	28	24	19	17	16
Business Development	45	46	41	37	37	32	33	34	35	37
Willow Run	14	13	13	11	11	11	11	11	11	11
Totals	711	695	672	620	607	594	588	626	621	619

* Represents both filled and budget-approved full-time positions as of each fiscal year end. Headcount actuals are lower due to employee turnover and amount of available positions at different times during the year.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

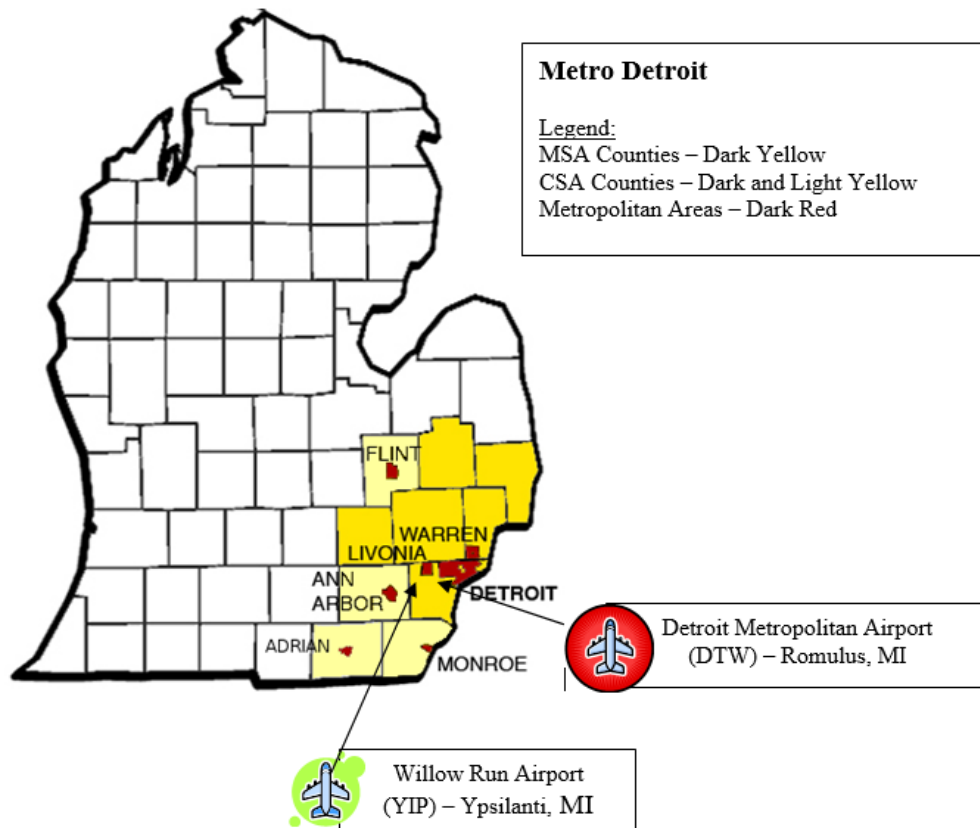
Exhibit S-10: Demographic and Economic Information

Wayne County Airport Authority (the Authority) is a regional entity that spans multiple jurisdictions. The Authority has operational jurisdiction of Detroit Metropolitan Wayne County Airport (DTW) and Willow Run Airport (YIP), as well as an Airport Hotel.

Detroit Metropolitan Wayne County Airport is a major commercial airport located in Romulus, Michigan classified a large hub by the FAA with 1 percent or more of total U.S. passengers enplaned. As of 2017, Detroit Metro Airport is the seventeenth busiest airport in the United States and the thirty-third busiest airport in the world. Nearby to DTW is the smaller non-commercial airport Willow Run that serves freight, corporate, and general aviation clients. Together, these airports serve a Primary Air Trade Area commonly referred to as Metropolitan Detroit (Metro Detroit).

The United States Office of Management and Budget (OMB) defines the six counties of Lapeer, Livingston, Macomb, Oakland, St. Clair and Wayne the *Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA)*. Further, the larger OMB designated *Detroit-Warren-Ann Arbor Combined Statistical Area (CSA)* incorporates both the above MSA and the counties of Genesee, Lapeer, Lenawee and Monroe. This area is defined based on commuting patterns and results in the ten-county labor market region of Metro Detroit with a population of 5.3 million as of the 2010 census.

Detroit Metro Airport also serves the Toledo, Ohio, area, which is located approximately 47 miles south of the airport, and the city of Windsor, Ontario in nearby Canada. The Total Air Trade Area incorporates these regions along with the Primary Air Trade Area of Metro Detroit.



WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-10 A

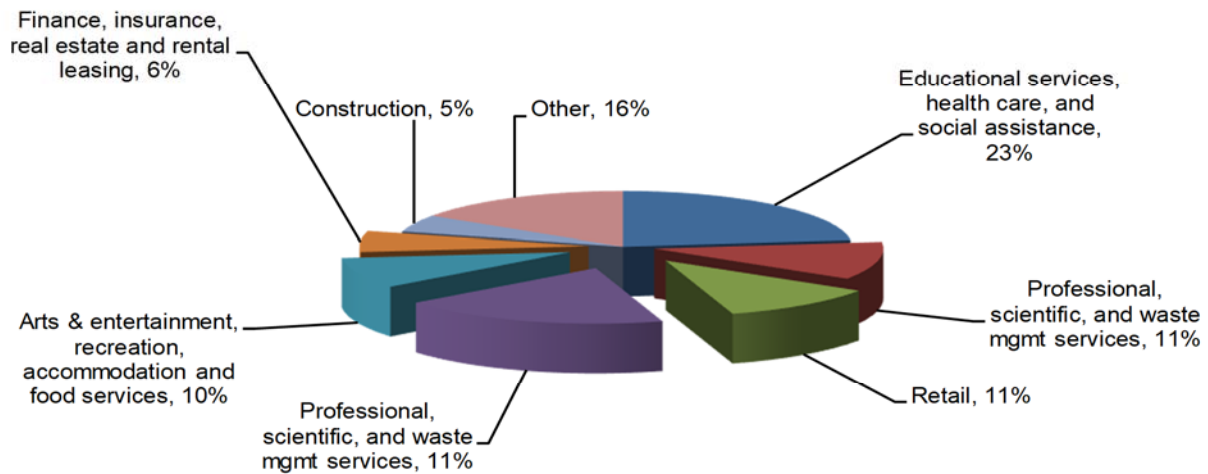
Selected Demographic and Economic Information for the Primary Air Trade Area

(Unaudited)

Population (2017) Est.	5,336,286
Population (2010)	5,218,852
Population (2000)	5,357,538
Population (1990)	5,095,695
Percentage Increase in Population - 2010 to 2017	2.3%
Percentage Female	51.2%
Percentage Male	48.8%
Personal Income (millions) (2017)	\$266,780
Percent of U.S. Total	1.8%
Per Capita Personal Income (2017)	\$49,993
Per Capita Personal Income (2017) - U.S.	\$53,617
Unemployment Rate (2018 September)	3.7%
Unemployment Rate (2017 Annual)	4.5%
Unemployment Rate (2016 Annual)	5.2%
Total Households (millions)	2.1
Average Household Size (people)	2.5

Leading Industries

(% of employed population 16 years and older)



Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis, and Bureau of Labor Statistics

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-10 B

Principal Employers in Primary Air Trade Area

(Unaudited)

Employer	City	Metro Employees 2018 *	Metro Employees 2017 **	Percentage (%) Change	Type of Business
Ford Motor Co.	Dearborn	48,000	48,000	0.0%	Automobile Manufacturer
General Motors Corp.	Detroit	37,400	37,713	-0.8%	Automobile Manufacturer
FCA US LLC	Auburn Hills	35,399	32,514	8.9%	Automobile Manufacturer
University of Michigan	Ann Arbor	34,067	32,749	4.0%	Public University & Health Care System
Beaumont Health	Southfield	28,012	28,038	-0.1%	Health Care System
Henry Ford Health System	Detroit	23,724	17,608	34.7%	Health Care System
U.S. Government	Detroit	18,817	18,920	-0.5%	Federal Government
Rock Ventures	Detroit	17,819	16,617	7.2%	Financial Services/Real Estate
Trinity Health Michigan	Livonia	15,899	14,676	8.3%	Health Care System
Ascension Michigan	Warren	11,893	11,893	0.0%	Health Care System

* Data as of July 2018

** Data as of July 2017

Source: Crain's Detroit Business, December 24, 2018

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-11

Airport Information

(Unaudited)

Detroit Metropolitan Airport

Location:	20 miles southwest of Detroit in the city of Romulus			
Area:	7,348 acres			
Airport Code:	DTW			
Runways:	3R/21L 3L/21R 9R/27L 9L/27R 4R/22L 4L/22R			
Terminal:	McNamara Terminal Airlines	911,853	sq ft	
	North Terminal Airlines	218,454	sq ft	(b)
	Tenants/Concessionaires	223,027	sq ft	(b)
	TSA/FIS	245,924	sq ft	
	Public/Common	1,607,233	sq ft	(b)
	Number of In-Service Passenger Gates	130		
	Number of Concessionaires	30		(b)
	Number of Rental Car Agencies On-Airport	6		
Airfield:	Runways	15,320,346	sq ft	
	Taxiways	28,825,764	sq ft	(a)
	Aprons	21,568,712	sq ft	(a)
Parking:	Spaces Available:			
	McNamara Parking Structure	10,117		
	Big Blue Deck and Short-Term	6,530		
	Green Lot 1	1,517		
	Green Lot 2	900		
		19,064	spaces	
Cargo:	Cargo/Hangar Buildings	1,113,912	sq ft	
International:	Customs/Immigration F.I.S. Facility			
Tower(s):	AIR TRAFFIC CONTROL TOWER 24/7/365 Delta Air Lines Ramp Control Tower 24/7/365 North Terminal Ramp Control Tower 24/7/365			
FBO(s):	Signature Flight Support			

(a) These totals have changed from the prior year due to physical inventory reconciliation and construction activity.

(b) These numbers changed from the prior year due to changes in agreements.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-12

Airport Information

(Unaudited)

Willow Run Airport

Location:	7 miles west of Detroit Metropolitan Airport bordering on Wayne and Washtenaw Counties		
Area:	2,360 acres		
Airport Code:	YIP		
Runways:	5L/23R 5R/23L 9/27		
Airfield:	Runways	3,147,605 sq ft	
	Taxiways	4,282,931 sq ft	
	Ramps/Aprons	5,099,776 sq ft	(a)
Corporate/Private Space:	Hangar	396,000 sq ft	(b)
	Tenants Other	68,600 sq ft	(b)
	T-Hangars (qty. 110)	44,800 sq ft	
	Number of Rental Car Agencies On-Airport	1	
Additional Space:	WCAA Admin, Maintenance, Ops, Public Safety	56,200 sq ft	
	Yankee Air Museum	53,400 sq ft	
	FAA	35,000 sq ft	
International:	U.S. Customs (user fee airport)		
Tower:	FAA 24/7		
FBOs:	Avflight Odyssey Aviation		

(a) These totals have changed from the prior year due to physical inventory reconciliation and construction activity.

(b) These numbers changed from the prior year due to changes in agreements.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Documents Incorporated By Reference

Operating Years Ended September 30, 2018

Portions of the following documents are incorporated herein by reference into sections of the Comprehensive Annual Financial Report (CAFR) as indicated:

Document

Part of CAFR into which incorporated

Official Statement, \$169,800,000 Wayne County Airport Authority Airport
Revenue Bonds, Series 2017A-C; and Wayne County Authority Airport
Revenue Refunding Bonds, Junior Lien, Series 2017A-B

Continuing Disclosures

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #1

Debt Service Requirements and Coverage

Operating Year 2018

(Unaudited)

	Net revenues, revenue fund balance, and other available monies (thousands)	Total debt service requirements (thousands)	Debt service coverage	Airline cost per enplaned passenger
Senior Lien	\$ 247,038	\$ 174,462	1.42	\$ 9.70
Total Senior Lien and Junior Lien	\$ 247,038	\$ 185,652	1.33	\$ 9.70

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #2

Operation and Maintenance Expenses

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

<u>Description</u>	<u>2018</u>	<u>2017</u>	<u>Historical 2016</u>	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 58,693	\$ 57,511	\$ 52,684	\$ 49,221	\$ 46,661
Employee benefits	35,840	28,720	35,497	34,357	27,027
	<u>94,533</u>	<u>86,231</u>	<u>88,181</u>	<u>83,578</u>	<u>73,688</u>
Contractual services:					
Parking management	8,405	7,987	7,909	7,882	6,630
Hotel management (a)	19,702	18,612	22,678	—	—
Security expenses	6,031	5,149	3,745	2,558	2,511
Janitorial services	14,406	13,515	11,992	11,948	11,792
Shuttle bus	6,849	8,169	7,194	6,540	6,123
Other services	27,920	23,893	24,870	19,811	24,352
Total contractual services	<u>83,313</u>	<u>77,325</u>	<u>78,388</u>	<u>48,739</u>	<u>51,408</u>
Wayne County administrative services	123	86	103	159	138
Repairs and maintenance	33,039	32,251	33,123	32,567	31,144
Supplies and other operating expenses	14,740	13,921	13,791	13,252	12,511
Insurance	1,902	2,049	2,075	2,145	2,200
Utilities	23,388	22,947	21,939	24,105	28,441
Rentals	182	123	113	720	718
Interest expense and paying agent fees	109	121	92	107	182
Capital expenses	8,816	13,216	10,874	6,311	3,371
	<u>82,299</u>	<u>84,714</u>	<u>82,110</u>	<u>79,366</u>	<u>78,705</u>
Total O&M expenses	<u>\$ 260,145</u>	<u>\$ 248,270</u>	<u>\$ 248,679</u>	<u>\$ 211,683</u>	<u>\$ 203,801</u>

- (a) On October 15, 2015, the Authority entered into a new hotel management agreement and the 2001A Hotel Bonds, which were special facility revenue bonds, were refunded by the 2016G-H Airport Revenue Refunding Bonds. As a result, as of October 15, 2015, the net revenues of the Hotel are included in the Net Revenues pledged toward the repayment of all the Authority's general airport revenue bonds and hotel management expenses are included in the Authority's operation and management expenses. At this time, all outstanding bonds, including the 2016G-H Airport Revenue Refunding Bonds, are all general airport revenue bonds.

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #3

Operating Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description	2018	2017	Historical 2016	2015	2014
Airline revenues:					
Rental and use fees:					
Terminal building rentals and fees	\$ 63,641	\$ 60,688	\$ 61,227	\$ 62,776	\$ 63,523
Common-use/shared-use area rentals	23,770	22,632	24,161	26,779	25,988
Debt service recapture	988	1,109	1,718	1,718	1,718
Facilities use fees	8,877	8,475	8,036	8,065	8,361
Less rental fee adjustment	<u>(3,666)</u>	<u>(2,447)</u>	<u>(2,820)</u>	<u>(4,859)</u>	<u>(6,313)</u>
Total rental and use fees	<u>93,610</u>	<u>90,457</u>	<u>92,322</u>	<u>94,479</u>	<u>93,277</u>
Activity fees:					
Signatory airlines	77,092	76,305	75,525	72,369	75,360
Nonsignatory airlines	3,151	3,832	3,452	1,967	1,393
Less rental fee adjustment	<u>(3,505)</u>	<u>(643)</u>	<u>(931)</u>	<u>(1,069)</u>	<u>(973)</u>
Total activity fees	<u>76,738</u>	<u>79,494</u>	<u>78,046</u>	<u>73,267</u>	<u>75,780</u>
Total airline revenues	<u>170,348</u>	<u>169,951</u>	<u>170,368</u>	<u>167,746</u>	<u>169,057</u>
Nonairline revenues:					
Concessions:					
Automobile parking	80,248	76,707	74,498	68,018	61,187
Hotel (b)	31,368	29,928	33,890	—	—
Rental car	26,164	24,949	23,872	22,429	21,909
Food and beverage	20,703	19,427	18,016	14,149	12,948
Retail	14,734	13,296	12,745	13,347	12,526
Marketing and communications	1,721	1,566	1,635	2,235	2,388
Other concessions	<u>5,141</u>	<u>5,001</u>	<u>5,110</u>	<u>5,057</u>	<u>4,012</u>
Total concessions	<u>180,079</u>	<u>170,874</u>	<u>169,766</u>	<u>125,235</u>	<u>114,970</u>
Rentals	3,673	3,422	3,666	3,654	2,975
Utility fees	4,970	4,903	4,691	4,601	4,904
Interest income	792	337	162	110	76
Ground transportation	10,199	7,814	5,125	5,428	5,453
Other (a)	<u>9,437</u>	<u>9,506</u>	<u>8,951</u>	<u>7,780</u>	<u>7,186</u>
Total nonairline revenues	<u>209,150</u>	<u>196,856</u>	<u>192,361</u>	<u>146,808</u>	<u>135,564</u>
Total operating revenues	<u>\$ 379,498</u>	<u>\$ 366,807</u>	<u>\$ 362,729</u>	<u>\$ 314,554</u>	<u>\$ 304,621</u>

(a) Includes shuttle bus revenue, badging fees, miscellaneous fees, chargebacks, insurance recoveries, and state and federal grants

(b) On October 15, 2015, the Authority entered into a new hotel management agreement and the 2001A Hotel Bonds, which were special facility revenue bonds, were refunded by the 2016G-H Airport Revenue Refunding Bonds. As a result, as of October 15, 2015, the net revenues of the Hotel are included in the Net Revenues pledged toward the repayment of all the Authority's general airport revenue bonds and hotel management expenses are included in the Authority's operation and management expenses. At this time, all outstanding bonds, including the 2016G-H Airport Revenue Refunding Bonds, are all general airport revenue bonds.

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #4

Application of Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Revenues:									
Airline revenues	\$ 170,348	\$	169,951	\$	170,368	\$	167,746	\$	169,057
Nonairline revenues	209,150		196,856		192,361		146,808		135,564
Interest income generated in bond funds and reserves	5,415		5,649		8,091		12,705		7,056
Other available monies:									
PFC contributions	73,174		66,473		66,178		63,596		62,443
Capitalized interest contribution	3,078		2,104		13,219		8,731		12,131
Other	4,550		6,751		4,604		1,847		1,933
Total revenues	\$ <u>465,715</u>	\$	<u>447,784</u>	\$	<u>454,821</u>	\$	<u>401,433</u>	\$	<u>388,184</u>
Priority									
Application of revenues:									
1 Operation and Maintenance Fund (a)	\$ 271,452	\$	258,266	\$	259,980	\$	218,398	\$	210,219
2 Bond Fund	174,462		167,681		172,095		161,733		157,187
3 Junior Lien Bond Fund	11,190		12,276		12,270		12,231		12,231
4 Operation and Maintenance Reserve Fund	100		1,050		1,965		560		412
5 Renewal and Replacement Fund	500		500		500		500		500
6 County Discretionary Fund	350		350		350		350		350
7 Airport Development Fund	7,661		7,661		7,661		7,661		7,285
Total application of revenues	\$ <u>465,715</u>	\$	<u>447,784</u>	\$	<u>454,821</u>	\$	<u>401,433</u>	\$	<u>388,184</u>

(a) Includes amounts applied to the Hotel Furniture, Fixtures and Equipment Account established under the Authority's hotel management agreement effective October 15, 2015.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #5

Net Revenues and Debt Service Coverage

Operating year ending September 30, 2018

(In thousands of dollars, except as noted)

(Unaudited)

Revenues:		
Revenues		\$ 379,498
Revenue fund balance at beginning of year		55,853
Other available monies:		
PFC contributions		73,174
Other		4,550
Interest income generated in bond funds and reserves		<u>5,415</u>
Total revenues	[A]	518,490
Operation and maintenance expenses	[B]	<u>271,452</u>
Net revenues available for Sr. Lien debt service	[A] - [B] = [C]	247,038
Bond debt service - Senior Lien	[D]	<u>174,462</u>
Net revenues available for Jr. Lien debt service	[C] - [D] = [E]	72,576
Bond debt service - Junior Lien	[F]	<u>11,190</u>
Net revenues remaining in revenue fund		61,386
Debt service coverage:		
Senior Lien bonds	[C] / [D]	1.42
Senior Lien and Junior Lien bonds	[C] / ([D] + [F])	1.33
Rate covenant elements:		
Operation and maintenance expenses		\$ 271,452
125% debt service – Bonds	(1.25 x [D]) + [F]	229,268
Other fund requirements		<u>8,611</u>
Total rate covenant elements		<u>\$ 509,331</u>

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #6

Historical Airline Passenger Enplanements

Operating years ending September 30

(Unaudited)

Operating year	Domestic	International	Total	Percent increase
2018	15,917,537	1,641,081	17,558,618	1.6%
2017	15,725,513	1,555,706	17,281,219	0.9
2016	15,679,556	1,451,131	17,130,687	4.2
2015	15,008,299	1,435,479	16,443,778	1.4
2014	14,751,873	1,464,800	16,216,673	0.9

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #7

Historical Comparative Total Enplanements

Calendar years ending December 31

(Unaudited)

Calendar year	Detroit Metro		United States		Detroit as a percentage of U.S. total
	Number of passengers	Percent increase (decrease)	Number of passengers	Percent increase	
2018	16,601,210	(1.2)%	816,659,548	2.3%	2.0%
2017	16,794,750	1.1	798,509,085	3.1	2.1
2016	16,613,139	3.6	774,740,631	3.3	2.1
2015	16,038,743	2.9	750,164,431	4.8	2.1
2014	15,587,638	0.5	715,681,042	2.7	2.2

Note: 2018 estimate based on six months of data; 2017 updated with final data

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #8

Historical Airline Departures

Calendar years ending December 31

(Unaudited)

Calendar year	Departures by carrier type			Total departures	
	Majors	Nationals	Regionals	Total (a)	Percent increase (decrease)
2018	134,836	49,152	1,006	184,994	(2.0)%
2017	136,630	51,590	498	188,718	0.2
2016	134,536	52,760	1,043	188,339	3.6
2015	126,785	54,522	459	181,766	(3.4)
2014	119,462	68,043	609	188,114	(8.0)

(a) Total does not include departures by commuters or charters.

Note: 2018 estimate based on six months of data; 2017 updated with final data

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #9

Historical Domestic Originations and Connections

Calendar years ending December 31

(Unaudited)

Calendar year	Domestic originations		Domestic connections	
	Number	Percent of total	Number	Percent of total
2018	8,560,577	55.6%	6,826,289	44.4%
2017	8,372,980	52.9	7,445,619	47.1
2016	7,912,712	50.2	7,837,790	49.8
2015	7,303,964	47.8	7,975,161	52.2
2014	6,952,520	47.0	7,831,959	53.0

Note: 2018 estimate based on six months of data; 2017 updated with final data

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years ending September 30

(Unaudited)

Airline	OY 2018		OY 2017		OY 2016	
	Enplaned passengers	Percent of market	Enplaned passengers	Percent of market	Enplaned passengers	Percent of market
Domestic:						
Alaska Airlines	103,328	0.7%	72,380	0.5%	66,040	0.4%
American/US Airways (Air Wisconsin) ⁽²⁾	2,541	—	45,400	0.3	63,898	0.4
American/US Airways (Envoy) ⁽¹⁾⁽²⁾	44,557	0.3	44,914	0.3	67,414	0.4
American/US Airways (Mesa) ⁽²⁾	—	—	—	—	—	—
American/US Airways (Piedmont) ⁽²⁾	25,553	0.2	8,985	0.1	3,621	—
American/US Airways (PSA) ⁽²⁾	101,289	0.6	81,867	0.5	58,585	0.4
American/US Airways (Republic) ⁽²⁾	99,408	0.6	118,354	0.8	156,144	1.0
American/US Airways (SkyWest) ⁽²⁾	101,370	0.6	63,056	0.4	—	—
American/US Airways (TransStates) ⁽²⁾	—	—	13,678	0.1	31,705	0.2
American/US Airways ⁽²⁾	672,190	4.2	725,334	4.6	761,214	4.9
Delta (Chautauqua)	—	—	—	—	—	—
Delta (Compass)	—	—	117,490	0.7	111,614	0.7
Delta (Endeavor)	1,117,394	7.0	1,223,918	7.8	1,677,874	10.7
Delta (ExpressJet)	137,411	0.9	547,541	3.5	1,150,700	7.3
Delta (GoJet)	1,056,632	6.7	745,286	4.7	230,733	1.5
Delta (Republic)	193,050	1.2	111,888	0.7	—	—
Delta (Shuttle America)	—	—	48,860	0.3	264,188	1.7
Delta (SkyWest)	1,351,867	8.5	1,114,479	7.1	570,927	3.6
Delta Air Lines	7,534,271	47.3	7,456,453	47.4	7,486,766	47.8
Frontier	162,764	1.0	208,426	1.3	149,124	1.0
JetBlue Airways	141,241	0.9	142,117	0.9	146,799	0.9
Southwest Airlines	836,627	5.3	848,036	5.4	845,604	5.4
Spirit Airlines	1,607,113	10.1	1,424,905	9.1	1,289,024	8.2
United Airlines (ExpressJet)	1,637	—	5,268	—	9,002	0.1
United Airlines (GoJet)	22,350	0.1	7,011	—	31,741	0.2
United Airlines (Mesa)	148,448	0.9	153,771	1.0	140,502	0.9
United Airlines (Republic)	183,134	1.2	124,655	0.8	92,302	0.6
United Airlines (Shuttle America)	—	—	4,036	—	32,527	0.2
United Airlines (SkyWest)	67,976	0.4	46,470	0.3	69,388	0.4
United Airlines (TransStates)	579	—	1,268	—	1,051	—
United Airlines	203,974	1.3	218,781	1.4	171,058	1.1
Other ⁽³⁾	833	—	886	—	11	—
Subtotal – Domestic	15,917,537	100.0%	15,725,513	100.0%	15,679,556	100.0%
International:						
Aeromexico	29,317	1.8	19,954	1.3	—	—
Aeromexico Connect	16,771	1.0	—	—	—	—
Air Canada (Jazz)	—	—	—	—	4,502	0.3
Air Canada (Air Georgian)	45,462	2.8	40,781	2.6	27,890	1.9
Air France	75,679	4.6	71,462	4.6	71,642	4.9
American/US Airways ⁽²⁾	—	—	—	—	566	—
Delta (Compass)	—	—	5,841	0.4	18,703	1.3
Delta (ExpressJet)	—	—	—	—	—	—
Delta Air Lines	1,315,807	80.2	1,275,473	82.0	1,161,607	80.1
Frontier	—	—	—	—	—	—
Lufthansa	89,688	5.4	77,521	5.0	71,472	4.9
Royal Jordanian Airlines	16,163	1.0	14,937	1.0	13,403	0.9
Southwest Airlines	—	—	—	—	—	—
Spirit	36,024	2.2	28,806	1.8	22,575	1.6
Virgin Atlantic Airways	—	—	19,417	1.2	47,380	3.3
WOW air	16,170	1.0	—	—	—	—
Other ⁽³⁾	—	—	1,514	0.1	11,391	0.8
Subtotal – International	1,641,081	100.0%	1,555,706	100.0%	1,451,131	100.0%
Total – All Markets	17,558,618		17,281,219		17,130,687	

⁽¹⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽²⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽³⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2018.

Source: Wayne County Airport Authority records.
See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years ending September 30

(Unaudited)

Airline	OY 2015		OY 2014	
	Enplaned passengers	Percent of market	Enplaned passengers	Percent of market
Domestic:				
Alaska Airlines	57,636	0.4%	3,927	—%
American/US Airways (Air Wisconsin) ⁽²⁾	34,465	0.2	57,178	0.4
American/US Airways (Envoy) ⁽¹⁾⁽²⁾	136,328	0.9	169,854	1.2
American/US Airways (Mesa) ⁽²⁾	13,713	0.1	29,246	0.2
American/US Airways (Piedmont) ⁽²⁾	—	—	—	—
American/US Airways (PSA) ⁽²⁾	39,344	0.3	5,492	—
American/US Airways (Republic) ⁽²⁾	178,734	1.2	130,553	0.9
American/US Airways (SkyWest) ⁽²⁾	—	—	—	—
American/US Airways (TransStates) ⁽²⁾	—	—	—	—
American/US Airways ⁽²⁾	732,616	4.9	725,183	4.9
Delta (Chautauqua)	140,318	0.9	560,376	3.8
Delta (Compass)	120,847	0.8	207,036	1.4
Delta (Endeavor)	1,556,601	10.4	2,159,842	14.6
Delta (ExpressJet)	1,276,020	8.5	1,098,157	7.5
Delta (GoJet)	107,108	0.7	160,650	1.1
Delta (Republic)	—	—	—	—
Delta (Shuttle America)	475,505	3.2	86,319	0.6
Delta (SkyWest)	353,817	2.4	251,177	1.7
Delta Air Lines	7,249,879	48.3	6,856,076	46.5
Frontier	92,038	0.6	98,958	0.7
JetBlue Airways	105,591	0.7	46,011	0.3
Southwest Airlines	784,365	5.2	828,595	5.6
Spirit Airlines	1,096,225	7.3	875,463	5.9
United Airlines (ExpressJet)	76,704	0.5	143,587	1.0
United Airlines (GoJet)	42,751	0.3	40,249	0.3
United Airlines (Mesa)	80,084	0.5	18,478	0.1
United Airlines (Republic)	11,580	0.1	—	—
United Airlines (Shuttle America)	52,359	0.4	70,345	0.5
United Airlines (SkyWest)	65,860	0.4	31,384	0.2
United Airlines (TransStates)	20,680	0.1	15,316	0.1
United Airlines	105,188	0.7	78,956	0.5
Other ⁽³⁾	1,943	—	3,465	—
Subtotal – Domestic	15,008,299	100.0%	14,751,873	100.0%
International:				
Aeromexico	—	—	—	—
Aeromexico Connect	—	—	—	—
Air Canada (Jazz)	11,011	0.8	7,976	0.6
Air Canada (Air Georgian)	12,969	0.9	13,277	0.9
Air France	75,576	5.3	73,512	5.0
American/US Airways ⁽²⁾	520	—	1,256	0.1
Delta (Compass)	17,102	1.2	8,691	0.6
Delta (ExpressJet)	—	—	5,947	0.4
Delta Air Lines	1,178,621	82.1	1,226,121	83.7
Frontier	7,831	0.5	—	—
Lufthansa	76,694	5.3	77,650	5.3
Royal Jordanian Airlines	12,225	0.9	14,755	1.0
Southwest Airlines	—	—	12,255	0.8
Spirit	22,457	1.6	22,986	1.6
Virgin Atlantic Airways	20,442	1.4	—	—
WOW air	—	—	—	—
Other ⁽³⁾	31	—	374	—
Subtotal – International	1,435,479	100.0%	1,464,800	100.0%
Total – All Markets	16,443,778		16,216,673	

⁽¹⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽²⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽³⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2018.

Source: Wayne County Airport Authority records
See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #11

Historical Airline Cargo

Operating years ending September 30

(Unaudited)

Operating year	Cargo by type (metric tons)				Total Cargo	
	Freight and Express (a)		Mail		Total Cargo	Percent increase (decrease)
	Enplaned	Deplaned	Enplaned	Deplaned		
2018	84,459	121,248	11,815	10,441	227,963	6.5%
2017	78,041	115,305	11,381	9,253	213,980	4.5
2016	81,744	106,500	8,975	7,639	204,858	7.4
2015	77,043	97,381	8,225	8,009	190,658	(8.7)
2014	85,475	107,634	8,543	7,187	208,839	(3.0)

(a) Includes small packages

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ending September 30

(Unaudited)

Airline	OY 2018		OY 2017		OY 2016	
	Landed Weight (per 1,000 lbs.)	Percent of Market	Landed Weight (per 1,000 lbs.)	Percent of Market	Landed Weight (per 1,000 lbs.)	Percent of Market
Aeromexico	41,408	0.2%	30,883	0.1%	—	—%
Aeromexico Connect	27,353	0.1	—	—	—	—
Air Canada (Jazz)	—	—	—	—	9,413	—
Air Canada (Air Georgian)	61,180	0.3	61,194	0.3	43,749	0.2
Air France	137,656	0.6	134,507	0.6	134,644	0.6
Alaska Airlines	117,327	0.5	76,993	0.4	65,210	0.3
American/US Airways (Air Wisconsin) ⁽²⁾	2,679	—	53,580	0.2	72,615	0.4
American/US Airways (Envoy) ⁽¹⁾⁽²⁾	47,843	0.2	52,670	0.2	77,245	0.4
American/US Airways (Mesa) ⁽²⁾	—	—	—	—	—	—
American/US Airways (Piedmont) ⁽²⁾	26,015	0.1	9,909	—	4,540	—
American/US Airways (PSA) ⁽²⁾	128,353	0.6	102,934	0.5	68,183	0.3
American/US Airways (Republic) ⁽²⁾	131,669	0.6	149,076	0.7	194,949	0.9
American/US Airways (SkyWest) ⁽²⁾	123,201	0.5	76,389	0.4	—	—
American/US Airways (TransStates) ⁽²⁾	—	—	13,613	0.1	28,674	0.1
American/US Airways ⁽²⁾	785,679	3.6	855,276	4.0	861,963	4.0
Delta (Chautauqua)	—	—	—	—	—	—
Delta (Compass)	—	—	149,528	0.7	154,667	0.7
Delta (Endeavor)	1,315,655	6.0	1,439,231	6.7	1,960,734	9.1
Delta (ExpressJet)	168,179	0.8	680,318	3.2	1,423,967	6.6
Delta (GoJet)	1,253,053	5.7	888,262	4.1	271,737	1.3
Delta (Republic)	226,916	1.0	130,371	0.6	—	—
Delta (Shuttle America)	—	—	58,320	0.3	276,165	1.3
Delta (SkyWest)	2,069,010	9.4	1,643,645	7.6	864,151	4.0
Delta Air Lines	10,584,280	48.2	10,505,297	48.6	10,616,006	49.5
DHL/Atlas	61,808	0.3	118,096	0.5	119,608	0.6
DHL/ATI	—	—	198	—	4,950	—
DHL/Kalitta	71,360	0.3	—	—	—	—
Federal Express	496,174	2.3	470,760	2.2	483,114	2.3
Frontier	150,280	0.7	189,950	0.9	140,122	0.7
JetBlue Airways	167,276	0.8	162,534	0.8	168,108	0.8
Lufthansa	194,131	0.9	170,089	0.8	165,418	0.8
Lufthansa Cargo	—	—	—	—	—	—
Royal Jordanian Airlines	39,520	0.2	38,380	0.2	39,520	0.2
Southwest Airlines	903,968	4.1	931,658	4.3	898,636	4.2
Spirit Airlines	1,601,875	7.3	1,405,062	6.5	1,293,177	6.0
United Airlines (ExpressJet)	1,794	—	5,001	—	8,508	—
United Airlines (GoJet)	24,522	0.1	7,705	—	36,917	0.2
United Airlines (Mesa)	165,922	0.8	183,080	0.8	157,475	0.7
United Airlines (Republic)	217,724	1.0	169,454	0.8	114,619	0.5
United Airlines (Shuttle America)	—	—	5,062	—	40,929	0.2
United Airlines (SkyWest)	77,164	0.4	53,126	0.2	73,679	0.4
United Airlines (TransStates)	614	—	1,361	—	1,129	—
United Airlines	244,621	1.1	275,721	1.3	209,604	1.0
United Parcel Service	221,034	1.0	189,156	0.9	179,533	0.8
Virgin Atlantic Airways	—	—	61,014	0.3	135,699	0.6
WOW air	15,618	0.1	—	—	—	—
Other ⁽³⁾	56,608	0.2	52,409	0.2	67,237	0.3
Total	21,959,469	100.0%	21,601,812	100.0%	21,466,594	100.0%

⁽¹⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽²⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽³⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2018.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ending September 30

(Unaudited)

Airline	OY 2015		OY 2014	
	Landed Weight (per 1,000 lbs.)	Percent of Market	Landed Weight (per 1,000 lbs.)	Percent of Market
Aeromexico	—	—%	—	—%
Aeromexico Connect	—	—	—	—
Air Canada (Jazz)	20,584	0.1	13,916	0.1
Air Canada (Air Georgian)	18,548	0.1	16,600	0.1
Air France	138,530	0.7	136,291	0.7
Alaska Airlines	55,208	0.3	4,199	—
American/US Airways (Air Wisconsin) ⁽²⁾	48,927	0.2	69,466	0.3
American/US Airways (Envoy) ⁽¹⁾⁽²⁾	176,287	0.9	209,816	1.0
American/US Airways (Mesa) ⁽²⁾	14,333	0.1	29,594	0.2
American/US Airways (Piedmont) ⁽²⁾	—	—	—	—
American/US Airways (PSA) ⁽²⁾	40,838	0.2	6,025	—
American/US Airways (Republic) ⁽²⁾	225,467	1.1	153,468	0.8
American/US Airways (SkyWest) ⁽²⁾	—	—	—	—
American/US Airways (TransStates) ⁽²⁾	—	—	—	—
American/US Airways ⁽²⁾	843,916	4.1	842,150	4.1
Delta (Chautauqua)	141,015	0.7	564,145	2.8
Delta (Compass)	165,734	0.8	252,328	1.3
Delta (Endeavor)	1,824,960	8.8	2,523,978	12.4
Delta (ExpressJet)	1,544,732	7.5	1,351,443	6.6
Delta (GoJet)	128,707	0.6	190,615	0.9
Delta (Republic)	—	—	—	—
Delta (Shuttle America)	480,607	2.3	97,562	0.5
Delta (SkyWest)	465,842	2.3	294,404	1.5
Delta Air Lines	10,615,528	51.5	10,273,955	50.4
DHL/Atlas	—	—	—	—
DHL/ATI	—	—	—	—
DHL/Kalitta	—	—	—	—
Federal Express	479,295	2.3	493,528	2.4
Frontier	100,624	0.5	105,448	0.5
JetBlue Airways	129,654	0.6	58,298	0.3
Lufthansa	162,237	0.8	180,296	0.9
Lufthansa Cargo	—	—	17,657	0.1
Royal Jordanian Airlines	38,257	0.2	40,645	0.2
Southwest Airlines	854,196	4.1	904,127	4.4
Spirit Airlines	1,129,323	5.5	886,234	4.3
United Airlines (ExpressJet)	78,571	0.4	147,800	0.7
United Airlines (GoJet)	46,297	0.2	45,091	0.2
United Airlines (Mesa)	91,642	0.4	23,919	0.1
United Airlines (Republic)	15,275	0.1	—	—
United Airlines (Shuttle America)	64,068	0.3	86,919	0.4
United Airlines (SkyWest)	69,752	0.3	33,738	0.2
United Airlines (TransStates)	21,159	0.1	15,871	0.1
United Airlines	136,885	0.7	100,958	0.5
United Parcel Service	175,421	0.8	170,445	0.8
Virgin Atlantic Airways	49,683	0.2	—	—
WOW air	—	—	—	—
Other ⁽³⁾	33,550	0.2	41,772	0.2
Total	20,625,652	100.0%	20,382,701	100.0%

⁽¹⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all

American Eagle data has been combined with Envoy Air in this report.

⁽²⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all

US Airways data has been combined with American Airlines in this report.

⁽³⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2018.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #13

Historical Aircraft Operations

Operating years ending September 30

(Unaudited)

Operating year	Operations by class of carrier				Total operations	
	Air carrier	Air taxi and commuter	General aviation	Military	Total	Percent increase (decrease)
2018	312,540	75,991	6,194	82	394,807	0.3%
2017	298,125	89,369	6,111	108	393,713	0.3
2016	286,336	99,811	6,104	132	392,383	3.2
2015	268,876	105,649	5,540	95	380,160	(4.9)
2014	237,863	155,405	6,511	117	399,896	(6.0)

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #14

Historical Aviation Demand Statistics

Operating years ending September 30

(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>Historical 2016</u>	<u>2015</u>	<u>2014</u>
Enplaned passengers:					
Domestic:					
Scheduled:					
Originating (a)	8,855,356	8,323,239	7,877,070	7,173,571	6,935,557
Connecting (a)	7,061,348	7,401,388	7,802,486	7,832,785	7,812,851
Subtotal – scheduled	<u>15,916,704</u>	<u>15,724,627</u>	<u>15,679,556</u>	<u>15,006,356</u>	<u>14,748,408</u>
Percentage connecting	44.4%	47.1%	49.8%	52.2%	53.0%
Charter	833	886	—	1,943	3,465
Subtotal – domestic	<u>15,917,537</u>	<u>15,725,513</u>	<u>15,679,556</u>	<u>15,008,299</u>	<u>14,751,873</u>
International:					
Scheduled:					
U.S. airlines	1,351,831	1,310,120	1,203,451	1,226,531	1,277,256
Foreign flag	289,250	244,072	236,289	208,917	187,170
Subtotal – scheduled	<u>1,641,081</u>	<u>1,554,192</u>	<u>1,439,740</u>	<u>1,435,448</u>	<u>1,464,426</u>
Charter	—	1,514	11,391	31	374
Subtotal – international	<u>1,641,081</u>	<u>1,555,706</u>	<u>1,451,131</u>	<u>1,435,479</u>	<u>1,464,800</u>
Total enplaned passengers	<u>17,558,618</u>	<u>17,281,219</u>	<u>17,130,687</u>	<u>16,443,778</u>	<u>16,216,673</u>
Enplaned cargo (tons):					
Freight	84,459	78,041	81,744	77,043	85,475
Mail	11,815	11,381	8,975	8,225	8,543
Total cargo	<u>96,274</u>	<u>89,422</u>	<u>90,719</u>	<u>85,268</u>	<u>94,018</u>
Aircraft departures (b):					
Domestic	176,626	178,209	178,050	172,440	180,546
International	13,163	12,448	11,988	12,197	13,157
Total aircraft departures	<u>189,789</u>	<u>190,657</u>	<u>190,038</u>	<u>184,637</u>	<u>193,703</u>
Aircraft operations:					
Air carrier	312,540	298,125	286,336	268,876	237,863
Air taxi and commuter	75,991	89,369	99,811	105,649	155,405
General aviation	6,194	6,111	6,104	5,540	6,511
Military	82	108	132	95	117
Total aircraft operations	<u>394,807</u>	<u>393,713</u>	<u>392,383</u>	<u>380,160</u>	<u>399,896</u>
Landed weight (1,000-pound units):					
Passenger:					
U.S. carriers:					
Major/national	14,555,307	14,402,492	14,252,825	13,865,334	13,175,369
Commuter/regional	5,980,312	5,872,633	5,830,936	5,648,967	6,102,680
Subtotal – U.S. carriers	<u>20,535,619</u>	<u>20,275,125</u>	<u>20,083,761</u>	<u>19,514,301</u>	<u>19,278,049</u>
Foreign flag	516,865	496,067	546,473	427,839	387,749
Subtotal – passenger	<u>21,052,484</u>	<u>20,771,192</u>	<u>20,630,234</u>	<u>19,942,140</u>	<u>19,665,798</u>
All cargo	906,985	830,620	836,360	683,512	716,903
Total landed weight	<u>21,959,469</u>	<u>21,601,812</u>	<u>21,466,594</u>	<u>20,625,652</u>	<u>20,382,701</u>

(a) 2018 originating and connecting activity statistics are estimated based on calendar-year percentages.

(b) 2018 departures are estimated based on both actual and scheduled data.

Sources: Wayne County Airport Authority records, U.S. Department of Transportation data, and the Diio MI Database.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #15

Nonstop International Destinations Added and Dropped

Calendar years ending December 31

(Unaudited)

<u>Year</u>	<u>Cities added</u>	<u>Cities dropped</u>	<u>Net change</u>
2018	León, Mexico Querétaro, Mexico Reykjavik, Iceland		3
2017	No Nonstop International Destinations Added or Dropped		—
2016	Munich, Germany		1
2015		Halifax, Canada	(1)
2014		Quebec City, Canada	(1)

Notes: Data reflects new and discontinued nonstop international destinations served from DTW during the calendar year.

Source: Diiio MI Database

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #16

Historical Operating Results

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

	<u>OY 2018</u>	<u>OY 2017</u>	<u>OY 2016</u>	<u>OY 2015</u>	<u>OY 2014</u>
Operating revenues:					
Airport landing and related fees	\$ 76,739	79,494	78,045	73,268	75,780
Concession fees	68,951	64,702	61,820	57,615	54,162
Parking fees	80,248	76,707	74,498	68,018	61,187
Hotel (a)	31,368	29,929	33,890	—	—
Rental facilities/ground transportation	110,372	104,525	103,430	105,663	103,737
Utility service fees	4,970	4,903	4,691	4,601	4,904
Other	6,430	4,795	3,747	4,104	4,098
Total operating revenues	<u>379,078</u>	<u>365,055</u>	<u>360,121</u>	<u>313,269</u>	<u>303,868</u>
Operating expenses:					
Salaries, wages, and fringe benefits	94,558	108,986	84,453	75,991	79,026
Parking management	8,405	7,987	7,909	7,882	6,630
Hotel management (a)	19,775	18,049	22,357	—	—
Janitorial services	14,406	13,515	11,992	11,948	11,792
Security	6,031	5,149	3,745	2,558	2,511
Utilities	23,253	22,662	21,645	23,842	28,089
Repairs, professional services, and other	93,537	84,207	93,666	89,118	79,781
Depreciation	120,446	130,406	168,646	159,560	134,938
Total operating expenses	<u>380,411</u>	<u>390,961</u>	<u>414,413</u>	<u>370,899</u>	<u>342,767</u>
Operating loss	(1,333)	(25,906)	(54,292)	(57,630)	(38,899)
Nonoperating revenues (expenses):					
Passenger facility charges	69,774	68,128	66,764	63,841	62,016
Customer facility charges	4,549	4,442	4,260	304	—
Federal and state sources	6,650	6,650	5,551	1,332	1,030
Interest income and other	7,612	3,582	3,854	1,927	1,646
Interest expense and other	(84,868)	(80,963)	(80,865)	(76,494)	(79,307)
Amortization of bond insurance premiums	(101)	(175)	(175)	(352)	(352)
Total nonoperating expenses	<u>3,616</u>	<u>1,664</u>	<u>(611)</u>	<u>(9,442)</u>	<u>(14,967)</u>
Net loss before capital contributions and transfers	2,283	(24,242)	(54,903)	(67,072)	(53,866)
Capital contributions	389	7,278	32,694	6,181	15,026
Transfers out	(2,467)	(3,327)	(2,941)	(4,232)	(5,249)
Changes in net position	205	(20,291)	(25,150)	(65,123)	(44,089)
Net position – beginning of year	<u>74,127¹</u>	<u>161,255</u>	<u>186,405²</u>	<u>301,395³</u>	<u>389,061⁴</u>
Net position – end of year	\$ <u>74,332</u>	<u>140,964</u>	<u>161,255</u>	<u>236,272</u>	<u>344,972</u>

(a) Effective October 2015, the operations of the Airport Hotel have been included with the operations of Detroit Metro Airport (see Note 2 of 2016 financial statements for additional discussion).

¹ In 2018, Detroit Metro Airport restated beginning net position to \$74,127 (see Note 2 of 2018 financial statements for additional discussion). This amount less the 2018 increase in net position is used to arrive at ending net position.

² In 2016, Detroit Metro Airport restated beginning net position to \$186,405 (see Note 2 of 2016 financial statements for additional discussion). This amount less the 2016 decrease in net position is used to arrive at ending net position.

³ In 2015, Detroit Metro Airport restated beginning net position to \$301,395 (see Note 2 of 2015 financial statements for additional discussion). This amount less the 2015 decrease in net position is used to arrive at ending net position.

⁴ In 2014, Detroit Metro Airport restated beginning net position to \$389,061 (see Note 2 of 2014 financial statements for additional discussion). This amount less the 2014 decrease in net position is used to arrive at ending net position.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #17

Top 20 Domestic Origin and Destination Markets

Calendar year ended December 31, 2017

(Unaudited)

Rank	Market	Total O&D Passengers	Percentage of		Primary Carrier	Market Share	Secondary Carrier	Market Share	Non-Stop Service
			O&D Passengers						
1	New York	1,203	7.2%	Delta	53.5%	American	16.6%	●	
2	Florida South	1,013	6.0%	Delta	52.3%	Spirit	22.9%	●	
3	Orlando	989	5.9%	Delta	51.6%	Spirit	29.5%	●	
4	Washington D.C.	863	5.2%	Delta	52.6%	Southwest	20.7%	●	
5	Los Angeles	767	4.6%	Delta	53.8%	Spirit	21.5%	●	
6	Atlanta	741	4.4%	Delta	48.7%	Spirit	24.3%	●	
7	Las Vegas	729	4.4%	Delta	45.0%	Spirit	39.9%	●	
8	Dallas	597	3.6%	American	40.9%	Delta	25.8%	●	
9	Denver	573	3.4%	Delta	34.6%	Southwest	20.8%	●	
10	Phoenix	556	3.3%	Delta	38.8%	American	24.5%	●	
11	Chicago	540	3.2%	Delta	44.8%	American	20.6%	●	
12	Tampa	527	3.1%	Delta	58.1%	Spirit	31.7%	●	
13	San Francisco	516	3.1%	Delta	59.3%	Spirit	11.4%	●	
14	Boston	488	2.9%	Delta	60.9%	JetBlue	26.8%	●	
15	Fort Myers	479	2.9%	Delta	55.1%	Spirit	36.5%	●	
16	Philadelphia	346	2.1%	Delta	42.5%	American	37.0%	●	
17	Houston	344	2.1%	Spirit	30.2%	Delta	28.5%	●	
18	Seattle	305	1.8%	Delta	56.1%	Alaska	27.5%	●	
19	Nashville	279	1.7%	Delta	66.7%	Southwest	30.8%	●	
20	Minneapolis	271	1.6%	Delta	74.2%	Spirit	18.5%	●	
Other O&D Markets		4,618	27.6%						
Domestic O&D Passengers		16,746							
O&D % of Domestic Passengers		53%							

Note: Figures may not add due to rounding

Source: Wayne County Airport Authority records; U.S. Department of Transportation, Origin & Destination Survey of Airline Passenger Traffic, Domestic via Diio MI Database

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #18

Top 20 International Origin and Destination Markets

Calendar year ended December 31, 2017

(Unaudited)

Rank	Market	Total O&D Passengers	Non- Stop Service
1	Cancún	95,471	●
2	London (Heathrow)	42,386	●
3	Frankfurt	41,428	●
4	Punta Cana	35,949	●
5	Mexico City	35,134	●
6	Shanghai	32,982	●
7	Tokyo	30,184	●
8	Montego Bay	28,911	●
9	Beirut	28,764	
10	Monterrey	27,467	●
11	Paris	22,324	●
12	Seoul	18,909	●
13	Vancouver	18,847	●
14	Beijing	16,972	●
15	Rome	16,532	●
16	Toronto	16,439	●
17	Los Cabos	16,336	●
18	Amsterdam	16,179	●
19	León	15,335	
20	Montréal	15,254	●

Source: US DOT Origin & Destination Survey of Airline Passenger Traffic

See accompanying independent auditor's report.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Wayne County
Airport Authority Board
Wayne County Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Wayne County Airport Authority (the "Authority") as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated January 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wayne County Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wayne County Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Wayne County
Airport Authority Board
Wayne County Airport Authority

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

January 25, 2019

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Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Wayne County Airport Authority Board
Wayne County Airport Authority

Report on Compliance for the Passenger Facility Charge Program

We have audited Wayne County Airport Authority's (the "Authority") compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration that could have a direct and material effect on the Authority's passenger facility charge program for the year ended September 30, 2018. The Authority's passenger facility charge program is identified in the passenger facility charge revenues and expenditures schedule.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"). Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with applicable requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with applicable requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

To the Wayne County Airport Authority Board
Wayne County Airport Authority

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

January 25, 2019

WAYNE COUNTY AIRPORT AUTHORITY
Schedule of Passenger Facility Charges Revenues and Expenditures
Year Ended September 30, 2018

	Amended Amount Approved	Cumulative Total September 30, 2017	Quarter Ended				Total FY 2018	Cumulative Total September 30, 2018
			December 31, 2018	March 31, 2018	June 30, 2018	September 30, 2018		
Passenger Facility Charges Collected	\$ 3,164,332,836	1,371,894,206	17,663,637	15,830,213	18,347,049	18,020,507	69,861,406	1,441,755,612
Interest Earned	N/A	73,569,160	13,627	12,454	10,286	13,420	49,787	73,618,947
Total Revenues	\$ 3,164,332,836	1,445,463,366	17,677,264	15,842,667	18,357,335	18,033,927	69,911,193	1,515,374,559
Passenger Facility Charges Expended for Approved Projects:								
APPLICATION NO. 1								
South Airport Access Road Construction	\$ 38,620,000	28,664,340	-	-	-	-	-	28,664,340
Storm Water Retention & Drainage Facilities Construction	4,980,000	4,169,572	-	-	-	-	-	4,169,572
Noise Berm Construction	225,000	224,927	-	-	-	-	-	224,927
Noise Mitigation Program	104,084,000	19,864,593	116,770	122,268	117,101	122,272	478,411	20,343,004
Willow Run Airport Layout Plan Update	5,000	5,000	-	-	-	-	-	5,000
APPLICATION NO. 2								
Land Acquisition and Preliminary Design for Fourth Parallel Runway	6,391,000	2,439,199	-	-	-	-	-	2,439,199
Perimeter Property Fencing and Removal of Airport Hazard - Willow Run	52,000	16,665	-	-	-	-	-	16,665
APPLICATION NO. 3								
Midfield Domestic and International Terminal Facilities Construction	1,370,450,360	829,247,440	8,557,793	9,065,123	8,582,102	8,961,034	35,166,052	864,413,492
Reconstruction of Existing Terminals and Concourses	673,408,000	257,150,681	6,783,202	6,521,312	6,233,784	6,352,809	25,891,107	283,041,788
Concourse C Expansion & Domestic Terminals Facilities Construction (Interim Improvement)	22,967,000	21,693,389	-	-	-	-	-	21,693,389
International Passenger Processing Facilities Expansion (Interim Improvement)	32,000,000	31,800,730	-	-	-	-	-	31,800,730
APPLICATION NO. 4								
Runway 21C/3C Keel Section Replacement	16,991,000	8,727,721	112,647	117,950	112,966	117,954	461,517	9,189,238
Runway 4R/22L Design and Construction	169,274,000	64,310,536	545,151	570,822	546,698	570,841	2,233,512	66,544,048
Rebuild Outfall Structures at Ponds 3 and 4	2,413,000	1,241,304	16,001	16,754	16,046	16,754	65,555	1,306,859
21C Remote Primary Deicing	23,958,000	13,187,164	146,796	153,709	147,214	153,713	601,432	13,788,596
Grade/Pave Taxiway "K" Islands	704,000	362,160	4,671	4,891	4,684	4,890	19,136	381,296
APPLICATION NO. 5								
North Terminal Apron	59,574,000	9,941,028	-	-	-	-	-	9,941,028
McNamara Terminal Phase II Program	277,941,000	105,410,908	2,220,545	2,120,925	1,937,661	1,977,719	8,256,850	113,667,758
Third Aircraft Rescue and Firefighting Facility	1,315,000	129,764	-	-	-	-	-	129,764
West Airfield Improvements	31,906,000	9,112,409	-	-	-	-	-	9,112,409
Interconnect Re-route	1,441,000	369,055	-	-	-	-	-	369,055
Taxiway Q Construction	4,153,000	1,552,756	-	-	-	-	-	1,552,756
Runway 4R/22L Shoulders/Overburden (fka 3L/21R)	2,090,000	735,822	-	-	-	-	-	735,822
Deicing Pad at Runway 22L	18,123,000	6,601,048	-	-	-	-	-	6,601,048
Deicing Pads at Runway 4R and 3L	39,941,000	9,628,871	-	-	-	-	-	9,628,871
Perimeter Fencing and Other Security Enhancements	710,000	-	-	-	-	-	-	-
Surface Movement Guidance Control System	1,310,000	-	-	-	-	-	-	-
Runway 3L/21R Planning	700,000	-	-	-	-	-	-	-
Runway 3R/21L Design and Pavement Evaluation	1,200,000	-	-	-	-	-	-	-
Part 150 Study Update	386,156	326,095	-	-	-	-	-	326,095
APPLICATION NO. 7								
Airfield Snow Removal Vehicles & Equipment	16,873,119	1,833,188	-	-	-	-	-	1,833,188
McNamara Terminal In-Line Explosive Detection	110,328,130	4,277,033	-	-	-	-	-	4,277,033
Infill Island at Taxiway Y-10	811,236	85,294	-	-	-	-	-	85,294
Master Plan Update	946,500	87,823	-	-	-	-	-	87,823
Runway Surface Monitor System for RW 4L/22R	1,000,000	-	-	-	-	-	-	-
Runway and Taxiway Improvements	97,694,583	3,053,440	-	-	-	-	-	3,053,440
Reconstruct Runway 4R/22L (Impose Only)	29,366,752	-	-	-	-	-	-	-
Total Amount Approved	\$ 3,164,332,836							
Total Expenditures		\$ 1,436,249,955	\$ 18,503,576	\$ 18,693,754	\$ 17,698,256	\$ 18,277,986	\$ 73,173,572	\$ 1,509,423,527
Unexpended Passenger Facility Charges		\$ 9,213,411						\$ 5,951,032

See accompanying independent auditors' report and the notes to schedule of passenger facility charge revenues and expenditures.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

September 30, 2018

(1) General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFCs may be used for airport projects which meet at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers.

Since 1992, the Federal Aviation Administration (FAA) has approved six PFC applications and amendments submitted by Wayne County Airport Authority (the "Authority"). The most recent application was approved during fiscal year 2008 and resulted in an additional \$.3 billion of collection authority from the FAA. The Authority is currently authorized to collect PFCs in the amount of \$4.50 per enplaned passenger up to a total for approved collections of \$3.2 billion. Project expenditures may include amounts for the payment of principal, interest, and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of September 30, 2018, the Authority had received approximately \$1.44 billion of PFC revenue and interest earnings of approximately \$73.6 million. The Authority had expended approximately \$1.51 billion on approved projects.

(2) Basis of Accounting

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (the Schedule) has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

PFC charges collected, expended, and interest earned represent amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports and total \$69.9 million, \$73.2 million, and \$49 thousand, respectively, for the year ending September 30, 2018. The Authority also maintained a receivable of approximately \$10.8 for PFCs collected by the airlines but not remitted to the Authority as of September 30, 2018.

(3) Interest Earned

Interest income is allocated to the PFC program (the Program) based on a ratio of the Program's cash and investments to the total Authority cash and investments included in the pooled cash funds, with the exception of funds for the Revenue Account, which are held in a separate interest-bearing account and credited directly to the Program.

