

Comprehensive Annual Financial Report

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

For the Years Ended June 30, 2020 and 2019



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Salt Lake City Corporation
Financial Statements
For the Years Ended June 30, 2020 and 2019

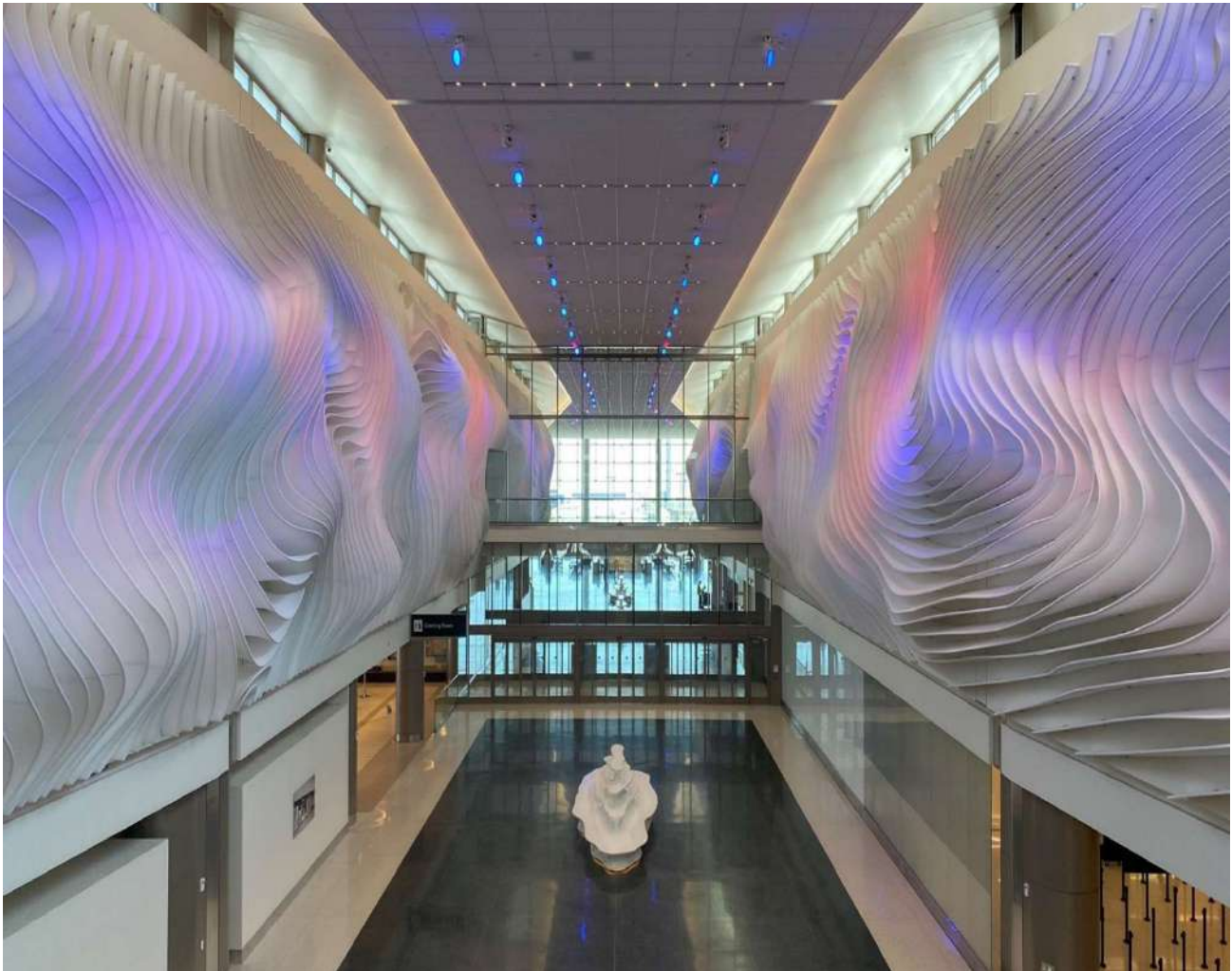
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INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING
SUBSECTIONS:

Letter of Transmittal
Organizational Chart
Certificate of Achievement





October 9, 2020

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

Overview

The Comprehensive Annual Financial Report of the Salt Lake City Department of Airports (Airport) for the fiscal year ended June 30, 2020 is submitted herewith. This report was prepared by the Airport's Finance Division using generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the data and the completeness and fairness of the presentations, including all disclosures, are the responsibility of the Airport.

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

Eide Bailly, LLP, an independent firm of Certified Public Accountants, has audited these basic financial statements and related notes. Their report is included herein. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Airport for the fiscal year ended June 30, 2020 are free of material misstatements. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management.

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

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

Profile of the Salt Lake City Department of Airports

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

Salt Lake City International Airport is located 5 miles northwest of the downtown Salt Lake City business district. Beginning with a cinder-covered landing strip in a marshy pasture called Basque Flats in 1911, the Airport was originally used for aerobatic flights. Salt Lake City purchased 100 acres surrounding the landing strip for \$40.00 per acre in 1920, and the resulting airfield was named Woodward Field. The first commercial passenger flight took place in 1926 with two passengers perched atop U.S. mail sacks, and in 1943 the Airport became a training base and replacement depot for the U.S. Air Force. The three runways were upgraded in 1950, and the first terminal building, previously terminal one, was dedicated in 1961. Terminal two was completed in 1978. Terminal one was expanded and remodeled in 1981, a third air carrier runway was added in 1995, and an international terminal was added in 1996. In 1999 the Federal Aviation Administration opened a new air traffic control tower and terminal radar approach control facility

Construction commenced in FY 2014 on the Terminal Redevelopment Program (TRP), a \$3.0 billion capital improvement program to build new facilities to replace aging facilities, mitigate seismic risks, and prepare for future growth. The existing facilities were built to accommodate 10 million passengers annually, but in FY2020, the Airport served over 20 million passengers which is more than double the number of passengers the facilities were originally designed to handle. In conjunction with the TRP, the North Concourse Program (NCP) includes the development of a 31-gate midfield airside concourse to the north of the new airside concourse to be developed as part of the TRP. The Airport received unanimous support from all airlines serving SLC to build the north concourse in April 2016. It is currently estimated that the NCP will cost approximately \$1.1 billion.

The TRP construction activities for FY 2020 included substantial completion of the Terminal, South Concourse West, Central Utility Plant, Parking Garage, Gateway, roadways, and airfield paving. The NCP construction activities included the installation of moving walks, elevators and escalators, terrazzo flooring and drywall finishes throughout the North Concourse West and airfield paving. Phase I is scheduled to be complete October 2020.

Due to the completion and opening of the new terminal facility and concourses in September 2020, there are no capital projects included in the FY 2021 budget for terminals. All existing concourses will be demolished in FY 2021

The FY 2021 budget includes \$13.2 million for airfield projects. This includes taxiway E reconstruction, airfield lighting rehabilitation, and taxiway G centerline PCC panel replacement. These airfield improvement projects ensure the safe operation of aircraft and preserve valuable assets.

The FY 2021 budget includes \$3.9 million for landside projects. This includes north surplus canal levee improvements, employee parking lot asphalt overlay, and QTA upgrades.

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

The Airport is currently ranked the 23rd busiest in the United States, and 92nd busiest in the world in terms of passenger numbers. As of June 30, 2019, the Airport provided 370 average daily departures to 98 non-stop destinations. Due to the Covid-19 pandemic, the Airport provided 143 average daily departures to 67 non-stop destinations in June 2020. The Airport served approximately 20.2 million passengers in FY 2020 and is one of Delta's largest hubs.

Economic Condition

The Fiscal Year 2020 financial results reflect changes to both operating and non-operating revenues and expenses due to the global pandemic of Covid-19. The Department of Airports acted quickly to manage operating and capital expenditures in response to sharp declines in passenger traffic beginning in March 2020, and peaking in April, which caused a major disruption in both terminal and landside concession revenue. The Airport continues to work closely with the airlines, rental car providers, as well as food and beverage concessionaires to respond to the pandemic by adjusting schedules, temporarily closing stores, as well as providing temporary financial relief to make sure the Airport and its airlines and concessions continue to have an effective partnership. While the Department has seen an increase in passengers from April to June of the current fiscal year, much of the recovery will be dependent on a viable vaccine that will need to be widely distributed both domestically as well as internationally for the Airport to recover fully from the global pandemic. The Airport received a grant of \$82.5 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the federal government which will be used in FY 2020 and 2021 to help offset the loss of revenue in landside and terminal concession revenue and allow the Airport to stabilize rates and charges for the airlines and concessionaires.

According to the recently published State of Utah's 2020 Economic Report to the Governor, Utah leads all states in the rate of job growth since 2010. During 2019, Utah's unemployment rate declined to 2.3 percent compared to 3.1 percent for 2018. The consensus forecast predicts increased uncertainty and moderation due to the ongoing pandemic, but still healthy growth for the state in the near future.

Utah's total personal income is estimated to have increased by 3.3 percent in 2019, in addition to the 6.1 percent increase in 2018. The 2019 increase in personal income was led by strong wage growth at 3.0 percent. Jobs were added across all industry sectors in the Utah economy during 2019, including significant expansion in the construction sector driven by increases in both residential and nonresidential projects.

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

The Airport operates within the economic conditions of the national and local economy as well as the airline industry environment. An effective partnership between the airlines and the Airport requires a continued focus on operating costs, while maintaining service and safety. Operating expenses increased by 11.1 percent, while passengers decreased 22.9 percent in FY 2020 compared to FY 2019 due to the Covid-19 pandemic. A large increase in operating costs relates to changes in pension benefits that decreased the amount of pension expense recognized in FY 2019 due to Airport Police becoming a part of the Salt Lake City Police Department. Pension benefits were at a normal level in FY 2020. Other expenses increased moderately from the prior year.

The Airport borrowed \$1 billion of General Airport Revenue Bonds (GARB's) in February 2017 and \$850.5 million in October 2018 to fund the ongoing construction of the TRP and NCP. Efforts are continually made to control operating costs to the airlines and reduce airline cost per enplaned passenger, currently at \$5.41 for FY 2020 and \$3.90 for FY 2019, one of the lowest rates among large hub airports in the nation. The Airport has total cash and investment balances of \$667 million to be utilized during the next several years for operating costs, CIP as well as the TRP and NCP with the exception of certain restricted funds. Financing for the TRP and NCP are generated from federal grants, PFCs, CFCs, bonds, and Airport cash reserves. The Airport will acquire additional funding in the future to fund the next phase of the TRP and NCP.

Outlook

Over the last several years, Utah has outperformed the national economy. Even with the ongoing pandemic this trend is expected to continue. Unemployment in Utah was 5.1% as of June 2020, well below the national average of 11.1%. Job growth is expected to recover as the economy improves and a vaccine becomes available.

The budget for the Airport adopted for FY 2021 assumes that Salt Lake City Airport passengers are projected to decrease by 20 percent during FY 2021 compared to the prior Fiscal Year. Full economic recovery from the pandemic is not expected until a vaccine is widely available. Flights remain at a lower capacity and several routes have been cut. The Airport and airlines are doing everything possible to keep costs down while passenger traffic continues to recover.

Current financial position, passenger statistics, and results from FY 2020 and earlier can be found in more detail in Management's Discussion and Analysis in this report.

Future Growth

The Salt Lake City Department of Airports (Department) continues to model various scenarios for recovery from the Covid-19 pandemic. Demand for air travel is usually driven by economic activity, but analysts are now seeing a shift in that model based on passenger confidence as well as travel restrictions in flying during the pandemic. The Department believes that a full recovery to 2019 enplanement levels will take several years to achieve until medical treatments, which may include a vaccine, allay consumer safety concerns about travel and allow fewer travel restrictions, such as withdrawal of self-quarantining requirements. This most likely will not be achieved until 2023 or 2024. In the Department's FY 2021 budget, we are forecasting a decrease of 20% of enplanements compared to those in FY 2020.

Construction on the TRP is well underway. The new terminal opened on September 15, 2020, and Phase one will be completed by the end of October 2020. Phase two of the TRP is scheduled to open by fall 2024. The TRP replaces terminal facilities that are over 50 years old, require extensive maintenance, are not energy efficient, and fail to meet current seismic standards. It is expected that the TRP will achieve Leadership in Energy and Environmental Design (LEED) silver certification as required by City ordinance. The TRP consolidates passenger processing facilities into a single facility to serve all concourses, as well as replaces the existing parking garage, constructs new terminal roadways, and introduces a new central utility plant. Rental car services are integrated with the new garage. A new site for car rental operations and servicing, and a quick turn-around facility for car rentals, are operational. The new airport will be capable of handling more passengers and aircraft. The number of parking spaces in the garage doubles from 1,770 to 3,600. The new terminal opened on September 15, 2020, and phase two of the TRP is scheduled to open by fall 2024.

The NCP includes the development of 31 additional gates to accommodate additional passengers and aircraft to meet forecasted growth. The first phase of the NCP, which includes 20 aircraft gate positions, is expected to be operational on October 27, 2020.

In the 2020 State of Utah's Economic Report to the Governor it states that Salt Lake City is undergoing a 10-year \$3.6 billion remodel of the international airport that is expected to contribute \$3.3 billion to the economy.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Salt Lake City Department of Airports for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

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

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

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



Bill Wyatt
Salt Lake City Department of Airports
Executive Director



Brian Butler, CPA
Salt Lake City Department of Airports
Chief Financial Officer

ORGANIZATIONAL CHART

City of Salt Lake City, Utah

Mayor

Erin Mendenhall

City Council Members

District One	James Rogers
District Two	Andrew Johnston, Vice Chair
District Three	Chris Wharton, Chair
District Four	Ana Valdemoros
District Five	Darin Mano
District Six	Dan Dugan
District Seven	Amy Fowler

Department of Airports

Advisory Board Members

Cynthia D. Miller, Chair

Steve Price, Vice Chair

Roger Boyer

Arlyn Bradshaw

Theresa Foxley

J. T. Martin

Karen Mayne

Shawn Milne

Larry Pinnock

James Rogers

Dirk Burton

Executive Director

Bill Wyatt

Directors

Admin & Commercial Services	Shane Andreasen
Chief Operating Officer	Peter L. Higgins
Engineering	Kevin F. Robins
Finance	Brian Butler
Information Management	Edwin Cherry
Maintenance	Ed Clayson
Operational Readiness, Activation, and Transition	Medardo Gomez
Operations, Acting	Treber Andersen
Planning & Environmental	Brady Fredrickson
Public Relations/Marketing	Nancy Volmer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Salt Lake City Department of Airports
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING
SUBSECTIONS:

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





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Salt Lake City Department of Airports (the "Airport"), an enterprise fund of Salt Lake City Corporation, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2020 and 2019, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Airport are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and each major fund of Salt Lake City Corporation that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of Salt Lake City Corporation as of June 30, 2020 and 2019, the changes in its financial position, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Salt Lake City, Utah
October 9, 2020

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

The following Management's Discussion and Analysis (MD&A) of the Salt Lake City Department of Airports' (Department) activities and financial performance provides an introduction and overview to the financial statements for the fiscal years ended June 30, 2020 and 2019.

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

FINANCIAL STATEMENTS

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

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

FINANCIAL & OPERATIONAL HIGHLIGHTS

The Salt Lake City International Airport serves the Salt Lake City metropolitan area as well as the surrounding areas of Utah, Idaho, Colorado, Nevada, and Wyoming. The Airport functions as one of the largest hubs for Delta Air Lines Inc. (Delta). The Airport ranks as the 23rd busiest in the United States and the 92nd busiest in the world in terms of passenger numbers (according to Airport Council International (ACI)). In terms of operational movements, ACI states that the Airport ranks 23rd busiest in the United States and 51st busiest in the world.

The Airport had experienced several years of growth in total passenger numbers until the onset of the Covid-19 pandemic. In FY 2020 the economy entered a recession after several years of growth. Total passengers decreased by 6.0 million in FY 2020, and increased by 1.4 million and 1.1 million in FY 2019 and FY 2018, respectively, to a total of 20.2 million, 26.2 million, and 24.8 million passengers, respectively. Enplaned passengers decreased by 3.0 million in FY 2020, and increased by 670 thousand and 570 thousand in FY 2019 and FY 2018 to a total of 10.1 million, 13.1 million, and 12.4 million enplaned passengers; a decrease of 22.9%, and increases of 5.4%, and 4.8%, respectively. As of June 30, 2019, the Airport provided 370 average daily departures to 98 non-stop destinations. Due to the Covid-19 pandemic, airlines operating at the Airport reduced service and the Airport provided 143 average daily departures to 67 non-stop destinations in June 2020. Load factors decreased to 71% in FY 2020 compared to 88% and 86% in FY 2019 and FY 2018.

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

Total aircraft operations decreased 11.1% in FY 2020, increased 2.7% in FY 2019, and increased 2.7% in FY 2018. Landed weights decreased by 1,904 million pounds, -12.3%, in FY 2020, increased by 556 million pounds, 3.7%, in FY 2019, and increased by 499 million pounds, 3.5%, in FY 2018. The decrease in operations and landed weights are due to the Covid-19 pandemic.

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Enplanements (in thousands)	10,096	13,090	12,420	11,850
% increase from prior year	(22.9%)	5.4%	4.8%	4.9%
Landed weight lb's (in thousands)	13,561,514	15,465,060	14,908,945	14,409,644
% increase from prior year	(12.3%)	3.7%	3.5%	6.1%
Aircraft Operations - All Types (in thousands)	303	341	332	323
% increase (decrease) from prior year	(11.1%)	2.7%	2.8%	2.5%
Total # of passengers (in thousands)	20,207	26,204	24,831	23,691
% increase from prior year	(22.9%)	5.5%	4.8%	4.9%

STATEMENT OF NET POSITION

The Airports' net position was \$1.4 billion as of June 30, 2020. The total increase in net position during the year ended June 30, 2020 was \$13.4 million. The largest portion of the Airport's net position (85.1%) represents net investment in capital assets (land, buildings, runways, taxiways, and equipment).

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

(Amounts in thousands)	June 30, 2020	June 30, 2019	June 30, 2018
STATEMENTS OF NET POSITION			
ASSETS:			
Current and other assets	\$ 719,956	\$ 1,413,134	\$ 1,031,425
Capital assets	3,035,212	2,303,130	1,609,860
TOTAL ASSETS	3,755,168	3,716,264	2,641,285
DEFERRED OUTFLOWS	4,521	9,575	9,843
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,759,689	3,725,839	2,651,128
LIABILITIES:			
Current liabilities	211,714	183,921	114,059
Noncurrent liabilities	2,107,255	2,119,746	1,171,654
TOTAL LIABILITIES	2,318,969	2,303,667	1,285,713
DEFERRED INFLOWS	10,148	5,020	10,775
TOTAL LIABILITIES AND DEFERRED INFLOWS	2,329,117	2,308,687	1,296,488
NET POSITION:			
Invested in capital assets	1,217,266	1,121,415	1,201,228
Restricted			
Capital Projects	42,818	37,202	32,693
Debt Service	221,741	315,432	200,842
Unrestricted	(51,253)	(56,897)	(80,123)
Total Net Position	1,430,572	1,417,152	1,354,640
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 3,759,689	\$ 3,725,839	\$ 2,651,128
SUMMARY OF CHANGES IN NET POSITION			
	FY 2020	FY 2019	FY 2018
Operating revenues	\$ 161,326	\$ 173,461	\$ 164,406
Operating expenses	(109,903)	(98,433)	(99,976)
Operating Income before depreciation	51,423	75,029	64,430
Depreciation	(57,604)	(63,550)	(63,827)
Operating income (loss)	(6,181)	11,478	603
NON-OPERATING REVENUES (EXPENSES)			
Passenger facility charges	40,607	49,721	47,739
Customer facility charges	12,478	16,012	15,740
Interest expense	(85,498)	(72,223)	(34,675)
Other, net	20,889	43,239	19,282
Total Non-Operating Revenues (Expenses)	(11,524)	36,749	48,086
CAPITAL CONTRIBUTIONS			
Contributions and grants	31,125	14,285	18,142
Increase in Net Position	13,420	62,512	66,831
Net Position, beginning of period	1,417,152	1,354,640	1,287,809
Net Position, end of period	\$ 1,430,572	\$ 1,417,152	\$ 1,354,640

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

Restricted cash for construction has decreased \$638 million from the prior year as the Department continued to spend bond proceeds on the continuing construction of the Terminal Redevelopment Plan (TRP) and North Concourse Plan (NCP). As of June 30, 2020, \$265 million (7.1%) of Airport assets were restricted for construction compared with \$903 million (24.3%) in FY 2019, and \$745 million (28.2%) in FY 2018. These amounts represent bond proceeds, PFCs and customer facility charges (CFCs) that have been collected, but have not yet been reimbursed to general operating cash for TRP and NCP construction projects. In addition, \$23.4 million of Airport assets in FY 2020 were restricted for an operation and maintenance reserve fund, and \$5.0 million was restricted for a renewal and replacement reserve fund as required by the Airport Use Agreement (AUA) between the City and the signatory airlines operating at the Airport.

Total cash and investments decreased in the current year as the Airport spent bond proceeds on the construction of both the TRP and NCP. Total available cash and investments decreased by \$698 million in FY 2020. After restricted balances, the Airport's unrestricted cash available for operating expenses and reserves for the TRP and NCP decreased by \$137 million.

To increase return on restricted and reserved cash, the Department invested cash in the State Treasurer's investment pool as well as agency and corporate bonds. Cash investments in the State Treasurer's investment pool were increased by \$1.1 million, and U.S. Treasury, Agency, and corporate bonds were increased by \$695 thousand to fair market value at June 30, 2020. The Airport has adjusted investments up or down to reflect fair market value, but when the investments are either called, or mature, they will be readjusted and current gains or losses recorded. At year end, \$558 thousand was accrued for interest income earned but not yet paid for investments that are paid on a quarterly, rather than monthly, basis. See Note 2 for detailed information.

This year, available operating cash decreased by \$63 million (-13.7%) because the Covid-19 pandemic caused a reduction in operating revenue, and reimbursements to operating cash from PFC restricted cash or bond proceeds restricted cash for capital projects financed in FY 2020 did not cover the shortfall. Non-operating cash from PFCs, CFCs, and grants increased, which was offset with the decrease in available operating cash and bond proceeds.

Airport cash payments for current year construction and land acquisitions in the amount of \$732.3 million were reimbursed by restricted PFC funds in the amount of \$42.6 million, CFC funds in the amount of \$13.5 million, federal airport improvement program grants (AIP) of \$30.1 million, and proceeds of general airport revenue bonds (GARBs) in the amount of \$646.1 million. The remainder of cash outflows for construction as well as payments for capital equipment of \$13.8 million was provided by Airport operating cash.

Capital assets (net of accumulated depreciation) have increased by \$692 million. This increase is attributed to an increase in construction in progress of \$711 million from TRP, NCP, and other capital improvement projects not yet completed.

In FY 2013 and FY 2016, the Department evaluated assets that would be demolished or replaced because of the terminal redevelopment program and re-estimated their remaining useful lives. This has resulted in an additional accelerated depreciation expense of approximately \$2.2 million for FY 2020 and \$7.6 million in FY 2019. This will result in a higher amount of accumulated depreciation, and a reduction in net capital assets until additions to capital assets are made as a result of the TRP and NCP. Capital assets are currently funded by AIP, TSA grants, PFCs, CFCs, bond proceeds, and Airport funds. For more detailed information on changes in capital assets, refer to Note 4 in the notes to the financial statements.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
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(unaudited)

The Airport adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in FY 2015. The Airport recorded a reduction in deferred outflows of \$5.1 million in FY 2020, decreasing deferred outflows to \$4.5 million, which represent deferred outflow of resources (expenses) in future periods. The Airport also increased deferred inflows by \$4.6 million in FY 2020, to \$9.6 million, which represent resources (revenues) that will be recognized in future periods.

SUMMARY OF CASH FLOW ACTIVITIES	FY 2020	FY 2019	FY 2018
Cash flow from operating activities	\$ 43,391	\$ 67,290	\$ 60,411
Cash flow (used) from investing activities	303,941	(376,407)	(25,623)
Cash flow from passenger facility charges	44,460	49,571	47,474
Cash flow from customer facility charges	13,526	16,720	15,656
Cash flow from grants	30,056	2,696	19,735
Cash flow from sale of capital assets and equipment	108	159	136
Cash flow from revenue bond proceeds	-	931,456	-
Cash flow (used) from interest paid on bonds	(100,026)	(50,000)	(42,778)
Cash flow (used) from bond issuance costs	-	(1,468)	-
Cash flow from other financing	2,166	8,043	1,142
Payments for acquisition and construction of property	(746,014)	(694,319)	(504,443)
Cash and cash equivalents at beginning of year	863,868	910,127	1,338,417
Net (decrease) in cash	(408,392)	(46,259)	(428,290)
Cash and cash equivalents at end of year	\$ 455,477	\$ 863,868	\$ 910,127

(amounts in thousands)

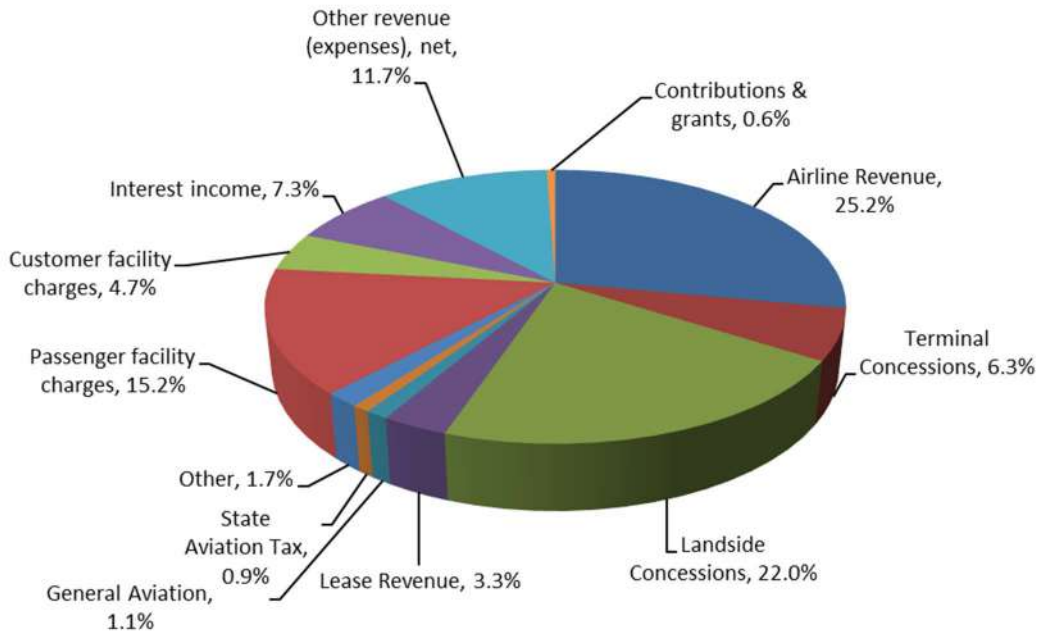
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating income, before depreciation, was \$51.4 million in FY 2020, compared with \$75.0 million in FY 2019, and \$64.4 million in FY 2018. With the inclusion of depreciation and non-operating revenue and expenses, the resulting increase in net position for FY 2020 was \$13.4 million, FY 2019 was \$62.5 million, and FY 2018 was \$66.8 million.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Management’s Discussion and Analysis
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Revenues

The following chart and table shows the major sources of revenues and the percentage to total revenues:
The year ended June 30, 2020:



(Amounts in thousands)	FY 2020 Amount	Percent of Total	FY 2019 Amount	Percent of Total	FY 2018 Amount	Percent of Total
Operating revenues:						
Airline revenue	\$ 77,312	29.0%	\$ 75,635	25.2%	\$ 70,572	26.6%
Terminal concessions	16,681	6.3%	20,454	6.8%	19,193	7.2%
Landside concessions	58,691	22.0%	72,457	24.2%	68,081	25.7%
Lease revenue	8,746	3.3%	8,084	2.7%	7,539	2.8%
General aviation	3,009	1.1%	2,990	1.0%	2,661	1.0%
State aviation tax	2,344	0.9%	2,919	1.0%	3,122	1.2%
Other	4,640	1.7%	4,999	1.7%	6,245	2.4%
Operating revenues	171,423		187,539		177,413	
Less: Airline revenue sharing	(10,097)	-3.8%	(14,077)	-4.7%	(13,007)	-4.9%
Total operating revenues	161,326	60.6%	173,461	57.8%	164,406	62.0%
Non-operating revenues and capital contributions:						
Passenger facility charges	40,607	15.2%	49,721	16.6%	47,739	17.9%
Customer facility charges	12,478	4.7%	16,012	5.3%	15,740	5.9%
Interest income	19,361	7.3%	36,964	12.3%	21,783	8.2%
Other revenue (expenses), net	1,528	0.6%	9,405	3.1%	(2,501)	-0.9%
Contributions & grants	31,125	11.7%	14,285	4.8%	18,142	6.9%
Total non-operating revenues	105,099	39.4%	126,387	42.2%	100,903	38.0%
Total revenues	\$ 266,425	100.0%	\$ 299,848	100.0%	\$ 265,309	100.0%

SALT LAKE CITY DEPARTMENT OF AIRPORTS
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Operating Revenues

Salt Lake City International Airport is served by seven domestic carriers: Alaska, American, Delta, Frontier, JetBlue, Southwest, and United. On July 1, 2014, the airlines and the Airport entered into a ten year Airport Use Agreement (AUA). Each AUA terminates on June 30, 2024, unless earlier terminated, except that Delta has entered into an amendment to its AUA extending the term for an additional ten years to June 30, 2034. Each of the other Signatory Airlines has been offered the opportunity to extend the term of their AUA on the same terms as Delta, but as of October 9, 2020, none of the other Signatory Airlines has elected to extend the term of their AUA. Under the AUA, terminal rent calculations are on a compensatory basis, recovering costs allocated to the occupied facilities. Landing fee calculations are residual based, recovering net cost after the credits of nonairline revenue. Revenue sharing is available to Signatory Airlines that are parties to the AUA consisting of one dollar (\$1) per enplaned passenger, not to exceed 30% of net remaining revenue. The Signatory Airline revenue sharing decreased by \$4.0 million compared to the prior year from \$14.1 million in FY 2019 to \$10.1 million in FY 2020, and increased by \$1.1 million from \$13.0 million in FY 2018 to \$14.1 million in FY 2019. The decrease in FY 2020 was caused by a reduction in flights from the airlines due to the Covid-19 pandemic, which resulted in fewer passengers at the Airport.

Airline revenue, net of airline revenue sharing, has increased \$5.7 million in FY 2020 over the prior year. The Covid-19 pandemic caused fewer flights resulting in lower than expected landed weights and landing fees. Terminal rents were not impacted by Covid-19. Landing fees increased by \$204 thousand in FY 2020 over the prior year. Terminal space and other building rentals have increased by \$5.5 million in FY 2020 compared to the prior year. As a valuable partner with the airlines, the Airport continues its efforts to keep airline costs low. The Airport cost per enplaned passenger (CPE) for FY 2020 was \$5.41, an increase from the FY 2019 amount of \$3.90.

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Terminal Rents (annual per square foot)	\$ 78.51	\$ 75.62	\$ 69.69
Landing Fees (per 1,000 lbs)	\$ 2.64	\$ 2.29	\$ 2.23

Non-airline concession revenues are allocated into two major categories: (1) terminal concessions, which include food service, retail, and advertising, and (2) landside concessions, which consist of auto parking, rental car commissions, and ground transportation fees. Due to the Covid-19 pandemic, many of the Airport’s non-airline tenants suffered financially. Several in terminal retail outlets and restaurants were forced to close. Rental cars and ground transportation were affected proportionally to the decrease in passengers at the Airport. Terminal concessions revenues have decreased by \$3.8 million (-18.4%) from FY 2019. The decrease in terminal concession revenue is a result of the decrease in total passengers of 22.9% caused by the Covid-19 pandemic. Landside concessions have decreased by \$13.8 million (-19.0%). The primary cause for this is a decrease in passengers offset by an increase in ground transportation fees. Auto parking revenues have decreased \$8.3 million (-22.9%).

SALT LAKE CITY DEPARTMENT OF AIRPORTS
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Non-operating Revenues

The Airport recorded \$31.1 million in grants in FY 2020. These funds consisted of \$27.2 million in AIP grants provided by the Federal Aviation Administration and \$3.9 million in CARES Act grants. Airport federal grants increased from the prior year by \$16.8 million (117.9%) based on timing of grant applications and CARES Act funding. Passenger facility charge revenue in FY 2020 was \$40.6 million, including \$655 thousand in interest on PFC deposited funds. This is a total decrease of \$9.1 million (-18.3%) from the FY 2019 total of \$49.7 million, as a result of the reduction in passengers due to COVID-19.

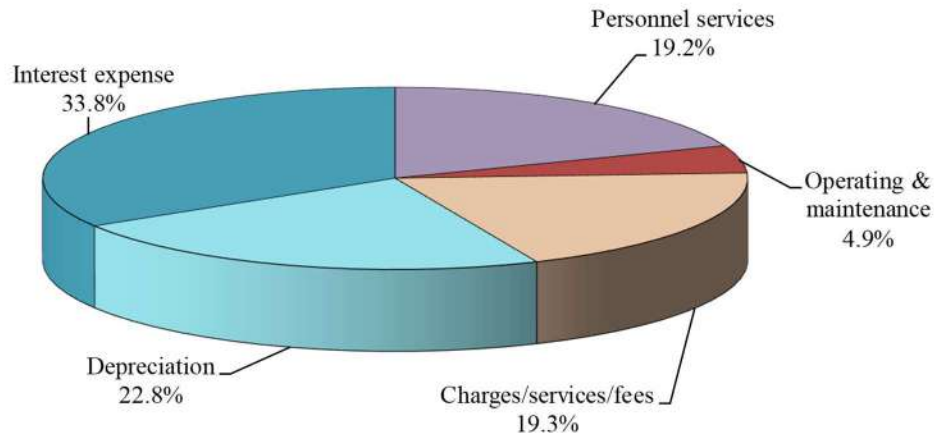
The Airport recorded a gain of \$44 thousand on the disposition and sale of property and equipment in FY 2020. In FY 2019, the loss on the disposition and sale of property and equipment was \$51 thousand.

The average interest rate on investments that are held in the State Treasurer's pool for FY 2020 was 2.0%, compared to 2.8% in FY 2019, and 1.8% in FY 2018. In FY 2020, FY 2019, and FY 2018, interest earned from the State Treasurer's pool and depository accounts totaled \$17.4 million, \$31.9 million, and \$22.1 million, respectively. Interest income decreased because of lower balances in the State Treasurer's pool as the bond proceeds were spent from the pool, as well as decreasing interest rates from the Federal Reserve. As referred to previously in the discussion on the Airport's cash balances, beginning in FY 2011, the Airport diversified its investments in U.S. Treasury, Agency and Corporate notes to obtain a higher rate of return. Interest earned on these investments was \$4.5 million FY 2020, \$5.0 million in FY 2019, and \$1.6 million in FY 2018 (after management fees). The weighted average yield, including discounts and premiums included at purchase, was 1.49%. The investment in these securities reduced the balance in the Utah State Treasurer's pool. See Note 2 for cash investment details. The Airport recorded \$1.2 million in FY 2020, \$1.3 million in FY 2019 and \$1 million in FY 2018 of interest income from financing CFC related projects from Airport reserves that will be paid back to the Airport through future CFC collections.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
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(unaudited)

Expenses

A chart and summary of expenses for the year ended June 30, 2020, including the amount and percentage of change in relation to prior year amounts, is as follows:



(Amounts in thousands)	FY 2020	Percent of Total	FY 2019	Percent of Total	FY 2018	Percent of Total
Operating expenses:						
Personnel services	\$ 48,584	19.2%	\$ 40,258	17.0%	\$ 50,076	25.2%
Operating and maintenance	12,381	4.9%	12,610	5.3%	11,343	5.7%
Charges/services/fees	48,938	19.3%	45,565	19.2%	38,557	19.4%
Total operating expenses before depreciation	109,903	43.4%	98,433	41.5%	99,976	50.3%
Depreciation	57,604	22.8%	63,550	26.8%	63,827	32.2%
Total operating expenses	167,507	66.2%	161,983	68.3%	163,803	82.5%
Non-operating expenses:						
Interest expense	85,498	33.8%	72,223	30.4%	34,675	17.5%
Bond issuance costs	-	0.0%	3,130	1.3%	-	0.0%
Total non-operating expenses	85,498	33.8%	75,353	31.7%	34,675	17.5%
Total expenses	\$ 253,005	100.0%	\$ 237,336	100.0%	\$ 198,478	100.0%

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

Operating Expenses

During March and April 2020, at the beginning of the Covid-19 pandemic, the Airport took several steps to reduce operating and capital expenses. The Airport instituted a hiring freeze, banned travel for all employees, and halted or postponed work on several projects. By the end of the fiscal year, the Airport saved approximately \$12 million compared to the budget for FY 2020.

Operating expenses before depreciation have increased by \$11.5 million (11.7%) in the current fiscal year. These expenses decreased by \$1.5 million (-1.5%) in FY 2019, and increased by \$500 thousand (0.5%) in FY 2018. Personnel services have increased by \$8.3 million (20.7%) in the current fiscal year. The large increase primarily is due to pension expense related to GASB 68, which is further discussed in Note 7. Also, the Airport police employees were transferred to the Salt Lake City Police Department on January 1, 2019, which moved their salaries to Charges and Services.

Operating and maintenance costs have decreased by \$229 thousand (-1.8%) from FY 2019. Costs were similar in FY 2020 compared to FY 2019. The primary cause for the change is a decrease of \$207 thousand for computer supplies. Fewer computer supplies were purchased in anticipation of purchasing new equipment when the TRP opens in FY 2021.

Expenses for charges and services have increased by \$3.4 million (7.4%). The largest increase was for \$4.5 million of additional charges from Salt Lake City Police for services provided to the Airport for a full year compared to the last six months of FY 19 when the Airport police became part of Salt Lake City police. The resulting decrease was due to professional services related to projects in many areas that were put on hold due to the Covid-19 pandemic.

Depreciation expense decreased by \$5.9 million (-9.4%) in FY 2020, decreased by \$277 thousand (-0.4%) in FY 2019, and increased by \$162 thousand (0.3%) in FY 2018. The decrease in depreciation expense is based on a growing construction in process with fewer assets being capitalized and more assets being retired in FY 2020 compared to FY 2019 as the TRP was nearly completed.

NON-OPERATING EXPENSES

Non-operating expenses consist primarily of interest on long-term debt. Interest expense was \$85.5 million in FY 2020 and \$72.2 million in FY 2019. In FY 2019 the Airport early-adopted GASB 89 which no longer required the Airport to capitalize interest as part of the construction in process. Please see Note 1 for additional information.

CAPITAL TRANSACTIONS

The Terminal Redevelopment Program (TRP) construction activities for FY2020 included substantial completion of the Terminal, South Concourse West, Central Utility Plant, Parking Garage, Gateway Roadways, and Airfield Paving.

The North Concourse Program (NCP) construction activities included the installation of moving walks, elevators and escalators, terrazzo flooring and drywall finishes throughout the North Concourse West and Airfield paving.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
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(unaudited)

In addition to the TRP and NCP activities, the Airport completed the central screening warehouse, GSE charging equipment for concourses F & G, CNG fueling station near the parking administration building, and phase II of the airfield lighting rehabilitation.

At the beginning of the fiscal year, Airport projects totaling \$1.663 billion were in the process of construction. A total of \$33.4 million in projects and equipment was capitalized and placed in service in FY 2020, \$156 thousand was expensed, and \$2.415 billion remains as construction in progress. The largest portion of the \$2.415 billion of construction in progress is related to the TRP and NCP. The phased construction on the \$4.1 billion TRP and NCP programs will continue through 2025. Subsequent to June 30, 2020, phase one of the TRP opened on time on September 15, 2020. Additional information regarding capital assets can be found in Note 4 in the Notes to Financial Statements.

LONG-TERM DEBT

As of June 30, 2020 and 2019, the Airport had a total of \$2 billion each year outstanding in General Airport Revenue Bonds. These bonds mature from July 1, 2021 to July 1, 2048 with an interest rate of 5-5.25%. The bonds do not constitute debt of the City or a pledge of the full faith and credit of the City and are secured by Airport revenues. Additional information regarding long-term Airport debt can be found in Note 8 in the Notes to Financial Statements.

ECONOMIC OUTLOOK

The fiscal Year 2020 financial results reflect changes to both operating and non-operating revenues and expenses due to the global pandemic of Covid-19. The Department continues to work closely with the airlines serving the Airport and other tenants to respond to the pandemic and ensure a safe and pleasant experience for passengers. While there has been a gradual increase in passengers using the Airport since the beginning of the pandemic, much of the recovery will be dependent on a viable vaccine or other treatment methods that will need to be widely distributed both domestically and internationally for the Airport to recover fully from the global pandemic.

CONCLUSION

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


Brian Butler, CPA
Chief Financial Officer

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

<i>As of June 30,</i>	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 279,643	\$ 416,390
Restricted cash and cash equivalents	107,607	281,007
Restricted investments	22,753	-
Investments	26,980	13,987
Airline and rental fees receivable	37,612	39,270
Other assets	5,492	5,355
Total current assets	480,087	756,009
Noncurrent Assets		
Restricted cash and cash equivalents	68,227	166,471
Restricted investments	66,349	455,353
Investments	95,812	32,484
Loans receivable	8,002	-
Other assets	1,479	2,817
Total noncurrent assets and investments	239,869	657,125
Capital assets		
Land	111,696	105,129
Building and improvements	1,419,993	1,415,726
Equipment	169,490	152,311
Construction in progress	2,414,787	1,663,407
Total capital assets - at cost	4,115,966	3,336,573
Less accumulated depreciation	1,080,754	1,033,443
Net capital assets	3,035,212	2,303,130
Total noncurrent assets	3,275,081	2,960,255
Total Assets	3,755,168	3,716,264
Deferred Outflows of Resources	4,521	9,575
Total Assets and Deferred Outflows of Resources	\$ 3,759,689	\$ 3,725,839

See Notes to Financial Statements

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

<i>As of June 30,</i>	2020	2019
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 57,374	\$ 67,159
Accrued compensation	1,354	947
Interest payable	46,389	53,637
Other accrued liabilities	106,597	62,178
Total current liabilities	211,714	183,921
Noncurrent Liabilities		
Revenue bonds payable	2,040,064	2,047,343
Noncurrent compensation liability	3,801	3,556
Net pension liability	8,431	17,737
Other accrued liabilities	54,959	51,110
Total noncurrent liabilities	2,107,255	2,119,746
Total Liabilities	2,318,969	2,303,667
Deferred Inflows of Resources		
Deferred inflows - revenue collected in advance	5,155	4,368
Deferred inflows - pension	4,993	652
Total Deferred Inflows of Resources	10,148	5,020
NET POSITION		
Net investment in capital assets	1,217,266	1,121,415
Restricted for		
Capital projects	42,818	37,202
Debt service	221,741	315,432
Unrestricted	(51,253)	(56,897)
Net Position	1,430,572	1,417,152
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,759,689	\$ 3,725,839

See Notes to Financial Statements

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

<i>for the Twelve month period ended June 30,</i>	2020	2019
Operating Revenues		
Airline revenue	\$ 77,312	\$ 75,635
Terminal concessions	16,681	20,454
Landside concessions	58,691	72,457
Lease revenue	8,746	8,084
General aviation	3,009	2,990
State aviation tax	2,344	2,919
Other revenue	4,640	4,999
Operating revenues	171,423	187,539
Less airline revenue sharing	(10,097)	(14,077)
Total operating revenues	161,326	173,461
Operating Expenses		
Salaries and benefits	48,584	40,258
Materials and supplies	12,381	12,610
Maintenance contracts	11,071	10,538
Charges and services	11,069	12,970
Utilities	5,697	5,721
Inter-governmental	18,123	13,543
Other expenses	2,978	2,793
Total operating expenses before depreciation	109,903	98,433
Operating Income Before Depreciation	51,423	75,029
Depreciation Expense	57,604	63,550
Operating Income (Loss)	(6,181)	11,478
Non-Operating Revenues (Expenses)		
Passenger facility charges	40,607	49,721
Customer facility charges	12,478	16,012
Interest income	19,361	36,964
Interest expense	(85,498)	(72,223)
Bond issuance costs	-	(3,130)
Other revenue (expenses), net	1,528	9,405
Net non-operating income (loss)	(11,524)	36,749
Capital Contributions		
Contributions and grants	31,125	14,285
Total capital contributions	31,125	14,285
Net Position		
Increase in net position	13,420	62,512
Net Position, beginning of period	1,417,152	1,354,640
Net Position, end of period	\$ 1,430,572	\$ 1,417,152

See Notes to Financial Statements

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

<i>For the years ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Cash received from providing services	\$ 160,183	\$ 178,994
Cash paid for services for intra-governmental charges	(18,123)	(13,543)
Cash paid to suppliers	(49,941)	(48,326)
Cash paid to employees	(48,728)	(49,835)
Net cash from operating activities	43,391	67,290
Cash Flows from Investing Activities		
Cash paid for investments	(993,131)	(903,667)
Cash proceeds from investments	1,286,272	496,857
Interest received on investments	16,325	30,404
Payments for concession loans	(5,524)	-
Net cash from (used for) investing activities	303,941	(376,407)
Cash Flows from Capital and Related Financing Activities		
Purchase of capital equipment	(13,763)	(5,504)
Payments for acquisition and construction of capital assets	(732,251)	(688,815)
Proceeds from issuance of revenue bonds payable	-	931,456
Interest paid on bonds	(100,026)	(50,000)
Bond issuance costs	-	(1,468)
Passenger facility charges	44,460	49,571
Customer facility charges	13,526	16,720
Proceeds from sale of capital assets and equipment	108	159
Contributions and grants	30,056	2,696
Other financing	2,166	8,043
Net cash from (used for) capital and related financing activities	(755,724)	262,858
Net (Decrease) in Cash and Cash Equivalents	(408,392)	(46,259)
Cash and Cash Equivalents - Beginning of Year	863,868	910,127
Cash and Cash Equivalents - End of Year	\$ 455,477	\$ 863,868

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

<i>For the years ended June 30,</i>	2020	2019
Reconciliation of Operating Income to Net		
Cash from Operating Activities		
Operating income (loss)	\$ (6,181)	\$ 11,478
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	57,604	63,550
Pension benefit	(440)	(8,454)
Increase (decrease) in assets and liabilities		
Airline and rental fee receivable	4,530	9,093
Other assets	137	719
Deferred outflows	(5,054)	(274)
Accounts payable	(360)	(34)
Accrued compensation	378	(492)
Other accrued liabilities	(3,086)	190
Net pension liability	(9,306)	(2,712)
Deferred inflows	5,128	(5,754)
Deposits and advance rentals	41	(20)
Net cash from operating activities	43,391	67,290
Schedule of Non-cash Transactions Affecting Net Position		
Contributions and grants	1,069	11,589
Passenger facility charges (includes interest)	(3,853)	150
Customer facility charges (includes interest)	(1,048)	(708)
Bond issuance costs	-	(1,661)
Net increase in fair value of investments	(682)	1,413
Loss on disposition of property	(64)	(210)
Total Noncash Transactions Affecting Net Position	\$ (4,578)	\$ 10,573

See Notes to Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Notes to the Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

No depreciation is provided on construction in progress until construction is complete and the asset is placed in service. In FY 2013 and FY 2016, the Airport changed the estimated lives of some existing buildings, improvements, and other assets to reflect the demolition schedule of the Terminal Redevelopment Program (TRP), resulting in shorter lives and additional annual depreciation expense.

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

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

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

Restricted and Unrestricted Resources – Some Airport construction projects may contain more than one source of funding. The Airport is restricted by some sources to apply funds only to specific approved projects. The Airport’s priority is to utilize AIP funds, then PFC and CFC funds, any State grants, TSA grants, and if needed, Airport funds unless specific restrictions on any fund source require different prioritization.

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

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

Accounts Receivable – An allowance for uncollectible accounts receivable is established by charges to operations for amounts required to maintain an adequate allowance, in management’s judgment, to cover anticipated losses from customer accounts. Such accounts are charged to the allowance when collection appears doubtful. Any subsequent recoveries are credited to the allowance account. As of June 30, 2020 and 2019, the Airport does not anticipate any material losses on accounts receivable, and no allowance has been established.

Loans Receivable – During the second half of FY 2020 construction of the Terminal Redevelopment Program (TRP) and North Concourse Project (NCP) was ongoing and the airlines and concessionaires began their buildouts in the new buildings. When the Covid-19 pandemic hit, many of the tenants were unable to continue funding their buildouts. In order to have the airlines and a certain amount of concessions able to open and operate when the TRP and NCP are completed, the Airport loaned funds to tenants to complete the buildouts. These funds will be repaid by the end of FY 2025.

Capitalization of Interest Costs – Previously, net interest costs incurred during the construction of the TRP as well as the NCP were capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with proceeds from tax-exempt borrowing (where such borrowings are restricted to the acquisition of the assets) was offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. Interest is not capitalized on construction costs funded by government grants, PFCs, or CFCs. In FY 2019 the Airport early-adopted GASB 89 which no longer requires the Airport to capitalize interest as part of the construction in process.

Total interest expense was approximately \$85.5 and \$72.2 million for the years ended June 30, 2020 and 2019, while no interest was capitalized as part of the cost of constructed assets.

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

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

Pollution Remediation Obligations – In FY 2010, the Airport recorded operating expense and a future liability obligation of \$191 thousand associated with two pollution remediation sites, both associated with leaking underground fuel tanks from the early 1990s. In FY 2015, the Airport recorded additional operating expenses and future liability obligations of \$112 thousand for some additional leaking underground fuel tanks. Since 2010, the Airport has incurred \$178 thousand in costs for monthly monitoring at both sites. The liability recorded as of June 30, 2020 is \$126 thousand. The remainder of the current liability is for future years’ ground water monitoring at the sites. Estimates of the expense and liability were based on the cost of the equipment upgrades as well as cost of a contract negotiated with an outside contractor for future monitoring. The potential exists for changes in these estimates, and both costs and future liabilities will be adjusted if necessary in future periods. The Airport is self-insured for incidents of this magnitude, and no insurance or other recoveries are anticipated.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

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

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

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

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

Recent Accounting Pronouncements – In June 2017, the GASB issued Statement No. 87, *Leases*. The statement is meant to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. Statement 87 was effective for fiscal years beginning after December 15, 2019, but GASB Statement No. 95 postponed the effective date for 18 months. Early adoption is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The statement is meant to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The statement is meant to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The statement is meant to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with

other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this statement are effective for reporting periods beginning after June 15, 2020, December 31, 2021, and June 15, 2021 depending on the topic. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In March 2020, the GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement is meant to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial

reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after December 15, 2019 and June 15, 2021 depending on the topic. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

	2020 Fair Value	2019 Fair Value
Deposits		
Petty Cash	\$ 1	\$ 1
Unrestricted cash in the City's pooled cash account	814	(7,197)
Utah State Treasurer's Investments Pool	451,682	868,370
Bank operating accounts	2,980	2,694
Total	\$ 455,477	\$ 863,868

The Airport maintains funds in the City's pooled cash account. The Airport receives from or pays to the City an allocation of interest income or expense based upon its balance in the pooled cash account. Utah State Treasurer's Investment Pool balances reported in the Airport's Statement of Net Position includes a write up of \$1.3 million to the fair market value. The Airport's share of the State's investment pool is based on the amount invested.

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

Deposits

Custodial Credit Risk - At June 30, 2020 and 2019, the Airport had deposits with qualified depositories in accordance with the Utah Money Management Act totaling \$3.0 and \$2.7 million. Of these amounts, \$500 thousand was covered by federal depository insurance. The remaining balances of \$2.5 and \$2.2 million, respectively, were uninsured and uncollateralized. The Commissioner of Financial Institutions assigns a public funds allotment to each qualified depository and monitors public funds held monthly. Local government deposits and repurchase agreements up to the allotment are not required by state law to be insured or delivered to the public treasurer. The Airport's deposits do not exceed the public funds allotment.

Investments

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

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

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

Custodial Credit Risk – A substantial portion of the Airport’s funds were invested in the Utah State Treasurer’s Investment Pool, a pooled investments account that does not qualify for any of the above categories. Oversight of the Utah State Treasurers Pool is internally managed by the Utah State Treasury Office, and the Utah Public Treasurer’s Investment Fund was unrated as of June 30, 2020 by any outside agency. This amount has been adjusted to fair value and reflects the fair value of the plan assets.

Investments made with unspent PFC revenue are in accordance with FAA guidelines. In addition, the Airport invested funds in U.S. Agency notes and corporate securities. Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Airport will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Of the \$211.9 million invested by the Airport, the entire amount was held in the Airport’s name by the counterparty and was exposed to custodial credit risk. U.S. Agency notes are guaranteed by the federal government but are uninsured investments.

Fair Value of Investments

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

The Airport has the following recurring fair value measurements as of June 30, 2020 and 2019;

- U.S. Agency securities of \$41.9 and \$124.5 million are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of \$119.2 and \$316.6 million are valued using quoted market prices (Level 1 inputs)
- Corporate bond securities of \$50.8 and \$60.8 million are valued using quoted market prices (Level 1 inputs)

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

Debt Securities	Quality Ratings	FY 2020 Fair Value	FY 2019 Fair Value	Maturities (in years)
U.S Agency Notes				
FNMA	AA+/Aaa	\$ 18,466	\$ 6,737	1-5
FHLMC	AA+/Aaa	23,427	117,803	1-5
US Treasury Notes	AA+/Aaa	119,226	316,556	1-5
Corporate Bonds	A/BBB+	50,774	60,727	5+
		<u>\$ 211,894</u>	<u>\$ 501,824</u>	

NOTE 3 – RESTRICTED OR DESIGNATED CASH AND CASH EQUIVALENTS

Certain cash and cash equivalents are restricted or designated:

- As of June 30, 2020 and 2019, \$12.1 and \$10.2 million, respectively, of PFC contributions are restricted for construction projects at the Airport under the PFC program requirements.
- As of June 30, 2020 and 2019, \$2.4 million and \$1.7 million, respectively, of CFC contributions are restricted for rental car construction projects at the Airport under the CFC program requirements.
- As of June 30, 2020 and 2019, \$367 thousand and \$169.1 million, respectively, of cash is restricted for the use of construction of the TRP and NCP projects.
- As of June 30, 2020 and 2019, \$132.6 million and \$241.2 million, respectively, of cash is restricted for debt service and capitalized interest.
- As of June 30, 2020 and 2019, \$23.6 and \$20.3 million, respectively, are restricted for an operation and maintenance reserve fund, and \$5 million for a renewal and replacement reserve fund per the Airport Use Agreement effective July 1, 2014.

NOTE 4 – CAPITAL ASSETS

The following is a summary of transactions affecting capital assets for the year ended June 30, 2020 (amounts in thousands):

	Total June 30, 2019	Additions	Deletions	Total June 30, 2020
Capital Assets that are not depreciated:				
Land	\$ 105,129	\$ 6,567		\$ 111,696
Construction in Progress	1,663,407	785,016	(33,635)	2,414,787
Total Capital Assets that are not being depreciated	1,768,536	791,583	(33,635)	2,526,483
Capital Assets that are depreciated:				
Buildings	505,431	6,732	(9,022)	503,142
Improvements	910,295	6,980	(424)	916,851
Equipment	152,311	18,091	(912)	169,490
Sub-total	1,568,037	31,803	(10,358)	1,589,483
Less accumulated depreciations:				
Buildings	(341,448)	(15,937)	8,964	(348,421)
Improvements	(572,246)	(34,141)	424	(605,963)
Equipment	(119,749)	(7,527)	905	(126,370)
Sub-total	(1,033,443)	(57,604)	10,293	(1,080,754)
Total Depreciable Capital Assets, net	534,594	(25,801)	(64)	508,729
Total Capital Assets, net	\$ 2,303,130	\$ 765,781	\$ (33,700)	\$ 3,035,212

The following is a summary of transactions affecting capital assets for the year ended June 30, 2019 (amounts in thousands):

	Total June 30, 2018	Additions	Deletions	Total June 30, 2019
Capital Assets that are not depreciated:				
Land	\$ 105,129	\$ -	\$ -	\$ 105,129
Construction in Progress	922,216	758,749	(17,559)	1,663,407
Total Capital Assets that are not being depreciated	1,027,345	758,749	(17,559)	1,768,536
Capital Assets that are depreciated:				
Buildings	516,840	3,880	(15,289)	505,431
Improvements	902,740	7,599	(44)	910,295
Equipment	148,677	4,362	(729)	152,311
Sub-total	1,568,257	15,842	(16,062)	1,568,037
Less accumulated depreciations:				
Buildings	(333,189)	(23,360)	15,101	(341,448)
Improvements	(537,803)	(34,487)	44	(572,246)
Equipment	(114,750)	(5,703)	703	(119,749)
Sub-total	(985,742)	(63,550)	15,848	(1,033,443)
Total Depreciable Capital Assets, net	582,515	(47,709)	(213)	534,594
Total Capital Assets, net	\$ 1,609,860	\$ 711,040	\$ (17,772)	\$ 2,303,130

NOTE 5 – LIMITED OBLIGATION SPECIAL FACILITY REVENUE BONDS

Delta Air Lines, Inc. (Delta) issued Limited Obligation Special Facility Revenue Bonds (Special Bonds), series 2000, to finance the acquisition and construction of the Delta hangar, marketing, reservation and training center (Delta Facilities) at the Airport. The outstanding balance of the Special Bonds as of June 30, 2020 and 2019 was \$23.5 million. The Special Bonds are limited obligations of the City and are considered conduit debt, and as such, do not constitute a debt of or a pledge of revenues of the City or the Airport, other than the rental revenues received on the Delta Facilities. As the Airport's assignee, Delta is absolutely and unconditionally obligated under the lease agreement, dated June 1, 1987, between the Airport and Delta, to make all principal and interest payments to the Special Bonds' trustee.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

At June 30, 2020, the Airport was committed to contractors and vendors for approximately \$869 million in conjunction with Airport construction programs.

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

There are various claims pending against the Airport from third parties. In anticipation of opening phase one of the TRP and NCP on September 15, 2020, claims have arisen related to inefficiencies and lost productivity due to numerous change orders and additional work. Based on the facts currently available, management accrued \$40.0 million, which is the estimated amount of litigation probable to have a negative outcome. In the opinion of legal counsel for the Airport and Airport management, all other claims are not likely to have a material adverse impact on the Airport's financial statements.

NOTE 7 – PENSION PLANS

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

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011 who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System. The Noncontributory and Contributory Systems are single employer plans and the Tier 2 Systems are a multiemployer cost sharing.

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

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

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

Summary of Benefits by System

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

* with actuarial reductions

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

Contribution Rate Summary

Contributions – As a condition of participation in Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions rates as of June 30, 2020 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401 (k)
Contributory System			
11 Local Government Div - Tier 1	6.00%	14.46%	N/A
111 Local Government Div - Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 Defined Benefit Hybrid Public Safety	N/A	35.58%	1.33%
Noncontributory			
44 Salt Lake City with 2.5% COLA	N/A	46.71%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	25.25%	12.00%

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

For fiscal year ended June 30, 2020, the employer and employee contributions for the Airport to the Systems were as follows (amounts in thousands):

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 3,105	N/A
Contributory System	54	22
Public Safety System	-	-
Tier 2 Public Employees System	2,021	-
Tier 2 Public Safety and Firefighter	-	-
Tier 2 Defined Contribution Only System	249	N/A
Tier 2 Defined Contribution Public Safety and Firefighter System	N/A	N/A
Total Contributions	\$ 5,430	\$ 22

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

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

At June 30, 2020 and 2019, the Airport reported a net pension asset of \$0, and a net pension liability of \$8.4 million and \$17.7 million, respectively. The following table shows the net pension asset and liability:

(Amounts in thousands)	Net Pension		Proportionate	Proportionate	Change
	Asset	Liability	Share	Share	
			December 31, 2019	December 31, 2018	
Noncontributory System	\$ -	\$ 8,097	2.15%	2.25%	-0.10%
Contributory System	-	144	2.20%	2.11%	0.09%
Public Safety System	-	-	0.00%	0.00%	0.00%
Tier 2 Public Employees System	-	190	0.84%	0.81%	0.03%
Tier 2 Public Safety and Firefighter System	-	-	0.00%	0.00%	0.00%
	<u>\$ -</u>	<u>\$ 8,431</u>			

(Amounts in thousands)	Net Pension		Proportionate	Proportionate	Change
	Asset	Liability	Share	Share	
			December 31, 2018	December 31, 2017	
Noncontributory System	\$ -	\$ 16,534	2.25%	2.63%	-0.38%
Contributory System	-	857	2.11%	3.21%	-1.10%
Public Safety System	-	-	0.00%	10.38%	-10.38%
Tier 2 Public Employees System	-	347	0.81%	0.68%	0.13%
Tier 2 Public Safety and Firefighter System	-	-	0.00%	0.55%	-0.55%
	<u>\$ -</u>	<u>\$ 17,738</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the years ended June 30, 2020 and 2019, the Airport recognized pension expense of \$5.5 million and \$5.5 million respectively.

At June 30, 2020 and 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 790	\$ 181
Changes in assumptions	939	5
Net difference between projected and actual earnings on pension plan investment	-	4,600
Changes in proportion and differences between contributions and proportionate share of contributions	144	206
Contributions subsequent to measurement	2,649	-
	<u>\$ 4,521</u>	<u>\$ 4,993</u>

(Amounts in thousands)	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 215	\$ 380
Changes in assumptions	2,302	6
Net difference between projected and actual earnings on pension plan investment	4,364	-
Changes in proportion and differences between contributions and proportionate share of contributions	121	266
Contributions subsequent to measurement	2,573	-
	<u>\$ 9,575</u>	<u>\$ 652</u>

\$2.6 million and \$2.6 million, respectively, are reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020 and 2019, respectively.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	(732)
2021	(943)
2022	93
2023	(1,606)
2024	9
Thereafter	59

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

For the year ended June 30, 2020, the Airport recognized pension expense of \$4.4 million.

At June 30, 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 737	\$ 116
Changes in assumptions	858	-
Net difference between projected and actual earnings on pension plan investment	-	4,095
Changes in proportion and differences between contributions and proportionate share of contributions	-	206
Contributions subsequent to measurement	1,601	-
	<u>\$ 3,196</u>	<u>\$ 4,417</u>

(Amounts in thousands)	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 213	\$ 308
Changes in assumptions	2,212	-
Net difference between projected and actual earnings on pension plan investment	3,969	-
Changes in proportion and differences between contributions and proportionate share of contributions	16	266
Contributions subsequent to measurement	1,582	-
	<u>\$ 7,993</u>	<u>\$ 574</u>

\$1.6 million reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ (662)
2021	(853)
2022	84
2023	(1,452)
2024	8
Thereafter	54

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

For the year ended June 30, 2020, the Airport recognized pension expense of (-\$110) thousand.

At June 30, 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	-	360
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to measurement	39	-
	<u>\$ 40</u>	<u>\$ 360</u>

(Amounts in thousands)	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	282	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to measurement	32	-
	\$ 315	\$ -

\$39 thousand reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (84)
2021	(108)
2022	11
2023	(185)
2024	-
Thereafter	-

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

For the year ended June 30, 2020, the Airport recognized pension expense of \$1.2 million.

At June 30, 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 53	\$ 65
Changes in assumptions	81	5
Net difference between projected and actual earnings on pension plan investment	-	146
Changes in proportion and differences between contributions and proportionate share of contributions	142	-
Contributions subsequent to measurement	1,009	-
	\$ 1,286	\$ 216

(Amounts in thousands)	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 2	\$ 72
Changes in assumptions	87	6
Net difference between projected and actual earnings on pension plan investment	113	-
Changes in proportion and differences between contributions and proportionate share of contributions	105	-
Contributions subsequent to measurement	959	-
	\$ 1,267	\$ 78

\$1.0 million reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 14
2021	18
2022	(2)
2023	31
2024	1
Thereafter	5

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expenses, including inflation.

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

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

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

Discount rate: The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95%.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate (amounts in thousands):

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 25,291	\$ 8,097	\$ (6,242)
Contributory System	1,124	144	(683)
Public Safety System	-	-	(1)
Tier 2 Public Employees System	1,636	190	(928)
Tier 2 Public Safety and Firefighter System	-	-	-
Total	\$ 28,050	\$ 8,431	\$ (7,852)

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

Defined Contribution Savings Plans

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

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
401(k) Plan			
Employer Contributions	\$ 349	\$ 332	\$ 350
Employee Contributions	575	598	639
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	293	312	375
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	157	145	139
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 12	\$ 13	\$ 10

NOTE 8 – BONDS PAYABLE

Changes in long-term debt for the year ended June 30, 2020 were as follows (amounts in thousands):

	2020			
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
General Airport Revenue Bonds				
2017A and 2017B	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
2018A and 2018B	850,550	-	-	850,550
Unamortized net premiums	196,793	-	7,279	189,514
Total bond debt	<u>\$ 2,047,343</u>	<u>\$ -</u>	<u>\$ 7,279</u>	<u>\$ 2,040,064</u>

Changes in long-term debt for the year ended June 30, 2019 were as follows (amounts in thousands):

	2019			
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
General Airport Revenue Bonds				
2017A and 2017B	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
2018A and 2018B	-	850,550	-	850,550
Unamortized net premiums	120,641	82,567	6,416	196,793
Total bond debt	<u>\$ 1,120,641</u>	<u>\$ 933,117</u>	<u>\$ 6,416</u>	<u>\$ 2,047,343</u>

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

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

Bond	Maturity	Interest Rate	Amount Outstanding	
			<u>2020</u>	<u>2019</u>
General Airport Revenue Bonds				
Series 2017A	Annually July 1, 2021-2047	5%	\$ 826,210	\$ 826,210
Series 2017B	Annually July 1, 2021-2047	5%	173,790	173,790
Series 2018A	Annually July 1, 2023-2048	5%-5.25%	753,855	753,855
Series 2018B	Annually July 1, 2023-2048	5%	96,695	96,695
Total revenue bonds			<u>1,850,550</u>	<u>1,850,550</u>
Net unamortized premiums			189,514	196,793
Total bonds payable noncurrent			<u>\$ 2,040,064</u>	<u>\$ 2,047,343</u>

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

Bond debt service requirements of the Airport for bonds payable to maturity as of June 30, 2020 are as follows (amounts in thousands):

Year:	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ 92,778
2022	1,140	92,749
2023	20,345	92,212
2024	24,000	91,103
2025	16,020	90,103
2026-2030	211,030	424,855
2031-2035	298,765	359,864
2036-2040	381,295	275,258
2041-2045	486,625	167,257
2046-2049	411,330	37,499
Total	<u>\$ 1,850,550</u>	<u>\$ 1,723,677</u>

On October 31, 2018 the Airport issued \$753,855,000 of Series 2018A (AMT), and \$96,695,000 of Series 2018B (Non-AMT) bonds. The proceeds of the bonds are being used to finance portions of the TRP and NCP. As of June 30, 2020, unspent Series 2018 bond proceeds was approximately \$375.9 thousand.

As of June 30, 2020, all of the Series 2017 bond proceeds have been spent.

NOTE 9 – OPERATING REVENUES

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

	<u>2020</u>		<u>2019</u>	
	Amount	Percent of Total	Amount	Percent of Total
Airline revenues	\$ 77,312	47.9%	\$ 75,635	43.6%
Less: Airline revenue sharing	(10,097)	-6.3%	(14,077)	-8.1%
Concession and other rental revenues	91,767	56.9%	108,984	62.8%
State aviation fuel tax	2,344	1.5%	2,919	1.7%
Total operating revenues	<u>\$ 161,326</u>	<u>100.0%</u>	<u>\$ 173,461</u>	<u>100.0%</u>

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

	2020	2019
Terminal space rentals	\$ 34,645	\$ 33,432
Landing fees	35,638	35,434
Aircraft remain overnight fees	158	244
Support buildings	4,419	4,334
Fuel farm	539	539
Passenger boarding bridge fees	1,913	1,652
Total	\$ 77,312	\$ 75,635

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

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

	2020	2019
Car rental agencies	\$ 25,372	\$ 29,856
Auto parking facilities	27,974	36,297
Other airport facilities	38,421	42,831
Total	\$ 91,767	\$ 108,984

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

Year Ending June 30:	
2021	51,334
2022	51,918
2023	47,207
2024	43,021
2025	43,459
2026-2030	79,306
2031-2035	6,400
2036-2040	2,842
2041-2045	1,822
Thereafter	31
Total	\$ 327,340

NOTE 10 – LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2020 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensation	\$ 4,503	\$ 5,256	\$ (4,604)	\$ 5,155	\$ 1,354
Net pension liability	17,737	-	(9,306)	8,431	-
Other long-term liabilities	51,110	74,102	(70,253)	54,959	70,253
Total long-term liabilities	\$ 73,350	\$ 79,358	\$ (84,163)	\$ 68,545	\$ 71,607

Long-term liability activity for the year ended June 30, 2019 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensation	\$ 4,873	\$ 2,958	\$ (3,328)	\$ 4,503	\$ 947
Net pension liability	20,449	-	(2,712)	17,737	-
Other long-term liabilities	26,628	53,415	(28,933)	51,110	28,933
Total long-term liabilities	\$ 51,950	\$ 56,373	\$ (34,972)	\$ 73,351	\$ 29,880

NOTE 11 – INTER-GOVERNMENTAL CHARGES

The City provides various services to the Airport, including data processing, investing, financial services, police, and firefighting services. Starting on January 1, 2019, the Airport Police combined with Salt Lake City Police, and all wages, benefits, and operating expenses will be charged as inter-governmental charges going forward. These expenses have been included in operating expenses and are as follows for the year ended June 30 (amounts in thousands):

	2020	2019
General and administrative charges	\$ 4,204	\$ 4,289
Aircraft rescue and fire fighting services	5,587	5,364
Police services	8,332	3,891
Total	\$ 18,123	\$ 13,543

NOTE 12 – MAJOR CUSTOMER

The Airport received approximately \$40.7 million (24.9%) of its operating revenue during 2020 and \$36.5 million (19.8%) during 2019 from rentals and services provided to one airline.

REQUIRED SUPPLEMENTAL SCHEDULES



SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
December 31, 2019
Last 10 Fiscal Years *
(Amounts in Thousands)

Noncontributory System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	2.15%	2.54%	2.55%	2.65%	2.58%	2.53%
Proportionate share of the net pension liability	\$ 8,097	\$ 16,534	\$ 11,188	\$ 17,029	\$14,586	\$10,985
Covered payroll	17,436	18,072	20,761	22,028	21,247	21,137
Proportionate share of the net pension liability as a percentage of its covered payroll	46.4%	91.5%	53.9%	77.3%	68.6%	52.0%
Plan fiduciary net position as a percentage of its covered payroll	87.0%	87.0%	91.9%	87.3%	90.2%	90.2%
Contributory Retirement System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	2.20%	2.73%	3.15%	3.39%	2.1%	2.62%
Proportionate share of the net pension liability	\$ 144	\$ 857	\$ 256	\$ 1,113	\$ 1,478	\$ 757
Covered payroll	453	395	639	814	896	1,405
Proportionate share of the net pension liability as a percentage of its covered payroll	31.8%	216.8%	40.1%	136.7%	165.0%	53.9%
Plan fiduciary net position as a percentage of its covered payroll	91.2%	91.2%	98.2%	92.9%	94.0%	94.0%
Public Safety System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00%	10.38%	10.38%	10.04%	11.05%	11.65%
Proportionate share of the net pension liability	\$ -	\$ -	\$ 8,946	\$ 9,205	\$ 9,402	\$ 8,490
Covered payroll	-	-	3,113	3,121	3,158	3,292
Proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	287.3%	294.9%	297.8%	257.9%
Plan fiduciary net position as a percentage of its covered payroll	73.7%	73.7%	77.3%	74.0%	76.7%	76.7%

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
December 31, 2019
Last 10 Fiscal Years *
(Amounts in Thousands)

Tier 2 Public Employees System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.84%	0.68%	0.67%	0.68%	0.69%	0.80%
Proportionate share of the net pension liability (asset)	\$ 190	\$ 347	\$ 59	\$ 76	\$ (2)	\$ (24)
Covered payroll	9,494	9,460	6,570	5,571	4,452	3,909
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2.0%	3.7%	0.9%	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of its covered payroll	90.8%	90.8%	97.4%	95.1%	103.5%	103.5%
Tier 2 Public Safety and Firefighter System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.00%	0.56%	0.56%	0.99%	0.7%	1.0%
Proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ (7)	\$ (9)	\$ (10)	\$ (15)
Covered payroll	-	-	593	815	419	431
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	-1.1%	-1.1%	-2.5%	-3.6%
Plan fiduciary net position as a percentage of its covered payroll	95.6%	95.6%	103.0%	103.6%	120.5%	120.5%

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2020
Last 10 Fiscal Years *
(Amounts in Thousands)

Noncontributory System	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 3,153	\$ 3,226	\$ 3,864	\$ 3,883	\$ 3,867	\$ 4,073
Contributions in relation to the contractually required contribution	(3,153)	(3,226)	(3,864)	(3,883)	(3,867)	(4,073)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	20,941	21,576	22,947	22,395	22,735	21,046
Contributions as a percentage of covered payroll	15.1%	15.0%	16.8%	17.3%	17.8%	19.4%
Contributory Retirement System	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 27	\$ 26	\$ 100	\$ 121	\$ 116	\$ 186
Contributions in relation to the contractually required contribution	(27)	(26)	(100)	(121)	(116)	(186)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	545	472	706	827	958	1,399
Contributions as a percentage of covered payroll	5.0%	5.5%	14.1%	14.7%	12.5%	13.3%
Public Safety System	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ -	\$ -	\$ 1,402	\$ 1,376	\$ 1,477	\$ 1,574
Contributions in relation to the contractually required contribution	-	-	(1,402)	(1,376)	(1,477)	(1,574)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	-	-	3,441	3,173	3,379	3,277
Contributions as a percentage of covered payroll	0.0%	0.0%	40.7%	43.4%	45.1%	48.0%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their contributions in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2020
Last 10 Fiscal Years **
(Amounts in Thousands)

Tier 2 Public Employee System*	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 2,708	\$ 2,431	\$ 815	\$ 543	\$ 671	\$ 369
Contributions in relation to the contractually required contribution	(2,708)	(2,431)	(815)	(543)	(671)	(369)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	10,073	9,953	6,399	5,004	4,763	3,892
Contributions as a percentage of covered payroll	26.9%	24.4%	12.7%	10.9%	13.5%	9.5%
Tier 2 Public Safety and Firefighter System*	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ -	\$ -	\$ 112	\$ 126	\$ 139	\$ 54
Contributions in relation to the contractually required contribution	-	-	(112)	(126)	(139)	(54)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	-	-	565	732	448	429
Contributions as a percentage of covered payroll	0.0%	0.0%	19.9%	17.2%	24.1%	12.7%
Tier 2 Public Employees DC Only System*	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 72	\$ 325	\$ 109	\$ 72	\$ 94	\$ -
Contributions in relation to the contractually required contribution	(72)	(325)	(109)	(72)	(94)	-
Contribution deficiency	-	-	-	-	-	-
Covered payroll	267	1,329	656	829	4,763	-
Contributions as a percentage of covered payroll	26.9%	24.4%	16.6%	8.6%	13.5%	0.0%

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

** In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their contributions in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2020
Last 10 Fiscal Years **
(Amounts in Thousands)

Tier 2 Public Safety and Firefighter DC Only System*	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ -	\$ -	\$ 18	\$ 17	\$ 21	\$ -
Contributions in relation to the contractually required contribution	-	-	(18)	(17)	(21)	-
Contribution deficiency	-	-	-	-	-	-
Covered payroll	-	-	91	97	448	-
Contributions as a percentage of covered payroll	0.0%	0.0%	19.9%	17.2%	24.1%	0.0%

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

** In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their contributions in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Notes to Required Supplementary Information
For Fiscal Year Ended June 30, 2020

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

STATISTICAL SECTION (Unaudited)



STATISTICAL SECTION
(Unaudited)

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

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS

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

	<u>2020</u>	<u>2019</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>
Net Position										
Invested in capital assets - net of debt	\$ 1,217,266	\$ 1,121,415	\$ 1,201,228	\$ 761,198	\$ 869,233	\$ 779,343	\$ 707,112	\$ 670,459	\$ 682,910	\$ 696,643
Restricted										
Capital Projects	42,818	37,202	32,693	189,115	143,297	196,439	179,263	132,827	95,738	50,546
Debt Service	221,741	315,432	200,842	240,783	-	-	-	-	-	-
Unrestricted	<u>(51,253)</u>	<u>(56,897)</u>	<u>(80,123)</u>	<u>96,713</u>	<u>209,704</u>	<u>182,199</u>	<u>223,294*</u>	<u>251,418*</u>	<u>223,977*</u>	<u>207,225*</u>
Total Net Position	<u>\$ 1,430,572</u>	<u>\$ 1,417,152</u>	<u>\$ 1,354,640</u>	<u>\$ 1,287,809</u>	<u>\$ 1,222,234</u>	<u>\$ 1,157,981</u>	<u>\$ 1,109,669</u>	<u>\$ 1,054,704</u>	<u>\$ 1,002,625</u>	<u>\$ 954,415</u>

* Balance has not been restated for GASB 68

SALT LAKE CITY DEPARTMENT OF AIRPORTS

TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION

Last Ten Fiscal Years
(Amounts in Thousands)

For the twelve month period ended June 30,

	2020	2019	2018	2017	2016
Operating Revenues					
Airline Revenue	\$ 77,312	\$ 75,635	\$ 70,572	\$ 66,639	\$ 62,454
Terminal Concessions	16,681	20,454	19,193	18,120	16,637
Landside Concessions	58,691	72,457	68,081	64,408	57,986
Lease Revenue	8,746	8,084	7,539	6,927	6,185
General Aviation	3,009	2,990	2,661	2,334	1,785
State Aviation Tax	2,344	2,919	3,122	2,983	2,796
Other	4,640	4,999	6,245	5,564	4,131
Operating revenues	171,423	187,539	177,413	166,975	151,974
Less: Airline revenue sharing	(10,097)	(14,077)	(13,007)	(12,169)	(10,941)
Total operating revenues	161,326	173,461	164,406	154,806	141,033
Operating Expenses					
Salaries & Benefits	48,584	40,258	50,076	49,350	45,096
Materials & Supplies	12,381	12,610	11,343	11,725	10,940
Maintenance contracts	11,071	10,538	9,034	8,399	8,202
Charges and Services	11,069	12,970	12,175	13,730	10,484
Utilities	5,697	5,721	5,649	6,317	6,539
Inter-Governmental	18,123	13,543	8,395	6,339	6,043
Other	2,978	2,793	3,304	3,599	2,761
Total operating expenses before depreciation	109,903	98,433	99,976	99,459	90,065
Operating Income Before Depreciation	51,423	75,029	64,430	55,347	50,968
Depreciation	57,604	63,550	63,827	63,665	61,657
Operating Income (Loss)	(6,181)	11,478	603	(8,318)	(10,689)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	40,607	49,721	47,739	45,750	42,804
Customer Facility Charges	12,478	16,012	15,740	16,157	15,613
Net Bond interest expense	(85,498)	(72,223)	(34,675)	(14,480)	-
Bond issuance costs	-	(3,130)	-	(3,454)	-
Interest income	19,361	36,964	21,783	8,006	2,783
Other revenue (expenses), net	1,528	9,405	(2,501)	4,120	(488)
Net non-operating revenues	(11,524)	36,749	48,086	56,099	60,712
Capital Contributions	31,125	14,285	18,142	17,794	14,230
Net Position					
Increase in Net Position	13,420	62,512	66,831	65,575	64,253
Net Position, Beginning of Period	1,417,152	1,354,640	1,287,809	1,222,234	1,157,981
Net Position, End of Period	\$ 1,430,572	\$ 1,417,152	\$ 1,354,640	\$ 1,287,809	\$ 1,222,234

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

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

For the twelve month period ended June 30,

	2015	2014	2013	2012	2011
Operating Revenues					
Airline Revenue	\$ 59,420	\$ 58,910	\$ 58,213	\$ 57,769	\$ 56,920
Terminal Concessions	16,016	15,154	14,037	11,110	11,931
Landside Concessions	52,550	49,199	48,255	45,218	42,653
Lease Revenue	6,093	6,180	5,834	5,620	4,312
General Aviation	1,691	1,662	1,580	1,611	1,626
State Aviation Tax	2,545	2,343	2,321	2,419	2,479
Other	3,894	3,841	3,629	3,721	3,741
Operating revenues	142,209	137,289	133,869	127,468	123,662
Less: Airline revenue sharing	(9,939)	(10,290)	(10,014)	(10,008)	(10,285)
Total operating revenues	132,270	126,999	123,855	117,460	113,377
Operating Expenses					
Salaries & Benefits	33,880	44,916	42,348	41,345	40,662
Materials & Supplies	9,486	10,755	11,118	8,999	9,376
Maintenance contracts	7,827	7,778	9,473	9,006	9,253
Charges and Services	8,571	9,125	9,685	11,002	10,208
Utilities	6,679	6,580	6,479	5,978	5,779
Inter-Governmental	5,783	5,589	5,425	5,343	5,063
Other	3,983	2,872	2,942	2,886	3,776
Total operating expenses before depreciation	76,209	87,615	87,470	84,559	84,117
Operating Income Before Depreciation	56,061	39,384	36,385	32,901	29,260
Depreciation	59,995	59,027	57,127	49,803	50,438
Operating Loss	(3,934)	(19,643)	(20,742)	(16,902)	(21,178)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	40,976	38,437	37,535	37,190	38,485
Customer Facility Charges	15,607	14,849	14,309	11,204	-
Net Bond interest expense	-	-	-	-	-
Loss on disposition of property and equipment	-	(125)	(1,947)	(17)	(767)
Interest Income	1,789	1,964	1,814	1,819	1,903
Increase in the fair value of investments	(276)	1,566	(1,448)	127	-
Net non-operating revenues (expenses)	58,096	56,691	50,263	50,323	39,621
Capital Contributions	15,148	17,916	22,559	14,789	19,340
Net Position					
Increase in Net Position	69,310	54,964	52,080	48,210	37,783
Net Position, Beginning of Period	1,088,671	1,054,705*	1,002,625*	954,415*	916,632*
Net Position, End of Period	\$ 1,157,981	\$ 1,109,669	\$ 1,054,705	\$ 1,002,625	\$ 954,415

Source: Salt Lake City Department of Airports Audited Financial Statements

*Balance has not been restated for GASB 68.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

CASH FLOW TREND

Last Ten Fiscal Years
(Amounts in Thousands)

	2020	2019	2018	2017	2016
Cash Flows from Operating Activities					
Cash received from providing services	\$ 160,183	\$ 178,994	\$ 169,134	\$ 156,314	\$ 145,959
Cash paid for services by Salt Lake City	(18,123)	(13,543)	(8,395)	(7,247)	(7,043)
Cash paid to suppliers	(49,941)	(48,326)	(46,948)	(37,228)	(39,744)
Cash paid to employees	(48,728)	(49,835)	(53,380)	(48,872)	(46,776)
Net cash from operating activities	43,391	67,290	60,411	62,967	52,396
Cash Flows from Investing Activities					
Interest received on investments/Paid for investments	303,941	(376,407)	(25,623)	6,677	1,647
Net cash from investing activities	303,941	(376,407)	(25,623)	6,677	1,647
Cash Flows from Noncapital and Related Financing Activities					
Cash overdraft with City pooled cash account	-	-	-	-	(10,043)
Net cash from noncapital and related financing activities	-	-	-	-	(10,043)
Cash Flows from Capital and Related Financing Activities					
Purchase of capital equipment	(13,763)	(5,504)	(2,920)	(6,861)	(7,185)
Payments for acquisition and construction of capital assets	(732,251)	(688,815)	(501,523)	(271,753)	(146,841)
Proceeds from issuance of revenue bonds payable	-	931,456	-	1,124,493	-
Bond issuance costs	-	(1,468)	-	(1,391)	-
Interest paid on bonds	(100,026)	(50,000)	(42,778)	-	-
Passenger Facility Charges	44,460	49,571	47,474	44,932	42,454
Customer Facility Charges	13,526	16,720	15,656	16,129	15,850
Proceeds from sale of property	108	159	136	208	333
Airport improvement grants	30,056	2,696	19,735	22,500	15,902
Other financing	2,166	8,043	1,142	-	-
Net cash from capital and related financing activities	(755,724)	262,858	(463,078)	928,257	(79,487)
Net Increase (Decrease) in Cash and Cash Equivalents	(408,392)	(46,259)	(428,290)	997,901	(35,487)
Cash and Cash Equivalents - Beginning of Year	863,868	910,127	1,338,417	340,516	376,003
Cash and Cash Equivalents - End of Year	\$ 455,477	\$ 863,868	\$ 910,127	\$ 1,338,417	\$ 340,516

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

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

	2015	2014	2013	2012	2011
Cash Flows from Operating Activities					
Cash received from providing services	\$ 139,279	\$ 135,719	\$ 129,243	\$ 112,979	\$ 113,613
Cash paid for services by Salt Lake City	(6,978)	(7,060)	(7,031)	(7,133)	(7,630)
Cash paid to suppliers	(35,717)	(39,568)	(40,753)	(40,583)	(35,003)
Cash paid to employees	(45,398)	(43,763)	(42,180)	(40,340)	(40,762)
Net cash from operating activities	51,186	45,328	39,279	24,923	30,217
Cash Flows from Investing Activities					
Interest received on investments/Paid for investments	11,787	13,385	(45,951)	29,420	(43,761)
Net cash from investing activities	11,787	13,385	(45,951)	29,420	(43,761)
Cash Flows from Noncapital and Related Financing Activities					
Cash overdraft with City pooled cash account	10,043	-	-	-	-
Net cash from noncapital and related financing activities	10,043	-	-	-	-
Cash Flows from Capital and Related Financing Activities					
Purchase of capital equipment	(3,905)	(2,546)	(2,367)	(2,212)	(4,590)
Payments for acquisition and construction of capital assets	(126,880)	(68,077)	(43,333)	(30,795)	(43,568)
Passenger Facility Charges	40,955	39,096	37,097	37,356	38,562
Customer Facility Charges	15,673	15,563	14,572	10,013	-
Interest received on Customer Facility Charges	134	-	-	32	-
Proceeds from sale of property	9,938	29	204	210	242
Airport improvement grants	-	25,206	18,150	11,000	22,001
Net cash from capital and related financing activities	(64,084)	9,271	24,323	25,603	12,647
Net Increase (Decrease) in Cash and Cash Equivalents	8,932	67,984	17,651	79,946	(897)
Cash and Cash Equivalents - Beginning of Year	367,071	299,087	281,436	201,490	202,387
Cash and Cash Equivalents - End of Year	\$ 376,003	\$ 367,071	\$ 299,087	\$ 281,436	\$ 201,490

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

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

Ratio of Bond Debt Service to Total Operating Expenses

General Revenue bonds	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	92,778	78,637	50,000	17,778	-	-	-	-	-	-
Total Debt Service	\$ 92,778	\$ 78,637	\$ 50,000	\$ 17,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 109,903	\$ 98,433	\$ 99,976	\$ 99,459	\$ 90,065	\$ 76,209	\$ 87,615	\$ 87,471	\$ 84,559	\$ 84,117
Ratio of Bond Debt Service to Total Operating Expenses	84.4%	79.9%	50.0%	17.9%	0%	0%	0%	0%	0%	0%

Debt Service per Enplaned Passenger

Total Debt Service	\$ 92,778	\$ 78,637	\$ 50,000	\$ 17,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Enplaned passengers	10,096	13,090	12,420	11,850	11,293	10,834	10,295	10,044	10,125	10,429
Debt Service per Enplaned Passenger	\$ 9.19	\$ 6.01	\$ 4.03	\$ 1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Outstanding Debt per Enplaned Passenger

Outstanding debt										
2018A series	\$ 821,126	\$ 823,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018B series	107,036	107,420	-	-	-	-	-	-	-	-
2017A series	915,226	918,724	922,178	925,498	-	-	-	-	-	-
2017B series	196,676	197,574	198,463	199,314	-	-	-	-	-	-
Total Outstanding debt	\$ 2,040,064	\$ 2,047,343	\$ 1,120,641	\$ 1,124,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Enplaned Passengers	10,096	13,090	12,420	11,850	11,293	10,834	10,295	10,044	10,125	10,429
Outstanding Debt per Enplaned Passenger	\$ 202.07	\$ 156.41	\$ 90.23	\$ 94.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

Fiscal Year Ended June 30,	Salt Lake City, Utah Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)(4)	Number of residents 18 years and older (1)	Unemployment Rate (3)
2020	est. 200,576	unavailable	unavailable	unavailable	6.4%
2019	200,576	6,609,782	32,954	160,824	3.2%
2018	194,188	6,399,271	32,954	153,512	3.1%
2017	193,744	6,042,488	31,188	150,151	3.5%
2016	192,672	5,477,280	23,850	160,159	3.9%
2015	190,884	5,688,916	29,803	148,684	3.7%
2014	191,180	5,939,007	31,065	148,165	4.2%
2013	189,314	5,192,883	27,430	147,718	5.0%
2012	188,010	4,914,957	26,142	147,172	6.0%
2011	186,440	4,142,137	22,217	144,406	7.6%

Sources:

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS

**Utah Principal Employers
Last Ten Fiscal Years**

June 30, 2020

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

June 30, 2019

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

June 30, 2018

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

June 30, 2017

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

June 30, 2016

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

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS

**Utah Principal Employers
Continued Last Ten Fiscal Years**

June 30, 2015

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

June 30, 2014

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

June 30, 2013

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

June 30, 2012

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

June 30, 2011

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

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS

AIRPORT EMPLOYEE STATISTICS

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

Fiscal Year	Director's Office	Public Relations	Planning & Capital Programming	Finance & Accounting	Admin & Commercial Services	Information Technology	Engineering	Maintenance	Operations	Police	Total
2020	5	4	8	14	13	30	23	242	159	**	498
2019	6	3	8	19	13	27	25	223	148	**	472
2018	6	2	8	19	13	23	25	226	142	62	526
2017	6	2	8	19	13	25	26	222	142	62	525
2016	6	2	8	20	13	25	25	221	191	*	511
2015	6	2	8	19	13	25	25	215	193	*	506
2014	5	2	8	21	14	25	29	217	200	*	521
2013	5	1	8	21	12	24	29	213	202	*	515
2012	5	1	9	20	12	23	29	202	192	*	493
2011	5	1	8	20	10	21	27	201	194	*	487

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

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

**On January 1, 2019 Airport Police merged with the Salt Lake City Police Department and are no longer employed directly by the Airport.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SUMMARY OF CAPITAL ASSETS

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Military										
Acres of land leased to military	135	135	135	135	135	135	135	135	135	135
Annual rent from military leases	\$153,712	\$153,712	\$153,712	\$153,712	\$150,969	\$140,144	\$136,968	\$136,968	\$136,968	\$136,968
Terminal - General										
Number of passenger terminals	3	3	3	3	3	3	3	3	3	3
Total square feet	1,060,184	1,090,067	1,090,067	1,090,067	1,090,067	1,102,400	1,102,400	1,102,400	1,102,400	1,102,400
Non-Retail Space - number of sq. ft.										
Counter space	7,614	7,614	7,614	7,614	7,614	7,614	7,614	7,614	7,614	7,614
Airline office	42,569	42,569	42,569	42,569	42,569	42,569	42,369	42,369	42,369	42,369
Other office (i.e. TSA, SLCD, concession offices)	61,865	61,865	61,865	61,865	61,865	61,865	61,865	47,882	47,882	47,882
Common use areas	584,370	584,370	584,370	584,370	584,370	584,370	584,370	598,343	644,935	644,935
Retail Space - Pre-Security										
Food and beverage	2,674	2,674	2,674	2,674	2,674	2,674	2,674	2,788	1,998	1,998
Newsstands	184	184	184	184	184	184	184	212	250	250
Specialty Retail	-	-	-	-	-	-	-	-	-	-
Other concessions (vending)	264	264	264	264	264	264	264	238	497	497
Retail Space - Secured Area										
Food and beverage	50,280	50,280	50,280	50,280	50,280	50,280	50,280	49,836	45,454	45,454
Newsstands	7,721	7,721	7,721	7,721	7,721	7,721	7,721	7,697	4,891	4,891
Specialty Retail	15,019	15,019	15,019	15,019	15,019	15,001	15,001	13,419	13,994	13,994
Other concessions	152	152	152	152	152	96	96	140	-	-
Parking										
Short-term / 4 Level Parking Garage (Number of spaces)	1,845	1,845	1,845	1,845	1,845	1,774	1,766	1,766	1,766	1,767
Long-term (Number of spaces)	10,463	10,463	10,463	9,703	9,703	10,070	10,055	10,057	10,057	10,066
Tenant Employee Lot (Number of spaces)	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,955
Park and Wait Lot (Number of spaces)	120	120	120	120	82	82	82	81	81	81
Cargo										
Total SF of airport buildings leased for cargo use, including warehouse, office, etc.	206,620	184,592	202,896	202,896	202,896	202,896	202,896	202,896	202,896	202,896
Total SF of ground leased for cargo, incl. warehousing, office, etc.	757,939	757,939	797,939	797,939	797,939	727,939	727,939	727,939	727,939	727,939
Runways (feet)										
34L/16R	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000
34R/16L	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003
35/17	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596
32/14	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892
Acres										
Total Acres Owned by Airport	9,663	9,663	9,663	9,663	9,633	9,510	9,426	9,426	9,426	9,426
Total AOA Acres	3,325	3,325	3,325	3,325	3,325	3,375	3,375	3,375	3,375	3,375

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SCHEDULE OF INSURANCE POLICIES

<u>Coverage Type</u>	<u>Carrier / Policy #</u>	<u>Policy Limits</u>	<u>Description / Deductibles</u>
Crime and Fidelity	National Union Fire Insurance 01-567-99-29	\$1,000,000	Employee Theft - Per Loss Coverage, \$20,000 deductible
		\$1,000,000	Funds Transfer Fraud, \$20,000 deductible
		\$1,000,000	Computer Fraud, \$20,000 deductible
		\$50,000	Theft of Money & Securities, \$2,500 deductible
		\$50,000	Money Orders and Counterfeit Money, \$2,500 deductible
		\$50,000	Inside or Outside Premises - Robbery or Safe Burglary of Other Property, \$2,500 deductible
		\$25,000	Forgery or Alteration, \$1,000 deductible
Excess Workers' Comp	Safety National SP 4060862	\$30,000,000	Maximum limit of indemnity per occurrence
			\$750,000 Self-Insured Retention (SIR) per occurrence
		\$1,000,000	Employers' Liability maximum limit of indemnity per occurrence
Cyber	Indian Harbor Insurance Company	\$5,000,000	Third-Party Liability: Media, Privacy and Cyber Security, Privacy Regulatory Defense, Awards and Fines, \$50,000 retention
			First Party Coverage: Data Recovery, Cyber Extortion and Ransomware. Data Breach Response and Crisis Management Coverage, \$50,000 retention
Excess Liability	Safety National Casualty Corp.		\$1,000,000 SIR per occurrence applies to each line of coverage
Commercial General Liability	GLE4058876	\$2,000,000	\$4,000,000 aggregate limit CGL
Business Auto Liability	CAE4058878	\$2,000,000	\$2,000,000 combined single limit and maximum limit of indemnity
Law Enforcement Liability	SLE6675337	\$2,000,000	\$2,000,000 aggregate limit
Public Officials and Emp Practices	SP06675338	\$2,000,000	\$2,000,000 aggregate limit
General Liability	AIG	\$500,000,000	Bodily Injury, Property Damage, Auto Liability on Airport
Dept. of Airports	AP 007741005	\$500,000,000	Premises, Hangarkeepers Liability
		\$50,000,000 each offense	Personal & Advertising Injury, Incidental Medical Malpractice
		\$50,000,000 Excess of SIR	Excess Auto Legal Liability Off-Premises \$500,000 SIR
		\$150,000,000	War Liability/TRIA Liability
Property Insurance	Lexington Insurance Co. 014498273	\$500,000,000	Airport Terminals, Concourses, Buildings, Runways, Taxiways
Dept. of Airports		Sublimits apply	Equipment, Fuel Farm, Materials, Machinery
		\$100,000,000	Earth Movement and Flood 2% deductible per location; \$100,000 min. \$5,000,000 max.
		\$500,000,000	Windstorm or Hail 5% deductible, \$250,000 min.
		\$200,000,000	Business Interruption 2% deductible per location; \$100,000 min. \$5,000,000 max.
		Not covered	Terrorism, Certified & Non-Certified Acts
Comm. Auto Liability	Granite State Auto Insurance	\$1,000,000	Scheduled Autos Only
Dept. of Airports	02-CA-023317118-0	\$0 deductible	

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

<u>Fiscal Year</u>	<u>O&D Enplaned Passengers</u>	<u>% Change From Prior FY</u>	<u>Connecting Enplaned Passengers</u>	<u>% Change From Prior FY</u>	<u>Total Enplaned Passengers</u>	<u>% Change From Prior FY</u>
2011	5,120,614	1.8	5,308,783	1.5	10,429,397	1.7%
2012	5,169,664	1.0	4,955,422	(6.7)	10,125,086	-2.9%
2013	5,276,135	2.1	4,767,934	(3.8)	10,044,069	-0.8%
2014	5,317,054	0.8	4,977,640	4.4	10,294,694	2.5%
2015	5,748,372	8.1	5,085,336	2.2	10,833,708	5.2%
2016	6,138,625	6.8	5,154,449	1.4	11,293,074	4.2%
2017	6,643,195	8.2	5,207,025	1.0	11,850,220	4.9%
2018	7,201,438	8.4	5,218,734	0.2	12,420,172	4.8%
2019	7,543,142	4.7	5,546,991	6.3	13,090,133	5.4%
2020	5,817,629 *	(22.9)	4,278,103 *	(22.9)	10,095,732 *	-22.9%

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

* O&D passengers for FY 2020 from USDOT are not yet available. As such, the figure has been forecast using percentages from FY 2019.

**Airlines Operating in FY2020
At Salt Lake City International Airport**

Signatory Airlines

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

Affiliate Airlines*

Compass Airlines (AA, Delta)
Express Jet (UAL)
GoJet (UAL)
Horizon Air (AK)
Mesa Airlines (AA, UAL)
Republic Airlines (UAL)
SkyWest Airlines (AK, AA, Delta, UAL)

All Cargo Airlines

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

Foreign Flag Airlines*

Aeromexico (Delta)
KLM Royal Dutch Airlines (Delta)

* Affiliated Signatory Airlines shown in parentheses.

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

Airline	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Market Share FY 2011	Market Share FY 2020
Delta Air Lines	4,443	4,434	4,578	4,786	5,170	5,597	6,097	6,431	6,869	5,587	76.3%	73.0%
Delta Connection*	3,512	3,014	2,844	2,723	2,440	2,329	2,184	2,298	2,563	1,778	0.0% *	0.0% *
Southwest Airlines	1,294	1,247	1,198	1,173	1,162	1,214	1,216	1,310	1,300	982	12.4%	9.7%
American Airlines**	463	534	567	647	713	752	747	775	740	555	4.4%	5.5%
United Airlines	374	460	444	443	491	552	596	608	663	475	3.6%	4.7%
Alaska Air	-	-	26	112	407	409	421	379	333	253	0.0%	2.5%
JetBlue Airways	174	209	167	163	202	232	296	363	358	274	1.7%	2.7%
Frontier	168	222	217	239	238	198	246	243	263	191	1.6%	1.9%
Other	1	3	4	9	10	10	47	13	2	1	0.0%	0.0%
Total	10,429	10,125	10,044	10,295	10,834	11,293	11,850	12,420	13,090	10,096		

*Percentage included with Delta

**Including US Airways

Note: Amounts may not add due to rounding.

Source: Department Records

Salt Lake City International Airport
Historical Aircraft Operations
(Total Landings & Takeoffs)

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Passenger Aircraft	272,550	249,040	236,860	237,646	237,948	237,294	247,150	250,904	253,578	216,320
Cargo	16,476	16,520	17,942	18,102	18,484	19,434	20,240	20,382	20,618	20,604
General Aviation	69,796	73,389	74,145	66,670	60,824	50,879	48,843	53,695	61,117	63,326
Military	2,649	4,170	2,044	2,190	2,738	7,978	7,202	7,037	5,751	2,792
Total Operations	361,471	343,119	330,991	324,608	319,994	315,585	323,435	332,018	341,064	303,042
Annual Change	(-1.5%)	(-5.1%)	(-3.5%)	(-1.9%)	(-1.4%)	(-1.4%)	2.5%	2.7%	2.7%	-11.1%

Source: Department Records

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

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Airlines	12,352,045	11,731,536	11,463,695	11,740,729	12,202,986	12,511,833	13,303,497	13,737,381	14,263,691	12,315,209
Cargo	878,467	873,214	942,557	938,309	997,992	1,069,830	1,106,147	1,171,564	1,201,369	1,246,304
Total	13,230,512	12,604,750	12,406,252	12,679,038	13,200,978	13,581,663	14,409,644	14,908,945	15,465,060	13,561,514
Annual Change	1.0%	(-4.7%)	(-1.6%)	2.2%	4.1%	2.9%	6.1%	3.5%	3.7%	-12.3%

Source: Department Records

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

	Fiscal Year Ended June 30									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cargo	158,430	173,030	171,762	162,767	165,356	175,453	183,525	190,143	203,950	199,985
Mail	<u>7,145</u>	<u>10,213</u>	<u>14,417</u>	<u>14,674</u>	<u>15,773</u>	<u>16,420</u>	<u>17,020</u>	<u>20,712</u>	<u>20,293</u>	<u>21,400</u>
Total	<u>165,575</u>	<u>183,243</u>	<u>186,179</u>	<u>177,441</u>	<u>181,129</u>	<u>191,873</u>	<u>200,545</u>	<u>210,855</u>	<u>224,243</u>	<u>221,385</u>
Annual Change	7.2%	10.7%	1.6%	(-4.7%)	2.1%	5.9%	4.5%	5.1%	6.3%	-1.3%

Source: Department Records

SALT LAKE CITY DEPARTMENT OF AIRPORTS
TOTAL ANNUAL REVENUES AND EXPENSES
Fiscal Year Ended June 30

Operating Revenues	2016	2017	2018	2019	2020
Airfield	\$ 31,809,896	\$ 35,333,251	\$ 37,850,416	\$ 40,799,238	\$ 40,689,749
Terminals	50,070,474	52,951,540	56,371,640	60,286,589	58,015,237
Landside	57,912,911	64,364,602	68,304,466	72,852,990	58,885,211
Auxiliary Airports	939,098	1,523,721	1,782,152	2,031,742	2,138,371
General Aviation	2,056,534	2,262,353	2,526,808	2,392,266	2,568,559
Support Areas	7,149,854	7,449,642	7,662,008	6,437,741	5,957,045
Other	2,035,050	3,090,190	2,915,551	2,739,183	3,169,004
Operating revenues	151,973,817	166,975,299	177,413,041	187,539,749	171,423,176
Less: Airline revenue sharing	(10,941,229)	(12,169,163)	(13,007,308)	(14,076,885)	(10,096,880)
Total operating revenues	141,032,588	154,806,136	164,405,733	173,462,864	161,326,296
Operating Expenses					
Airfield	28,358,533	30,038,981	31,484,601	31,305,225	32,866,248
Terminals	37,150,225	40,038,056	41,079,201	40,435,158	47,183,508
Landside	11,237,669	12,336,435	12,522,236	10,081,900	11,223,893
Auxiliary Airports	1,746,575	3,054,345	3,253,108	4,241,437	4,534,580
General Aviation	996,707	2,890,348	995,461	877,645	892,387
Support Areas	1,130,272	1,347,481	1,235,761	1,661,436	1,600,159
Roads and Grounds	6,991,987	7,165,486	6,876,733	7,670,463	8,516,862
Other	2,453,128	2,588,726	2,529,250	2,161,008	3,085,500
Total operating expenses before depreciation	90,065,096	99,459,858	99,976,351	98,434,272	109,903,136
Operating Income Before Depreciation	50,967,492	55,346,278	64,429,382	75,028,592	51,423,160
Depreciation	61,656,896	63,664,986	63,826,718	63,549,763	57,604,443
Operating Income/(Loss)	(10,689,404)	(8,318,708)	602,664	11,478,829	(6,181,283)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	42,805,519	45,750,397	47,739,461	49,720,539	40,607,278
Customer Facility Charges	15,613,155	16,157,076	15,740,068	16,012,445	12,477,986
Net Bond interest expense	-	(14,479,594)	(34,674,629)	(72,222,513)	(85,497,741)
Bond issuance costs	-	(3,453,689)	-	(3,129,538)	-
Interest Income	2,782,668	8,005,230	21,782,631	36,964,373	19,360,991
Other revenue (expenses), net	(488,665)	4,120,819	(2,501,999)	9,405,217	1,527,746
Net non-operating revenues (expenses)	60,712,677	56,100,239	48,085,532	36,750,523	(11,523,740)
Capital Contributions	14,230,033	17,793,909	18,142,126	14,284,968	31,124,710
Net Position					
Increase in Net Position	64,253,306	65,575,440	66,830,322	62,514,320	13,419,687
Net Position, Beginning of Period	1,157,981,328	1,222,234,634	1,287,810,074	1,354,640,396	1,417,154,716
Net Position, End of Period	\$ 1,222,234,634	\$ 1,287,810,074	\$ 1,354,640,396	\$ 1,417,154,716	\$ 1,430,574,403

Source: Salt Lake City Department of Airports Audited Financial Statements

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

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

	Fiscal Year Ended June 30				
	2011	2012	2013	2014	2015
Operating Revenues					
Airfield	\$ 26,790,645	\$ 27,360,062	\$ 27,533,052	\$ 28,986,244	\$ 27,688,088
Terminals	42,746,010	42,580,560	45,410,572	45,732,747	49,165,208
Landside	42,339,341	45,110,330	48,119,056	49,064,037	52,477,405
Auxiliary Airports	631,234	670,645	721,141	736,231	852,204
General Aviation	1,888,594	2,097,232	2,028,469	2,089,127	2,223,159
Support Areas	6,924,048	7,098,323	7,421,130	7,486,374	7,484,591
Other	2,341,446	2,550,590	2,635,709	3,194,765	2,318,083
Operating revenues	123,661,318	127,467,742	133,869,129	137,289,525	142,208,738
Less: Airline revenue sharing	(10,284,613)	(10,007,605)	(10,013,679)	(10,290,299)	(9,938,626)
<u>Total operating revenues</u>	<u>113,376,705</u>	<u>117,460,137</u>	<u>123,855,450</u>	<u>126,999,226</u>	<u>132,270,112</u>
Operating Expenses					
Airfield	24,928,820	25,680,150	25,848,088	27,040,934	22,546,161
Terminals	37,086,995	37,776,228	38,904,486	36,795,761	32,598,386
Landside	10,706,997	9,608,951	11,311,729	11,813,344	9,788,597
Auxiliary Airports	1,476,851	1,699,831	1,500,433	1,575,915	1,370,456
General Aviation	1,031,487	1,266,518	1,064,049	1,124,905	1,112,793
Support Areas	1,037,924	944,635	1,019,395	1,039,306	958,611
Roads and Grounds	5,567,870	5,667,708	5,679,770	6,000,384	5,736,332
Other	2,279,990	1,915,418	2,142,776	2,224,551	2,097,347
<u>Total operating expenses before depreciation</u>	<u>84,116,934</u>	<u>84,559,439</u>	<u>87,470,726</u>	<u>87,615,100</u>	<u>76,208,683</u>
Operating Income Before Depreciation	29,259,771	32,900,698	36,384,724	39,384,126	56,061,429
Depreciation	50,438,401	49,802,772	57,127,603	59,027,448	59,995,105
Operating Loss	(21,178,630)	(16,902,074)	(20,742,879)	(19,643,322)	(3,933,676)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	38,485,478	37,190,302	37,534,715	38,437,248	40,976,537
Customer Facility Charges	-	11,203,789	14,308,670	14,848,663	15,606,695
Net Bond interest expense	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Interest Income	1,903,536	1,818,745	1,814,881	1,964,326	1,788,695
Other revenue (expenses), net	(767,374)	109,964	(3,394,933)	1,441,073	(275,668)
<u>Net non-operating revenues (expenses)</u>	<u>39,621,640</u>	<u>50,322,800</u>	<u>50,263,333</u>	<u>56,691,310</u>	<u>58,096,259</u>
Capital Contributions	19,340,081	14,789,323	22,558,966	17,916,389	15,148,122
Net Position					
Increase in Net Position	37,783,091	48,210,049	52,079,420	54,964,377	69,310,705
Net Position, Beginning of Period	916,631,949	954,415,040	1,002,625,089	1,054,704,509	1,088,670,623
<u>Net Position, End of Period</u>	<u>\$ 954,415,040</u>	<u>\$ 1,002,625,089</u>	<u>\$ 1,054,704,509</u>	<u>* \$ 1,109,668,886</u>	<u>* \$ 1,157,981,328</u>

SALT LAKE CITY DEPARTMENT OF AIRPORTS
SUMMARY OF OPERATING REVENUES

(Amounts in Thousands)

Fiscal Year Ended June 30,

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Landing Fees	\$ 22,092	\$ 23,059	\$ 23,662	\$ 25,000	\$ 23,199	\$ 27,023	\$ 30,020	\$ 32,742	\$ 35,434	\$ 35,638
Airline Terminal Space Rentals	27,378	27,827	27,590	26,812	29,019	28,500	29,775	31,028	33,432	34,645
Other Airline Revenues	6,427	6,881	7,171	7,098	7,201	6,931	6,844	6,799	6,769	7,031
Car Rental	16,346	16,697	17,482	18,064	19,341	22,142	27,186	29,181	29,856	25,372
Auto Parking Facilities	25,067	26,282	28,619	29,228	31,117	33,409	34,297	35,323	36,297	27,974
Other Terminal Rentals	23,405	23,862	26,909	28,431	29,467	30,859	35,042	39,041	42,046	37,634
Other Revenues	2,947	2,860	2,436	2,657	2,864	3,110	3,811	4,441	3,704	3,129
Credit Revenue Sharing	(10,285)	(10,008)	(10,014)	(10,290)	(9,938)	(10,941)	(12,169)	(13,007)	(14,077)	(10,097)
Total Operating Revenues	<u>\$ 113,377</u>	<u>\$ 117,460</u>	<u>\$ 123,855</u>	<u>\$ 127,000</u>	<u>\$ 132,270</u>	<u>\$ 141,033</u>	<u>\$ 154,806</u>	<u>\$ 165,548</u>	<u>\$ 173,461</u>	<u>\$ 161,326</u>

Source: Department Records

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

Airline (includes affiliates)	FY 2018				FY 2019				FY 2020			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
Alaska	\$ 973	3.0%	\$ 1,025	3.3%	\$ 851	2.4%	\$ 819	2.5%	\$ 826	2.3%	\$ 984	2.8%
American*	1,727	5.3%	1,250	4.0%	1,858	5.2%	1,300	4.0%	1,646	4.6%	1,959	5.7%
Delta	21,136	64.7%	23,227	74.8%	23,534	66.4%	24,671	75.9%	23,850	66.9%	25,431	73.6%
Frontier	480	1.5%	483	1.6%	540	1.5%	494	1.5%	484	1.4%	548	1.6%
JetBlue	854	2.6%	478	1.5%	875	2.5%	508	1.6%	796	2.2%	664	1.9%
Southwest	3,219	9.8%	3,056	9.9%	3,250	9.2%	3,225	9.9%	3,078	8.6%	3,357	9.7%
United	1,483	4.5%	1,396	4.5%	1,655	4.7%	1,501	4.6%	1,451	4.1%	1,632	4.7%
US Airways (1)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other (2)	2,870	8.8%	84	0.3%	2,871	8.1%	-	0.0%	3,507	9.8%	-	0.0%
Totals:	\$ 32,742	100.0%	\$ 30,999	100.0%	\$ 35,434	100.0%	\$ 32,518	100.0%	\$ 35,638	100.0%	\$ 34,575	100.0%

Airline (includes affiliates)	FY 2016				FY 2017			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
Alaska	\$ 965	3.6%	\$ 1,067	3.8%	\$ 1,053	3.5%	\$ 957	3.3%
American	1,713	6.3%	1,333	4.8%	1,537	5.1%	1,239	4.3%
Delta	17,577	65.1%	21,242	76.2%	19,438	64.9%	21,831	74.8%
Frontier	377	1.4%	352	1.3%	483	1.6%	449	1.5%
JetBlue	472	1.7%	301	1.1%	631	2.1%	435	1.5%
SkyWest	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Southwest	2,435	9.0%	2,454	8.8%	2,832	9.4%	2,882	9.9%
United	1,205	4.5%	1,103	4.0%	1,342	4.5%	1,348	4.6%
US Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other (2)	2,279	8.4%	-	0.0%	2,704	9.0%	-	0.0%
Totals:	\$ 27,023	100.0%	\$ 27,852	100.0%	\$ 30,020	100.0%	\$ 29,141	100.0%

Source: Department Records

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

(2) Includes charter, cargo, and commuter

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

Airline (includes affiliates)	FY 2013				FY 2014				FY 2015			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
American	615	2.6%	642	2.3%	814	3.3%	729	2.7%	815	3.5%	873	3.0%
Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Delta	16,125	68.1%	21,141	77.3%	18,163	72.7%	20,116	75.7%	14,786	63.7%	22,153	75.5%
Frontier	453	1.9%	429	1.6%	620	2.5%	537	2.0%	420	1.8%	428	1.5%
JetBlue	320	1.4%	392	1.4%	346	1.4%	389	1.5%	393	1.7%	368	1.3%
Northwest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest	-	0.0%	-	0.0%	-	0.0%	34	0.1%	-	0.0%	-	0.0%
Southwest	2,727	11.5%	2,740	10.0%	2,895	11.6%	2,612	9.8%	2,105	9.1%	2,792	9.5%
United	919	3.9%	1,282	4.7%	1,010	4.0%	1,213	4.6%	944	4.1%	1,242	4.2%
US Airways	601	2.5%	586	2.1%	785	3.1%	579	2.2%	747	3.2%	759	2.6%
Other (1)	1,901	8.1%	140	0.6%	198	0.7%	151	0.6%	2,105	9.1%	-	0.0%
Totals:	\$ 23,662	100.0%	\$ 27,352	100.0%	\$ 25,000	100.0%	\$ 26,583	100.0%	\$ 23,199	100.0%	\$ 29,328	100.0%

Airline (includes affiliates)	FY 2011				FY 2012			
	Landing Fees	% of Total	Rents	% of Total	Landing Fees	% of Total	Rents	% of Total
American	\$ 522	2.4%	\$ 657	2.4%	\$ 645	2.8%	\$ 648	2.4%
Continental	203	0.9%	275	1.0%	227	1.0%	270	1.0%
Delta	8,807	39.9%	20,957	76.5%	15,691	68.0%	21,076	77.1%
Frontier	345	1.6%	426	1.6%	438	1.9%	417	1.5%
JetBlue	338	1.5%	422	1.5%	399	1.7%	379	1.4%
Northwest	785	3.6%	-	0.0%	-	0.0%	-	0.0%
SkyWest	5,861	26.5%	-	0.0%	-	0.0%	-	0.0%
Southwest	2,802	12.7%	2,875	10.5%	2,897	12.6%	2,776	10.2%
United	588	2.7%	1,098	4.0%	725	3.1%	1,062	3.9%
US Airways	410	1.9%	574	2.1%	502	2.2%	571	2.1%
Other (Charter, Cargo & Commuter)	1,330	5.8%	122	0.4%	1,535	6.7%	138	0.4%
Totals:	\$ 22,092	100.0%	\$ 27,407	100.0%	\$ 23,059	100.0%	\$ 27,338	100.0%

Source: Department Records
(1) Includes charter, cargo, and commuter

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

(Amounts in Thousands)

Fiscal Year Ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel Services	\$ 40,661	\$ 41,345	\$ 42,347	\$ 44,916	\$ 33,880	\$ 45,096	\$ 49,350	\$ 50,076	\$ 40,258	\$ 48,584
Charges/Services/Fees	21,006	20,773	19,796	18,547	19,785	20,811	24,901	23,996	26,300	25,118
Operational Maintenance Supplies	9,376	8,999	11,118	10,755	9,487	10,940	11,725	11,343	12,610	12,381
Utilities	5,405	5,630	6,122	6,209	6,313	6,175	5,946	6,166	5,721	5,697
Fire Services	3,840	4,091	4,152	4,185	4,314	4,597	4,886	5,130	5,364	5,587
Police Services	-	-	-	-	-	-	-	-	3,891 *	8,332
Salt Lake City Administration	3,829	3,721	3,935	3,003	2,430	2,446	2,651	3,265	4,288	4,204
Total Operating Expenses	\$ 84,117	\$ 84,559	\$ 87,470	\$ 87,615	\$ 76,209	\$ 90,065	\$ 99,459	\$ 99,976	\$ 98,433	\$ 109,903

Source: Department Records

* Starting on January 1, 2019, the Airport Police combined with Salt Lake City Police, and all wages, benefits, and operating expenses will be broken out separately.