



COMPREHENSIVE ANNUAL FINANCIAL REPORT

2017

FOR THE YEAR ENDED SEPTEMBER 30, 2017



DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY



WAYNE COUNTY AIRPORT AUTHORITY

Detroit, Michigan

Comprehensive Annual Financial Report

Year Ended September 30, 2017

Prepared by:
Controller's Office

WAYNE COUNTY AIRPORT AUTHORITY

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March 2, 2018

To the Wayne County Airport Authority Board:

The Comprehensive Annual Financial Report (CAFR) of the Wayne County Airport Authority (the Authority) as of and for the year ended September 30, 2017 is submitted herewith. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America (GAAP). It includes disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities included within the CAFR. The report of the independent auditors on the financial statements is included on pages 1 – 3 of the CAFR.

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

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

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

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

The Authority's financial statements for the year ended September 30, 2017 have received an "unmodified opinion" from Plante & Moran, PLLC, the Authority's independent certified public accountants. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

An independent audit was also performed by Plante & Moran, PLLC, in accordance with the requirements of the Uniform Grant Guidance (2 CFR Part 200), i.e., Single Audit. The auditor's reports related specifically to the Single Audit are immediately following the CAFR in the Compliance Section.

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

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

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

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

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

Continuing Disclosure Section – The continuing disclosure schedules reflect information in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission and as set forth in the Continuing Disclosure Undertaking for issued debt. The information contained in this section is prepared by the Authority and is not part of the independent auditor’s report.

Compliance Section – This section presents schedules and footnotes prepared to meet the requirements of the U.S. Office of Management & Budget 2 CFR Part 200 as well as Federal Aviation Administration requirements applicable to The Passenger Facility Charge Program and in accordance with 14 CFR Part 158.

REPORTING ENTITY BACKGROUND

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

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

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

AUTHORITY OPERATIONS AND SERVICES

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

Airline Use and Lease Agreement (the Agreement)

Leases. Revenues received by the Authority in accordance with the Master Airport Revenue Bond Ordinance (Master Bond Ordinance) are derived from rentals, fees and charges imposed upon airlines operating at the Airport under Airline Use and Lease Agreements relating to their use of the Airport. The following airlines are parties to such agreements: Air France, American Airlines, Delta Air Lines, Federal Express, Lufthansa German Airlines, Southwest, Spirit Airlines, United Airlines and United Parcel Service (collectively, the “Signatory Airlines”).

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

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

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

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

The Airline Industry

The industry is susceptible to world events and global economic conditions. In the aftermath of the events of September 11, 2001, the US airline industry saw a material adverse shift in the demand for air travel. The result was five years of reported industry operating losses between 2001 and 2005, totaling more than \$28 billion (excluding extraordinary charges and gains). The airline industry finally gained ground in 2007 with virtually every US airline posting a profit. In 2008 and through the first half of 2009, the combination of record-high fuel prices, weakening economic conditions and a weak dollar resulted in many of the domestic network competitors announcing changes in business strategies. These included mergers, significant capacity reductions and increases in fares and fees to mitigate these challenges.

Following a period of consolidations and mergers, the airlines have returned to profitability. Building upon earnings of \$35.3 billion in net post-tax profits for the global airline industry in 2016 and \$34.5 billion in 2017, the International Air Transport Association (IATA) forecasts the airlines' net profit will be \$38.4 billion in 2018. Global passenger departures grew 7 percent and 7.1 percent in 2016 and 2017, respectively. IATA forecasts passenger traffic to grow by 5.6 percent in 2018. Performance among the industry is uneven across global regions.

Over the past three years, North American airlines have fared best with profits of approximately \$16.5 billion in 2016 and \$15.6 billion in 2017. Latin American airlines have fared as one of the worst with weak home markets and currencies, but that is turning around and further recovery is expected in 2018. A net profit of \$0.9 billion is forecast next year, following losses of \$1.6 billion in 2015 and profits of \$.07 billion in 2016.

Cutting capacity during the economic downturn has been a key strategy to the airlines' return to profitability in recent years. In response to changes in demand, airlines have selectively added back domestic and international seat capacity over the past three years. To take advantage of strong demand for air travel, domestic air carriers are adding capacity that was trimmed over the past decade following a series of mergers and economic recession. The capacity growth is a result of additional seats on fewer flights. To accomplish this:

- The major airlines are up-gauging equipment by replacing smaller aircraft with larger aircraft.
- Small airlines are adding new planes to their fleets.

The year-over-year growth in the system-wide domestic capacity for the twelve months ended September 30, 2017 was 0.4 percent for flights and 3.3 percent for seats. Capacity growth at DTW was slightly less during that time period for flights and seats by 0.2 percent and 2 percent, respectively. The change does not correlate proportionately as seat growth outpaces operations, demonstrating the effect of the airlines' equipment up-gauging.

Airport Activity

DTW ended fiscal year 2017 with a 0.9 percent increase in enplaned passengers, a 0.3 percent increase in operations, a 4.5 percent increase in cargo and a 0.6 percent increase in landed weight compared to the prior fiscal year. DTW's activities for the years ended September 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Enplanements	17,281,219	17,130,687	0.9%
Operations	393,723	392,383	0.3%
Cargo (in metric tons)	213,980	204,858	4.5%
Landed Weight (in thousands, lbs.)	21,601,812	21,466,594	0.6%

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority's Budget

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

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

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

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

AUTHORITY'S ECONOMIC CONDITION

Population and Air Trade Area

DTW resides in a region which the United States Office of Management and Budget (OMB) defines as the Detroit-Warren-Ann Arbor Metropolitan Statistical Area (MSA) and is composed of the six Michigan counties of Lapeer, Livingston, Macomb, Oakland, St. Clair and Wayne. Also part of the geographic area served by DTW are the Flint MSA, which includes Genesee County; the Monroe MSA, which includes Monroe County; and the Adrian MSA, which includes Lenawee County. These counties represent the primary geographical area served by DTW and are commonly called the "Air Trade Area." The estimated population of the Air Trade Area is 5.3 million according to Woods and Poole Economic Inc. (April 2016).

Based on location, accessibility and services available at other commercial service airports within nearby service areas, the borders of the Air Trade Area are generally established by Toledo Express Airport (TOL) to the south, Fort Wayne International Airport (FWA) to the southwest, Lansing Capital City Airport (LAN) to the west, and Bishop International Airport (FNT) to the north. The closest large hub airport to the Air Trade Area is Cleveland-Hopkins International Airport (CLE), which primarily serves its own air trade area of approximately 150 miles southeast of TW across Lake Erie.

Other nearby airport facilities in close proximity to DTW include YIP, Coleman A. Young International Airport (formerly Detroit City Airport) and Windsor International Airport across the U.S. border in Ontario, Canada. YIP, also operated by the Authority, is located seven miles west of DTW and serves cargo, corporate and general aviation clients. Coleman A. Young International Airport (DET) is approximately eight miles northeast of downtown Detroit; however, it has not had commercial passenger airline service since 2000. Windsor International Airport (YQG) is located approximately nine miles southeast of downtown Detroit and provides year-round service to Toronto-Pearson Airport (YYZ) and Toronto City Airport (YTZ) along with seasonal service to four additional destinations in Canada and Cuba.

DTW is the primary air carrier airport serving the Detroit Metropolitan area. In calendar year 2016, DTW ranked 17th nationwide in total aircraft operations with 393,427 aircraft movements and 18th nationwide in total passengers, enplaning and deplaning, with approximately 34.4 million passengers.

Economy

The demand for air transportation is, to a large extent, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the Air Trade Area). Home to a number of Fortune 500 companies, the Air Trade Area has seen recent improvement in employment rates and a high percentage of households in the uppermost income categories when compared to Michigan and the nation. The Air Trade area is home to 11 Fortune 500 Company Headquarters. Seven of the Air Trade Area's Fortune 500 companies are part of the automotive industry. The three largest employers in the Air Trade Area as of July 2017 are automobile manufacturers: Ford Motor (48,000 employees), General Motors (37,713 employees) and FCA US (32,514 employees). The University of Michigan (32,749 employees) and Beaumont Health (28,038 employees) complete the top five employers. Consistently appearing near the top of the Fortune 500 Rankings, in 2016 General Motors and Ford Motor were ranked 8th and 9th, respectively.

The Air Trade Area has experienced a significant recovery from high unemployment rates between 2009 and 2016. As of June 2017, the unemployment rate in the Air Trade Area was 3.8 percent (non-seasonally adjusted). This rate is lower than the unemployment rate in the State of Michigan (4.0 percent) and in the United States of America (4.5 percent). The Air Trade Area's unemployment rate is lower than it was a year ago (5.1 percent in October 2016). Employment growth is the greatest in professional-business services, leisure-hospitality and financial activities industries.

Personal income is a composite measurement of market potential and indicates the general level of affluence of local residents, which corresponds to an area's ability to afford air travel, as well as the area's attractiveness to business and leisure travelers (lower income areas often have weaker business ties to the rest of the nation and a less developed tourism infrastructure). Since the economic recession, per capita personal income for the Air Trade Area increased at a compounded annual growth rate (CAGR) of 2.4 percent from 2011-2016, rising from \$47,827 to \$53,726. In the same time period, the CAGR for Michigan was 2.2 percent and the CAGR for the United States was 1.6 percent. An additional measurement of the market's potential to generate demand for air transportation is the percentage of households in higher income categories. In 2016, 36.1 percent of households in the Air Trade Area had household incomes of \$75,000 or more, which was higher than the 32.5 percent of households in this income category for Michigan, but less than the nation as a whole at 36.3 percent.

LONG-TERM FINANCIAL PLANNING

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

The Authority covenants in the Master Bond Ordinance (the Ordinance) state that DTW's net revenues plus other available monies as defined by the Ordinance are sufficient to provide debt service coverage of 125% of the average annual debt service requirement on senior lien bonds. This coverage ratio for the year ended September 30, 2017 was in excess of the requirements at 145% of senior lien debt service and 135% of total debt service.

Capital Improvement Program

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

The Authority's CIP represents current expectations of future capital needs. The current five-year plan for 2018-2022 includes planned funding of approximately \$750.0 million and \$98.3 million for Detroit Metropolitan and Willow Run Airports, respectively.

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

Airport Improvement Program

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

Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

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

As of September 30, 2017, the Authority received approximately \$1.4 billion of PFC revenue and interest earnings of approximately \$73.6 million. The Authority expended approximately \$1.4 billion on approved projects. The current PFC expiration date is estimated at February 1, 2034.

OTHER INFORMATION

Awards and Achievement

The GFOA awarded the Authority a "Certificate of Achievement" for Excellence in Financial Reporting for its CAFR for the year ended September 30, 2016. This was the fourteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

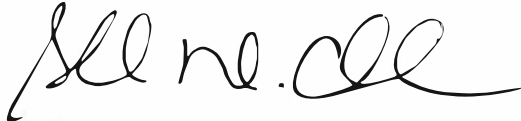
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting this 2017 CAFR to the GFOA for consideration.

Acknowledgments


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

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

Respectfully submitted,



Genelle M. Allen
Interim Chief Executive Officer



Istakur Rahman
Interim Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Wayne County Airport Authority
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

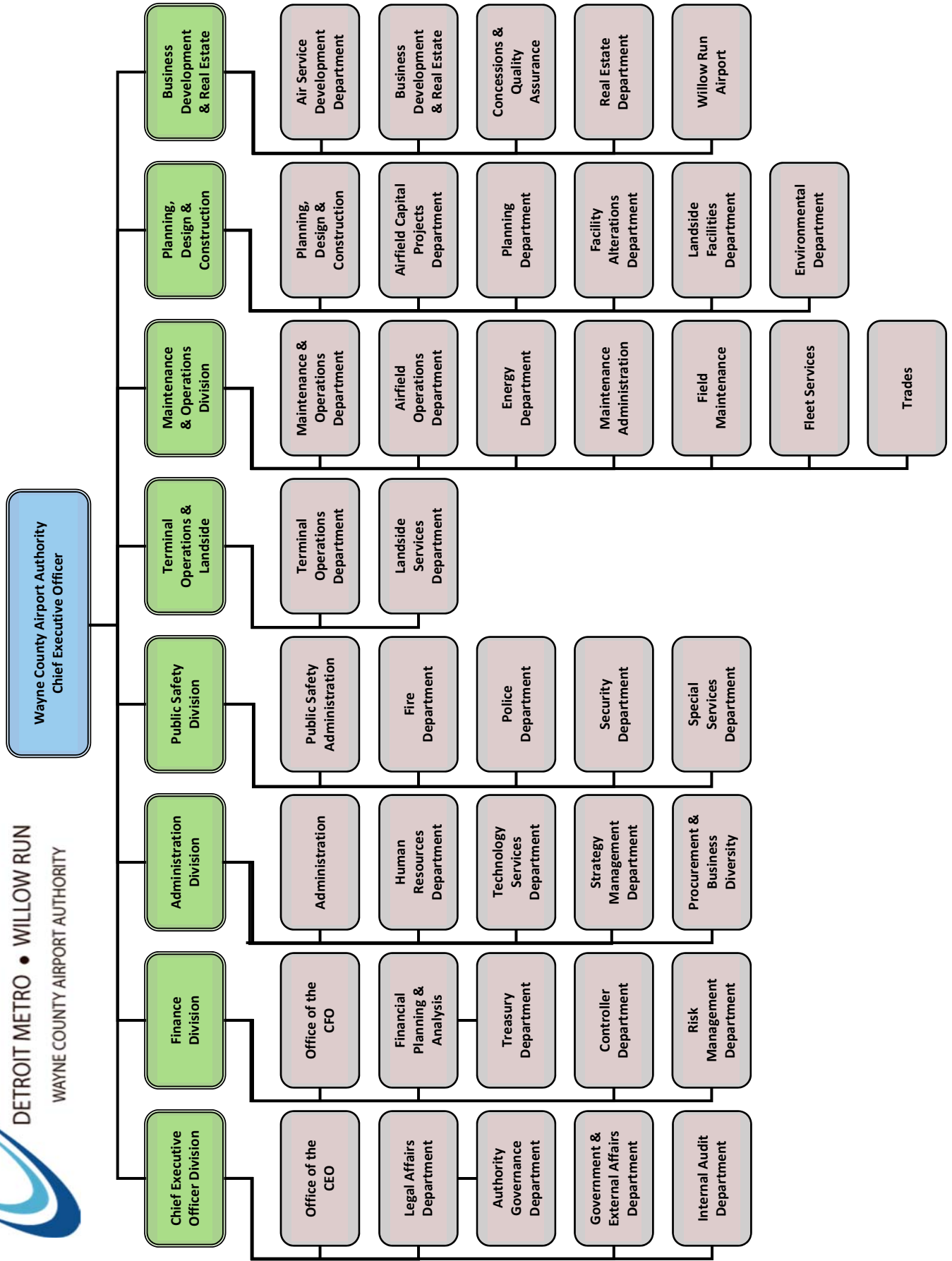
Christopher P. Morrell

Executive Director/CEO



DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

Organizational Chart



LIST OF PRINCIPAL OFFICIALS

<u>Authority Board</u>	<u>Position</u>	<u>Term Expires</u>
Nabih H. Ayad	Secretary	October 2020
Marvin W. Beatty	Board Member	October 2023
Irma Clark-Coleman	Board Member	October 2018
Michael Garavaglia	Chairperson	October 2020
Ronald Hall, Jr.	Vice-Chairperson	October 2020
Dr. Curtis L. Ivery	Board Member	October 2018
Mark Ouimet	Board Member	October 2022

<u>Airport Management</u>	<u>Position</u>
Genelle M. Allen	Interim Chief Executive Officer
Istakur Rahman	Interim Chief Financial Officer
Onnie Jacque	General Counsel
Kenneth Dobson	Vice President – Government & External Affairs
Angela Frakes	Vice President – Terminal Operations
June Lee	Vice President – Administration
James Montgomery	Vice President – Operations and Maintenance
Thomas J. McCarthy	Vice President – Facilities Design & Construction
Chad Newton	Vice President – Public Safety
Samuel A. Nouhan	Vice President – Procurement
Thomas Kalbfleisch	Interim Vice President – Internal Audit
Wendy Sutton	Vice President – Business Development & Real Estate

Independent Auditor's Report

To the Board of Directors
Wayne County Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Wayne County Airport Authority (the "Authority") as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the Wayne County Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Wayne County Airport Authority as of September 30, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Wayne County Airport Authority

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 opinions on the financial statements that collectively comprise the Wayne County Airport Authority's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of passenger facility charge revenues and expenditures, as required by the Passenger Facility Charge Audit Guide for Public Agencies, and the introductory section, statistical section, and continuing disclosure section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, statistical section, and continuing disclosure section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion nor provide any assurance on them.

To the Board of Directors
Wayne County Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2018 on our consideration of the Wayne County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne County Airport Authority's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

March 2, 2018

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

The following discussion and analysis provides an overview of the financial performance and activities of the Wayne County Airport Authority (the Authority) as of and for the year ended September 30, 2017, with selected comparative information for the year ended September 30, 2016. This discussion and analysis has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

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

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

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

THE AIRPORT FUNDING METHODOLOGY

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

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

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

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

FINANCIAL HIGHLIGHTS

Operating revenues increased \$5.1 million in 2017 as compared to 2016. Authority airline revenues decreased by \$0.3 million (0.2 percent) compared to 2016, primarily due to an increase in landing fee revenue (\$1.5 million) and facility use fees (\$0.5 million) offset by a decrease of terminal building rental revenue (\$2.3 million). Authority non-airline revenues increased by \$5.4 million (2.8 percent) compared to 2016 and outperformed budgeted non-airline revenues by \$7.5 million (4.0 percent).

Operating expenses are \$24.3 million (5.7 percent) less than fiscal year 2016. The primary category that increased was salaries, wages and fringe benefits (\$24.7 million). This expense was offset by decreases in depreciation (\$38.3 million), buildings and ground maintenance (\$5.8 million), professional and other contractual services (\$4.7 million) and hotel management (\$4.3 million).

Nonoperating revenues in 2017 increased by \$2.4 million compared to 2016. The primary categories that increased were passenger facility charges by \$1.4 million and federal and state sources by \$1.1 million. Nonoperating expenses are \$0.1 million (or 0.1 percent) more than fiscal year 2016. The increase is primarily due to an increase in interest expense (\$1.4 million) offset by a decrease in the loss on disposal of assets (\$1.3 million). In addition, capital contributions decreased \$25.7 million over the prior year.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets, liabilities, deferred inflows and outflows of resources and the resulting net position. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation. The condensed summary of the Authority’s net position as of September 30, 2017 and 2016 is as follows:

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

September 30, 2017

	<u>2017</u> <u>(000's)</u>	<u>2016</u> <u>(000's)</u>
ASSETS:		
Current unrestricted assets	\$ 214,794	\$ 158,837
Restricted assets	371,935	556,797
Capital assets (net)	1,991,353	2,009,208
Other assets	<u>9,082</u>	<u>7,350</u>
Total assets	<u>2,587,164</u>	<u>2,732,192</u>
DEFERRED OUTFLOWS	<u>48,455</u>	<u>51,392</u>
LIABILITIES:		
Current liabilities	90,066	118,049
Liabilities payable from restricted assets	127,324	135,242
Long-term liabilities	<u>2,200,923</u>	<u>2,287,412</u>
Total liabilities	<u>2,418,313</u>	<u>2,540,703</u>
DEFERRED INFLOWS	<u>-</u>	<u>1,377</u>
NET POSITION:		
Net investment in capital assets	(90,041)	(97,448)
Restricted	295,809	319,728
Unrestricted	<u>11,538</u>	<u>19,224</u>
TOTAL NET POSITION	<u><u>\$ 217,306</u></u>	<u><u>\$ 241,504</u></u>

Current unrestricted assets consist mainly of cash and investments, accounts receivable, prepaids and deposits and amounts due from other governmental units. Current unrestricted assets increased \$56.0 million over 2016, primarily due to an increase in unrestricted cash (\$74.2 million) and accounts receivable (\$10.6 million) offset by a reduction in grants receivable (\$28.5 million) at year-end 2017. Restricted assets consist of cash and investments, accounts receivable and amounts due from other governmental units. Restricted assets decreased approximately \$184.9 million over the prior year due to a change in the classification of certain restricted assets in the current year

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

upon consultation with bond counsel and due to the spending of construction funds on projects. All cash and investments of the Authority are invested according to legal requirements established by the legislature of the State of Michigan. In accordance with State law, investments are restricted to various U.S. government securities, certificates of deposit, commercial paper and repurchase agreements. Other assets consist primarily of prepaid bond insurance premiums, net of related amortization and net OPEB asset. Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. They are reported separately from assets in accordance with GASB 65 and consist of the deferred amount on debt refunding and deferred outflows related to pensions.

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

Current liabilities consist mainly of accounts payable, payroll-related liabilities, self-insurance liabilities, accrued vacation and sick time, amounts due to other governmental units and security/performance deposits. Long-term liabilities consist primarily of long-term debt, net pension liability and other accrued liabilities. Long-term liabilities decreased approximately \$86.5 million in fiscal year 2017. The primary reasons for the decrease were cash payments on debt. Deferred inflows of resources represent an acquisition of net position that is applicable to future periods.

Net position decreased by \$24.2 million in the fiscal year ended September 30, 2017, which was an improvement over the decrease in net position in 2016 of \$30.2 million and in 2015 of \$104.9 million. In 2015, \$44.4 million of the \$104.9 million decrease in net position was due to the restatement of beginning net position for GASB 68. Without this restatement, net position in 2015 would have decreased \$60.5 million.

The chart below illustrates a breakdown of total net position as of September 30, 2017:



WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

Total net position at September 30, 2017 was approximately \$217.3 million. A total of \$295.8 million of the components of the Airport's 2017 net position is restricted for future debt service, capital construction and replacement, bond and interest redemption and passenger facility charges, subject to federal regulations. Net investment in capital assets was a negative \$90 million and represents land, intangible assets, buildings, improvements and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The remainder of net position includes an unrestricted amount of \$11.5 million, which may be used to meet any of the Authority's ongoing operations.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects and include the debt service on such bonds in the fees and charges of the Signatory Airlines only after receiving approval of a Weighted Majority for such capital projects. As of September 30, 2017, the Authority had approximately \$2.2 billion in outstanding bonds and other debt, both senior and subordinate, paying fixed and variable rates. The total annual debt service (principal and interest) was approximately \$185.9 million in 2017 and long-term debt amounting to \$96 million was paid off during the year. More detailed information on capital assets and long-term debt activity can be found in Notes 7 and 8 included in the Notes to Basic Financial Statements section of this report.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

A summarized comparison of the Authority's revenues, expenses, and changes in net position for the years ended September 30, 2017 and 2016 follows:

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

September 30, 2017

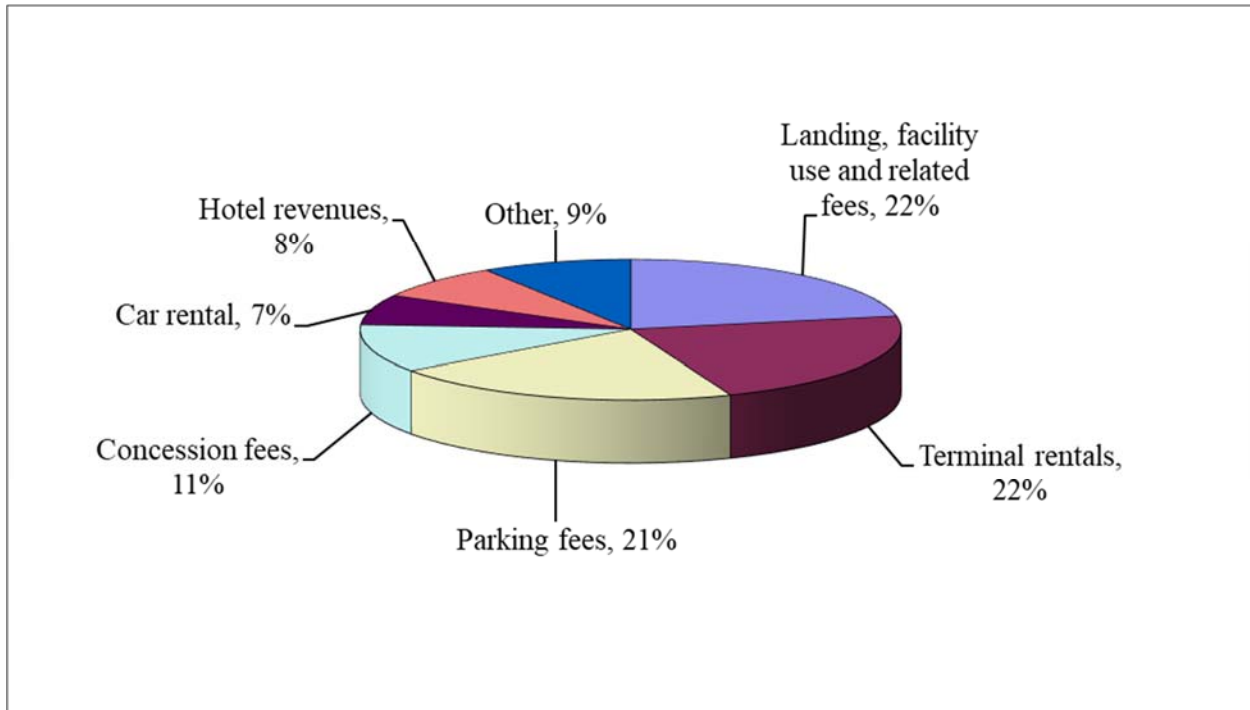
	<u>2017</u> <u>(000's)</u>	<u>2016</u> <u>(000's)</u>
Operating revenues:		
Airline revenues:		
Airport landing and related fees	\$ 80,160	\$ 78,662
Terminal building rentals and fees	82,231	84,580
Facility use fees	8,829	8,288
Non-airline revenues		
Parking fees	76,707	74,498
Concession fees	39,753	37,948
Car rental	24,950	23,872
Hotel	29,928	33,890
Other	<u>25,574</u>	<u>21,332</u>
Total operating revenues	<u>368,132</u>	<u>363,070</u>
Operating expenses:		
Salaries, wages and fringe benefits	110,656	85,907
Parking management	7,987	7,909
Hotel management	18,049	22,357
Depreciation	134,754	173,102
Professional and contractual services	25,925	30,584
Utilities	23,259	22,221
Building, ground, equipment maintenance	36,863	44,676
Other	<u>43,898</u>	<u>38,957</u>
Total operating expenses	<u>401,391</u>	<u>425,713</u>
Operating loss	(33,259)	(62,643)
Nonoperating revenues (expense):		
Passenger facility charges	68,128	66,764
Other nonoperating revenues	14,779	13,785
Interest expense	(72,739)	(71,351)
Other nonoperating expenses	<u>(8,385)</u>	<u>(9,689)</u>
Net nonoperating expenses (revenues)	<u>1,783</u>	<u>(491)</u>
Net loss before capital contribution	(31,476)	(63,134)
Capital Contribution	<u>7,278</u>	<u>32,953</u>
Changes in net position	(24,198)	(30,181)
Net position, beginning of the year	<u>241,504</u>	<u>271,685</u>
Net position, end of the year	<u>\$ 217,306</u>	<u>\$ 241,504</u>

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

Operating Revenues

The chart below illustrates the sources of total operating revenue for the year ended September 30, 2017:



Operating revenues for the Authority increased \$5.1 million in 2017 as compared to 2016.

Airline revenues, a major category of operating revenues, includes revenues collected from the airlines. The chart above references terminal rentals, landing, facility use and related fees, which are all part of Airline revenues. Total Airline revenues decreased 0.2 percent to \$171.2 million in 2017 from \$171.5 million in 2016. Landing fee revenues increased 1.9 percent in 2017 to \$80.1 million from \$78.7 million in 2016. The change in landing rate (which drives landing fee revenues) was a 0.8 percent increase from the prior year, with a final Signatory rate of \$3.65 per 1,000 pounds landed weight. In addition, total landed weight reported by the airlines increased 0.6 percent over the prior year. Another aspect of Airline revenues is terminal building rentals and fees, which are driven by the terminal rental rates. Terminal building rentals and fees decreased \$2.3 million (2.8 percent) over the prior year. The change in terminal rental rates was a decrease from the prior year of 5.8 percent, with a final Signatory rate of \$56.81 for the South Terminal and \$109.26 for the North Terminal.

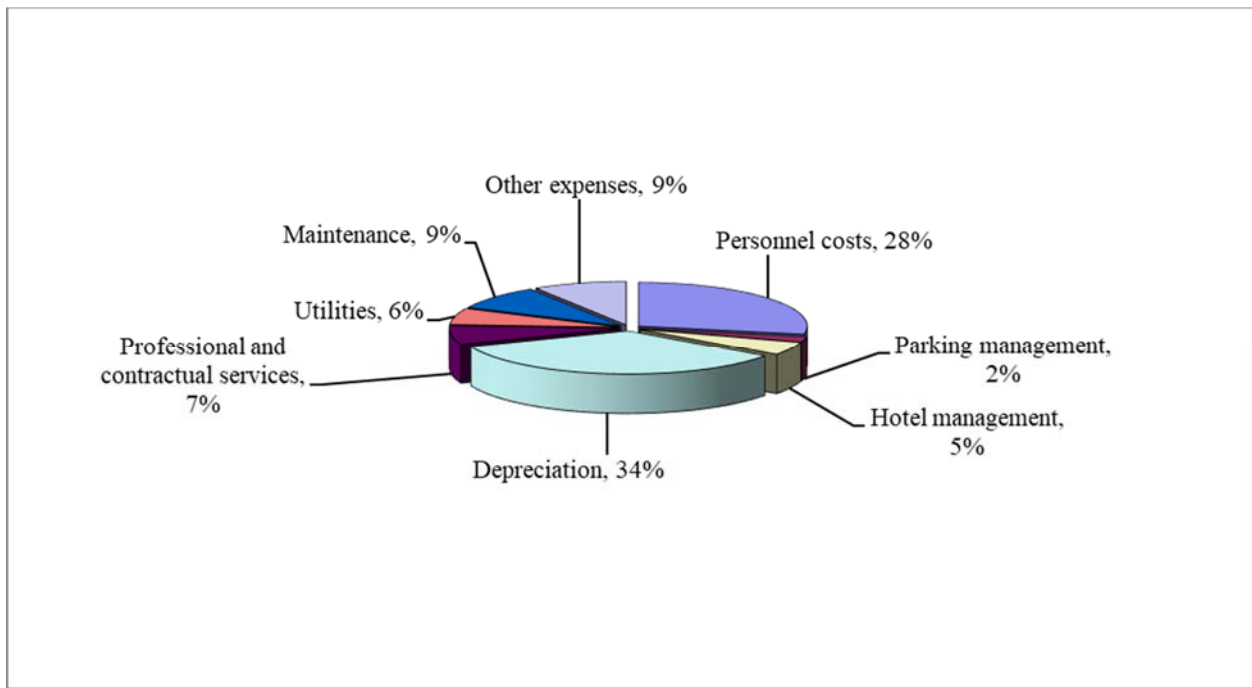
WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

Non-Airline revenues, the other major category of operating revenues, includes revenue collected for activities unrelated to aviation. In fiscal year 2017, total non-Airline operating revenues rose by 2.8 percent to \$196.9 million compared to \$191.5 million in 2016. The growth was largely due to an increase in parking fees, ground transportation and concession fees offset by a decrease in hotel revenue. Parking fees increased \$2.2 million over 2016. Concession fees rose \$1.8 million (4.8 percent) over 2016, resulting from the new food and beverage program at the McNamara Terminal starting in 2016. Ground transportation revenue increased \$2.7 million over 2016 primarily due to transportation network companies (TNC's), Uber and Lyft, which began operating at the Airport in March 2017. The hotel revenue decreased by \$4 million (11.7 percent) primarily from a renovation performed at the hotel which resulted in a decreased number of rooms that were available for rent.

Operating Expenses

The chart below illustrates the components of total operating expenses for the year ended September 30, 2017:



Operating expenses for the Authority decreased by 5.7 percent to \$401.4 million in 2017 from \$425.7 million in 2016. The primary categories that had significant decreases were depreciation (\$38.3 million), building and ground maintenance (\$5.8 million), professional and other contractual services (\$4.7 million) and hotel management (\$4.3 million). These expenses were offset by increases in salaries, wages and fringe benefits (\$24.7 million).

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2017

Depreciation expense decreased 22.2 percent to \$134.8 million from 2016 as a result of an estimate made during 2015. During fiscal year 2015, a Pavement Condition Index (PCI) study was completed which showed that Runway 4L/22R and its associated Taxiways Alpha and Quebec were deteriorating rapidly due to an alkali-silica reaction (ASR). It was determined that both the runway and taxiway would need to be rehabilitated by removing and replacing the concrete level of the pavement. The work was completed by September 30, 2016. As a result, the estimated useful lives of the concrete portion of the runway and taxiways were reduced down to two years from the remaining eight years. The runway and taxiways were fully depreciated in 2016, resulting in a reduction of depreciation expense of approximately \$23 million in 2017.

Building and ground maintenance decreased \$5.8 million (24.2 percent) in fiscal year 2017. The overall decrease is due to the decline in amount needed to maintain the parking decks and roadway from 2017 to 2016.

Professional and contractual services decreased by \$4.7 million (15.2 percent) in fiscal year 2017. The overall decrease is due to a decrease in demolition expense of \$1.5 million, professional fees related to bond issuance of \$900 thousand and the master plan of \$700 thousand compared to 2016.

Hotel operating expenses decreased by \$4.3 million (19.3 percent) in fiscal year 2017. During fiscal year 2017, the hotel went through a renovation, resulting in a decrease in the amount of room available for occupancy, which resulted in lower operating costs.

Salaries, wages and fringe benefits increased \$24.7 million (28.8 percent) in fiscal year 2017. During 2017, the Authority, Wayne County and Wayne County Employee Retirement System (WCERS) entered into a memorandum of understanding in which the Authority committed to pay \$22 million for the Authority's share of pre-2002 retirees. See Note 10 for additional information.

Nonoperating Revenues, Expenses and Contributed Capital

Nonoperating revenue increased \$2.4 million in 2017 over 2016. The improvement in nonoperating revenue was primarily due to an increase in passenger facility charges (PFC) of \$1.4 million, and revenue from federal and state sources of \$1.1 million. The Authority collects \$4.50 of PFCs per enplaned passenger and enplanements increased 0.8 percent in 2017. The increase in federal and state sources were primarily the result of a \$2.5 million increase in aviation fuel tax offset by a decrease of \$1.6 million of grants related to the master plan. First, effective April 1, 2016, the State of Michigan amended various statutes to earmark a portion of sales tax revenue from the retail sale of aviation fuel and a portion of use tax revenue from the use, storage and consumption of aviation fuel to the State Aeronautics Fund and created a "Qualified Airport Fund". Beginning on October 1, 2016, the amount in the Qualified Airport Fund will be transferred to the Authority on a quarterly basis. These deposits must be used to pay (in the following order of priority) the next scheduled payments for revenue bonds issued by the Authority to finance capital improvements to landing areas at the Airport or to defray the costs of capital improvements to

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

September 30, 2017

landing areas of the Airport. The increase of \$2.5 million in 2017 is a result of a full year of aviation fuel tax collections.

Nonoperating expense increased \$0.1 million in 2017. The primary reason for the increase in nonoperating expense was additional interest expense of \$1.4 million offset by a decrease in the loss on disposal of assets of \$1.3 million.

Capital contributions decreased \$25.7 million over the prior year. There were two primary reasons for the decrease. The Metro Airport Runway 4L/22R reconstruction and Taxiway Whiskey were substantially complete in 2016/2017, which led to the decrease of grant revenue of \$20.7 million and \$5.7 million respectively.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Position

September 30, 2017

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash and investments (note 4)	\$ 174,264,895	\$ 1,068,316	\$ 175,333,211
Accounts receivable, less allowance (note 2)	27,803,417	437,824	28,241,241
Due from other governmental units	10,250,897	8,615	10,259,512
Due from other funds	17,311	—	17,311
Prepays and deposits	<u>928,935</u>	<u>13,381</u>	<u>942,316</u>
Total current assets	<u>213,265,455</u>	<u>1,528,136</u>	<u>214,793,591</u>
Restricted assets (notes 4 and 6):			
Cash and investments	371,186,490	—	371,186,490
Accounts receivable	748,745	—	748,745
Capital assets (note 7):			
Capital assets not being depreciated:			
Land and nondepreciable assets	227,361,355	17,476,885	244,838,240
Construction in progress	95,687,316	832,382	96,519,698
Capital assets being depreciated:			
Buildings and improvements	2,163,704,347	13,934,137	2,177,638,484
Equipment	93,152,159	5,622,798	98,774,957
Infrastructure	<u>1,368,375,923</u>	<u>145,842,337</u>	<u>1,514,218,260</u>
Total capital assets	3,948,281,100	183,708,539	4,131,989,639
Less accumulated depreciation	<u>2,034,981,012</u>	<u>105,655,212</u>	<u>2,140,636,224</u>
Net capital assets	<u>1,913,300,088</u>	<u>78,053,327</u>	<u>1,991,353,415</u>
Other assets:			
Prepays and deposits	450,000	—	450,000
Prepaid bond insurance premiums (note 2)	2,865,215	—	2,865,215
Net OPEB asset (note 11)	<u>5,766,648</u>	<u>—</u>	<u>5,766,648</u>
Total noncurrent assets	<u>2,294,317,186</u>	<u>78,053,327</u>	<u>2,372,370,513</u>
Total assets	\$ <u>2,507,582,641</u>	\$ <u>79,581,463</u>	\$ <u>2,587,164,104</u>
Deferred outflows of resources:			
Deferred amount on refunding (note 2)	\$ 25,250,350	\$ —	\$ 25,250,350
Deferred outflows from pensions (note 10)	<u>22,864,187</u>	<u>340,534</u>	<u>23,204,721</u>
Total deferred outflows of resources	\$ <u>48,114,537</u>	\$ <u>340,534</u>	\$ <u>48,455,071</u>

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Position

September 30, 2017

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
Liabilities:			
Current liabilities:			
Accounts payable	\$ 58,467,949	\$ 713,155	\$ 59,181,104
Accrued wages and benefits	3,424,732	55,232	3,479,964
Due to other governmental units	3,100,217	—	3,100,217
Due to other funds	—	17,311	17,311
Advance billings and payments received in advance	1,691,708	7,157	1,698,865
Bonds payable and other debt (note 8)	—	19,476	19,476
Other accrued liabilities	22,171,004	398,077	22,569,081
Total current liabilities	88,855,610	1,210,408	90,066,018
Payable from restricted assets:			
Accrued interest and other payables	34,691,521	—	34,691,521
Bonds payable and other debt (note 8)	92,632,782	—	92,632,782
Other accrued liabilities (note 8)	1,148,810	942,600	2,091,410
Advance billings and payments received in advance	8,709	—	8,709
Net pension liability (note 10)	67,600,745	922,161	68,522,906
Bonds payable and other debt, net (note 8)	2,129,795,392	504,344	2,130,299,736
Total noncurrent liabilities	2,325,877,959	2,369,105	2,328,247,064
Total liabilities	\$ 2,414,733,569	\$ 3,579,513	\$ 2,418,313,082
Net position:			
Net investment in capital assets	\$ (168,050,743)	\$ 78,009,509	\$ (90,041,234)
Restricted for:			
Capital assets	14,566,143	—	14,566,143
Debt service	240,805,658	—	240,805,658
Operations	39,348,762	—	39,348,762
Drug enforcement	1,088,522	—	1,088,522
Unrestricted (deficit)	13,205,267	(1,667,025)	11,538,242
Total net position	\$ 140,963,609	\$ 76,342,484	\$ 217,306,093

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2017

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
Operating revenues:			
Airline revenues:			
Airport landing and related fees	\$ 79,493,985	\$ 666,115	\$ 80,160,100
Terminal building rentals and related fees	81,981,928	249,117	82,231,045
Facility use fees	8,474,697	354,679	8,829,376
Nonairline revenues:			
Parking fees	76,706,962	—	76,706,962
Concession fees	39,752,574	—	39,752,574
Car rental	24,949,539	—	24,949,539
Hotel	29,928,448	—	29,928,448
Employee shuttle bus	2,833,329	—	2,833,329
Ground transportation	7,813,795	—	7,813,795
Utility service fees	4,902,937	123,116	5,026,053
Rental facilities	3,421,535	992,665	4,414,200
Other	4,795,315	691,672	5,486,987
Total operating revenues	<u>365,055,044</u>	<u>3,077,364</u>	<u>368,132,408</u>
Operating expenses:			
Salaries, wages, and fringe benefits	108,985,562	1,670,435	110,655,997
Parking management	7,986,688	—	7,986,688
Hotel management	18,049,328	—	18,049,328
Shuttle bus services	8,168,722	—	8,168,722
Janitorial services	13,514,913	22,311	13,537,224
Security	5,149,362	—	5,149,362
Professional and other contractual services	24,551,592	1,373,412	25,925,004
Utilities	22,661,637	596,870	23,258,507
Buildings and grounds maintenance	16,555,722	1,617,993	18,173,715
Equipment repair and maintenance	18,525,591	163,125	18,688,716
Materials and supplies	9,626,087	81,283	9,707,370
Insurance	2,048,581	31,313	2,079,894
Other	4,730,795	526,973	5,257,768
Depreciation	130,406,303	4,347,231	134,753,534
Total operating expenses	<u>390,960,883</u>	<u>10,430,946</u>	<u>401,391,829</u>
Operating loss	<u>(25,905,839)</u>	<u>(7,353,582)</u>	<u>(33,259,421)</u>
Nonoperating revenues (expenses):			
Passenger facility charges	68,128,397	—	68,128,397
Customer facility charges	4,442,148	—	4,442,148
Federal and state sources	6,649,645	5,909	6,655,554
Net insurance recovery	17,575	96,209	113,784
Interest income	3,564,262	3,692	3,567,954
Interest expense	(72,739,426)	—	(72,739,426)
(Loss) gain on disposal of assets	(8,222,918)	13,200	(8,209,718)
Amortization of bond insurance premiums	(175,438)	—	(175,438)
Net nonoperating revenues	<u>1,664,245</u>	<u>119,010</u>	<u>1,783,255</u>
Net loss before capital contributions and transfers	<u>(24,241,594)</u>	<u>(7,234,572)</u>	<u>(31,476,166)</u>
Capital contributions	7,277,683	477	7,278,160
Transfers (out) in	<u>(3,327,263)</u>	<u>3,327,263</u>	<u>—</u>
Changes in net position	<u>(20,291,174)</u>	<u>(3,906,832)</u>	<u>(24,198,006)</u>
Net position – Beginning of year	<u>161,254,783</u>	<u>80,249,316</u>	<u>241,504,099</u>
Net position – End of year	<u>\$ 140,963,609</u>	<u>\$ 76,342,484</u>	<u>\$ 217,306,093</u>

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2017

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 364,863,997	\$ 3,071,436	\$ 367,935,433
Payments to suppliers	(157,938,449)	(4,395,650)	(162,334,099)
Payments to employees	(90,892,747)	(1,613,969)	(92,506,716)
Payments (to) from other funds for services provided	(1,280,623)	1,280,623	—
Advances (to) from other funds for services provided	112,424	(112,424)	—
Return of customer deposits	(579,285)	(3,192)	(582,477)
Collection of customer deposits	637,831	18,481	656,312
Net cash provided by (used in) operating activities	<u>114,923,148</u>	<u>(1,754,695)</u>	<u>113,168,453</u>
Cash flows from noncapital financing activities:			
Passenger facility charges received	419,756	—	419,756
Customer facility charges received	69,962	—	69,962
Transfers (to) from other funds	(1,142,872)	1,142,872	—
Insurance proceeds received from settlement	17,575	104,209	121,784
Grants from federal/state government	8,774,929	13,021	8,787,950
Net cash provided by noncapital financing activities	<u>8,139,350</u>	<u>1,260,102</u>	<u>9,399,452</u>
Cash flows from capital and related financing activities:			
Capital contributions received (reimbursed)	32,507,591	186,476	32,694,067
Passenger facility charges received	66,723,188	—	66,723,188
Customer facility charges received	4,340,965	—	4,340,965
Transfers (to) from other funds	(921,206)	921,206	—
Principal paid on capital debt	(95,974,704)	(19,474)	(95,994,178)
Acquisition and construction of capital assets	(142,404,800)	(911,192)	(143,315,992)
Proceeds from disposal of capital assets	296,964	13,200	310,164
Interest paid on capital debt	(88,738,583)	—	(88,738,583)
Net cash (used in) provided by capital and related financing activities	<u>(224,170,585)</u>	<u>190,216</u>	<u>(223,980,369)</u>
Cash flows from investing activities:			
Interest and dividends received	3,713,387	3,692	3,717,079
Purchases of investments	(368,892,156)	—	(368,892,156)
Maturities of investments	433,846,804	—	433,846,804
Net cash provided by investing activities	<u>68,668,035</u>	<u>3,692</u>	<u>68,671,727</u>
Net decrease in cash and cash equivalents	(32,440,052)	(300,685)	(32,740,737)
Cash and cash equivalents – Beginning of year	<u>365,202,337</u>	<u>1,369,001</u>	<u>366,571,338</u>
Cash and cash equivalents – End of year	<u>\$ 332,762,285</u>	<u>\$ 1,068,316</u>	<u>\$ 333,830,601</u>

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2017

	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Total
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (25,905,839)	\$ (7,353,582)	\$ (33,259,421)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	130,406,303	4,347,231	134,753,534
Decrease in accounts receivable	779,468	26,428	805,896
(Decrease) increase in due from/to other funds	(1,168,199)	1,168,199	—
Decrease in prepaids/deposits	221,780	443	222,223
Decrease in due from other governmental units	—	4,976	4,976
Increase in net OPEB asset	(1,907,161)	—	(1,907,161)
Decrease in accounts payable	(6,096,557)	(14,980)	(6,111,537)
Increase in accrued wages and benefits	687,537	14,474	702,011
Decrease in unearned revenue	(270,938)	(356)	(271,294)
Increase in due to other governmental units	385,537	—	385,537
(Decrease) increase in other accrued liabilities	(1,394,210)	27,531	(1,366,679)
Increase in net pension liability	19,185,427	24,941	19,210,368
Total adjustments	140,828,987	5,598,887	146,427,874
Net cash provided by (used in) operating activities	\$ 114,923,148	\$ (1,754,695)	\$ 113,168,453
Cash and investments at September 30, 2017 consist of:			
Cash and cash equivalents	\$ 332,762,285	\$ 1,068,316	\$ 333,830,601
Investments	212,689,100	—	212,689,100
Total cash and investments	\$ 545,451,385	\$ 1,068,316	\$ 546,519,701

Noncash operating activities:

- Loans due from Willow Run Airport Fund to Detroit Metropolitan Airport Fund of \$1,263,184 were forgiven during fiscal year 2017.

Noncash capital and related financing activities:

- Interest expense of approximately \$6 million was capitalized into Detroit Metropolitan Airport capital assets during 2017.

Noncash investing activities

- Detroit Metropolitan Airport Fund had a noncash change in the fair market value of investments of approximately \$235,000 in 2017.

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2017

(1) The Reporting Entity

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

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

Metro Airport has airport use contracts with 10 airlines. These airlines, along with their affiliates, constitute approximately 96 percent of total landed weight in 2017. Metro Airport has agreements with various concessionaires (parking, food service, rental car agencies, etc.) for which Metro Airport pays a management fee or receives a commission.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The Authority reports the following major funds:

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

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

(b) *Basis of Accounting and Measurement Focus*

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

(c) *Cash and Investments*

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

(d) *Cash Flows*

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

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Notes to Basic Financial Statements

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(e) Passenger Facility Charges

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

(f) Customer Facility Charges

The Authority collects customer facility charges (CFC) from all rental car concessionaires that operate at Detroit Metropolitan Airport. Currently, \$1.00 is charged to each airport rental car concessionaire customer on a per transaction day basis. CFC revenues are classified as nonoperating on the statement of revenue, expenses, and changes in net position. Such amounts are restricted for operating and maintenance expense, capital improvements, and debt service related to the rental car operations at Detroit Metropolitan Airport.

(g) Revenue Recognition

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

(h) Net Position

Equity is displayed in three components, as follows:

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

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

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

(i) Classification of Revenues and Expenses

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

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

Nonoperating – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions that are defined as nonoperating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund*

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Notes to Basic Financial Statements

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Accounting, such as revenue from federal and state grants and contributions and investment income, and expenses for capital debt.

(j) Use of Estimates

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

(k) Capital Assets

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

Buildings and improvements	10 – 50 years
Equipment/Vehicles	3 – 12 years
Infrastructure	10 – 40 years

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

(l) Compensated Absences

The Authority’s employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned, and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited. A liability for accumulated unpaid vacation and sick pay has been recorded in the financial statements as a current “other accrued liability”. Activity for the year ended September 30, 2017 was as follows:

Beginning balance	Increases	Decreases	Ending balance
\$ 5,536,860	\$ 6,586,170	\$ (6,331,067)	\$ 5,791,963

(m) Retirement Contributions and Other Postemployment Benefit Costs

The Wayne County Airport Authority offers defined benefit and defined contribution retirement benefits through the Wayne County Employees’ Retirement System (WCERS), an agent multiemployer retirement system. Related to the defined benefit plans, the Authority records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

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pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by WCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Related to the defined contribution plans, employer and employee contributions are recognized in the period in which the contributions are due.

The Authority offers retiree healthcare benefits to retirees. The Authority receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. The Authority reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

(n) Accounts Receivable

Net receivables at September 30, 2017 consist of trade receivables incurred by customers during the normal course of business. Total allowance for uncollectible accounts at September 30, 2017 was \$348,003, of which \$311,003 was for the Detroit Metropolitan Airport Fund and \$37,000 was for the Willow Run Airport Fund.

(o) Accounts Payable

Total payables at September 30, 2017 consist of payables due to vendors used during the normal course of business.

(p) Restricted Assets and Liabilities

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

(q) Interfund Balances, Advances, and Transfers

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

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

(r) Prepaid Bond Insurance Premiums

Prepaid bond insurance premium costs are amortized over the period the bond is outstanding using the straight-line method. Accumulated amortization at September 30, 2017 is \$680,106.

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(s) Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category. One is the deferred charge on refunding reported on the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflow for pensions. See the detailed categories of the deferred outflows in Note 10.

(t) Environmental Matters

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

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

(u) Self-Insurance

During the year ended September 30, 2004, the Authority became self-insured for disability, unemployment, and liability insurance. The Authority charges its departments a specified percentage of the department's regular biweekly payroll for these liabilities. Claims related to unemployment, disability, claim administration, deductibles, self-insured retentions, and legal bills are paid out of these funds. Until November 30, 2010, the Authority purchased commercial insurance for general liability claims in excess of \$50,000. Since September 30, 2004, there have been four losses that have exceeded this \$50,000 retention wherein the insurer has been responsible for settlement and legal fees. Beginning December 1, 2010, the maximum amount paid for legal bills and claims paid out of these funds was reduced to \$10,000 per general liability claim and \$25,000 per auto liability claim. The Authority now purchases general liability and auto liability insurance for claims in excess of \$10,000 and \$25,000, respectively. Since December 1, 2010, there have been two losses that have exceeded the \$10,000 retention and no losses that exceeded the \$25,000 retention. In December 2010, the Authority purchased Law Enforcement liability insurance with a \$50,000 SIR. There have been two losses that have exceeded this \$50,000 retention. In December 2015, the Law Enforcement liability insurance SIR was increased to \$75,000. Since that time, there have been no losses that have exceeded this retention.

During the year ended September 30, 2005, the Authority became self-insured for health insurance and workers' compensation. The Authority charges its departments a specified percentage of the department's regular biweekly payroll for these liabilities. The funds collected for workers' compensation are used to pay claims (wages and medical), third-party administration services, and loss control services. The Authority purchases workers' compensation excess insurance for claims that exceed \$1 million. Since September 30, 2005, there have been two claims that have exceeded the \$1 million retention wherein the insurer has been responsible for settlement of all future wages, medical, and legal costs. The funds

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collected for health insurance are used to pay self-insured claims to Blue Cross, the primary healthcare provider, and premiums for Health Alliance Plan, dental, and life insurance. Prior to January 2016, the Authority, as part of the County’s umbrella, paid Blue Cross an amount quarterly for each participant for additional stop/loss coverage. This aggregate stop/loss coverage would become effective only when a claim would exceed approximately 120 percent of average medical claims experience within the group (which included the County). This stop/loss threshold has not been met since the Authority became self-insured. In January 2016, the Authority separated their contracts from the County and pays Blue Cross directly for stop/loss coverage. The amount of the stop/loss coverage is \$1 million. Since that time, there have been no claims that have exceeded this threshold.

The liability for self-insurance claims has been recorded in the financial statements as a current “other accrued liability”. A reconciliation of the Authority’s self-insured claims liability at September 30, 2017 follows:

	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Other Claims</u>	<u>Total</u>
Claims liability, September 30, 2015	\$ 4,768,622	\$ 673,017	\$ 402,934	\$ 5,844,573
Claims incurred during fiscal year 2016	14,475,807	247,402	475,477	15,198,686
Payments on claims	(14,958,023)	(302,076)	(332,530)	(15,592,629)
Increase (decrease) in the reserve	<u>(511,688)</u>	<u>137,103</u>	<u>(118,761)</u>	<u>(493,346)</u>
Claims liability, September 30, 2016	\$ 3,774,718	\$ 755,446	\$ 427,120	\$ 4,957,284
Claims incurred during fiscal year 2017	12,538,802	459,483	205,375	13,203,660
Payments on claims	(11,922,836)	(409,625)	(317,223)	(12,649,684)
Increase (decrease) in the reserve	<u>(647,725)</u>	<u>54,099</u>	<u>(76,365)</u>	<u>(669,991)</u>
Claims liability, September 30, 2017	<u>\$ 3,742,959</u>	<u>\$ 859,403</u>	<u>\$ 238,907</u>	<u>\$ 4,841,269</u>

(3) Major Customer

Delta Air Lines (Delta) and its affiliates account for approximately 32 percent of total Authority operating revenues for the year ended September 30, 2017, including 71 percent of landing and related fees, 68 percent of airline rental and related fees, and 80 percent of facility use fees. Approximately 73 percent of total 2017 enplanements are attributable to Delta’s (and affiliates) operations. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately \$6.5 million in receivables from Delta at September 30, 2017.

The airlines serving the Airport have been impacted by global events to varying degrees. American Airlines filed for bankruptcy reorganization in November 2011. With its emergence from bankruptcy in 2013, American Airlines began merger plans with US Airways. Delta Air Lines filed for bankruptcy reorganization in 2005 (it has since emerged). During 2008, Delta Air Lines completed a merger with Northwest Airlines, which was formerly the primary carrier servicing the Airport. This consolidation has affected Detroit Metropolitan Airport positively as Delta has continued to utilize Detroit as a hub and remains the primary carrier.

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

(4) Deposits and Investments

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

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

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

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

<u>Investment</u>	<u>Fair value</u>	<u>Rating</u>	<u>Organization</u>
Money market funds	\$ 4,966,933	AAA	S&P
Commercial paper	40,087,951	A1+, P1	S&P, Moody
Commercial paper	126,337,509	A1, P1	S&P, Moody

Custodial credit risk of bank deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority’s investment policy requires that deposits over the \$250,000 insured limit in a commercial bank shall not equal more than 25 percent of the combined capital and surplus of that bank, and that bank must meet the minimum standards of at least one standard rating service. At year end, the Authority had \$88,598,359 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and

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assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

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

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

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

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

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

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

	Fair value	Average maturity
Investments subject to risk:		
General pool funds:		
U.S. Agencies	\$ 2,998,560	2.6 months
Municipal Bonds	5,033,550	8 months
Bond reserves:		
U.S. Agencies	125,296,654	1.5 years
Municipal Bonds	1,496,760	2.6 years
Long-term repo	3,629,278	4.2 years
Commercial paper	8,074,971	2.9 months
Bond payment funds:		
U.S. Treasuries	103,486,893	2 months
Construction funds:		
2007 Construction:		
Commercial paper	8,095,973	17 days
2012A Construction:		
Commercial paper	11,994,071	17 days
2012B Construction:		
Commercial paper	8,995,625	17 days
2014A Construction:		
Commercial paper	4,998,168	13 days
2014B Construction:		
Commercial paper	24,069,198	1.3 months
2014C Construction:		
Commercial paper	22,575,789	1.1 months
2015D Construction:		
Commercial paper	24,894,619	8 days
2015E Construction:		
Commercial paper	4,697,335	19 days
Other construction and operating funds:		
Commercial paper	48,029,711	1.4 months
Investments subject to risk	408,367,155	
Deposits/investments not subject to risk:		
Deposits	133,185,613	
Money market funds	4,966,933	
Total deposits and investments	\$ 546,519,701	

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

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

Limits based upon use of specific instruments:

<u>Investment type</u>	<u>Limit</u>	<u>Actual at year-end</u>
Bankers' acceptances	50%	- %
Repurchase agreements	25	0.7
Certificates of deposit (bank)	50	8.6
Money market funds	50	0.9
Commercial paper	60	30.5
U.S. Government	100	42.4

Authority limits based upon use of a single issuer:

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

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

<u>Issuer</u>	<u>Investment type</u>	<u>Fair value</u>	<u>Percentage of portfolio</u>	<u>Rating</u>
Abbey National NA LLC	Commercial paper	\$ 47,623,755	8.71%	A1, P1
Bank of Tokyo-Mitsubishi	Commercial paper	43,681,759	7.99	A1, P1
Toyota Motor Credit	Commercial paper	34,390,801	6.29	A1+, P1

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(5) Fair Market Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

The Authority has the following recurring fair value measurements as of September 30, 2017:

- U.S. Treasury securities of \$103,486,893 are valued using quoted market prices (Level 1 inputs).
- Commercial paper of \$166,425,460 is valued using a matrix pricing model and par value (Level 2 inputs).
- Money market mutual funds of \$4,966,933 are valued using \$1 per share (Level 2 inputs).
- U.S. Government Agency securities of \$128,295,214 are valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Municipal securities of \$6,530,310 are valued using observable inputs, either directly or indirectly (Level 2 inputs).
- Repurchase agreements of \$3,629,278 are valued using par value (Level 2 inputs).

(6) Restricted Assets

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net position has been restricted related to certain of the restricted assets. A summary of the restricted assets at September 30, 2017 is as follows:

Construction:	
Cash and investments	125,903,905
Accounts receivable	<u>113,489</u>
Total	<u>126,017,394</u>
Bond and interest redemption:	
Cash and investments	245,282,585
Accounts receivable	<u>635,256</u>
Total	<u>245,917,841</u>
Total restricted assets	<u><u>\$ 371,935,235</u></u>

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(7) Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Detroit Metropolitan Airport Fund:				
Capital assets not being depreciated:				
Land and nondepreciable assets \$	227,361,355	\$ -	\$ -	\$ 227,361,355
Construction in progress	161,416,125	112,803,581	(178,532,390)	95,687,316
Total capital assets not being depreciated	<u>388,777,480</u>	<u>112,803,581</u>	<u>(178,532,390)</u>	<u>323,048,671</u>
Capital assets being depreciated:				
Buildings and improvements	2,111,082,335	52,707,799	(85,787)	2,163,704,347
Equipment	87,390,079	11,726,656	(5,964,576)	93,152,159
Infrastructure	1,380,159,352	126,049,684	(137,833,113)	1,368,375,923
Total capital assets being depreciated	<u>3,578,631,766</u>	<u>190,484,139</u>	<u>(143,883,476)</u>	<u>3,625,232,429</u>
Less accumulated depreciation for:				
Buildings and improvements	1,183,594,334	73,140,929	(85,787)	1,256,649,476
Equipment	57,792,470	6,753,605	(5,948,951)	58,597,124
Infrastructure	798,532,000	50,511,768	(129,309,356)	719,734,412
Total accumulated depreciation	<u>2,039,918,804</u>	<u>130,406,302</u>	<u>(135,344,094)</u>	<u>2,034,981,012</u>
Total capital assets being depreciated, net	<u>1,538,712,962</u>	<u>60,077,837</u>	<u>(8,539,382)</u>	<u>1,590,251,417</u>
Total Detroit Metropolitan Airport Fund capital assets, net	<u>1,927,490,442</u>	<u>172,881,418</u>	<u>(187,071,772)</u>	<u>1,913,300,088</u>

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	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Willow Run Airport Fund:				
Capital assets not being depreciated:				
Land and nondepreciable assets \$	17,476,885	\$ -	\$ -	\$ 17,476,885
Construction in progress	521,878	595,017	(284,513)	832,382
Total capital assets not being depreciated	<u>17,998,763</u>	<u>595,017</u>	<u>(284,513)</u>	<u>18,309,267</u>
Capital assets being depreciated:				
Buildings and improvements	13,759,595	174,542	-	13,934,137
Equipment	5,779,724	88,195	(245,121)	5,622,798
Infrastructure	145,732,367	109,970	-	145,842,337
Total capital assets being depreciated	<u>165,271,686</u>	<u>372,707</u>	<u>(245,121)</u>	<u>165,399,272</u>
Less accumulated depreciation for:				
Buildings and improvements	5,277,085	539,020	-	5,816,105
Equipment	4,876,866	249,742	(245,121)	4,881,487
Infrastructure	91,399,151	3,558,469	-	94,957,620
Total accumulated depreciation	<u>101,553,102</u>	<u>4,347,231</u>	<u>(245,121)</u>	<u>105,655,212</u>
Total capital assets being depreciated, net	<u>63,718,584</u>	<u>(3,974,524)</u>	<u>-</u>	<u>59,744,060</u>
Total Willow Run Airport Fund capital assets, net	<u>81,717,347</u>	<u>(3,379,507)</u>	<u>(284,513)</u>	<u>78,053,327</u>
Total Authority capital assets, net	<u>\$ 2,009,207,789</u>	<u>\$ 169,501,911</u>	<u>\$ (187,356,285)</u>	<u>\$ 1,991,353,415</u>

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(8) Long-term Debt

The detail of long-term debt at September 30, 2017 is as follows:

Detroit Metropolitan Airport Fund:

Airport Revenue Bonds:

Series 2007A Jr. Lien, 4.85% to 5.00%, due 12/1/2037	\$ 157,970,000
Series 2007B, 4.00% to 5.382%, due 12/1/2028	97,830,000
Series 2008A, 4.00% to 5.75%, due 12/1/2032	98,660,000
Series 2010A, 2.00% to 5.00%, due 12/1/2018	62,785,000
Series 2010C, 1.50% to 5.50%, due 12/1/2022	73,200,000
Series 2010D, 1.50% to 5.50%, due 12/1/2021	14,705,000
Series 2011A, 4.00% to 5.00%, due 12/1/2022	152,465,000
Series 2011B, 3.00% to 5.00%, due 12/1/2020	10,320,000
Series 2012A, 3.00% to 5.00%, due 12/1/2042	177,465,000
Series 2012B, 5.00%, due 12/1/2037	24,990,000
Series 2012C, 3.00% to 4.00%, due 12/1/2020	995,000
Series 2012D, 3.00% to 5.00%, due 12/1/2028	46,030,000
Series 2013A, Variable, Current Yield at 9/30/17, 1.528937%, due 12/1/2033	199,070,000
Series 2013B, Variable, Current Yield at 9/30/17, 1.536054%, due 12/1/2028	74,375,000
Series 2013C, Variable, Current Yield at 9/30/17, 1.57606%, due 12/1/2028	114,610,000
Series 2014A, Variable, Current Yield at 9/30/17, 1.576054%, due 12/1/2034	29,900,000
Series 2014B, 3.00% to 5.00%, due 12/1/2044	66,595,000
Series 2014C, 3.00% to 5.00%, due 12/1/2044	31,845,000
Series 2015A, 1.67%, due 12/1/2020	68,780,000
Series 2015B, 2.716%, due 12/1/2024	75,000,000
Series 2015C, 3.75%, due 12/1/2034	25,640,000
Series 2015D, 3.00% to 5.00%, due 12/1/2045	213,330,000
Series 2015E, 5.00%, due 12/1/2038	7,755,000
Series 2015F, 5.00%, due 12/1/2034	224,155,000
Series 2015G, 2.00% to 5.00%, due 12/1/2036	74,315,000
Series 2015H, Variable, Current Yield at 9/30/17, 1.576054%, due 12/1/2039	23,125,000
Installment purchase contract, 4.33%, due 5/21/2023	2,125,317
Installment purchase contract, 4.05%, due 4/8/2018	27,448
Total Detroit Metropolitan Airport Fund	2,148,062,765

Willow Run Airport Fund:

Notes payable – Washtenaw County, 0%, due 12/31/2019	43,820
Notes payable – Downriver Community Conference, 0%, due 5/1/2027	480,000
Total Willow Run Airport Fund	523,820
Total Authority bonds payable and other debt	2,148,586,585

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Notes to Basic Financial Statements

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Add (less):		
Certain bond discounts		(490,528)
Certain bond premiums		<u>74,855,937</u>
Total Authority bonds payable and other debt, net		2,222,951,994
Less current portion		<u>92,652,258</u>
Total Authority bonds payable and other debt, noncurrent		<u><u>\$ 2,130,299,736</u></u>

The annual requirements to pay principal and interest on the Authority's debt outstanding at September 30, 2017 are summarized as follows:

	Principal			
	Airport Revenue Bonds	Installment Purchase Contracts	Willow Run Debt	Total
2018	\$ 92,295,000	\$ 337,782	\$ 19,476	\$ 92,652,258
2019	96,440,000	336,439	39,476	96,815,915
2020	102,545,000	363,758	64,868	102,973,626
2021	101,355,000	392,636	60,000	101,807,636
2022	102,345,000	423,497	60,000	102,828,497
2023 to 2027	531,430,000	298,653	280,000	532,008,653
2028 to 2032	484,585,000	—	—	484,585,000
2033 to 2037	340,915,000	—	—	340,915,000
2038 to 2042	189,805,000	—	—	189,805,000
2043 to 2047	104,195,000	—	—	104,195,000
Total	<u>\$ 2,145,910,000</u>	<u>\$ 2,152,765</u>	<u>\$ 523,820</u>	<u>\$ 2,148,586,585</u>

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	Interest			
	Airport Revenue Bonds	Installment Purchase Contracts	Willow Run Debt	Total
2018	\$ 84,626,590	\$ 86,346	\$ —	\$ 84,712,936
2019	80,526,938	72,022	—	80,598,960
2020	76,158,668	56,917	—	76,215,585
2021	71,745,972	40,602	—	71,786,574
2022	67,261,756	22,993	—	67,284,749
2023 to 2027	281,683,678	4,870	—	281,688,548
2028 to 2032	192,217,871	—	—	192,217,871
2033 to 2037	103,260,876	—	—	103,260,876
2038 to 2042	46,699,222	—	—	46,699,222
2043 to 2047	9,181,625	—	—	9,181,625
Total	\$ 1,013,363,196	\$ 283,750	\$ —	\$ 1,013,646,946

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

Net revenues of Metro Airport are pledged toward the repayment of the Airport Revenue Bonds and the Installment Purchase Contracts for the life of the agreements. Net revenues consist of operating revenues, interest income and other, federal and state sources, passenger facility charges, and customer facility charges reduced by operating expenses not including depreciation. For fiscal year 2017, the net revenue was \$184,401,950 compared to the net debt service (principal and interest) of \$185,868,778.

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

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

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

In June 2007, the Authority issued \$180.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the reconstruction and rehabilitation of airfield pavement, the design and construction of a centralized luggage screening facility with an in-line explosive detection system for both the McNamara and North Terminals, and improvements to parking facilities and roadways. The Series 2007A Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2007A Bonds are “Junior Lien Bonds” under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2007A Bonds.

In September 2007, the Authority executed a Master Lease Purchase Agreement to finance up to \$8 million in major equipment purchases over a three-year period. The Authority used \$5,397,299 of this agreement and entered into five Installment Purchase Contracts to pay for equipment and additional energy conservation improvements at Metro Airport. As of September 30, 2017, three of the five Installment Purchase Contracts were paid in full.

In November 2007, the Authority issued \$119.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2007B. The Series 2007B Bonds were issued to refund a portion of the Series 1998B Bonds, which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2007B Bonds are revenue obligations of the Authority payable solely from the new revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased a portion of the Series 1998B Bonds by placing the proceeds of the Series 2007B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998B Bonds were subsequently called and paid in full in December 2008. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$6.3 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$7 million.

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

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

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

The Authority defeased the refunded portions of the Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds, and Series 2008F Bonds by placing the proceeds of the Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds, and Series 2010F Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds, and Series 2008F Bonds were subsequently called and paid in full in January 2011 and February 2011. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$52.2 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$25.5 million.

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

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

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

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replacements. The Series 2012A Bonds and Series 2012B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

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

The Authority defeased the refunded portions of the Series 1998A Bonds, the refunded portions of the Series 2002C Bonds, and the refunded Series 2002D Bonds by placing the proceeds of the Series 2012C Bonds and Series 2012D Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 2002C Bonds, and Series 2002D Bonds were subsequently called and paid in full in October 2012 and December 2012. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.0 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$7.8 million.

In November 2013, the Authority issued a \$200 million Direct Placement Bond with JPMorgan Chase Bank, N.A., Series 2013A Bonds. The Series 2013A Bonds were issued to refund the Series 2010E-1 Revenue Refunding Bonds and the Series 2010F Revenue Refunding Bonds. The Series 2013A Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2010E-1 Bonds and the Series 2010F Bonds by placing the proceeds of the Series 2013A Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2010E-1 Bonds and Series 2010F Bonds were subsequently called and paid in full in November 2013 and December 2013.

The Series 2013A Bonds are variable-rate bonds. JPMorgan Chase Bank, N.A. is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of JPMorgan Chase Bank, N.A., would cause the Series 2013A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In November 2013, the Authority issued a \$74.9 million Direct Placement Bond with PNC Bank, N.A., Series 2013B Bonds. The Series 2013B Bonds were issued to refund the Series 2010E-2 Revenue Refunding Bonds. The Series 2013B Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2010E-2 Bonds by placing the proceeds of the Series 2013B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2010E-2 Bonds were subsequently called and paid in full in December 2013.

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The Series 2013B Bonds are variable-rate bonds. PNC Bank, N.A. is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of PNC Bank, N.A., would cause the Series 2013B Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In November 2013, the Authority issued a \$115.6 million Direct Placement Bond with Wells Fargo Bank, N.A., Series 2013C Bonds. The Series 2013C Bonds were issued to refund the Series 2010G Direct Placement Bond. The Series 2013C Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2010G Direct Placement Bond by paying Wells Fargo Bank, N.A. directly with the proceeds of the Series 2013C Bonds. The Series 2010G Direct Placement Bond was paid in full in November 2013.

The Series 2013C Bonds are variable-rate bonds. Wells Fargo Bank, N.A. is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of Wells Fargo Bank, N.A., would cause the Series 2013C Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Authority capitalizes net financing costs during construction for debt issues specifically related to construction projects. During the year ended September 30, 2017, interest expense incurred on these debt issues totaled \$89,874,600. For 2017, net financing costs capitalized were \$6,015,071.

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Long-term debt activity for the year ended September 30, 2017 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Detroit Metropolitan Airport Fund:					
Airport revenue bonds	\$ 2,241,105,000	\$ —	\$ (95,195,000)	\$ 2,145,910,000	\$ 92,295,000
Installment purchase contracts	2,932,469	—	(779,704)	2,152,765	337,782
Add (less):					
Certain bond discounts	(521,022)	30,494	—	(490,528)	—
Certain bond premiums	89,758,579	—	(14,902,642)	74,855,937	—
Total Detroit Metropolitan Airport Fund	2,333,275,026	30,494	(110,877,346)	2,222,428,174	92,632,782
Willow Run Airport Fund:					
Notes payable	543,294	—	(19,474)	523,820	19,476
Total Willow Run Airport Fund	543,294	—	(19,474)	523,820	19,476
Total Long-Term Debt	\$ 2,333,818,320	\$ 30,494	\$ (110,896,820)	\$ 2,222,951,994	\$ 92,652,258

Other long-term liability activity for the year ended September 30, 2017 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Detroit Metropolitan Airport Fund:					
Accrued interest and other payables	\$ 39,267,760	\$ 8,727,822	\$ (13,304,061)	\$ 34,691,521	\$ —
Other accrued liabilities	3,764,010	105,300	(572,961)	3,296,349	2,147,539
Net pension liability	46,379,916	21,220,829	—	67,600,745	—
Willow Run Airport Fund:					
Other accrued liabilities	962,700	—	—	962,700	20,100
Net pension liability	862,039	60,122	—	922,161	—
Total Other Long-Term Liabilities	\$ 91,236,425	\$ 30,114,073	\$ (13,877,022)	\$ 107,473,476	\$ 2,167,639

(9) Commitments and Contingencies

(a) Litigation

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

(b) Construction

The estimated costs to complete Metro Airport's current capital improvement program totaled \$666.5 million at September 30, 2017, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional services contracts in connection with Metro Airport's program totaled \$61.5 million at September 30, 2017.

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The estimated costs to complete Willow Run Airport's current capital improvement program totaled \$172.5 million at September 30, 2017, which will be funded with federal and state grants. Unexpended commitments on construction and professional services contracts in connection with Willow Run Airport's program totaled \$1.3 million at September 30, 2017.

(c) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. At September 30, 2017, the Authority had accrued obligations of \$3.8 million for environmental remediation and restoration costs. This is management's best estimate of the costs with respect to environmental matters; however, these estimates contain inherent uncertainties primarily due to unknown conditions, changing regulations, and developing technologies. In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the liability has been recorded at the current value estimated using the expected cash flow technique, a probability-weighted approach. Twenty-four percent of the recorded environmental liabilities are related to a Consent Decree and judgment issued during 1994 that identifies the Airport as one of the fourteen responsible parties to the improvements to the Wayne County Downriver Sewage Disposal System (the System). The bulk of the remainder is for asbestos remediation estimates. See additional discussion on both below.

Downriver Sewage Disposal System

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

The "Downriver Communities" listed as responsible parties to this decree included 13 communities as well as Metro Airport, which utilize the plant for water and sewage disposal. Total project costs were initially estimated at \$230 million and financed by Wayne County (the County) through the issuance of bonds and additional State Revolving Fund (SRF) financing. Each responsible party is required to pay its allocated portion of principal and interest on the bonds and SRF bonds, as well as its portion of any subsequent debt issued to pay project costs. In August 2007, a series of completion bonds were issued to finance the estimated final costs of the project. Metro Airport has paid \$7.88 million to the City of Romulus, Michigan for prior year debt service as of September 30, 2017 and an additional \$400 thousand to fund a bond reserve. The amounts recorded by the Authority for future debt service payments are believed to materially encompass the remaining obligation.

Asbestos Remediation

It is known that certain Metro Airport and Willow Run Airport buildings hold asbestos-containing materials (ACMs) that will need to be disposed of upon demolition of affected structures. While the pollutant is currently contained due to prior remediation efforts during the late 1980s and early 1990s, the environmental assessments have indicated that remediation will be necessary during the demolition of the affected buildings to ensure containment of the pollutants and proper disposal.

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WCAA personnel, with the assistance of WCAA contractors, have performed preliminary assessments of the nature and extent of the material. Based upon the information gathered and provided, the remediation costs, the Authority recorded asbestos-related liabilities of \$1.9 million and \$963 thousand at Detroit Metro and Willow Run Airports, respectively, as of September 30, 2017.

Additional Remediation Matters

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

(10) Employee Benefits

(a) Plan Description

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

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

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

On October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 (Plan Option 5), which contains both a defined benefit component and a defined contribution component. Participants in the plan options previously in existence (Plan Option 1, Plan Option 2, and Plan Option 3) could elect to transfer their account balances to Plan Option 5 between October 1, 2001 and June 30, 2002. New employees could elect to participate in Plan Option 4 through September 30, 2001.

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

At the September 30, 2016 measurement date, the following employees were covered by the defined pension benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	205
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	<u>348</u>
Total Plan Members	559

(b) Pension Benefits

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

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

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

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

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

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

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

(c) Contributions

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

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Wayne County Employees' Retirement System shows the Authority's funding level is less than 100 percent, then the participants' contribution level will increase to 3 percent until the funding level is at 100 percent.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's and subsequently the Authority's collective bargaining units. For the year ended September 30, 2016, the Authority's average contribution rate was 24.63 percent of annual payroll.

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

The authority for the purchase and sale of investments rests with the Retirement Commission. Investments made are subject to statutory regulations imposed under the Michigan Public Pension Investment Act 314 of 1965, as amended (Act 55, P.A. 1982), and investment policy established by the Retirement Commission. The Investment Act incorporates the prudent person rule and requires investment fiduciaries to act solely in the interest of the Plan's participants and beneficiaries.

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

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

The adopted asset allocation policy as of September 30, 2016, was as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	41.17%
International Equity	17.65%
Domestic Bonds	17.65%
International Bonds	5.88%
Real Estate	17.65%
	<u>100%</u>

Rate of Return. For the year ended September 30, 2016, the annual money-weighted rate of return on plan investments, net of investment expenses, was 9.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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(e) Net Pension Liability

The Authority has chosen to use September 30, 2016 as its measurement date for the net pension liability. The September 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of September 30, 2016. The September 30, 2016 total pension liability was determined by an actuarial valuation performed as of September 30, 2016.

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

	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at 9/30/15	\$ 144,137,305	\$ 96,895,350	\$ 47,241,955
Changes for the year:			
Service cost	2,035,141	-	2,035,141
Interest	10,943,315	-	10,943,315
Difference between expected and actual experience	3,004,584	-	3,004,584
Changes in actuarial assumptions	8,982,156	-	8,982,156
Contributions - employer	-	11,021,191	(11,021,191)
Contributions - employee	-	334,437	(334,437)
Net investment income	-	10,247,311	(10,247,311)
Benefit payments, including refunds	(7,901,621)	(7,901,621)	-
Administrative expenses	-	(318,694)	318,694
Balance at 9/30/16	<u>\$ 161,200,880</u>	<u>\$ 110,277,974</u>	<u>\$ 50,922,906</u>

For the fiscal year ended September 30, 2017, the Authority recognized pension expense of \$7,981,959. At fiscal year end, the Authority reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 918,936
Changes in actuarial assumptions	7,385,328
Difference between projected and actual experience	4,128,866
Employer contributions to the plan subsequent to the measurement date	6,371,591
Total	<u>\$ 18,804,721</u>

Deferred outflows of pension resources related to contributions after the measurement date will be a reduction of the net pension liability at September 30, 2018. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended September 30,	
2018	\$ 2,774,658
2019	2,774,658
2020	3,233,635
2021	1,956,832
2022	1,573,163
Thereafter	120,184
Total	<u>\$ 12,433,130</u>

Actuarial Assumptions. The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% to 10.51% including inflation
Investment rate of return	7.25%

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine this rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary. Additional information about the assumed rate of investment return is included in the September 30, 2016 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class, and in conjunction with a formal study of experience during the period October 1, 2010 through September 30, 2015. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2016, these best estimates are as follows:

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Asset Class	Long-term Real Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%
Real Estate	4.5%

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

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 69,697,405	\$ 50,922,906	\$ 35,105,769

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued financial report. For purposes of measuring the net pension liability, deferred outflows of resources or deferred inflows of resources related to pension and pension expense, information about the Plan’s fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting; investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contribution are recognized as expense when due and payable in accordance with the benefit terms.

(f) Pre-2002 Retirees

The Authority participates in the Wayne County Employees’ Retirement System (WCERS) with the County, an agent multiple-employer defined benefit plan. Pursuant to Public Act 90 and Michigan Public Act of 2002, the Authority was granted operational jurisdiction of the Detroit Metropolitan Wayne County Airport, the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. Prior to the Act, the Authority and its employees were employees of the County. In connection with the Authority’s assumption of control and operations of the Airports pursuant to Act 90, the Authority was responsible for funding any retirement obligations it has for those employees that were previously County employees. During fiscal year 2016, the Authority committed to a five-year payment schedule of \$1.1 million per quarter for its estimated share (10.25 percent) of the Combined Pre-2002 Retiree Liability of \$20,948,822 as of September 30, 2015. Prior to the end of the fifth payment year, an actuarial valuation will be prepared to determine the Authority’s remaining estimated share of the liability (if any). The funding requirement and payment amortization of any remaining liability will be determined at that time. The terms of this commitment were memorialized in a memorandum of understanding between the Authority, Wayne County and WCERS in fiscal year 2017. The Authority has concluded that this arrangement represents a special funding situation under GASB Statement No. 68. The Authority’s liability under this arrangement is reflected as of the Authority’s measurement date of September 30, 2016, and is presented on the Authority’s balance sheet as of September 30, 2017 in accordance with GASB 68. The \$4.4 million of payments made during fiscal year

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2017 are presented on the balance sheet as deferred outflows of resources for contributions to the plan subsequent to the measurement date. The net pension liability and deferred outflows from pensions for pre-2002 and post-2002 retirees at the September 30, 2016 measurement date were as follows:

	Net Pension Liability	Deferred Outflows from Pensions
Pre-2002 Retirees	\$ 17,600,000	\$ 4,400,000
Post-2002 Retirees	50,922,906	18,804,721
Total	\$ 68,522,906	\$ 23,204,721

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

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

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

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

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

Participants in Plan Option 4A must contribute 4 percent and can elect to contribute an additional 7.5 percent of their compensation. The Authority makes matching contribution of 8 percent of an employee's compensation. Employees are vested after three years.

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

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the Authority's collective bargaining units. Total Authority employer and employee contributions to the Plan during 2017 were \$3,617,356 and \$1,790,033, respectively.

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(11) Other Postemployment Benefits

Wayne County Airport Authority Act 149 Health Care Fund

(a) Plan Description

As provided for in the Authority Act, the Authority, through the County, provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Board of Commissioners, the Wayne County Retirement Board, or the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees. The County also pays the cost of basic retiree life insurance, up to \$5,000 per employee, on a pay-as-you-go basis. Currently, the plan has 639 members (including 413 Authority employees in active service and 226 retired Authority employees and beneficiaries currently receiving benefits who retired after September 1, 2002).

This is an single-employer defined benefit plan administered by the Municipal Employees' Retirement System (MERS). The plan does not issue a separate stand-alone financial statement.

(b) Funding Policy

In accordance with GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Authority created in September 2008 an Act 149 Health Care Trust. This trust provides a funding mechanism for post-2002 retiree health, dental and life insurance coverage and other postemployment benefits other than pensions. The Authority began funding the trust and fully implemented GASB Statements No. 43 and No. 45 in September 2008. In September 2012, the Authority transferred these funds into a MERS of Michigan Retiree Health Funding Vehicle, which is held in a separate reserve, but invested on a pooled basis by MERS with other governmental units. The balance as of September 30, 2017 in this restricted plan is \$53,539,546. Non-Medicare retirees are required to contribute either 10 percent of the Blue Cross-Blue Shield illustrative rate or 10 percent of the lesser of HAP active and HAP retiree premium. The Authority has no obligation to make contributions in advance of when the costs are incurred; however, the Authority's financial plan is to fund these obligations annually based upon the actuarial recommended contribution. Administrative costs of the trust are paid with employer contributions to the trust. Since the Authority does not administer the assets or retain fiduciary responsibility for the assets, the assets of the Plan are not reported as a fiduciary fund in the Authority's financial statements.

(c) Funding Progress

For the year ended September 30, 2017, the Authority has estimated the cost of providing retiree health care benefits through an actuarial valuation as of October 1, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 years. This valuation's computed contribution and actual funding are summarized as follows:

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Notes to Basic Financial Statements

September 30, 2017

Annual required contribution (recommended)	\$	7,443,898
Interest on the prior year's net OPEB obligation		(229,110)
Add adjustment to the annual required contribution		<u>232,716</u>
Annual OPEB cost		7,447,504
Amounts contributed:		
Payments of current premiums		(6,661,429)
Advance funding		<u>(2,693,236)</u>
Change in net OPEB asset		(1,907,161)
OPEB asset - beginning of year		<u>(3,859,487)</u>
OPEB asset - end of year	\$	<u><u>(5,766,648)</u></u>

The annual OPEB costs, the percentage contributed to the plan and the net OPEB asset for the current and two preceding years were as follows:

	Fiscal Year Ended September 30		
	2015	2016	2017
Annual OPEB Costs	\$ 7,039,057	7,228,999	7,447,504
Percentage contributed	100.4%	107.1%	125.6%
Net OPEB asset	\$ (3,347,958)	(3,859,487)	(5,766,648)

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of October 1, 2016

Actuarial value of assets	\$	45,131,814
Actuarial accrued liability (AAL)	\$	130,697,085
Unfunded AAL (UAAL)	\$	85,565,271
Funded ratio		34.5%
Annual covered payroll	\$	32,944,698
Ratio of UAAL to covered payroll		259.7%

(d) Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required as supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2017

of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2016 actuarial valuation, the entry age normal level percent of pay method was used. The actuarial assumptions included a 7.75 percent investment rate of return, which is the expected long-term investment return on plan assets, a projected 3 percent salary increase, and an annual healthcare cost trend rate of 7 percent initially, reduced to an ultimate rate of 4.1 percent after 2040. The UAAL is being amortized on a closed basis using the straight-line method (level percent of pay amortized annually) over 25 years.

Wayne County Health and Welfare Plan (Pre-2002)

(a) Plan Description

As provided for in the Authority Act, the Authority, through the County, provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Board of Commissioners, the Wayne County Retirement Board, or the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents as these costs are incurred by the retirees. The County also pays the cost of basic retiree life insurance, up to \$5,000 per employee, on a pay-as-you-go basis. Currently, the plan’s members include retirees for the County and the Authority that retired before September 1, 2002. The plan is closed to new members.

During the year ended September 30, 2016, the County Commission adopted an ordinance amending the 1990 Wayne County Health and Welfare Plan. The ordinance provided for stipend payments in lieu of healthcare benefits for Plan members that meet certain eligibility requirements. Plan members that receive the stipend benefit are required to file annual certifications related to the use of this stipend for healthcare benefits. Plan members may become ineligible for this stipend benefit upon eligibility for another healthcare plan. To date, the Authority has not made any payments related to these stipend benefits.

This is a single-employer defined benefit plan administered by the County. The Authority has agreed to contribute 11.25 percent of incurred costs to the plan related to retirees from the Airport. The plan does not issue stand-alone financial statements.

(b) Funding Policy

The benefits of the plan are established by the various collective bargaining agreements. Employees are not required to contribute to the plan. The required and actual contributions for the current and two preceding years were as follows:

	Fiscal Year Ended September 30		
	2015	2016	2017
Required contribution	\$ 2,604,514	\$ 1,353,345	\$ 444,274
Actual contribution	\$ 2,604,514	\$ 1,353,345	\$ 444,274
% of required contribution made	100.0%	100.0%	100.0%

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September 30, 2017

(12) Subsequent Events

On October 12, 2017, the Authority issued \$91.4 million in Wayne County Airport Authority Revenue Bonds at the following amounts: Series 2017A - \$50.7 million and Series 2017B - \$40.7 million. These bonds were issued to provide funds to pay a portion of the costs of certain capital acquisitions and improvements at Metro Airport.

On October 12, 2017, the Authority also issued \$212 million in Wayne County Airport Authority Revenue Refunding Bonds at the following amounts: Series 2017C - \$78.4 million, Series 2017A - \$63 million, Series 2017B - \$46 million and Series 2017C - \$24.6 million.

The Senior 2017C Refunding Bonds were issued to provide funds to refund a portion of the Series 2007 Senior Lien Refunded Bonds, make a deposit to the Bond Reserve Account, pay capitalized interest on portions of the Senior 2017A Bonds and the Senior 2017B Bonds and pay costs of issuance of the Senior 2017 Bonds. Proceeds for the Junior 2017A-C Bonds will be used to provide funds to refund a portion of the Series 2007 Junior Lien Refunded Bonds, make a deposit to the 2017 Junior Lien Bond Reserve Account, and pay cost of issuances of the Junior 2017 Bonds.

On December 21, 2017, the Authority also issued \$381.1 million in Wayne County Airport Authority Revenue Refunding Bonds at the following amounts: Series 2017D - \$199 million, Series 2017E - \$67.8 million, and Series 2017F - \$114.3 million.

The Series 2017D Airport Revenue Refunding Bonds were issued to redeem the outstanding Airport Revenue Bonds, Series 2013A. The 2017E Airport Revenue Refunding Bonds were issued to redeem the outstanding Airport Revenue Bonds, Series 2013B. The 2017F Airport Revenue Refunding Bonds were issued to redeem the outstanding Airport Revenue Bonds, Series 2013C.

(13) Upcoming Reporting Changes

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Authority to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to other postemployment benefits provided to its employees. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2018.

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2017

measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2018.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2017

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

Measurement Date of:	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 2,035,141	\$ 1,910,254	\$ 1,784,942
Interest	10,943,315	10,408,880	10,007,566
Changes in benefits	-	-	1,083,361
Difference between expected and actual experience	3,004,584	2,360,317	-
Changes in actuarial assumptions	8,982,156	-	-
Benefit payments, including refunds	<u>(7,901,621)</u>	<u>(7,790,299)</u>	<u>(7,621,347)</u>
Net Change in Total Pension Liability	17,063,575	6,889,152	5,254,522
Total Pension Liability - Beginning of Year	<u>144,137,305</u>	<u>137,248,153</u>	<u>131,993,631</u>
Total Pension Liability - End of Year	<u>\$ 161,200,880</u>	<u>\$ 144,137,305</u>	<u>\$ 137,248,153</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 11,021,191	\$ 13,105,600	\$ 8,475,718
Contributions - Member	334,437	2,168,732	1,359,927
Net investment income	10,247,311	786,957	8,502,195
Administrative expenses	(318,694)	(919,758)	(319,237)
Benefit payments, including refunds	<u>(7,901,621)</u>	<u>(7,790,299)</u>	<u>(7,621,347)</u>
Net Change in Plan Fiduciary Net Position	13,382,624	7,351,232	10,397,256
Plan Fiduciary Net Position - Beginning of Year	<u>96,895,350</u>	<u>89,544,118</u>	<u>79,146,862</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 110,277,974</u>	<u>\$ 96,895,350</u>	<u>\$ 89,544,118</u>
Authority's Net Pension Liability - Ending	<u>\$ 50,922,906</u>	<u>\$ 47,241,955</u>	<u>\$ 47,704,035</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	68.41%	67.22%	65.24%
Covered Employee Payroll	<u>\$ 30,105,635</u>	<u>\$ 28,300,056</u>	<u>\$ 27,197,880</u>
Authority's Net Pension Liability as a % of Covered Employee Payroll	169.15%	166.93%	175.40%

Schedule of Contributions

Measurement Date of:	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 6,924,296	\$ 7,001,434	\$ 5,782,269
Contributions in relation to the actuarially determined contribution	<u>11,021,191</u>	<u>13,105,600</u>	<u>8,475,718</u>
Contribution Deficiency (Excess)	<u>\$ (4,096,895)</u>	<u>\$ (6,104,166)</u>	<u>\$ (2,693,449)</u>
Covered Employee Payroll	\$ 30,105,635	\$ 28,300,056	\$ 27,197,880
Contributions as a Percentage of Covered Employee Payroll	36.61%	46.31%	31.16%

For the measurement date September 30, 2016, the investment rate of return used was 7.25 percent which was a decrease from previous year of 7.75 percent.

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

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2017

Notes to Schedule of Authority Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	20 years from September 30, 2016 decreased by 2 years annually. 10 years for assumption changes first implemented in the 2016 valuation report decreased by 1 year annually.
Asset valuation method	4-year smoothed market; 20% corridor
Wage inflation	3.0% as of September 30, 2016. Before that, 3.5%.
Salary increases	3.0% to 10.51% including inflation as of September 30, 2016. Before that, 3.5% to 8.8% including inflation.
Investment rate of return	7.25% as of September 30, 2016. Before that, 7.75%.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2016 valuation pursuant to an experience study of the period October 1, 2010 - September 30, 2015.
Mortality	As of September 30, 2016: RP-2014 Healthy Annuitant Mortality table for males and females, adjusted for mortality improvement back to the base year of 2006. Mortality rates for a particular calendar year are determined by applying the MP-2016 Mortality Improvement scale to the above described tables. The corresponding Disabled and Employee tables were used for disability and pre-retirement mortality, respectively. Before September 30, 2016: RP-2000 Combined Healthy Mortality Table projected 20 years. Set forward 5 years for disabled retirees.
Cost of living adjustment	None

Other Information

None

WAYNE COUNTY AIRPORT AUTHORITY

Required Supplementary Information

September 30, 2017

Wayne County Airport Authority Act 149 Health Care Fund

The schedule of funding progress is as follows (in millions):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2012	\$ 18.9	\$ 97.7	\$ 58.1	30.9%	\$ 34.2	170.1%
10/1/2014	\$ 33.3	\$ 107.8	\$ 74.5	30.9%	\$ 36.0	207.1%
10/1/2016	\$ 45.1	\$ 130.7	\$ 85.6	34.5%	\$ 33.0	259.6%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of October 1, 2016 the latest actuarial valuation follows:

Actuarial Cost Method Entry Age Normal Level Percent of Pay

Amortization method Level percent of pay amortized annually

Amortization period (closed) 25 years

Asset valuation method Market value

Actuarial assumptions:

Investment rate of return 7.75%

Projected salary increases 3.00%

STATISTICAL SECTION

This section of the Wayne County Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

CONTENTS

Financial Trends – Exhibits S-1, S-2

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

Revenue Capacity – Exhibits S-3, S-5

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

Debt Capacity – Exhibits S-6 to S-8

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

Demographic & Economic Information – Exhibits S-10 series

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

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

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

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

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-1

Annual Revenues, Expenses, and Changes in Net Position

(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating revenues:										
Airport landing and related fees	\$ 80,160,100	78,661,781	73,888,139	76,406,397	65,493,268	67,299,967	69,099,578	70,172,024	60,059,740	84,607,837
Concession fees	64,702,113	61,820,000	57,615,102	54,161,908	51,696,676	51,689,387	50,575,848	47,974,977	48,424,882	51,851,089
Parking fees	76,706,962	74,497,683	68,017,761	61,187,198	57,828,811	56,091,494	54,145,257	48,309,486	49,911,261	58,682,741
Hotel	29,928,448	33,889,957	33,345,294	32,922,844	29,301,463	27,611,922	29,372,498	26,828,936	23,246,792	31,496,580
Rental facilities	106,121,745	104,913,627	107,356,129	105,234,040	103,155,137	107,353,758	96,449,901	91,822,952	90,110,146	53,748,737
Expense recoveries	5,026,053	4,812,705	4,722,477	5,027,074	5,282,902	4,927,372	5,010,457	4,445,747	4,535,773	4,721,175
Other	5,486,987	4,473,948	4,790,511	4,784,310	6,007,508	3,664,924	6,406,295	7,542,765	4,470,468	5,603,796
Total operating revenues	368,132,408	363,069,701	349,735,413	339,723,771	318,765,765	318,638,824	311,059,834	297,096,887	280,759,062	290,711,955
Nonoperating revenues:										
Passenger facility charges	68,128,397	66,764,363	63,840,589	62,016,364	61,705,013	62,134,255	62,197,495	60,305,754	59,711,453	68,202,594
Customer facility charges	4,442,148	4,260,370	304,510	—	—	—	—	—	—	—
Federal and state sources	6,655,554	5,568,130	1,339,342	1,029,619	1,353,122	1,378,911	1,326,034	1,264,891	1,089,499	2,192,613
Interest income and other	3,681,738	3,956,859	2,209,999	2,808,958	2,048,283	1,834,241	3,390,214	5,021,589	7,310,241	28,603,234
Total nonoperating revenues	82,907,837	80,549,722	67,694,440	65,854,941	65,106,418	65,347,407	66,913,743	66,592,234	68,111,193	98,998,441
Total revenues	451,040,245	443,619,423	417,429,853	405,578,712	383,872,183	383,986,231	377,973,577	363,689,121	348,870,255	389,710,396
Operating expenses:										
Salaries, wages, and fringe benefits	110,655,997	85,906,812	77,278,115	80,339,925	72,891,273	70,105,901	71,489,016	70,060,439	75,098,962	77,942,240
Parking management	7,986,688	7,908,549	7,882,292	6,630,160	6,280,332	6,048,290	6,794,062	6,504,949	7,082,235	8,905,534
Hotel management	18,049,328	22,357,224	18,793,497	23,063,942	21,064,105	20,888,610	22,644,120	20,032,541	18,693,537	23,032,852
Janitorial services	13,537,224	12,014,456	11,967,572	11,809,916	11,400,627	11,498,166	11,164,616	10,988,244	10,599,304	2,422,889
Security	5,149,362	3,745,339	2,557,818	2,511,402	2,260,627	2,288,013	2,401,473	2,293,067	2,657,120	2,757,886
Utilities	23,258,507	22,220,804	24,499,913	28,939,467	27,035,597	26,676,454	24,886,104	26,691,836	27,700,377	30,429,231
Repairs, professional services, and other	88,001,189	98,458,024	94,162,429	82,616,234	75,658,752	71,689,848	79,689,990	74,617,012	69,556,874	84,887,031
Depreciation	134,753,534	173,101,695	167,105,516	141,539,710	140,526,973	142,828,398	142,754,436	146,151,075	146,151,805	129,574,853
Total operating expenses	401,391,829	425,712,903	404,247,152	377,450,756	357,117,826	352,023,680	361,823,817	357,339,163	357,540,214	359,952,516
Nonoperating expenses:										
Interest expense	72,739,426	71,351,499	80,334,978	82,352,146	82,825,198	85,514,177	91,549,044	105,913,828	116,392,802	94,925,971
Loss on disposal of assets	8,209,718	9,513,323	1,564,607	1,016,927	5,488,973	2,555,076	—	—	1,104,513	6,214,429
Amortization of bond insurance premiums	175,438	175,438	371,068	371,068	—	—	—	—	—	—
Amortization of bond issuance costs	—	—	—	—	1,968,924	2,035,607	1,902,952	2,161,678	1,942,959	2,315,453
Total nonoperating expenses	81,124,582	81,040,260	82,270,653	83,740,141	90,283,095	90,104,860	93,451,996	108,075,506	119,440,274	103,455,853
Total expenses	482,516,411	506,753,163	486,517,805	461,190,897	447,400,921	442,128,540	455,275,813	465,414,669	476,980,488	463,408,369
Capital contributions	7,278,160	32,953,269	8,560,699	32,679,821	41,637,536	27,121,478	17,750,671	29,137,352	36,318,566	54,816,676
Change in net position	\$ (24,198,006)	(30,180,471)	(60,527,253)	(22,932,364)	(21,891,202)	(31,020,831)	(59,551,565)	(72,588,196)	(91,791,667)	(18,881,297)
Net position at year end composed of:										
Net investment in capital assets	(90,041,234)	(97,448,351)	(6,890,342)	39,760,424	27,234,267	36,778,052	86,906,586	120,302,294	151,759,863	170,385,938
Restricted	295,809,085	319,728,265	287,087,714	314,707,433	323,698,561	338,786,218	322,488,477	358,386,114	405,007,255	430,322,283
Unrestricted	11,538,242	19,224,185	(8,512,802)	(22,256,034)	48,582,410	58,895,731	56,085,769	46,343,989	40,853,475	37,745,179
Total net position	\$ 217,306,093	241,504,099	271,684,570	332,211,823	399,515,238	434,460,001	465,480,832	525,032,397	597,620,593	638,453,400

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

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

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

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

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-2

Principal Revenue Sources and Revenues per Enplaned Passenger

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Airline revenues:										
Airport landing and related fees	\$ 80,160,100	\$ 78,661,781	\$ 73,888,139	\$ 76,406,397	\$ 65,493,268	\$ 67,299,967	\$ 69,099,578	\$ 70,172,024	\$ 60,059,740	\$ 84,607,837
Terminal building rentals and fees	82,231,045	84,580,455	86,816,124	85,169,050	84,354,836	86,463,382	74,347,911	71,852,635	67,703,125	28,972,704
Facility use fees	8,829,376	8,288,005	8,367,454	8,608,737	7,552,051	7,489,497	7,143,733	6,302,145	6,468,964	8,159,193
Total airline revenues	<u>171,220,521</u>	<u>171,530,241</u>	<u>169,071,717</u>	<u>170,184,184</u>	<u>157,400,155</u>	<u>161,252,846</u>	<u>150,591,222</u>	<u>148,326,804</u>	<u>134,231,829</u>	<u>121,739,734</u>
Percentage of total revenues	38.0%	38.7%	40.5%	42.0%	41.0%	42.0%	39.8%	40.8%	38.5%	31.2%
Non-Airline revenues:										
Parking fees	76,706,962	74,497,683	68,017,761	61,187,198	57,828,811	56,091,494	54,145,257	48,309,486	49,911,261	58,682,741
Concession fees	39,752,574	37,947,768	35,185,895	32,253,029	31,536,249	32,063,017	31,592,316	30,702,401	30,885,107	30,358,313
Car rental	24,949,539	23,872,232	22,429,207	21,908,879	20,160,427	19,626,370	18,983,532	17,272,576	17,539,775	21,492,776
Hotel	29,928,448	33,889,957	33,345,294	32,922,844	29,301,463	27,611,922	29,372,498	26,828,936	23,246,792	31,496,580
Employee shuttle bus	2,833,329	2,316,970	2,100,820	2,032,346	2,502,311	5,210,640	5,869,315	5,467,240	5,655,355	5,773,430
Ground transportation	7,813,795	5,125,120	5,428,501	5,452,612	5,094,540	4,882,553	4,944,291	4,738,700	6,510,045	7,055,550
Utility service fees	5,026,053	4,812,705	4,722,477	5,027,074	5,282,902	4,927,372	5,010,457	4,445,747	4,535,773	4,721,175
Rental facilities	4,414,200	4,603,077	4,643,230	3,971,295	3,651,399	3,307,686	4,144,651	3,462,232	3,772,657	3,787,860
Other	5,486,987	4,473,948	4,790,511	4,784,310	6,007,508	3,664,924	6,406,295	7,542,765	4,470,468	5,603,796
Total non-Airline revenues	<u>196,911,887</u>	<u>191,539,460</u>	<u>180,663,696</u>	<u>169,539,587</u>	<u>161,365,610</u>	<u>157,385,978</u>	<u>160,468,612</u>	<u>148,770,083</u>	<u>146,527,233</u>	<u>168,972,221</u>
Percentage of total revenues	43.7%	43.2%	43.3%	41.8%	42.0%	41.0%	42.5%	40.9%	42.0%	43.4%
Nonoperating revenues:										
Passenger facility charges	68,128,397	66,764,363	63,840,589	62,016,364	61,705,013	62,134,255	62,197,495	60,305,754	59,711,453	68,202,594
Customer facility charges	4,442,148	4,260,370	304,510	—	—	—	—	—	—	—
Federal and state grants	6,655,554	5,568,130	1,339,342	1,029,619	1,353,122	1,378,911	1,326,034	1,264,891	1,089,499	2,192,613
Interest	3,567,954	3,856,859	1,454,197	1,388,246	1,616,192	1,810,277	3,241,109	4,941,344	7,310,241	28,082,306
Other	113,784	100,000	755,802	1,420,712	432,091	23,964	149,105	80,245	—	520,928
Total nonoperating revenues	<u>82,907,837</u>	<u>80,549,722</u>	<u>67,694,440</u>	<u>65,854,941</u>	<u>65,106,418</u>	<u>65,347,407</u>	<u>66,913,743</u>	<u>66,592,234</u>	<u>68,111,193</u>	<u>98,998,441</u>
Percentage of total revenues	18.3%	18.1%	16.2%	16.2%	17.0%	17.0%	17.7%	18.3%	19.5%	25.4%
Total revenues	<u>\$ 451,040,245</u>	<u>\$ 443,619,423</u>	<u>\$ 417,429,853</u>	<u>\$ 405,578,712</u>	<u>\$ 383,872,183</u>	<u>\$ 383,986,231</u>	<u>\$ 377,973,577</u>	<u>\$ 363,689,121</u>	<u>\$ 348,870,255</u>	<u>\$ 389,710,396</u>
Enplaned passengers	<u>17,281,219</u>	<u>17,130,687</u>	<u>16,443,778</u>	<u>16,216,673</u>	<u>16,077,652</u>	<u>16,169,584</u>	<u>16,226,201</u>	<u>15,876,381</u>	<u>15,941,132</u>	<u>17,831,231</u>
Total revenue per enplaned passenger	\$ 26.10	25.90	25.39	25.01	23.88	23.75	23.29	22.91	21.88	21.86
Airline revenue per enplaned passenger	\$ 9.91	10.01	10.28	10.49	9.79	9.97	9.28	9.34	8.42	6.83

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

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-3

Airlines Rates and Charges **

(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Landing Fees:										
Signatory Airlines ¹	\$ 3.65	3.62	3.54	3.71	3.14	3.23	3.26	3.44	2.83	3.58
Non-Signatory Airlines ²	4.56	4.52	4.43	4.64	3.93	4.04	4.08	4.30	3.39	3.79
General Aviation ³	2.32	2.25	2.00	2.00	1.75	1.50	1.50	1.50	1.50	1.50
Facility Use Fees:										
South Terminal	\$ 5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00	4.50
North Terminal	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00	—
Smith/Berry Terminals	—	—	—	—	—	—	—	—	—	3.50
Terminal Rental Rates (per SF per year):										
Office Space – Airline	\$ —	—	—	—	—	—	—	—	—	19.71
South Terminal - Signatory Airlines ¹	56.81	56.90	58.74	60.00	57.71	60.00	57.70	54.51	52.00	—
South Terminal - Non-Signatory Airline:	65.33	65.44	67.55	69.00	66.36	69.00	69.00	68.00	60.00	—
North Terminal - Signatory Airlines ¹	109.26	119.35	124.12	117.00	118.95	118.00	51.20	65.17	61.00	—
North Terminal - Non-Signatory Airline:	125.65	137.25	142.74	134.00	136.79	136.00	78.00	88.00	71.00	—
Cargo Building/Warehouse	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Aircraft Ramp	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Unimproved Land	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Electric	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67	1.24	1.24

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

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

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

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

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-4
Airline Landed Weights
(in thousands of pounds)
(Unaudited)

Airline ¹	2017		2016		2015		2014		2013	
	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share
Delta	10,505,297	48.6%	10,616,006	49.5%	10,615,528	51.5%	10,273,955	50.4%	10,051,320	48.7%
Delta (Sky West)	1,643,645	7.6	864,151	4.0	465,842	2.3	294,404	1.4	—	—
Delta (Endeavor) ⁵	1,439,231	6.7	1,960,734	9.1	1,824,960	8.8	2,523,978	12.4	3,661,163	17.7
Spirit Airlines	1,405,062	6.5	1,293,177	6.0	1,129,323	5.5	886,234	4.3	765,188	3.7
Southwest/AirTran Airways ³	931,658	4.3	898,636	4.2	854,196	4.1	904,127	4.4	969,194	4.7
Delta (GoJet)	888,262	4.1	271,737	1.3	128,707	0.6	190,615	0.9	—	—
American/US Airways ⁷	855,276	4.0	861,963	4.0	843,916	4.1	842,150	4.1	785,631	3.8
Delta (ExpressJet) ²	680,318	3.2	1,423,967	6.6	1,544,732	7.5	1,351,443	6.6	1,260,107	6.1
Federal Express	470,760	2.2	483,114	2.3	479,295	2.3	493,528	2.4	446,450	2.2
United/Continental ⁴	275,721	1.3	209,604	1.0	136,885	0.7	100,958	0.5	95,890	0.5
Frontier	189,950	0.9	140,122	0.7	100,624	0.5	105,448	0.5	84,124	0.4
United Parcel Service	189,156	0.9	179,533	0.8	175,421	0.9	170,445	0.8	167,762	0.8
United/Continental (Mesa) ⁴	183,080	0.8	157,475	0.7	91,642	0.4	—	—	—	—
Lufthansa	170,089	0.8	165,418	0.8	162,237	0.8	180,296	0.9	153,106	0.7
United/Continental (Republic) ⁴	169,454	0.8	114,619	0.5	—	—	—	—	—	—
JetBlue Airways	162,534	0.8	168,108	0.8	129,654	0.6	—	—	—	—
Delta (Compass)	149,528	0.7	154,667	0.7	165,734	0.8	252,328	1.2	225,942	1.1
American/US Airways (Republic)	149,076	0.7	194,949	0.9	225,467	1.1	107,669	0.5	—	—
Air France	134,507	0.6	134,644	0.6	138,530	0.7	136,291	0.7	142,397	0.7
Delta (Republic) ⁵	130,371	0.6	—	—	—	—	—	—	—	—
DHL (Atlas)	118,096	0.5	119,608	0.6	—	—	—	—	—	—
American/US Airways (PSA) ⁶	102,934	0.5	—	—	—	—	—	—	—	—
Alaska Airlines	76,993	0.4	—	—	—	—	—	—	—	—
American/US Airways (SkyWest)	76,389	0.4	—	—	—	—	—	—	—	—
Air Canada (Air Georgian)	61,194	0.3	—	—	—	—	—	—	—	—
Virgin Atlantic Airways	61,014	0.3	135,699	0.6	—	—	—	—	—	—
Delta (Shuttle America)	58,320	0.3	276,165	1.3	480,607	2.3	97,562	0.5	139,035	0.7
American/US Airways (Air Wisconsin)	53,580	0.2	—	—	—	—	—	—	—	—
United/Continental (SkyWest) ⁴	53,126	0.2	73,679	0.4	—	—	—	—	—	—
American/US Airways (Envoy) ^{6,7}	52,670	0.2	77,245	0.4	176,287	0.9	209,816	1.0	207,170	1.0
Aeromexico	30,883	0.1	—	—	—	—	—	—	—	—
Delta (Chataquua)	—	—	—	—	141,015	0.7	564,145	2.8	467,713	2.3
United/Continental (ExpressJet) ^{2,4}	—	—	—	—	78,571	0.4	147,800	0.7	—	—
Lufthansa Cargo	—	—	—	—	—	—	17,657	0.1	52,480	0.3
Delta (Comair)	—	—	—	—	—	—	—	—	—	—
Mesaba	—	—	—	—	—	—	—	—	—	—
KLM	—	—	—	—	—	—	—	—	—	—
British Airways	—	—	—	—	—	—	—	—	—	—
United (Air Canada)	—	—	—	—	—	—	—	—	—	—
Other ⁸	133,638	0.5	491,574	2.2	536,479	2.5	531,852	2.9	954,189	4.6
Total	21,601,812	100.0%	21,466,594	100.0%	20,625,652	100.0%	20,382,701	100.0%	20,628,861	100.0%

¹ Signatory Affiliate Airlines are associated based on 2017 affiliations and shown in parentheses to major carrier name. All historical landed weights for these affiliates are shown on one line regardless of prior affiliation

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

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

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

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

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

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

⁸ Includes airlines no longer serving Detroit Metro or carriers with insignificant activity. Several airlines reported in the "Other" category in prior years have been reported individually in the current year. Prior year numbers were not reclassified and remain in "Other".

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

2012		2011		2010		2009		2008	
Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share	Landed weights	Share
9,655,644	46.9%	10,153,498	48.5%	10,369,432	51.4%	11,333,666	54.0%	13,604,011	58.2%
—	—	—	—	—	—	—	—	—	—
3,237,417	15.7	2,743,336	13.1	2,817,713	14.0	2,616,584	12.5	2,516,756	10.8
749,026	3.6	752,623	3.6	637,083	3.2	690,048	3.3	925,981	4.0
942,596	4.6	973,682	4.6	894,080	4.4	946,536	4.5	1,073,878	4.6
—	—	—	—	—	—	—	—	—	—
755,222	3.7	741,329	3.5	692,460	3.4	776,576	3.7	904,599	3.9
1,110,252	5.4	795,381	3.8	104,058	0.5	1,474	—	64,185	0.3
461,450	2.2	409,567	2.0	361,807	1.8	374,202	1.8	477,212	2.0
166,107	0.8	242,335	1.2	238,808	1.2	394,117	1.9	572,105	2.5
124,080	0.6	143,844	0.7	126,776	0.6	140,742	0.7	147,774	0.6
168,483	0.8	171,832	0.8	171,234	0.8	171,687	0.8	195,473	0.8
—	—	—	—	—	—	—	—	—	—
146,790	0.7	147,477	0.7	142,243	0.7	174,062	0.8	243,753	1.0
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
288,096	1.4	371,436	1.8	438,616	2.2	596,054	2.8	173,768	0.7
—	—	—	—	—	—	—	—	—	—
146,639	0.7	146,476	0.7	138,582	0.7	122,641	0.6	114,617	0.5
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
221,668	1.1	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
195,133	0.9	180,815	0.9	193,235	1.0	155,625	0.7	107,737	0.5
—	—	—	—	—	—	—	—	9,432	—
217,005	1.1	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
31,390	0.2	—	—	—	—	—	—	—	—
942,080	4.6	1,115,580	5.3	669,929	3.3	187,696	0.9	125,020	0.5
144,408	0.7	872,731	4.2	1,202,839	6.0	1,484,510	7.1	1,118,993	4.8
—	—	—	—	—	—	74,970	0.4	80,214	0.3
—	—	—	—	—	—	—	—	107,202	0.5
—	—	—	—	—	—	—	—	28,994	0.1
904,865	4.3	961,771	4.6	968,370	4.8	763,456	3.5	767,206	3.4
20,608,351	100.0%	20,923,713	100.0%	20,167,265	100.0%	21,004,646	100.0%	23,358,910	100.0%

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-5

Enplaned Passengers
(Unaudited)

Airline ¹	Detroit Metropolitan Airport									
	2017		2016		2015		2014		2013	
	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share
Domestic:										
Alaska Airlines	72,380	0.42	66,040	0.39	57,636	0.35	—	—	—	—
American/US Airways (Air Wisconsin) ⁷	45,400	0.26	63,898	0.37	34,465	0.21	57,178	0.35	63,752	0.40
American/US Airways (Envoy) ^{7,8}	44,914	0.26	67,414	0.39	136,328	0.83	169,854	1.05	169,407	1.05
American/US Airways (Mesa) ⁷	—	—	—	—	13,713	0.08	29,246	0.18	26,173	0.16
American/US Airways (PSA) ⁷	81,867	0.47	58,585	0.34	39,344	0.24	5,492	0.03	6,519	0.04
American/US Airways (Republic) ¹	118,354	0.68	156,144	0.91	178,734	1.09	92,224	0.57	96,509	0.60
American/US Airways (SkyWest) ¹	63,056	0.36	—	—	—	—	—	—	—	—
American/US Airways ⁷	725,334	4.20	761,214	4.44	732,616	4.46	725,183	4.47	662,355	4.12
Delta (Chautauqua)	—	—	—	—	140,318	0.85	560,376	3.46	448,754	2.79
Delta (Comair)	—	—	—	—	—	—	—	—	—	—
Delta (Compass)	117,490	0.68	111,614	0.65	120,847	0.73	207,036	1.28	175,829	1.09
Delta (Endeavor) ⁴	1,223,918	7.08	1,677,874	9.79	1,556,601	9.46	2,159,842	13.32	3,080,866	19.16
Delta (ExpressJet) ^{1,3}	547,541	3.17	1,150,700	6.72	1,276,020	7.76	1,098,157	6.77	978,390	6.09
Delta (GoJet)	745,286	4.31	230,733	1.35	107,108	0.65	160,650	0.99	—	—
Delta (Mesaba Aviation)	—	—	—	—	—	—	—	—	—	—
Delta (Republic)	111,888	0.65	—	—	—	—	—	—	—	—
Delta (Shuttle America)	48,860	0.28	264,188	1.54	475,505	2.89	86,319	0.53	121,712	0.76
Delta (Sky West)	1,114,479	6.45	570,927	3.33	353,817	2.15	251,177	1.55	—	—
Delta Air Lines	7,456,453	43.15	7,486,766	43.70	7,249,879	44.09	6,856,076	42.28	6,568,924	40.86
Frontier	208,426	1.21	149,124	0.87	92,038	0.56	98,958	0.61	80,496	0.50
JetBlue Airways	142,117	0.82	146,799	0.86	105,591	0.64	—	—	—	—
Southwest/Airtran Airlines ⁵	848,036	4.91	845,604	4.94	784,365	4.77	828,595	5.11	832,772	5.18
Spirit Airlines	1,424,905	8.25	1,289,024	7.52	1,096,225	6.67	875,463	5.40	755,169	4.70
United/Continental (ExpressJet) ^{2,3}	5,268	0.03	9,002	0.05	76,704	0.47	143,587	0.89	130,342	0.81
United/Continental (GoJet) ²	7,011	0.04	31,741	0.19	42,751	0.26	40,249	0.25	44,311	0.28
United/Continental (Mesa) ²	153,771	0.89	140,502	0.82	80,084	0.49	18,478	0.11	42,346	0.26
United/Continental (Republic) ³	124,655	0.72	92,302	0.54	—	—	—	—	—	—
United/Continental (Skywest) ²	46,470	0.27	69,388	0.41	65,860	0.40	31,384	0.19	58,464	0.36
United/Continental Airlines ²	218,781	1.27	171,058	1.00	105,188	0.64	78,956	0.49	70,789	0.44
USA 3000	—	—	—	—	—	—	—	—	—	—
Other ⁴	28,853	0.17	68,915	0.40	86,562	0.53	177,393	1.09	251,438	1.56
Total Domestic	15,725,513	91.00	15,679,556	91.52	15,008,299	91.27	14,751,873	90.97	14,665,317	91.21
International:										
Aeromexico	19,954	0.12	—	—	—	—	—	—	—	—
Air Canada	40,781	0.24	32,392	0.19	23,980	0.15	21,253	0.13	17,156	0.11
Air France	71,462	0.41	71,642	0.42	75,576	0.46	73,512	0.45	77,751	0.48
American/US Airways ⁷	—	—	566	—	520	—	1,256	0.01	1,302	0.01
British Airways	—	—	—	—	—	—	—	—	—	—
Delta (Comair)	—	—	—	—	—	—	—	—	—	—
Delta (Compass)	5,841	0.03	18,703	0.11	17,102	0.10	8,691	0.05	—	—
Delta (Endeavor) ⁴	—	—	—	—	—	—	—	—	2,175	0.01
Delta (Mesaba Aviation)	—	—	—	—	—	—	—	—	—	—
Delta Air Lines	1,275,473	7.38	1,161,607	6.78	1,178,621	7.17	1,226,121	7.56	1,180,193	7.34
KLM-Royal Dutch Airlines	—	—	—	—	—	—	—	—	—	—
Lufthansa	77,521	0.45	71,472	0.42	76,694	0.47	77,650	0.48	66,977	0.42
Royal Jordanian Airlines	14,937	0.09	13,403	0.08	12,225	0.07	14,755	0.09	14,334	0.09
Southwest/Airtran Airlines ⁵	—	—	—	—	—	—	12,255	0.08	11,120	0.07
Spirit Airlines	28,806	0.17	22,575	0.13	22,457	0.14	22,986	0.14	22,669	0.14
Virgin Atlantic Airways	19,417	0.11	47,380	0.28	20,442	0.12	—	—	—	—
Other ⁴	1,514	0.01	11,391	0.07	7,862	0.05	6,321	0.04	18,658	0.12
Total International	1,555,706	9.01	1,451,131	8.48	1,435,479	8.73	1,464,800	9.03	1,412,335	8.79
Grand Total	17,281,219	100.01%	17,130,687	100.00%	16,443,778	100.00%	16,216,673	100.00%	16,077,652	100.00%

¹ Signatory Affiliate Airlines are associated based on 2017 affiliations and shown in parentheses to major carrier name.

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

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

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

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

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

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

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

⁸ Includes airlines no longer serving Detroit Metro or carriers with insignificant activity. Activity previously recorded as Other remains as Other even if a carrier subsequently has significant activity.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

2012		2011		2010		2009		2008	
Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share	Passenger enplanements	Share
—	—	—	—	—	—	—	—	—	—
71,394	0.44	81,860	0.50	76,414	0.48	95,658	0.60	104,993	0.59
162,633	1.01	154,136	0.95	161,692	1.02	125,766	0.79	85,637	0.48
37,154	0.23	19,074	0.12	22,387	0.14	22,640	0.14	47,464	0.27
10,716	0.07	5,990	0.04	5,860	0.04	15,747	0.10	38,059	0.21
80,347	0.50	111,361	0.69	112,838	0.71	74,785	0.47	23,992	0.13
—	—	—	—	—	—	—	—	—	—
635,870	3.95	616,654	3.80	588,264	3.70	660,549	4.15	773,946	4.34
217,573	1.35	168,194	1.04	95,086	0.60	4,798	0.03	9,211	0.05
811,218	5.02	945,095	5.82	540,781	3.41	145,990	0.92	90,839	0.51
241,508	1.49	312,578	1.93	340,262	2.14	439,785	2.76	144,644	0.81
2,698,992	16.69	2,254,208	13.89	2,186,627	13.77	2,066,229	12.96	2,043,385	11.46
885,230	5.47	650,836	4.01	83,690	0.53	1,289	0.01	58,351	0.33
—	—	—	—	—	—	—	—	—	—
123,066	0.76	721,808	4.45	949,610	5.98	1,042,785	6.54	811,681	4.55
—	—	—	—	—	—	—	—	—	—
190,663	1.18	85,863	0.53	4,462	0.03	10,599	0.07	36,813	0.21
—	—	—	—	—	—	—	—	—	—
6,349,263	39.27	6,651,576	40.99	7,328,799	46.16	7,894,790	49.52	9,555,525	53.59
125,186	0.77	140,291	0.86	117,044	0.74	117,396	0.74	126,580	0.71
—	—	—	—	—	—	—	—	—	—
842,732	5.21	813,744	5.02	755,276	4.76	742,389	4.65	812,093	4.55
711,134	4.40	703,335	4.33	558,596	3.52	591,150	3.71	802,424	4.50
123,199	0.76	112,402	0.69	118,001	0.74	63,765	0.40	63,856	0.36
34,532	0.21	57,089	0.35	66,206	0.42	56,837	0.36	—	—
43,702	0.27	19,733	0.12	29,999	0.19	47,908	0.30	43,380	0.24
—	—	—	—	—	—	—	—	—	—
43,592	0.27	29,789	0.18	68,400	0.43	31,407	0.20	24,640	0.14
128,634	0.80	195,711	1.21	186,520	1.17	287,568	1.80	450,079	2.52
—	—	153	—	2,226	0.01	19,823	0.12	79,304	0.44
233,942	1.45	61,052	0.37	215,005	1.36	62,738	0.40	44,232	0.26
14,802,280	91.57	14,912,532	91.89	14,614,045	92.05	14,622,391	91.74	16,271,128	91.25
—	—	—	—	—	—	2,053	0.01	5,942	0.03
14,887	0.09	12,340	0.08	6,875	0.04	5,956	0.04	13,678	0.08
82,675	0.51	76,568	0.47	70,685	0.45	55,233	0.35	45,947	0.26
1,459	0.01	1,493	0.01	1,997	0.01	1,853	0.01	—	—
—	—	—	—	—	—	—	—	20,491	0.11
—	—	—	—	20,851	0.13	—	—	—	—
—	—	—	—	13,301	0.08	26,608	0.17	—	—
18,094	0.11	44,711	0.28	97,518	0.61	—	—	—	—
—	—	67	—	19,583	0.12	45,248	0.28	37,906	0.21
1,119,589	6.92	1,065,984	6.57	921,973	5.81	1,009,773	6.33	1,204,927	6.76
—	—	—	—	—	—	40,196	0.25	41,753	0.23
64,854	0.40	67,952	0.42	65,568	0.41	72,884	0.46	102,121	0.57
15,143	0.09	14,051	0.09	15,258	0.10	14,822	0.09	16,434	0.09
10,295	0.06	11,436	0.07	5,849	0.04	271	—	—	—
23,339	0.14	15,579	0.10	12,274	0.08	16,928	0.11	19,464	0.11
—	—	—	—	—	—	—	—	—	—
16,969	0.10	3,488	0.02	10,604	0.07	26,916	0.16	51,440	0.30
1,367,304	8.43	1,313,669	8.11	1,262,336	7.95	1,318,741	8.26	1,560,103	8.75
16,169,584	100.00%	16,226,201	100.00%	15,876,381	100.00%	15,941,132	100.00%	17,831,231	100.00%

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-6
Debt Service Detail
(Unaudited)

	Detroit Metropolitan and Willow Run Airports (a)									
	2017		2016		2015		2014		2013	
	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹
Airport Revenue Bonds:										
Series 1994A	\$ —	—	—	—	—	—	—	—	—	—
Series 1996A	—	—	—	—	—	—	—	—	—	—
Series 1996B	—	—	—	—	—	—	—	—	—	—
Series 1998A	—	—	—	—	—	—	—	—	—	—
Series 1998B	—	—	—	—	—	—	—	—	—	—
Series 2001 Jr. Lien	—	—	—	—	—	—	—	—	—	—
Series 2002A	—	—	—	—	—	—	—	—	—	—
Series 2002C	—	—	—	—	—	—	—	—	2,105,000	17,542
Series 2002D	—	—	—	—	—	—	—	—	6,920,000	59,508
Series 2003A-1	—	—	—	—	—	—	—	—	—	—
Series 2003A-2	—	—	—	—	—	—	—	—	—	—
Series 2003A-3	—	—	—	—	—	—	—	—	—	—
Series 2003B	—	—	—	—	—	—	—	—	—	—
Series 2003C	—	—	—	—	—	—	—	—	—	—
Series 2004	—	—	—	—	—	—	—	—	—	—
Series 2005	—	—	257,075,000	539,025	196,950,000	22,271,263	11,720,000	23,153,925	11,130,000	23,759,217
Series 2007A Jr. Lien	4,230,000	7,870,983	3,985,000	8,080,440	3,795,000	8,278,108	3,615,000	8,466,358	3,480,000	8,645,983
Series 2007B	5,870,000	4,695,100	5,580,000	5,004,850	5,305,000	5,281,558	—	5,502,600	4,805,000	5,542,642
Series 2008A	5,390,000	5,501,725	5,305,000	5,783,957	5,225,000	6,061,768	5,155,000	6,335,469	5,100,000	6,603,500
Series 2008B	—	—	—	—	—	—	—	—	—	—
Series 2008C	—	—	—	—	—	—	—	—	—	—
Series 2008D	—	—	—	—	—	—	—	—	—	—
Series 2008E	—	—	—	—	—	—	—	—	—	—
Series 2008F	—	—	—	—	—	—	—	—	—	—
Series 2009A	—	—	—	—	—	—	—	—	—	—
Series 2010A	29,115,000	3,381,875	27,680,000	4,825,667	26,310,000	6,198,250	27,560,000	7,478,233	26,185,000	8,527,825
Series 2010B	—	—	—	—	—	—	4,800,000	40,000	—	240,000
Series 2010C	22,700,000	3,916,192	21,275,000	5,039,317	20,305,000	6,094,983	18,675,000	7,096,650	16,990,000	8,016,358
Series 2010D	2,490,000	786,175	2,380,000	909,759	2,310,000	1,028,175	2,165,000	1,135,250	2,055,000	1,196,225
Series 2010E-1	—	—	—	—	—	—	75,275,000	17,663	85,000	104,432
Series 2010E-2	—	—	—	—	—	—	74,895,000	21,997	105,000	97,698
Series 2010F	—	—	—	—	—	—	124,640,000	28,980	—	171,296
Series 2010G	—	—	—	—	—	—	115,760,000	106,848	240,000	1,279,419
Series 2011A	—	7,296,000	—	7,296,000	—	7,296,000	7,296,000	7,296,000	—	7,296,000
Series 2011B	2,310,000	484,450	2,200,000	599,034	2,135,000	701,375	—	754,750	—	754,750
Series 2012A	100,000	8,873,750	—	8,876,250	—	8,876,250	—	8,876,250	—	8,900,906
Series 2012B	100,000	1,250,333	—	1,254,500	—	1,254,500	—	1,254,500	—	1,257,985
Series 2012C	225,000	40,925	220,000	47,650	215,000	54,225	2,230,000	70,750	—	126,852
Series 2012D	4,960,000	2,342,834	7,065,000	2,608,375	7,000,000	2,961,083	6,470,000	3,285,100	—	3,456,425
Series 2013A	330,000	2,619,794	330,000	1,953,055	280,000	1,654,399	—	1,494,922	—	—
Series 2013B	185,000	976,469	180,000	716,561	120,000	600,329	—	541,947	—	—
Series 2013C	370,000	1,551,374	365,000	1,151,923	270,000	973,334	—	880,323	—	—
Series 2014A	100,000	404,728	—	300,414	—	253,070	—	104,169	—	—
Series 2014B	—	3,314,625	—	3,314,625	—	3,072,166	—	619,958	—	—
Series 2014C	—	1,579,250	—	1,579,250	—	1,463,732	—	295,378	—	—
Series 2015A	16,220,000	1,193,771	—	1,458,931	—	—	—	—	—	—
Series 2015B	—	2,037,000	—	2,093,583	—	—	—	—	—	—
Series 2015C	—	961,500	—	988,208	—	—	—	—	—	—
Series 2015D	—	12,996,670	—	7,896,028	—	—	—	—	—	—
Series 2015E	—	452,375	—	308,046	—	—	—	—	—	—
Series 2015F	—	11,207,750	—	10,771,893	—	—	—	—	—	—
Series 2015G	500,000	3,717,416	—	3,580,860	—	—	—	—	—	—
Series 2015H	—	312,880	—	223,981	—	—	—	—	—	—
Airport Hotel Bonds:										
Series 2001A	—	—	99,630,000	212,057	—	—	—	—	—	—
Installment Purchase Contracts	779,704	108,657	747,395	129,884	774,760	150,941	818,958	173,405	846,437	198,465
Willow Run Notes Payable:										
Washtenaw County	19,474	—	19,476	—	19,476	—	19,476	—	19,476	—
University of Michigan	—	—	—	—	—	—	—	—	401,148	24,251
Less: Bond Refundings ²	—	—	(343,700,000)	—	(184,605,000)	—	(390,570,000)	—	—	—
Totals	\$ 95,994,178	89,874,600	90,336,871	87,544,123	86,409,236	84,525,509	83,228,434	85,031,425	80,467,061	86,277,279

	Airport Hotel (a)									
	2017		2016		2015		2014		2013	
	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹	Principal	Interest ¹
Airport Hotel Bonds:										
Series 2001A	\$ —	—	—	—	—	—	—	—	—	—
Series 2001B	—	—	—	—	4,185,000	5,089,375	1,645,000	5,089,375	—	5,089,375
Less: Bond Refundings ²	—	—	—	—	—	—	—	—	—	—
Other Hotel Debt:										
Capital/FF&E Reserve Loan	—	—	—	—	—	—	—	—	2,922,147	93,522
Working Capital Loan	—	—	—	—	—	—	1,500,000	80,000	—	120,000
Totals	\$ —	—	—	—	4,185,000	5,283,910	3,145,000	5,463,680	4,402,147	5,703,957

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

² Amount of debt service paid through issuance of refunding bonds.

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

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-7
Revenue Coverage
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Detroit Metro and Willow Run Airports (a)										
Net revenues:										
Operating revenues	\$ 368,132,408	\$ 363,069,701	\$ 316,390,119	\$ 306,800,927	\$ 289,464,302	\$ 291,026,902	\$ 281,687,336	\$ 270,267,951	\$ 257,512,270	\$ 259,215,375
Interest income and other	3,681,738	3,956,859	2,157,671	2,789,211	2,026,745	1,798,471	3,354,863	4,992,574	7,143,858	28,101,968
Federal and state sources	6,655,554	5,568,130	1,339,342	1,029,619	1,353,122	1,378,911	1,326,034	1,264,891	1,089,499	2,192,613
Passenger facility charges	68,128,397	66,764,363	63,840,589	62,016,364	61,705,013	62,134,255	62,197,495	60,305,754	59,711,453	68,202,594
Customer facility charges	4,442,148	4,260,370	304,510	—	—	—	—	—	—	—
Total revenues	451,040,245	443,619,423	384,032,231	372,636,121	354,549,182	356,338,539	348,565,728	336,831,170	325,457,080	357,712,550
Less operating expenses, not including depreciation	(266,638,295)	(252,611,208)	(218,348,139)	(212,847,104)	(195,526,748)	(188,306,672)	(196,428,761)	(191,159,047)	(192,698,372)	(207,318,908)
Net revenues	184,401,950	191,008,215	165,684,092	159,789,017	159,022,434	168,031,867	152,136,967	145,672,123	132,758,708	150,393,642
Net debt service:										
Principal ³	95,994,178	90,336,871	86,409,236	83,228,434	80,467,061	69,627,483	70,086,416	75,938,312	46,738,501	98,301,428
Interest ¹	89,874,600	87,544,123	84,525,509	85,031,425	86,277,279	79,703,054	84,231,580	97,323,384	105,019,840	111,590,379
Net debt service	185,868,778	177,880,994	170,934,745	168,259,859	166,744,340	149,330,537	154,317,996	173,261,696	151,758,341	209,891,807
Debt Service Coverage ²	0.99	1.07	0.97	0.95	0.95	1.13	0.99	0.84	0.87	0.72
Pledged Revenue Coverage – Airport Hotel (a)										
Net revenues:										
Operating revenues	—	—	33,345,294	32,922,844	29,301,463	27,611,922	29,372,498	26,828,936	23,246,792	31,496,580
Interest income and other	—	—	52,328	19,747	21,538	43,320	35,351	29,015	166,383	501,266
Total revenues	—	—	33,397,622	32,942,591	29,323,001	27,655,242	29,407,849	26,857,951	23,413,175	31,997,846
Less operating expenses, not including depreciation	—	—	(18,793,497)	(23,063,942)	(21,064,105)	(20,888,610)	(22,640,620)	(20,029,041)	(18,690,037)	(23,058,755)
Net revenues	—	—	14,604,125	9,878,649	8,258,896	6,766,632	6,767,229	6,828,910	4,723,138	8,939,091
Net debt service:										
Principal	—	—	4,185,000	3,145,000	4,402,147	1,639,308	1,385,640	1,139,553	935,848	529,342
Interest ¹	—	—	5,283,910	5,463,680	5,703,957	5,957,275	6,062,988	6,152,079	6,225,621	6,283,971
Net debt service	—	—	9,468,910	8,608,680	10,106,104	7,596,583	7,448,628	7,291,632	7,161,469	6,813,313
Debt Service Coverage ²	—	—	1.54	1.15	0.82	0.89	0.91	0.94	0.66	1.31
Combined net debt service:										
Principal	95,994,178	90,336,871	90,594,236	86,373,434	84,869,208	71,266,791	71,472,056	77,077,865	47,674,349	98,830,770
Interest ¹	89,874,600	87,544,123	89,809,419	90,495,105	91,981,236	85,660,329	90,294,568	103,475,463	111,245,461	117,874,350
Total combined net debt service	\$ 185,868,778	\$ 177,880,994	\$ 180,403,655	\$ 176,868,539	\$ 176,850,444	\$ 156,927,120	\$ 161,766,624	\$ 180,553,328	\$ 158,919,810	\$ 216,705,120

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

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

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

³ Principal payments do not include bond refunding payoffs

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

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-8

Ratios of Outstanding Debt

(Unaudited)

Outstanding Debt per Enplaned Passenger	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Outstanding debt by type: ¹										
Airport revenue bonds	\$ 2,145,910,000	\$ 2,241,105,000	\$ 2,031,565,000	\$ 2,116,145,000	\$ 2,070,180,000	\$ 2,149,380,000	\$ 2,026,685,000	\$ 2,121,835,000	\$ 2,188,500,000	\$ 2,231,195,000
Installment purchase contracts	2,152,765	2,932,469	3,679,864	4,454,624	5,273,582	6,120,019	4,354,379	6,608,280	8,853,973	10,508,525
Willow Run notes payable	523,820	543,294	562,770	102,246	102,246	542,346	569,365	591,879	619,498	644,465
Airport hotel bonds	—	—	99,630,000	103,815,000	105,460,000	106,940,000	108,140,000	109,120,000	109,885,000	110,475,000
Other hotel debt	—	—	—	—	1,500,000	4,422,147	4,861,455	5,267,095	5,641,648	5,987,496
Total outstanding debt	\$ 2,148,586,585	\$ 2,244,580,763	\$ 2,135,437,634	\$ 2,224,516,870	\$ 2,182,515,828	\$ 2,267,404,512	\$ 2,144,610,199	\$ 2,243,422,254	\$ 2,313,500,119	\$ 2,358,810,486
Enplaned passengers	17,281,219	17,130,687	16,443,778	16,216,673	16,077,652	16,169,584	16,226,201	15,876,381	15,941,132	17,831,231
Outstanding debt per enplaned passenger	\$ 124.33	\$ 131.03	\$ 129.86	\$ 137.17	\$ 135.75	\$ 140.23	\$ 132.17	\$ 141.31	\$ 145.13	\$ 132.29
Combined Net Debt Service per Enplaned Passenger										
Combined net debt service ²	\$ 185,868,778	\$ 177,880,994	\$ 180,403,655	\$ 176,868,539	\$ 176,850,444	\$ 156,927,120	\$ 161,766,624	\$ 180,553,328	\$ 158,919,810	\$ 216,705,120
Enplaned passengers	17,281,219	17,130,687	16,443,778	16,216,673	16,077,652	16,169,584	16,226,201	15,876,381	15,941,132	17,831,231
Net debt service per enplaned passenger	\$ 10.76	\$ 10.38	\$ 10.97	\$ 10.91	\$ 11.00	\$ 9.71	\$ 9.97	\$ 11.37	\$ 9.97	\$ 12.15

¹ Outstanding Debt amounts do not include refundings, discounts, or premiums.

² Combined Net Debt Service does not include adjustments for capitalized interest, amortization of issuance costs/bond insurance premiums, discount, premium, refunding costs, or arbitrage

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-9

Authority Employees

(Unaudited)

	Authority Full-Time Positions *									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administration	12	10	11	9	8	8	16	11	15	18
Internal Audit	3	3	3	3	3	3	3	2	2	3
Legal	5	5	5	5	5	5	5	5	5	7
North Terminal Development Team	—	—	—	—	—	—	—	—	—	4
Finance	33	33	32	33	32	31	34	35	31	36
Information Technology/Telecommunications	20	17	18	15	14	12	13	14	14	14
Procurement & Compliance	16	19	16	15	14	14	18	24	20	25
Human Resources	12	13	13	11	11	11	14	12	14	15
Maintenance/Facilities	235	216	196	199	194	192	206	204	203	223
Airfield Operations	47	47	42	40	39	40	44	44	44	47
Public Safety	224	223	205	204	203	204	209	207	207	247
Planning & Development	29	32	31	25	28	24	19	17	16	14
Business Development	46	41	37	37	32	33	34	35	37	52
Willow	13	13	11	11	11	11	11	11	11	27
Totals	<u>695</u>	<u>672</u>	<u>620</u>	<u>607</u>	<u>594</u>	<u>588</u>	<u>626</u>	<u>621</u>	<u>619</u>	<u>732</u>

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

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

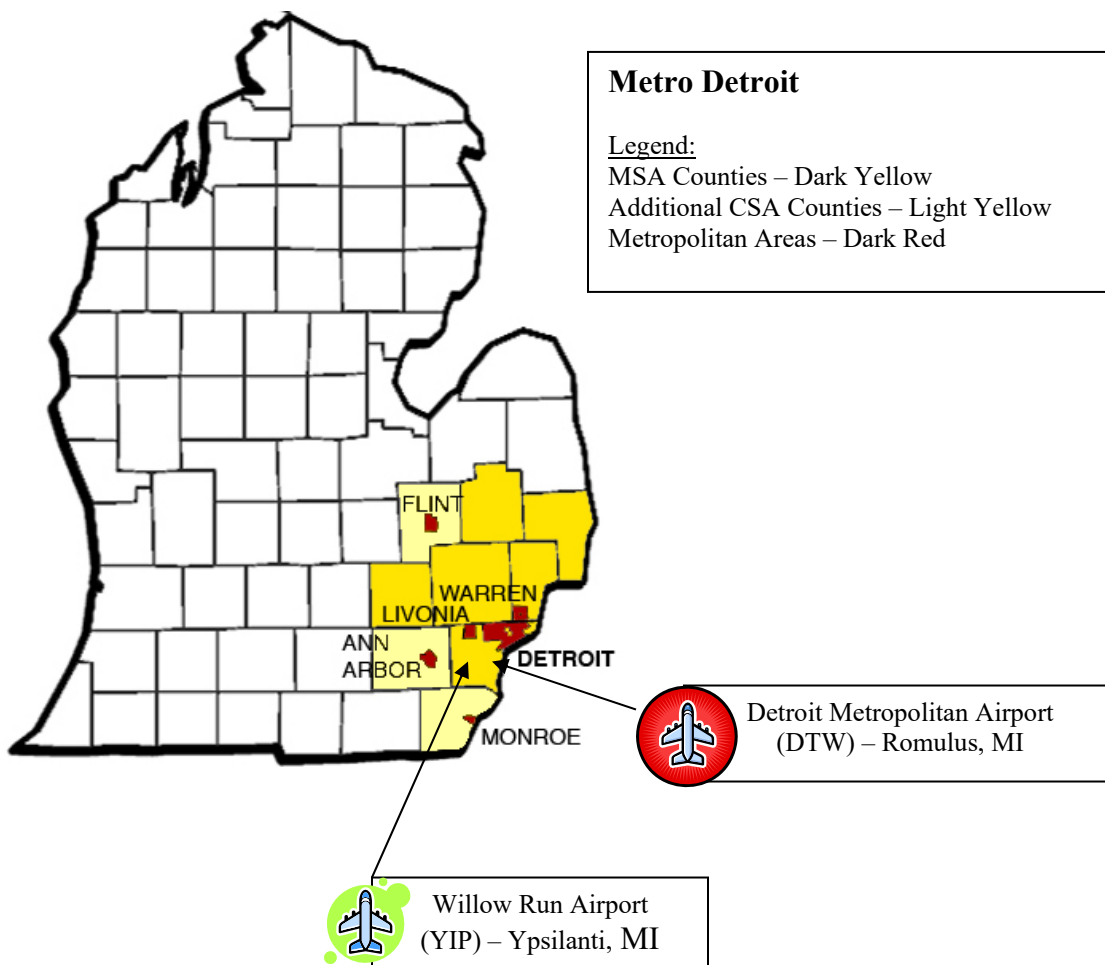
Exhibit S-10: Demographic and Economic Information

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

Detroit Metropolitan Wayne County Airport is a major commercial airport located in Romulus, Michigan classified a large hub by the FAA with 1 percent or more of total U.S. passengers enplaned. As of 2016, Detroit Metro Airport is the seventeenth busiest airport in the United States and the thirty-third busiest airport in the world. Nearby to DTW is the smaller non-commercial airport Willow Run that serves freight, corporate, and general aviation clients. Together, these airports serve a Primary Air Trade Area commonly referred to as Metropolitan Detroit (Metro Detroit).

The United States Office of Management and Budget (OMB) defines the six counties of Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne the *Detroit-Warren-Livonia Metropolitan Statistical Area (MSA)*. Further, the larger OMB designated *Detroit-Warren-Flint Combined Statistical Area (CSA)* incorporates both the above MSA and the metropolitan areas of Flint, Ann Arbor, and Monroe. This area is defined based on commuting patterns and results in the nine-county labor market region of Metro Detroit with a population of 5.2 million as of the 2010 census.

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

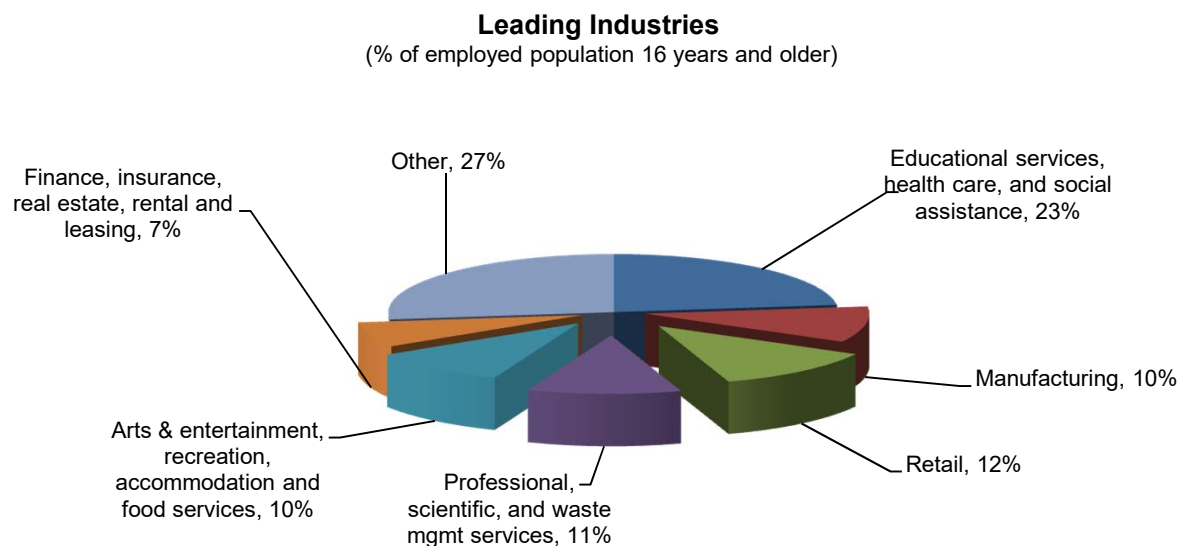


WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-10A

Selected Demographic and Economic Information for the Primary Air Trade Area
(Unaudited)

Population (2016) Est.	5,318,653
Population (2010)	5,218,852
Population (2000)	5,357,538
Population (1990)	5,095,695
Percentage Increase in Population - 2010 to 2016	1.9%
Percentage Female	51.3%
Percentage Male	48.7%
Personal Income (millions) (2016)	\$250,372
Percent of U.S. Total	1.8%
Per Capita Personal Income (2016)	\$48,692
Per Capita Personal Income (2016) - U.S.	\$51,075
Unemployment Rate (2017 September)	4.4%
Unemployment Rate (2016 Annual)	5.4%
Unemployment Rate (2015 Annual)	5.9%
Total Households (millions)	2.0
Average Household Size (people)	2.5



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

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-10B

Principal Employers in Primary Air Trade Area

(Unaudited)

Employer	City	Metro Employees 2017 *	Metro Employees 2016 **	Percentage (%) Change	Type of Business
Ford Motor Co.	Dearborn	48,000	47,000	2.1%	Automobile Manufacturer
General Motors Corp.	Detroit	37,713	36,628	3.0%	Automobile Manufacturer
University of Michigan	Ann Arbor	32,749	31,655	3.5%	Public University & Health Care System
FCA US LLC	Auburn Hills	32,514	32,508	0.0%	Automobile Manufacturer
Beaumont Health	Southfield	28,038	25,721	9.0%	Health Care System
U.S. Government	Detroit	18,920	18,862	0.3%	Federal Government
Henry Ford Health System	Detroit	17,608	16,919	4.1%	Health Care System
Rock Ventures	Detroit	16,617	14,237	16.7%	Financial Services/Real Estate
Trinity Health Michigan	Livonia	14,676	15,214	(3.5)%	Health Care System
Ascension Michigan	Warren	11,893	11,271	5.5%	Health Care System

* Data as of July 2017

** Data as of July 2016

Source: Crain's Detroit Business, August 28, 2017

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-11

Airport Information

(Unaudited)

Detroit Metropolitan Airport

Location:	20 miles southwest of Detroit in the city of Romulus		
Area:	7,380 acres		
Airport Code:	DTW		
Runways:	3R/21L 3L/21R 9R/27L 9L/27R 4R/22L 4L/22R		
Terminal:	McNamara Terminal Airlines	911,853	sq ft
	North Terminal Airlines	215,699	sq ft (b)
	Tenants/Concessionaires	223,296	sq ft (b)
	TSA/FIS	245,924	sq ft
	Public/Common	1,609,988	sq ft (b)
	Number of In-Service Passenger Gates	131	
	Number of Concessionaires	30	(b)
	Number of Rental Car Agencies On-Airport	6	
Airfield:	Runways	15,320,346	sq ft
	Taxiways	26,996,429	sq ft (a)
	Aprons	21,568,712	sq ft (a)
Parking:	Spaces Available:		
	McNamara Parking Structure	10,117	
	Big Blue Deck and Short-Term	6,530	
	Green Lot 1	1,517	
	Green Lot 2	900	
		<hr/>	
		19,064	spaces
Cargo:	Cargo/Hangar Buildings	1,224,989	sq ft
International:	Customs/Immigration F.I.S. Facility		
Tower(s):	AIR TRAFFIC CONTROL TOWER 24/7/365 Delta Air Lines Ramp Control Tower 24/7/365 North Terminal Ramp Control Tower 24/7/365		
FBO(s):	Signature Flight Support		

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

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

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-12

Airport Information

(Unaudited)

Willow Run Airport

Location:	7 miles west of Detroit Metropolitan Airport bordering on Wayne and Washtenaw Counties		
Area:	2,360 acres		
Airport Code:	YIP		
Runways:	5L/23R 5R/23L 9/27		
Airfield:	Runways	3,147,605 sq ft	
	Taxiways	4,282,931 sq ft	
	Ramps/Aprons	5,094,432 sq ft	(a)
Corporate/Private Space:	Hangar	409,900 sq ft	(b)
	Tenants Other	98,300 sq ft	(b)
	T-Hangars (qty. 110)	44,800 sq ft	
	Number of Rental Car Agencies On-Airport	1	
Additional Space:	WCAA Admin, Maintenance, Ops, Public Safety	56,200 sq ft	
	Yankee Air Museum	53,400 sq ft	
	FAA	35,000 sq ft	
International:	U.S. Customs (user fee airport)		
Tower:	FAA 24/7		
FBOs:	Avflight Odyssey Aviation		

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

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

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Documents Incorporated By Reference

Operating Years Ended September 30, 2017

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

Document

Official Statement, \$520,055,000 Wayne County Airport Authority Airport Revenue Bonds, Series 2015D-E; and Wayne County Authority Airport Revenue Refunding Bonds, Series 2015F-G

Part of CAFR into which incorporated

Continuing Disclosures

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #1

Debt Service Requirements and Coverage

Operating Year 2017

(Unaudited)

	Net revenues, revenue fund balance, and other available monies (thousands)	Total debt service requirements (thousands)	Debt service coverage	Airline cost per enplaned passenger
Senior Lien	\$ 242,577	\$ 167,681	1.45	\$ 9.83
Total Senior Lien and Junior Lien	\$ 242,577	\$ 179,957	1.35	\$ 9.83

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #2

Operation and Maintenance Expenses

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description	Historical				
	2017	2016	2015	2014	2013
Salaries and wages	\$ 57,511	52,684	49,221	46,661	41,975
Employee benefits	28,720	35,497	34,357	27,027	25,513
	<u>86,231</u>	<u>88,181</u>	<u>83,578</u>	<u>73,688</u>	<u>67,488</u>
Contractual services:					
Parking management	7,987	7,909	7,882	6,630	6,280
Hotel management (a)	18,612	22,678	—	—	—
Security expenses	5,149	3,745	2,558	2,511	2,260
Janitorial services	13,515	11,992	11,948	11,792	11,383
Shuttle bus	8,169	7,194	6,540	6,123	6,501
Other services	23,893	24,870	19,811	24,352	18,394
Total contractual services	<u>77,325</u>	<u>78,388</u>	<u>48,739</u>	<u>51,408</u>	<u>44,818</u>
Wayne County administrative services	86	103	159	138	130
Repairs and maintenance	32,251	33,123	32,567	31,144	29,296
Supplies and other operating expenses	13,921	13,791	13,252	12,511	10,499
Insurance	2,049	2,075	2,145	2,200	2,298
Utilities	22,947	21,939	24,105	28,441	26,628
Rentals	123	113	720	718	705
Interest expense and paying agent fees	121	92	107	182	163
Capital expenses	13,216	10,874	6,311	3,371	3,647
	<u>84,714</u>	<u>82,110</u>	<u>79,366</u>	<u>78,705</u>	<u>73,366</u>
Total O&M expenses	<u>\$ 248,270</u>	<u>248,679</u>	<u>211,683</u>	<u>203,801</u>	<u>185,672</u>

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

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #3

Operating Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

Description	Historical				
	2017	2016	2015	2014	2013
Airline revenues:					
Rental and use fees:					
Terminal building rentals and fees	\$ 60,688	61,227	62,776	63,523	64,322
Common-use/shared-use area rentals	22,632	24,161	26,779	25,988	23,098
Debt service recapture	1,109	1,718	1,718	1,718	1,718
Facilities use fees	8,475	8,036	8,065	8,361	7,262
Less rental fee adjustment	(2,447)	(2,820)	(4,859)	(6,313)	(5,134)
Total rental and use fees	90,457	92,322	94,479	93,277	91,266
Activity fees:					
Signatory airlines	76,305	75,525	72,369	75,360	64,394
Nonsignatory airlines	3,832	3,452	1,967	1,393	953
Less rental fee adjustment	(643)	(931)	(1,069)	(973)	(425)
Total activity fees	79,494	78,046	73,267	75,780	64,922
Total airline revenues	169,951	170,368	167,746	169,057	156,188
Nonairline revenues:					
Concessions:					
Automobile parking	76,707	74,498	68,018	61,187	57,829
Hotel (b)	29,928	33,890	—	—	—
Rental car	24,949	23,872	22,429	21,909	20,160
Food and beverage	19,427	18,016	14,149	12,948	12,877
Retail	13,296	12,745	13,347	12,526	11,663
Marketing and communications	1,566	1,635	2,235	2,388	2,603
Other concessions	5,001	5,110	5,057	4,012	4,044
Total concessions	170,874	169,766	125,235	114,970	109,176
Rentals	3,422	3,666	3,654	2,975	2,612
Utility fees	4,903	4,691	4,601	4,904	5,152
Interest income	337	162	110	76	138
Ground transportation	7,814	5,125	5,428	5,453	5,095
Other (a)	9,506	8,951	7,780	7,186	8,971
Total nonairline revenues	196,856	192,361	146,808	135,564	131,144
Total operating revenues	\$ 366,807	362,729	314,554	304,621	287,332

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

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

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #4

Application of Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Airline revenues	\$	169,951	170,368	167,746	169,057	156,188
Nonairline revenues		196,856	192,361	146,808	135,564	131,144
Interest income generated in bond funds and reserves		5,649	8,091	12,705	7,056	5,404
Other available monies:						
PFC contributions		66,473	66,178	63,596	62,443	62,838
Capitalized interest contribution		2,104	13,219	8,731	12,131	12,621
Other		6,751	4,604	1,847	1,933	4,201
Total revenues	\$	<u>447,784</u>	<u>454,821</u>	<u>401,433</u>	<u>388,184</u>	<u>372,396</u>
Priority						
Application of revenues:						
1 Operation and Maintenance Fund (a)	\$	258,266	259,980	218,398	210,219	191,715
2 Bond Fund		167,681	172,095	161,733	157,187	160,307
3 Junior Lien Bond Fund		12,276	12,270	12,231	12,231	12,239
4 Operation and Maintenance Reserve Fund		1,050	1,965	560	412	—
5 Renewal and Replacement Fund		500	500	500	500	500
6 County Discretionary Fund		350	350	350	350	350
7 Airport Development Fund		7,661	7,661	7,661	7,285	7,285
Total application of revenues	\$	<u>447,784</u>	<u>454,821</u>	<u>401,433</u>	<u>388,184</u>	<u>372,396</u>

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #5

Net Revenues and Debt Service Coverage

Operating year ending September 30, 2017

(In thousands of dollars, except as noted)

(Unaudited)

Revenues:		
Revenues		\$ 366,807
Revenue fund balance at beginning of year		55,163
Other available monies:		
PFC contributions		66,473
Other		6,751
Interest income generated in bond funds and reserves		5,649
Total revenues	[A]	<u>500,843</u>
Operation and maintenance expenses	[B]	<u>258,266</u>
Net revenues available for Sr. Lien debt service	[A - B] = [C]	242,577
Bond debt service - Senior Lien	[D]	<u>167,681</u>
Net revenues available for Jr. Lien debt service	[C - D] = [E]	74,896
Bond debt service - Junior Lien	[F]	<u>12,276</u>
Net revenues remaining in revenue fund		62,620
Debt service coverage:		
Senior Lien bonds	[C]/[D]	1.45
Senior Lien and Junior Lien bonds	[C]/[D + F]	1.35
Rate covenant elements:		
Operation and maintenance expenses		\$ 258,266
125% debt service – Bonds	[(1.25 x D) + F]	221,877
Other fund requirements		9,561
Total rate covenant elements		<u>\$ 489,704</u>

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #6

Historical Airline Passenger Enplanements

Operating years ending September 30

(Unaudited)

Operating year	Domestic	International	Total	Percent increase (decrease)
2017	15,725,513	1,555,706	17,281,219	0.9%
2016	15,679,556	1,451,131	17,130,687	4.2
2015	15,008,299	1,435,479	16,443,778	1.4
2014	14,751,873	1,464,800	16,216,673	0.9
2013	14,665,317	1,412,335	16,077,652	(0.6)

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #7

Historical Comparative Total Enplanements

Calendar years ending December 31

(Unaudited)

Calendar year	Detroit Metro		United States		Detroit as a percentage of U.S. total
	Number of passengers	Percent increase (decrease)	Number of passengers	Percent increase (decrease)	
2017	16,306,916	(1.8)%	764,071,274	(1.4)%	2.1%
2016	16,613,139	3.6	774,740,631	3.3	2.1
2015	16,038,743	2.9	750,164,431	4.8	2.1
2014	15,587,638	0.5	715,681,042	2.7	2.2
2013	15,507,719	0.5	696,930,821	0.7	2.2

Note: 2017 estimate based on six months of data; 2016 updated with final data

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #8

Historical Airline Departures

Calendar years ending December 31

(Unaudited)

Calendar year	Departures by carrier type			Total departures	
	Majors	Nationals	Regionals	Total (a)	Percent increase (decrease)
2017	134,400	51,058	458	185,916	(1.3)%
2016	134,536	52,760	1,043	188,339	3.6
2015	126,785	54,522	459	181,766	(3.4)
2014	119,462	68,043	609	188,114	(8.0)
2013	107,804	96,650	70	204,524	(0.6)

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

Note: 2017 estimate based on six months of data; 2016 updated with final data

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #9

Historical Domestic Originations and Connections

Calendar years ending December 31

(Unaudited)

Calendar year	Domestic originations		Domestic connections	
	Number	Percent of total	Number	Percent of total
2017	8,123,215	53.1%	7,164,367	46.9%
2016	7,912,712	50.2	7,837,790	49.8
2015	7,303,964	47.8	7,975,161	52.2
2014	6,952,520	47.0	7,831,959	53.0
2013	6,713,171	45.6	8,020,045	54.4

Note: 2017 estimate based on six months of data; 2016 updated with final data

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10
 Historical Airline Market Shares
 Operating years ending September 30
 (Unaudited)

Airline	OY 2017		OY 2016		OY 2015	
	Enplaned passengers	Percent of market	Enplaned passengers	Percent of market	Enplaned passengers	Percent of market
Domestic:						
Alaska Airlines	72,380	0.5%	66,040	0.4%	57,636	0.4%
American/US Airways (Air Wisconsin) ⁽³⁾	45,400	0.3	63,898	0.4	34,465	0.2
American/US Airways (Chautauqua) ⁽³⁾	—	—	—	—	—	—
American/US Airways (Envoy) ⁽²⁾⁽³⁾	44,914	0.3	67,414	0.4	136,328	0.9
American/US Airways (Mesa) ⁽³⁾	—	—	—	—	13,713	0.1
American/US Airways (Piedmont) ⁽³⁾	8,985	0.1	3,621	—	—	—
American/US Airways (PSA) ⁽³⁾	81,867	0.5	58,585	0.4	39,344	0.3
American/US Airways (Republic) ⁽³⁾	118,354	0.8	156,144	1.0	178,734	1.2
American/US Airways (SkyWest) ⁽³⁾	63,056	0.4	—	—	—	—
American/US Airways (TransStates) ⁽³⁾	13,678	0.1	31,705	0.2	—	—
American/US Airways ⁽³⁾	725,334	4.6	761,214	4.9	732,616	4.9
Delta (Chautauqua)	—	—	—	—	140,318	0.9
Delta (Compass)	117,490	0.7	111,614	0.7	120,847	0.8
Delta (Endeavor) ⁽¹⁾	1,223,918	7.8	1,677,874	10.7	1,556,601	10.4
Delta (ExpressJet)	547,541	3.5	1,150,700	7.3	1,276,020	8.5
Delta (GoJet)	745,286	4.7	230,733	1.5	107,108	0.7
Delta (Republic)	111,888	0.7	—	—	—	—
Delta (Shuttle America)	48,860	0.3	264,188	1.7	475,505	3.2
Delta (SkyWest)	1,114,479	7.1	570,927	3.6	353,817	2.4
Delta Air Lines	7,456,453	47.4	7,486,766	47.8	7,249,879	48.3
Frontier	208,426	1.3	149,124	1.0	92,038	0.6
JetBlue Airways	142,117	0.9	146,799	0.9	105,591	0.7
Southwest Airlines	848,036	5.4	845,604	5.4	784,365	5.2
Spirit Airlines	1,424,905	9.1	1,289,024	8.2	1,096,225	7.3
United Airlines (ExpressJet)	5,268	—	9,002	0.1	76,704	0.5
United Airlines (GoJet)	7,011	—	31,741	0.2	42,751	0.3
United Airlines (Mesa)	153,771	1.0	140,502	0.9	80,084	0.5
United Airlines (Republic)	124,655	0.8	92,302	0.6	11,580	0.1
United Airlines (Shuttle America)	4,036	—	32,527	0.2	52,359	0.4
United Airlines (SkyWest)	46,470	0.3	69,388	0.4	65,860	0.4
United Airlines (TransStates)	1,268	—	1,051	—	20,680	0.1
United Airlines	218,781	1.4	171,058	1.1	105,188	0.7
Other ⁽⁴⁾	886	—	11	—	1,943	—
Subtotal – Domestic	15,725,513	100.0%	15,679,556	100.0%	15,008,299	100.0%
International:						
Aeromexico	19,954	1.3	—	—	—	—
Air Canada (Jazz)	—	—	4,502	0.3	11,011	0.8
Air Canada (Air Georgian)	40,781	2.6	27,890	1.9	12,969	0.9
Air France	71,462	4.6	71,642	4.9	75,576	5.3
American/US Airways ⁽³⁾	—	—	566	—	520	—
Delta (Chautauqua)	—	—	—	—	—	—
Delta (Compass)	5,841	0.4	18,703	1.3	17,102	1.2
Delta (Endeavor) ⁽¹⁾	—	—	—	—	—	—
Delta (ExpressJet)	—	—	—	—	—	—
Delta Air Lines	1,275,473	82.0	1,161,607	80.1	1,178,621	82.1
Frontier	—	—	—	—	7,831	0.5
Lufthansa	77,521	5.0	71,472	4.9	76,694	5.3
Royal Jordanian Airlines	14,937	1.0	13,403	0.9	12,225	0.9
Southwest Airlines	—	—	—	—	—	—
Spirit	28,806	1.8	22,575	1.6	22,457	1.6
Virgin Atlantic Airways	19,417	1.2	47,380	3.3	20,442	1.4
Other ⁽⁴⁾	1,514	0.1	11,391	0.8	31	—
Subtotal – International	1,555,706	100.0%	1,451,131	100.0%	1,435,479	100.0%
Total – All Markets	17,281,219		17,130,687		16,443,778	

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

⁽²⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽³⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽⁴⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2017.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10
 Historical Airline Market Shares
 Operating years ending September 30
 (Unaudited)

Airline	OY 2014		OY 2013	
	Enplaned passengers	Percent of market	Enplaned passengers	Percent of market
Domestic:				
Alaska Airlines	3,927	—%	—	—%
American/US Airways (Air Wisconsin) ⁽²⁾	57,178	0.4	63,752	0.4
American/US Airways (Chautauqua) ⁽²⁾	—	—	9,220	0.1
American/US Airways (Envoy) ⁽²⁾⁽³⁾	169,854	1.2	169,407	1.2
American/US Airways (Mesa) ⁽³⁾	29,246	0.2	26,173	0.2
American/US Airways (Piedmont) ⁽²⁾	—	—	—	—
American/US Airways (PSA) ⁽²⁾	5,492	—	6,519	—
American/US Airways (Republic) ⁽²⁾	130,553	0.9	96,509	0.7
American/US Airways (SkyWest) ⁽²⁾	—	—	—	—
American/US Airways (TransStates) ⁽²⁾	—	—	—	—
American/US Airways ⁽²⁾	725,183	4.9	662,355	4.5
Delta (Chautauqua)	560,376	3.8	448,754	3.1
Delta (Compass)	207,036	1.4	175,829	1.2
Delta (Endeavor) ⁽¹⁾	2,159,842	14.6	3,080,866	21.0
Delta (ExpressJet)	1,098,157	7.5	978,390	6.7
Delta (GoJet)	160,650	1.1	87,296	0.6
Delta (Republic)	—	—	—	—
Delta (Shuttle America)	86,319	0.6	121,712	0.8
Delta (SkyWest)	251,177	1.7	91,610	0.6
Delta Air Lines	6,856,076	46.5	6,568,924	44.8
Frontier	98,958	0.7	80,496	0.5
JetBlue Airways	46,011	0.3	—	—
Southwest Airlines	828,595	5.6	832,772	5.7
Spirit Airlines	875,463	5.9	755,169	5.1
United Airlines (ExpressJet)	143,587	1.0	130,342	0.9
United Airlines (GoJet)	40,249	0.3	44,311	0.3
United Airlines (Mesa)	18,478	0.1	42,346	0.3
United Airlines (Republic)	—	—	—	—
United Airlines (Shuttle America)	70,345	0.5	60,856	0.4
United Airlines (SkyWest)	31,384	0.2	58,464	0.4
United Airlines (TransStates)	15,316	0.1	—	—
United Airlines	78,956	0.5	70,789	0.5
Other ⁽⁴⁾	3,465	—	2,456	—
Subtotal – Domestic	14,751,873	100.0%	14,665,317	100.0%
International:				
Aeromexico	—	—	—	—
Air Canada (Jazz)	7,976	0.6	9,706	0.7
Air Canada (Air Georgian)	13,277	0.9	7,450	0.5
Air France	73,512	5.0	77,751	5.5
American/US Airways ⁽²⁾	1,256	0.1	1,302	0.1
Delta (Chautauqua)	—	—	3,608	0.3
Delta (Compass)	8,691	0.6	—	—
Delta (Endeavor) ⁽¹⁾	—	—	2,175	0.2
Delta (ExpressJet)	5,947	0.4	14,706	1.0
Delta Air Lines	1,226,121	83.7	1,180,193	83.6
Frontier	—	—	—	—
Lufthansa	77,650	5.3	66,977	4.7
Royal Jordanian Airlines	14,755	1.0	14,334	1.0
Southwest Airlines	12,255	0.8	11,120	0.8
Spirit	22,986	1.6	22,669	1.6
Virgin Atlantic Airways	—	—	—	—
Other ⁽⁴⁾	374	—	344	—
Subtotal – International	1,464,800	100.0%	1,412,335	100.0%
Total – All Markets	16,216,673		16,077,652	

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

⁽²⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽³⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽⁴⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2017.

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

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #11

Historical Airline Cargo

Operating years ending September 30

(Unaudited)

Operating year	Cargo by type (metric tons)				Total Cargo	
	Freight and Express (a)		Mail		Total Cargo	Percent increase (decrease)
	Enplaned	Deplaned	Enplaned	Deplaned		
2017	78,041	115,305	11,381	9,253	213,980	4.5%
2016	81,744	106,500	8,975	7,639	204,858	7.4
2015	77,043	97,381	8,225	8,009	190,658	(8.7)
2014	85,475	107,634	8,543	7,187	208,839	(3.0)
2013	85,072	114,892	8,965	6,434	215,363	(1.0)

(a) Includes small packages

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ending September 30

(Unaudited)

Airline	OY 2017		OY 2016		OY 2015	
	Landed Weight (per 1,000 lbs.)	Percent of Market	Landed Weight (per 1,000 lbs.)	Percent of Market	Landed Weight (per 1,000 lbs.)	Percent of Market
Aeromexico	30,883	0.1%	—	—%	—	—%
Air Canada (Jazz)	—	—	9,413	—	20,584	0.1
Air Canada (Air Georgian)	61,194	0.3	43,749	0.2	18,548	0.1
Air France	134,507	0.6	134,644	0.6	138,530	0.7
Alaska Airlines	76,993	0.4	65,210	0.3	55,208	0.3
American/US Airways (Air Wisconsin) ⁽³⁾	53,580	0.2	72,615	0.4	48,927	0.2
American/US Airways (Chautauqua) ⁽³⁾	—	—	—	—	—	—
American/US Airways (Envoy) ⁽²⁾⁽³⁾	52,670	0.2	77,245	0.4	176,287	0.9
American/US Airways (Mesa) ⁽³⁾	—	—	—	—	14,333	0.1
American/US Airways (Piedmont) ⁽³⁾	9,909	—	4,540	—	—	—
American/US Airways (PSA) ⁽³⁾	102,934	0.5	68,183	0.3	40,838	0.2
American/US Airways (Republic) ⁽³⁾	149,076	0.7	194,949	0.9	225,467	1.1
American/US Airways (SkyWest) ⁽³⁾	76,389	0.4	—	—	—	—
American/US Airways (TransStates) ⁽³⁾	13,613	0.1	28,674	0.1	—	—
American/US Airways ⁽³⁾	855,276	4.0	861,963	4.0	843,916	4.1
Delta (Chautauqua)	—	—	—	—	141,015	0.7
Delta (Compass)	149,528	0.7	154,667	0.7	165,734	0.8
Delta (Endeavor) ⁽¹⁾	1,439,231	6.7	1,960,734	9.1	1,824,960	8.8
Delta (ExpressJet)	680,318	3.2	1,423,967	6.6	1,544,732	7.5
Delta (GoJet)	888,262	4.1	271,737	1.3	128,707	0.6
Delta (Republic)	130,371	0.6	—	—	—	—
Delta (Shuttle America)	58,320	0.3	276,165	1.3	480,607	2.3
Delta (SkyWest)	1,643,645	7.6	864,151	4.0	465,842	2.3
Delta Air Lines	10,505,297	48.6	10,616,006	49.5	10,615,528	51.5
DHL/Atlas	118,096	0.5	119,608	0.6	—	—
DHL/ATI	198	—	4,950	—	—	—
Federal Express	470,760	2.2	483,114	2.3	479,295	2.3
Frontier	189,950	0.9	140,122	0.7	100,624	0.5
JetBlue Airways	162,534	0.8	168,108	0.8	129,654	0.6
Lufthansa	170,089	0.8	165,418	0.8	162,237	0.8
Lufthansa Cargo	—	—	—	—	—	—
Royal Jordanian Airlines	38,380	0.2	39,520	0.2	38,257	0.2
Southwest Airlines	931,658	4.3	898,636	4.2	854,196	4.1
Spirit Airlines	1,405,062	6.5	1,293,177	6.0	1,129,323	5.5
United Airlines (ExpressJet)	5,001	—	8,508	—	78,571	0.4
United Airlines (GoJet)	7,705	—	36,917	0.2	46,297	0.2
United Airlines (Mesa)	183,080	0.8	157,475	0.7	91,642	0.4
United Airlines (Republic)	169,454	0.8	114,619	0.5	15,275	0.1
United Airlines (Shuttle America)	5,062	—	40,929	0.2	64,068	0.3
United Airlines (SkyWest)	53,126	0.2	73,679	0.4	69,752	0.3
United Airlines (TransStates)	1,361	—	1,129	—	21,159	0.1
United Airlines	275,721	1.3	209,604	1.0	136,885	0.7
United Parcel Service	189,156	0.9	179,533	0.8	175,421	0.8
Virgin Atlantic Airways	61,014	0.3	135,699	0.6	49,683	0.2
Other ⁽⁴⁾	52,409	0.2	67,237	0.3	33,550	0.2
Total	21,601,812	100.0%	21,466,594	100.0%	20,625,652	100.0%

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

⁽²⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽³⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽⁴⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2017.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12
 Historical Aircraft Landed Weight
 Operating years ending September 30
 (Unaudited)

Airline	OY 2014		OY 2013	
	Landed Weight (per 1,000 lbs.)	Percent of Market	Landed Weight (per 1,000 lbs.)	Percent of Market
Aeromexico	—	—%	—	—%
Air Canada (Jazz)	13,916	0.1	19,403	0.1
Air Canada (Air Georgian)	16,600	0.1	10,790	0.1
Air France	136,291	0.7	142,397	0.7
Alaska Airlines	4,199	—	—	—
American/US Airways (Air Wisconsin) ⁽²⁾	69,466	0.3	77,597	0.4
American/US Airways (Chautauqua) ⁽²⁾	—	—	10,935	0.1
American/US Airways (Envoy) ⁽²⁾⁽³⁾	209,816	1.0	207,170	1.0
American/US Airways (Mesa) ⁽²⁾	29,594	0.2	27,342	0.1
American/US Airways (Piedmont) ⁽³⁾	—	—	—	—
American/US Airways (PSA) ⁽²⁾	6,025	—	7,744	—
American/US Airways (Republic) ⁽³⁾	153,468	0.8	107,113	0.5
American/US Airways (SkyWest) ⁽³⁾	—	—	—	—
American/US Airways (TransStates) ⁽³⁾	—	—	—	—
American/US Airways ⁽³⁾	842,150	4.1	785,631	3.8
Delta (Chautauqua)	564,145	2.8	467,713	2.3
Delta (Compass)	252,328	1.3	225,942	1.1
Delta (Endeavor) ⁽¹⁾	2,523,978	12.4	3,661,163	17.7
Delta (ExpressJet)	1,351,443	6.6	1,260,108	6.1
Delta (GoJet)	190,615	0.9	105,190	0.5
Delta (Republic)	—	—	—	—
Delta (Shuttle America)	97,562	0.5	139,035	0.7
Delta (SkyWest)	294,404	1.5	115,235	0.6
Delta Air Lines	10,273,955	50.4	10,051,320	48.7
DHL/Atlas	—	—	—	—
DHL/ATI	—	—	—	—
Federal Express	493,528	2.4	446,450	2.2
Frontier	105,448	0.5	84,124	0.4
JetBlue Airways	58,298	0.3	—	—
Lufthansa	180,296	0.9	153,106	0.7
Lufthansa Cargo	17,657	0.1	52,480	0.3
Royal Jordanian Airlines	40,645	0.2	42,452	0.2
Southwest Airlines	904,127	4.4	969,194	4.7
Spirit Airlines	886,234	4.3	765,188	3.7
United Airlines (ExpressJet)	147,800	0.7	139,629	0.7
United Airlines (GoJet)	45,091	0.2	51,389	0.2
United Airlines (Mesa)	23,919	0.1	51,657	0.2
United Airlines (Republic)	—	—	—	—
United Airlines (Shuttle America)	86,919	0.4	80,628	0.4
United Airlines (SkyWest)	33,738	0.2	65,129	0.3
United Airlines (TransStates)	15,871	0.1	—	—
United Airlines	100,958	0.5	95,890	0.5
United Parcel Service	170,445	0.8	167,762	0.8
Virgin Atlantic Airways	—	—	—	—
Other ⁽⁴⁾	41,772	0.2	41,955	0.2
Total	20,382,701	100.0%	20,628,861	100.0%

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

⁽²⁾ American Eagle Airlines was rebranded as Envoy Air on April 15, 2014, and for comparative purposes all American Eagle data has been combined with Envoy Air in this report.

⁽³⁾ US Airways merged with and into American Airlines on April 8, 2015, and for comparative purposes, all US Airways data has been combined with American Airlines in this report.

⁽⁴⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2017.

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

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #13

Historical Aircraft Operations

Operating years ending September 30

(Unaudited)

Operating year	Operations by class of carrier				Total operations	
	Air carrier	Air taxi and commuter	General aviation	Military	Total	Percent increase (decrease)
2017	298,125	89,369	6,111	108	393,713	0.3%
2016	286,336	99,811	6,104	132	392,383	3.2
2015	268,876	105,649	5,540	95	380,160	(4.9)
2014	237,863	155,405	6,511	117	399,896	(6.0)
2013	228,398	191,274	5,855	96	425,623	(1.6)

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #14

Historical Aviation Demand Statistics

Operating years ending September 30

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>Historical 2015</u>	<u>2014</u>	<u>2013</u>
Enplaned passengers:					
Domestic:					
Scheduled:					
Originating (a)	8,355,443	7,877,070	7,173,571	6,935,557	6,681,114
Connecting (a)	7,369,184	7,802,486	7,832,785	7,812,851	7,981,747
Subtotal – scheduled	<u>15,724,627</u>	<u>15,679,556</u>	<u>15,006,356</u>	<u>14,748,408</u>	<u>14,662,861</u>
Percentage connecting	46.9%	49.8%	52.2%	53.0%	54.4%
Charter	<u>886</u>	<u>—</u>	<u>1,943</u>	<u>3,465</u>	<u>2,456</u>
Subtotal – domestic	<u>15,725,513</u>	<u>15,679,556</u>	<u>15,008,299</u>	<u>14,751,873</u>	<u>14,665,317</u>
International:					
Scheduled:					
U.S. airlines	1,310,120	1,203,451	1,226,531	1,277,256	1,235,773
Foreign flag	<u>244,072</u>	<u>236,289</u>	<u>208,917</u>	<u>187,170</u>	<u>176,218</u>
Subtotal – scheduled	<u>1,554,192</u>	<u>1,439,740</u>	<u>1,435,448</u>	<u>1,464,426</u>	<u>1,411,991</u>
Charter	<u>1,514</u>	<u>11,391</u>	<u>31</u>	<u>374</u>	<u>344</u>
Subtotal – international	<u>1,555,706</u>	<u>1,451,131</u>	<u>1,435,479</u>	<u>1,464,800</u>	<u>1,412,335</u>
Total enplaned passengers	<u>17,281,219</u>	<u>17,130,687</u>	<u>16,443,778</u>	<u>16,216,673</u>	<u>16,077,652</u>
Enplaned cargo (tons):					
Freight	78,041	81,744	77,043	85,475	85,072
Mail	<u>11,381</u>	<u>8,975</u>	<u>8,225</u>	<u>8,543</u>	<u>8,965</u>
Total cargo	<u>89,422</u>	<u>90,719</u>	<u>85,268</u>	<u>94,018</u>	<u>94,037</u>
Aircraft departures (b):					
Domestic	177,685	178,050	172,440	180,546	193,214
International	<u>12,453</u>	<u>11,988</u>	<u>12,197</u>	<u>13,157</u>	<u>13,222</u>
Total aircraft departures	<u>190,138</u>	<u>190,038</u>	<u>184,637</u>	<u>193,703</u>	<u>206,436</u>
Aircraft operations:					
Air carrier	298,125	286,336	268,876	237,863	228,398
Air taxi and commuter	89,369	99,811	105,649	155,405	191,274
General aviation	6,111	6,104	5,540	6,511	5,855
Military	<u>108</u>	<u>132</u>	<u>95</u>	<u>117</u>	<u>96</u>
Total aircraft operations	<u>393,713</u>	<u>392,383</u>	<u>380,160</u>	<u>399,896</u>	<u>425,623</u>
Landed weight (1,000-pound units):					
Passenger:					
U.S. carriers:					
Major/national	14,402,492	14,252,825	13,865,334	13,175,369	12,752,997
Commuter/regional	<u>5,872,633</u>	<u>5,830,936</u>	<u>5,648,967</u>	<u>6,102,680</u>	<u>6,803,630</u>
Subtotal – U.S. carriers	<u>20,275,125</u>	<u>20,083,761</u>	<u>19,514,301</u>	<u>19,278,049</u>	<u>19,556,627</u>
Foreign flag	<u>496,067</u>	<u>546,473</u>	<u>427,839</u>	<u>387,749</u>	<u>368,149</u>
Subtotal – passenger	<u>20,771,192</u>	<u>20,630,234</u>	<u>19,942,140</u>	<u>19,665,798</u>	<u>19,924,776</u>
All cargo	<u>830,620</u>	<u>836,360</u>	<u>683,512</u>	<u>716,903</u>	<u>704,085</u>
Total landed weight	<u>21,601,812</u>	<u>21,466,594</u>	<u>20,625,652</u>	<u>20,382,701</u>	<u>20,628,861</u>

(a) 2017 originating and connecting activity statistics are estimated based on calendar-year percentages.

(b) 2017 departures are estimated based on both actual and scheduled data.

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #15
Nonstop International Destinations Added and Dropped
Calendar years ending December 31
(Unaudited)

<u>Year</u>	<u>Cities added</u>	<u>Cities dropped</u>	<u>Net change</u>
2017	No Nonstop International Destinations Added or Dropped		—
2016	Munich, Germany		1
2015		Halifax, Canada	(1)
2014		Quebec City, Canada	(1)
2013		Hong Kong, China Tokyo (Haneda), Japan	(2)

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

Source: Diio MI Database

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #16

Historical Operating Results

Operating Years Ended September 30

(Unaudited)

	<u>OY 2017</u>	<u>OY 2016</u>	<u>OY 2015</u>	<u>OY 2014</u>	<u>OY 2013</u>
Operating revenues:					
Airport landing and related fees	\$ 79,494	78,045	73,268	75,780	64,922
Concession fees	64,702	61,820	57,615	54,162	51,697
Parking fees	76,707	74,498	68,018	61,187	57,829
Hotel (a)	29,929	33,890	—	—	—
Rental facilities/ground transportation	104,525	103,430	105,663	103,737	101,474
Utility service fees	4,903	4,691	4,601	4,904	5,152
Other	4,795	3,747	4,104	4,098	5,431
Total operating revenues	365,055	360,121	313,269	303,868	286,505
Operating expenses:					
Salaries, wages, and fringe benefits	108,986	84,453	75,991	79,026	71,656
Parking management	7,987	7,909	7,882	6,630	6,280
Hotel management (a)	18,049	22,357	—	—	—
Janitorial services	13,515	11,992	11,948	11,792	11,383
Security	5,149	3,745	2,558	2,511	2,260
Utilities	22,662	21,645	23,842	28,089	26,274
Repairs, professional services, and other	84,207	93,666	89,118	79,781	73,563
Depreciation	130,406	168,646	159,560	134,938	133,335
Total operating expenses	390,961	414,413	370,899	342,767	324,751
Operating loss	(25,906)	(54,292)	(57,630)	(38,899)	(38,246)
Nonoperating revenues (expenses):					
Passenger facility charges	68,128	66,764	63,841	62,016	61,705
Customer facility charges	4,442	4,260	304	—	—
Federal and state sources	6,650	5,551	1,332	1,030	1,353
Interest income and other	3,582	3,854	1,927	1,646	1,622
Interest expense and other	(80,963)	(80,865)	(76,494)	(79,307)	(82,461)
Amortization of bond insurance premium:	(175)	(175)	(352)	(352)	—
Amortization of bond issuance costs	—	—	—	—	(1,663)
Total nonoperating expenses	1,664	(611)	(9,442)	(14,967)	(19,444)
Net loss before capital contributions and transfers	(24,242)	(54,903)	(67,072)	(53,866)	(57,690)
Capital contributions	7,278	32,694	6,181	15,026	27,395
Transfers out	(3,327)	(2,941)	(4,232)	(5,249)	(5,846)
Changes in net position	(20,291)	(25,150)	(65,123)	(44,089)	(36,141)
Net position – beginning of year	161,255	186,405 ¹	301,395 ²	389,061 ³	435,196
Net position – end of year	\$ 140,964	161,255	236,272	344,972	399,055

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

¹ In 2016, Detroit Metro Airport restated beginning net position to \$186,405 (see Note 2 of 2016 financial statements for additional discussion). This amount less the 2016 decrease in net position is used to arrive at ending net position

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

³ In 2014, Detroit Metro Airport restated beginning net position to \$389,061 (see Note 2 of 2014 financial statements for additional discussion). This amount less the 2014 decrease in net position is used to arrive at ending net position

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #17

Top 20 Domestic O&D Markets

Calendar year ended December 31, 2016

(Unaudited)

Rank	Market	Total O&D Passengers	Percentage of O&D Passengers	Primary Carrier	Market Share	Secondary Carrier	Market Share	Non-Stop Service
1	New York	1,124	7.1%	Delta	52.5%	American	17.8%	●
2	Florida South	966	6.1%	Delta	56.1%	Spirit	24.4%	●
3	Orlando	960	6.1%	Delta	53.0%	Spirit	28.1%	●
4	Washington D.C.	773	4.9%	Delta	56.8%	Southwest	19.5%	●
5	Los Angeles	746	4.7%	Delta	51.7%	Spirit	17.2%	●
6	Las Vegas	738	4.7%	Delta	43.2%	Spirit	39.8%	●
7	Atlanta	663	4.2%	Delta	50.6%	Spirit	24.8%	●
8	Dallas	560	3.5%	American	41.8%	Delta	25.9%	●
9	Tampa	538	3.4%	Delta	56.9%	Spirit	32.9%	●
10	Denver	520	3.3%	Delta	35.4%	Spirit	22.1%	●
11	Chicago	491	3.1%	Delta	46.0%	American	20.2%	●
12	Fort Myers	487	3.1%	Delta	55.0%	Spirit	33.9%	●
13	Phoenix	486	3.1%	Delta	39.1%	American	28.6%	●
14	San Francisco	486	3.1%	Delta	63.8%	Southwest	11.7%	●
15	Boston	461	2.9%	Delta	59.0%	JetBlue	26.5%	●
16	Houston	333	2.1%	Delta	31.2%	Spirit	27.3%	●
17	Seattle	298	1.9%	Delta	65.1%	Alaska	23.8%	●
18	Philadelphia	271	1.7%	Delta	41.0%	American	34.3%	●
19	Minneapolis	255	1.6%	Delta	69.0%	Spirit	18.8%	●
20	Nashville	253	1.6%	Delta	66.0%	Southwest	31.2%	●
Other O&D Markets		4,416	27.9%					
Domestic O&D Passengers		15,825						
O&D % of Domestic Passengers		50%						

Note: Figures may not add due to rounding

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

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #18

Top 20 International O&D Markets

Calendar year ended December 31, 2016

(Unaudited)

Rank	Market	Total O&D Passengers	Non- Stop Service
1	Cancún	105,504	●
2	Mexico City	35,367	●
3	Shanghai	33,745	●
4	Frankfurt	32,058	●
5	Punta Cana	31,311	●
6	London (Heathrow)	29,118	●
7	Tokyo	25,135	●
8	Montego Bay	24,529	●
9	Monterrey	21,622	●
10	Seoul	20,759	●
11	Rome	18,738	●
12	Paris	18,433	●
13	São Paulo	17,027	●
14	Amsterdam	15,806	●
15	Los Cabos	15,714	●
16	Beijing	15,101	●
17	Montréal	14,931	●
18	Munich	13,695	●
19	Nassau	13,134	●
20	Vancouver	12,991	●

Source: US DOT Origin & Destination Survey of Airline Passenger Traffic,
and the Diio Mi Database

See accompanying independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Wayne County Airport Authority (the "Authority") as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 2, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

March 2, 2018

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

Independent Auditor's Report

To the Wayne County Airport Authority Board
Wayne County Airport Authority

Report on Compliance for the Major Federal Program and Passenger Facility Charge Program

We have audited the Wayne County Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2017. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration for the year ended September 30, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the passenger facility charge revenues and expenditures schedule.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"). Those standards, the Uniform Guidance, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Wayne County Airport Authority Board
Wayne County Airport Authority

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

Opinion on the Major Federal Program and Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its passenger facility charge program for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2017-001, that we consider to be a material weakness.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

To the Wayne County Airport Authority Board
Wayne County Airport Authority

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

March 2, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2017

Federal Agency/Pass-through Entity/Program Title	Federal CFDA Number	Contract/Grant Number	Award Amount	Federal Expenditures
DETROIT METROPOLITAN AIRPORT				
U.S. Department of Transportation -				
Federal Aviation Administration - Direct Program -				
Airport Improvement Program (major program):				
RUNWAY 4R/22L-Phase 4	20.106	3-26-0026-10814	\$ 19,301,529	\$ (194,497)
75ADS-8Squitter Units	20.106	3-26-0026-10914	421,875	-
Rehab TW W (Phase 1)	20.106	3-26-0026-11014	5,792,048	-
Reconstruct Taxiway Whiskey	20.106	3-26-0026-09415	9,357,639	9,669
Conduct Airport System Plan	20.106	3-26-0026-11115	4,621,620	680,020
Rehab RW 4L/22R	20.106	3-26-0026-11216	20,654,150	-
Airfield Lighting Vault & Airport Service Road	20.106	3-26-0026-11317	3,411,782	3,411,782
Subtotal Airport Improvement Program			<u>63,560,643</u>	<u>3,906,974</u>
U.S. Department of Justice -				
Asset Forfeiture Equitable Sharing Program	16.922	MI-8293900	-	140,666
Total U.S. Department of Justice			<u>-</u>	<u>140,666</u>
U.S. Department of Treasury -				
Asset Forfeiture Equitable Sharing Program	21.016	MI-8293900	-	250,212
Total U.S. Department of Justice			<u>-</u>	<u>250,212</u>
Total Detroit Metropolitan Airport			<u>63,560,643</u>	<u>4,297,852</u>
WILLOW RUN AIRPORT				
Total Willow Run Airport			<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u><u>\$ 63,560,643</u></u>	<u><u>\$ 4,297,852</u></u>

See Note to Schedule of Expenditures of Federal Awards.

WAYNE COUNTY AIRPORT AUTHORITY

Note to Schedule of Expenditures of Federal Awards

September 30, 2017

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of the Wayne County Airport Authority (the "Authority") under programs of the federal government and is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). The Authority's reporting entity is defined in the notes to the Authority's basic financial statements.

For the purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into between the Authority and agencies and departments of the federal government and all sub-awards to the Authority by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

Federal awards are reported in the Authority's Statement of Revenues, Expenses, and Changes in Net Position included with federal and state grants as well as capital contributions. The Schedule presents only a selected portion of the operations of the Authority. It is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

B. Basis of Accounting

The accompanying Schedule is presented on the accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Authority has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

C. Subrecipients

The Authority did not pass through any federal awards to subrecipients.

Wayne County Airport Authority

Schedule of Findings and Questioned Costs Year Ended September 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

Wayne County Airport Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2017

Section III - Federal Program Audit Findings

Reference Number	Finding
2017-001	<p>CFDA Number, Federal Agency and Program Name - 20.106 Airport Improvement Program</p> <p>Federal Award Identification Number and Year - 2015-3-26-0026-09415</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material Weakness</p> <p>Repeat Finding - No</p> <p>Criteria - The Uniform Guidance requires organizations to properly reflect federal expenditures in the schedule of expenditures of federal awards (SEFA).</p> <p>Condition - The total amount of expenditures originally reported on the SEFA included \$1,993,490 of expenditures that did not relate to the current year.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - The adjustment to total expenditures reported on the SEFA did not change the Type A or Type B thresholds, nor did it result in a change in major program determination for any period affected by the adjustment. Although the SEFA was originally incorrect, the SEFA was corrected after this error was noted by the auditor.</p> <p>Cause and Effect - Internal control procedures over determining the correct amount of expenditures to record on the SEFA did not operate effectively. This resulted in a material adjustment to the schedule of expenditures of federal awards.</p> <p>Recommendation - Internal control procedures should continue to be enforced to ensure the proper expenditures are reported in the schedule of expenditures of federal awards.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Prior to issuance of a final SEFA, the Controller's Office will verify that the amounts reported on the SEFA represent expenditures of federal awards incurred during the fiscal year.</p>

WAYNE COUNTY AIRPORT AUTHORITY
Schedule of Passenger Facility Charge Revenues and Expenditures
Year ended September 30, 2017

	Amended Amount Approved	Cumulative Total September 30, 2016	Quarter Ended				Total FY 2017	Cumulative Total September 30, 2017
			December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017		
Passenger Facility Charges Collected	\$ 3,164,332,836	1,304,751,261	16,716,824	15,253,654	17,842,208	17,330,259	67,142,945	1,371,894,206
Interest Earned	N/A	73,524,965	6,601	12,098	9,990	15,506	44,195	73,569,160
Total Revenues	\$ 3,164,332,836	1,378,276,226	16,723,425	15,265,752	17,852,198	17,345,765	67,187,140	1,445,463,366
Passenger Facility Charges Expended for Approved Projects:								
APPLICATION NO. 1								
South Airport Access Road Construction	\$ 38,620,000	28,664,340	-	-	-	-	-	28,664,340
Storm Water Retention & Drainage Facilities Construction	4,980,000	4,169,572	-	-	-	-	-	4,169,572
Noise Berm Construction	225,000	224,927	-	-	-	-	-	224,927
Noise Mitigation Program	104,084,000	19,444,837	86,134	112,594	106,553	114,475	419,756	19,864,593
Willow Run Airport Layout Plan Update	5,000	5,000	-	-	-	-	-	5,000
APPLICATION NO. 2								
Land Acquisition and Preliminary Design for Fourth Parallel Runway	6,391,000	2,439,199	-	-	-	-	-	2,439,199
Perimeter Property Fencing and Removal of Airport Hazard - Willow Run	52,000	16,665	-	-	-	-	-	16,665
APPLICATION NO. 3								
Midfield Domestic and International Terminal Facilities Construction	1,370,450,360	798,484,479	6,312,629	8,251,727	7,809,001	8,389,604	30,762,961	829,247,440
Reconstruction of Existing Terminals and Concourses	673,408,000	230,728,014	6,828,099	6,675,216	6,219,439	6,699,913	26,422,667	257,150,681
Concourse C Expansion & Domestic Terminals Facilities Construction (Interim Improvement)	22,967,000	21,693,389	-	-	-	-	-	21,693,389
International Passenger Processing Facilities Expansion (Interim Improvement)	32,000,000	31,800,730	-	-	-	-	-	31,800,730
APPLICATION NO. 4								
Runway 21C/3C Keel Section Replacement	16,991,000	8,322,791	83,093	108,616	102,789	110,432	404,930	8,727,721
Runway 4R/22L Design and Construction	169,274,000	62,350,854	402,130	525,658	497,454	534,440	1,959,682	64,310,536
Rebuild Outfall Structures at Ponds 3 and 4	2,413,000	1,183,786	11,803	15,428	14,600	15,687	57,518	1,241,304
21C Remote Primary Deicing	23,958,000	12,659,471	108,284	141,547	133,952	143,910	527,693	13,187,164
Grade/Pave Taxiway "K" Islands	704,000	345,371	3,446	4,503	4,261	4,579	16,789	362,160
APPLICATION NO. 5								
North Terminal Apron	59,574,000	9,941,028	-	-	-	-	-	9,941,028
McNamara Terminal Phase II Program	277,941,000	96,704,676	2,407,127	2,187,012	1,907,414	2,204,679	8,706,232	105,410,908
Third Aircraft Rescue and Firefighting Facility	1,315,000	129,764	-	-	-	-	-	129,764
West Airfield Improvements	31,906,000	9,112,409	-	-	-	-	-	9,112,409
Interconnect Re-route	1,441,000	369,055	-	-	-	-	-	369,055
Taxiway Q Construction	4,153,000	1,552,756	-	-	-	-	-	1,552,756
Runway 4R/22L Shoulders/Overburden (fka 3L/21R)	2,090,000	735,822	-	-	-	-	-	735,822
Deicing Pad at Runway 22L	18,123,000	6,601,048	-	-	-	-	-	6,601,048
Deicing Pads at Runway 4R and 3L	39,941,000	9,628,871	-	-	-	-	-	9,628,871
Perimeter Fencing and Other Security Enhancements	710,000	-	-	-	-	-	-	-
Surface Movement Guidance Control System	1,310,000	-	-	-	-	-	-	-
Runway 3L/21R Planning	700,000	-	-	-	-	-	-	-
Runway 3R/21L Design and Pavement Evaluation	1,200,000	-	-	-	-	-	-	-
Part 150 Study Update	386,156	326,095	-	-	-	-	-	326,095
APPLICATION NO. 7								
Airfield Snow Removal Vehicles & Equipment	16,873,119	1,833,188	-	-	-	-	-	1,833,188
McNamara Terminal In-Line Explosive Detection	110,328,130	4,277,033	-	-	-	-	-	4,277,033
Infill Island at Taxiway Y-10	811,236	85,294	-	-	-	-	-	85,294
Master Plan Update	946,500	87,823	-	-	-	-	-	87,823
Runway Surface Monitor System for RW 4L/22R	1,000,000	-	-	-	-	-	-	-
Runway and Taxiway Improvements	97,694,583	3,053,440	-	-	-	-	-	3,053,440
Reconstruct Runway 4R/22L (Impose Only)	29,366,752	-	-	-	-	-	-	-
Total Amount Approved	\$ 3,164,332,836							
Total Expenditures		\$ 1,366,971,727	\$ 16,242,745	\$ 18,022,301	\$ 16,795,463	\$ 18,217,719	\$ 69,278,228	\$ 1,436,249,955
Unexpended Passenger Facility Charges		\$ 11,304,499						\$ 9,213,411

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

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

September 30, 2017

(1) General

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

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

As of September 30, 2017, the Authority had received approximately \$1.4 billion of PFC revenue and interest earnings of approximately \$73.6 million. The Authority had expended approximately \$1.44 billion on approved projects.

(2) Basis of Accounting

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

PFC charges collected and expended and interest earned represent amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports and total \$67.1 million, \$69.3 million, and \$44.1 thousand, respectively, for the year ended September 30, 2017. The Authority also maintained a receivable of approximately \$10.8 for PFCs collected by the airlines but not remitted to the Authority as of September 30, 2017.

(3) Interest Earned

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



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