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ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Basic Financial Statements and Supplementary Information

June 30, 2017

(With Independent Auditors' Report Thereon)

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

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KPMG LLP
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Independent Auditors' Report

Honorable Mayor and Members
the Board of Aldermen the
City of St. Louis, Missouri:

Report on the Financial Statements

We have audited the accompanying financial statements of St. Louis Lambert International Airport, an enterprise fund of the City of St. Louis, Missouri, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise St. Louis Lambert International Airport's basic financial statements for the year then ended 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Louis Lambert International Airport, as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note 1, the basic financial statements of St. Louis Lambert International Airport present only the financial position and the changes in financial position and cash flows of St. Louis Lambert International Airport, an enterprise fund of the City of St. Louis, Missouri, and do not purport to, and do not, present fairly the financial position of the City of St. Louis, Missouri as of June 30, 2017, the changes in its financial position or, where applicable, cash flows, for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise St. Louis Lambert International Airport's basic financial statements. The supplementary information included in schedules I through XIII is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of St. Louis Lambert International Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of St. Louis Lambert International Airport's 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 St. Louis Lambert International Airport's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
December 8, 2017

The following discussion and analysis of the activity and financial performance of St. Louis Lambert International Airport (the Airport) has been prepared by Airport management to provide the reader with an introduction and overview to the basic financial statements of the Airport for the fiscal year ended June 30, 2017. Following this discussion and analysis are the basic financial statements of the Airport including the notes which are essential to a full understanding of the data contained within the basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Statements

The Airport's basic financial statements are prepared on an accrual basis in accordance with the U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Airport is structured as an enterprise fund owned and operated by the City of St. Louis, Missouri with revenues recognized when earned. Expenses are recognized when incurred. Capital assets are capitalized (other than land, construction in progress, and easements) and are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction activities. Refer to note 1 of the basic financial statements for a summary of the Airport's significant accounting policies.

Summary of Airport Activity

Air travel increased significantly in 2017 when compared to 2016 with enplaned passengers increasing by 7.7% and aircraft landings and takeoffs increasing 2.6% from fiscal year 2016. The growth is a result of airlines continuing to add more seats to the market with larger aircraft, additional flights to existing markets and new markets as well. St. Louis (STL) airlines operated 261 daily departures during the peak summer travel period, which is seven more than in 2016. The airlines are flying to 69 nonstop destinations. Activity at the Airport during fiscal years 2017 and 2016, is as follows:

	2017	2016	Change
Enplaned passengers	7,186,894	6,672,558	7.7 %
Aircraft landings and takeoffs	193,439	188,466	2.6
Landed weight (in thousands of pounds)	8,619,881	7,972,338	8.1
Mail and cargo (in tons)	72,518	65,560	10.6

Financial Highlights

The following represents the significant financial activity at the Airport in fiscal years 2017 and 2016 and the reasons for any fluctuations between the years:

- Operating revenues increased 2.5% from $136,694 in fiscal year 2016 to $140,073 in fiscal year 2017 due to the aforementioned increase in enplaned passengers resulting in concession and parking revenue increases.
- Operating expenses increased 7.8% from $131,237 in fiscal year 2016 to $141,410 in fiscal year 2017 primarily due to the increase in custodial contract costs, supply costs, ADA upgrades made to airport facilities, costs related to parking operations, and pension related liabilities. The Airport also worked with

Southwest to renovate and reopen a 4-gate Section (E34-E40) in Terminal 2 which opened in mid-June. The increase in expenses was offset by a decrease in insurance premiums and workmen's compensation costs.

- The net result of the impact to operating revenues and expenses, as discussed above, is that operating income decreased 124.5% from $5,457 in fiscal year 2016 to $(1,337) in fiscal year 2017.
- Nonoperating expenses, net, increased 20.4% from $4,788 in fiscal year 2016 to $5,766 in fiscal year 2017 primarily due to issuance costs associated with the 2017 Airport Revenue Bonds and Refunding Bonds offset by lower interest costs, grants received for security costs, also a growth in enplaned passengers which resulted in revenue growth from passenger facility fee collections.
- Capital contributions received in the form of grants from the federal and state governments increased 25.0% from $9,378 in fiscal year 2016 to $11,722 in fiscal year 2017. The grants received in fiscal year 2017 included various FAA Airport Improvement Program airfield projects totaling $9,343 and $2,379 of state grants to improve terminal roadway bridges and for Air Service Development marketing.
- As a result of the preceding items, net position increased 0.02% from $1,099,770 in fiscal year 2016 to $1,099,986 in fiscal year 2017.

Financial Position Summary

Net position may serve over time as a useful indicator of the Airport's financial position. The Airport's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $1,099,986 at June 30, 2017.

(Dollars in thousands, unless otherwise indicated)

A condensed summary of the Airport's net position at June 30, 2017 is shown below:

		2017	2016	Dollar change	Percentage change
Assets:					
Current and other assets	$	577,692	285,320	292,372	102.5 %
Capital assets		1,557,201	1,585,754	(28,553)	(1.8)
Deferred outflow of resources		20,789	30,663	(9,874)	(32.2)
Total assets and deferred outflow of resources	$	2,155,682	1,901,737	253,945	13.4 %
Liabilities:					
Long-term liabilities	$	730,264	718,317	11,947	1.7 %
Other liabilities		320,274	82,304	237,970	289.1
Deferred inflows of resources		5,158	1,346	3,812	283.2
Total liabilities and deferred inflows of resources	$	1,055,696	801,967	253,729	31.6 %
Net position:					
Invested in capital assets	$	626,202	912,411	(286,209)	(31.4)%
Restricted		408,846	116,219	292,627	251.8
Unrestricted		64,938	71,140	(6,202)	(8.7)
Total net position	$	1,099,986	1,099,770	216	0.02 %

A portion of the Airport's net position (56.9% at June 30, 2017) represents its investment in capital assets (e.g., land, easements, pavings, buildings and facilities, roads, runways, and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Airport's net position (37.2% at June 30, 2017) represents net position that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including debt service, capital restoration, or expenditure subject to the restrictions of the Passenger Facility Charge Program and the Airport Improvement Program.

(Continued)

(Dollars in thousands, unless otherwise indicated)

The remaining portion of the Airport's net position (5.9% at June 30, 2017) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2017, the decrease in capital assets is attributable to fewer projects capitalized during fiscal year 2017 compared to the prior fiscal year and current year depreciation expense. The increase in long-term debt outstanding was attributable to payments made on outstanding debt and the Airport issuance of Series 2017A and B Revenue Refunding Bonds and the current refunding of 2007A and 2007B Series Revenue Refunding Bonds on July 3, 2017 to reduce its total debt over the next 15 years by $46,646 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $35,495. The Airport also issued $58 million of Series 2017 C and D bonds to finance certain airfield, terminal, and parking projects.

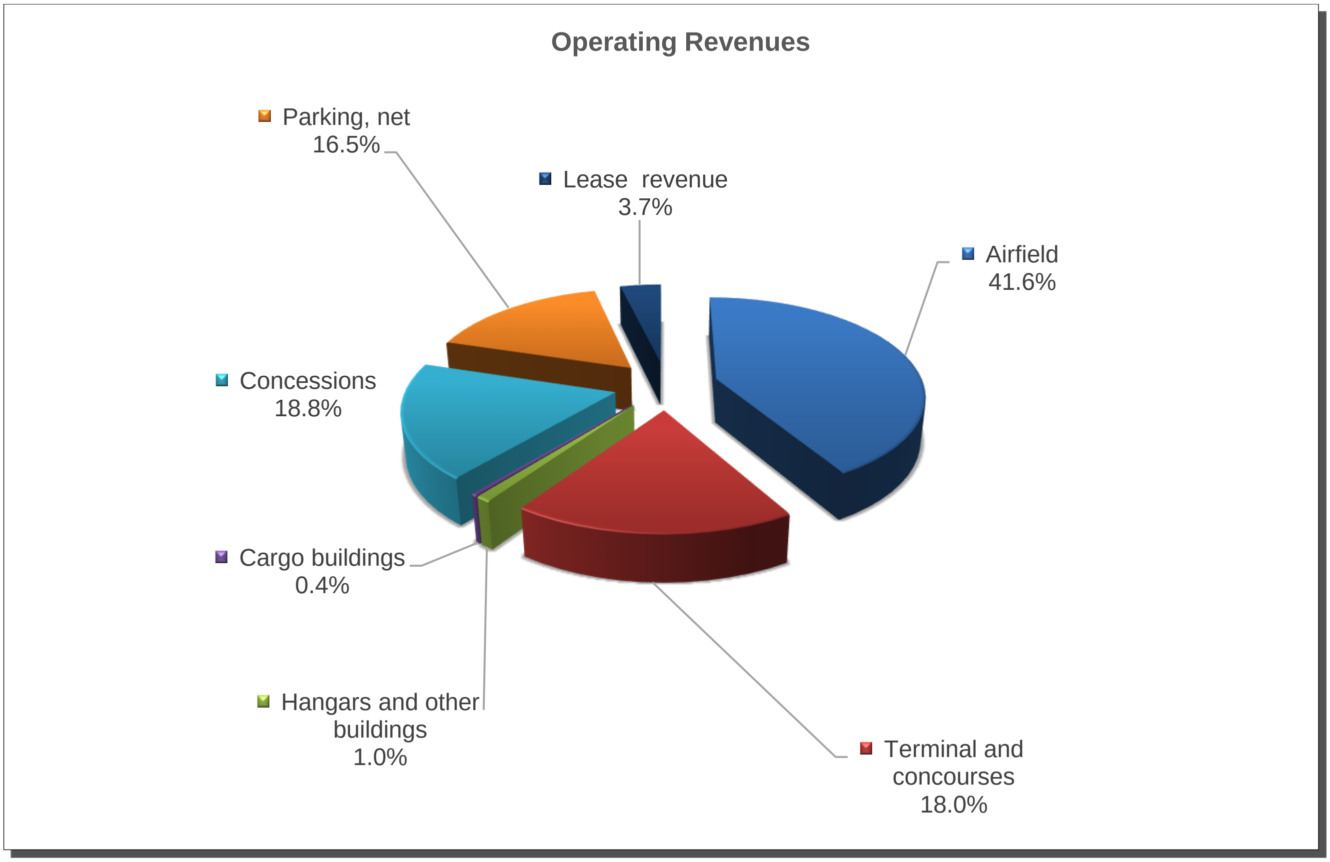
Summary of Revenues, Expenses, and Changes in Fund Net Position

The Airport's revenues, expenses, and changes in fund net position for the fiscal year ended June 30, 2017 are summarized as follows:

		2017	2016	Dollar change	Percentage change
Operating revenues	$	140,073	136,694	3,379	2.5 %
Operating expenses		141,410	131,237	10,173	7.8
Operating income/(loss)	$	(1,337)	5,457	(6,794)	(124.5)%
Nonoperating expenses, net	$	(3,669)	(4,788)	1,119	23.4 %
Income (loss) before capital contributions, transfers, and extraordinary items, net	$	(5,006)	669	(5,675)	(848.3)%
Capital contributions		11,722	9,378	2,344	25.0
Transfers out		(6,500)	(6,415)	(85)	1.3
Extraordinary item – Natural Disaster		—	678	(678)	(100.0)
Increase in net position	$	216	4,310	(4,094)	(95.0)%
Net position, end of year	$	1,099,986	1,099,770	216	0.02 %

Revenues

The following chart shows the major sources of *operating revenues*, and their percentage share of *total operating revenues*, for the year ended June 30, 2017:



(Dollars in thousands, unless otherwise indicated)

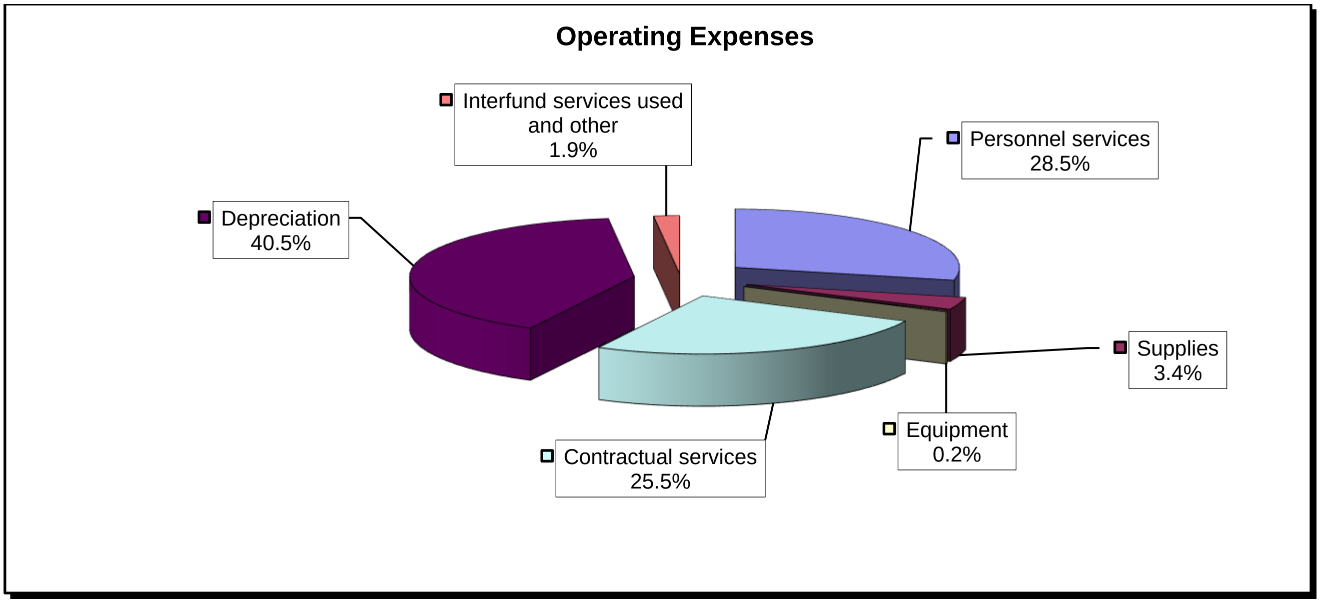
The following table summarizes *Airport operating and nonoperating revenues*, and their percentage share of *total Airport operating and nonoperating revenue*, for the year ended June 30, 2017:

	2017	Percentage of total	Dollar change from 2016	Percentage change from 2016
Operating revenues:				
Aviation revenue:				
Airfield	$ 58,301	33.9 %	(2,989)	4.9 %
Terminal and concourses	25,290	14.7	3,583	16.5
Hangars and other buildings	1,350	0.8	174	14.8
Cargo buildings	493	0.3	100	25.4
Concessions	26,307	15.3	1,112	4.4
Parking, net	23,107	13.4	1,064	4.8
Lease revenue	5,225	3.0	335	6.9
Total operating revenue	140,073	81.4 %	3,379	2.5 %
Nonoperating revenues:				
Intergovernmental revenue	1,136	0.7 %	444	64.2 %
Investment revenue	1,746	1.0	(1,150)	(39.7)
Passenger facility charges	26,793	15.6	1,008	3.9
Other nonoperating revenue, net	112	0.1	(246)	(68.7)
Gain on sale of land	41	—	112	157.7
Gain on extinguishment of debt	2,097	1.2	2,097	100.0
Total nonoperating revenue	31,925	18.6 %	2,265	7.6 %
Total revenues	$ 171,998	100.0 %	5,644	3.4 %

Fiscal year 2017 operating revenues increased 2.5%, or $3,379. Primarily due to the increase in enplaned passengers during the fiscal year resulting in concession and parking revenue increases. Lower landing fee rates assessed to air carriers resulted in lower Airfield revenue of $2,989, offset by increased Terminal and Concourse rental rates of $3,583, and an increase in Hangar and Cargo building revenues of $174. In addition, nonoperating revenues increased 7.6%, or $2,265, due primarily to an increase in enplaned passengers during the fiscal year, passenger facility fee collections and the gain on extinguishment of debt.

Expenses

The following chart shows the major sources of *operating expenses*, and their percentage share of *total operating expenses*, for the year ended June 30, 2017:



(Dollars in thousands, unless otherwise indicated)

The following table summarizes *Airport operating and nonoperating expenses*, and their percentage share of *total Airport operating and nonoperating expenses*, for the year ended June 30, 2017:

	2017	Percentage of total	Dollar change from 2016	Percentage change from 2016
Operating expenses:				
Personnel services	$ 40,360	22.8 %	432	1.1 %
Supplies	4,829	2.7	598	14.1
Equipment	263	0.1	(40)	(13.2)
Contractual services	36,006	20.3	9,087	33.8
Depreciation	57,259	32.3	692	1.2
Interfund services used	2,627	1.5	(587)	(18.3)
Other operating expenses	66	—	(9)	(12.0)
Total operating expenses	141,410	79.9 %	10,173	7.7 %
Nonoperating expenses:				
Interest expense	32,291	18.2 %	(2,157)	(6.3)%
Other nonoperating expense, net	3,303	1.9 %	3,303	100.0
Total nonoperating expenses	35,594	20.1 %	1,146	3.3 %
Total expenses	$ 177,004	100.0 %	11,319	6.8 %

Airline Use Rates and Charges

As of June 30, 2017, the Airport was served by 11 signatory airlines*, which have use agreements, of which two are cargo carriers. Seventeen airlines have operating agreements, 15 are designated as affiliates, 1 of which is a cargo carrier. An individual airline that signed a Use and Lease Agreement with the Airport has a contract that establishes how the airlines are assessed annual rates and charges for their use of the Airport. These agreements will expire on June 30, 2021.

Landing and rental fees are calculated on budgeted operating and maintenance expenses and are charged to the airlines based upon forecasted landing weights or square footage utilized. The amount charged is adjusted at year-end based upon actual expenses and actual landed weight and the difference is settled with the Airlines. Nonaffiliated airlines with operating agreements and carriers landing without an Airport Agreement are assessed 125% of the landing fee rate assessed carriers with use agreements.

Capital Acquisitions and Construction Activities

During fiscal year 2017, the Airport expended $21,480 on capital activities related to construction in progress excluding capital interest. During 2017, completed projects totaling approximately $18,319 were transferred

(Continued)

(Dollars in thousands, unless otherwise indicated)

from construction in progress to their respective capital accounts. The major completed projects were as follows:

Terminal and concourse improvements	$	2,508
Runway improvements		11,475
Roadway improvements		3,404
Airport office building, banshee buildings, and others		932
Total	$	18,319

Capital asset acquisitions and improvements exceeding $10,000 (in dollars) are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants, State of Missouri grants, passenger facility charges, debt issuances, and Airport operating revenues. Additional information on the Airport's capital assets and commitments can be found in the notes to the basic financial statements.

Passenger Facility Charges (PFC)

The Airport initially received approval from the FAA to impose a passenger facility charge of $3.00 (in dollars) per enplaned passenger beginning December 1, 1992, not to exceed $131,453, principally to finance the Airport Capital Improvement Program. On December 1, 2001, the Airport received approval to increase the PFC $4.50 (in dollars) per enplaned passenger. The current limitation on passenger facility charges to be collected is $1,075,575.

The PFC is withheld by the respective airline for each ticket or transfer in St. Louis and remitted to the Airport one month after collection, less a $0.11 (in dollars) per ticket operating fee by the airline. PFC revenue is classified as nonoperating revenue.

* American Airlines and US Airways began operating under the same certificate on April 8, 2015, and the 'US Airways' name was discontinued on October 17, 2015. For purposes of this report, American Airlines and US Airways are treated as a single airline brand for the 12-month period ended June 30, 2017.

Long-Term Debt Administration

At June 30, 2017, the Airport had the following bond series outstanding:

Revenue Refunding Bonds, Series 2005, dated July 7, 2005, maturing annually from fiscal year 2013 through 2032 with interest coupons of 5.50%

- Balance outstanding at June 30, 2017 – $209,730

Revenue Refunding Bonds, Series 2007A, dated January 23, 2007, maturing annually from fiscal year 2013 through 2027 with interest coupons ranging from 5.00% to 5.25%

- Balance outstanding at June 30, 2017 – $187,195, in which $150,445 was refunded July 3, 2017

Revenue Refunding Bonds, Series 2007B, dated April 3, 2007, maturing annually from fiscal year 2015 through 2018 with interest coupons of 5.00%

- Balance outstanding at June 30, 2017 – $91,930, in which $85,080 was refunded July 3, 2017

Revenue Bonds, Series 2009A, dated July 14, 2009, maturing annually from fiscal year 2024 through 2035 with interest coupons ranging from 5.250% to 6.625%

- Balance outstanding at June 30, 2017 – $104,045

Revenue Refunding Bonds, Series 2012, dated June 30, 2012, maturing annually from fiscal year 2013 through 2033 with interest coupons ranging from 3.00% to 5.00%

- Balance outstanding at June 30, 2017 – $24,170

Revenue Refunding Bonds, Series 2013, dated June 30, 2013, maturing annually from fiscal year 2014 through 2019 with interest coupons of 5.00%

- Balance outstanding at June 30, 2017 – $13,445

Revenue Refunding Bonds, Series 2015, dated June 25, 2015, maturing annually from fiscal year 2020 through 2024 with interest coupon of 5.00%

- Balance outstanding at June 30, 2017 – $17,310

Revenue Refunding Bonds, Series 2017A, dated June 30, 2017, maturing annually from fiscal year 2020 through 2033 with interest coupons ranfing from 4.00% to 5.00%

- Balance outstanding at June 30, 2017 – $125,410

Revenue Refunding Bonds, Series 2017B, dated June 30, 2017, maturing annually from fiscal year 2018 through 2028 with interest coupons ranfing from 4.00% to 5.00%

- Balance outstanding at June 30, 2017 – $74,715

Revenue Bonds, Series 2017C, dated June 30, 2017, maturing annually from fiscal year 2038 through 2048 with interest coupons of 5.00%

- Balance outstanding at June 30, 2017 – $31,700

Revenue Bonds, Series 2017D, dated June 30, 2017, maturing annually from fiscal year 2028 through 2038 with interest coupons of 5.00%

- Balance outstanding at June 30, 2017 – $26,605

(Continued)

Credit Ratings

Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P), a division of The McGraw-Hill Companies, Inc., have assigned ratings of "A2" and "AA" respectively, on the basis of the credit of the Airport.

Requests for Information

These basic financial statements are designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any information provided in this report should be addressed to the Office of the Airport Assistant Director for Finance and Accounting, St. Louis Lambert International Airport, P.O. Box 10212, St. Louis, Missouri, 63145.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheet

June 30, 2017

(Dollars in thousands)

Assets

Current assets:		
Unrestricted assets:		
Cash and cash equivalents	$	31,084
Investments		44,535
Accounts receivable, net		5,193
Supplies and materials		2,303
Other current assets		559
Total unrestricted assets		83,674
Restricted assets:		
Cash and cash equivalents		352,063
Accrued interest receivable		128
Passenger facility charges receivable		2,223
Government grants receivable		5,458
Total restricted assets		359,872
Total current assets		443,546
Noncurrent assets:		
Unrestricted:		
Investments		33,121
Restricted:		
Cash and cash equivalents		30,943
Investments		68,393
Capital assets, net		1,557,201
Other assets		1,689
Total noncurrent assets		1,691,347
Deferred outflow of resources-loss on bond refunding		9,273
Deferred outflow of resources-pension related		11,516
Total assets and deferred outflow of resources	$	2,155,682

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ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheet

June 30, 2017

(Dollars in thousands)

Liabilities and Net Position

Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	$	14,052
Unearned revenue and other current liabilities		1,253
Due to the City of St. Louis, Missouri		4,784
Total payable from unrestricted assets		20,089
Payable from restricted assets:		
Current maturities of revenue bonds payable		276,000
Accrued interest payable		17,256
Contracts and retainage payable		6,929
Total payable from restricted assets		300,185
Total current liabilities		320,274
Noncurrent liabilities:		
Revenue bonds payable, net		690,449
Net pension liability		28,077
Other long-term liabilities		11,738
Total noncurrent liabilities		730,264
Deferred inflows of resources-gain on bond refunding		3,617
Deferred inflows of resources-pension related		1,541
Total liabilities and deferred inflows of resources		1,055,696
Net position:		
Invested in capital assets		626,202
Restricted:		
Bond reserve funds		380,117
Passenger facility charges		28,729
Unrestricted		64,938
Total net position		1,099,986
Total liabilities, deferred inflows of resources, and net position	$	2,155,682

See accompanying notes to basic financial statements.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2017

(Dollars in thousands)

Operating revenue:	
Aviation revenue:	
Airfield	$ 58,301
Terminals and concourses	25,290
Hangars and other buildings	1,350
Cargo buildings	493
Concessions	26,307
Parking, net	23,107
Lease revenue	5,225
Total operating revenue	140,073
Operating expenses:	
Personnel services	40,360
Supplies	4,829
Equipment	263
Contractual services	36,006
Depreciation	57,259
Interfund services used	2,627
Other operating	66
Total operating expenses	141,410
Operating income (loss)	(1,337)
Nonoperating revenue (expenses):	
Intergovernmental revenue	1,136
Investment revenue	1,746
Interest expense	(32,291)
Passenger facility charges	26,793
Gain on sale of land	41
Gain on extinguishment of debt	2,097
Other, net	(3,191)
Total nonoperating expenses, net	(3,669)
Income (loss) before capital contributions and transfers	(5,006)
Capital contributions	11,722
Transfers to the City of St. Louis, Missouri	(6,500)
Total capital contributions and transfers	5,222
Increase in net position	216
Total net position, beginning of year	1,099,770
Total net position, end of year	$ 1,099,986

See accompanying notes to basic financial statements.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Cash Flows

Year ended June 30, 2017

(Dollars in thousands)

Cash flows from operating activities:		
Receipts from customers and users	$	137,212
Payments to suppliers of goods and services		(39,875)
Payments to or on behalf of employees		(39,266)
Payments for interfund services used		(2,653)
Net cash provided by operating activities		55,418
Cash flows from noncapital financing activity:		
Transfers to other funds of the City of St. Louis, Missouri		(6,500)
Net cash used in noncapital financing activity		(6,500)
Cash flows from capital and related financing activities:		
Cash collections from passenger facility charges		26,793
Receipt of federal financial assistance		11,681
Acquisition and construction of capital assets		(26,885)
Proceeds from issuance of bonds net of issuance costs		255,127
Proceeds from the sale of surplus property		287
Principal paid on revenue bond maturities		(38,400)
Interest paid on revenue bonds		7,822
Net cash provided by capital and related financing activities		236,425
Cash flows from investing activities:		
Purchases of investments		(179,839)
Proceeds from sales and maturities of investments		185,283
Gain on extinguishment of debt		2,097
Investment income		2,850
Net cash provided by investing activities		10,391
Net increase in cash and cash equivalents		295,734
Cash and cash equivalents:		
Beginning of year:		
Unrestricted		40,200
Restricted		78,159
		118,359
End of year:		
Unrestricted		31,084
Restricted		383,006
	$	414,090
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income/(loss)	$	(1,337)
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation		57,259
Changes in assets and liabilities:		
Accounts receivable, net		(2,022)
Supplies and materials		17
Other assets		(7)
Net pension liabilities		5,311
Accounts payable and accrued expenses		(179)
Unearned revenue		(492)
Due to/from the City of St. Louis, Missouri		98
Other long-term liabilities		(3,230)
Total adjustments		56,755
Net cash provided by operating activities	$	55,418
Supplemental disclosures for noncash financing activities:		
Unrealized gain/(loss) on investments	$	(940)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The St. Louis Lambert International Airport (the Airport) is owned and operated by the City of St. Louis, Missouri (the City). During fiscal year 2017, the Airport changed from Lambert-St. Louis International Airport to St. Louis Lambert International Airport. The Airport worked with a committee of local business and marketing leaders over the last year to analyze current marketing and community outreach efforts. The committee proposed the name change in August and the St. Louis Airport Commission gave its approval of the name change in September. The name change continues to honor the legacy of the airport's founder, Albert Bond Lambert. The Airport is an enterprise fund of the City, and therefore, the basic financial statements of the Airport are not intended to present the financial position, changes in financial position, and cash flows of the City as a whole in conformity with U.S. generally accepted accounting principles.

(a) Basis of Accounting

Governmental enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Airport prepares its financial statements in accordance with U.S. generally accepted accounting principles for governmental enterprise funds, which are similar to those for private business enterprises. Accordingly, the economic resource measurement focus and the accrual basis of accounting are used whereby revenues are recorded when earned and expenses are recorded when incurred.

In reporting its financial activity, the Airport applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's ongoing operations. Revenues from airlines, concessions, and parking are reported as operating revenues. Transactions that are capital, financing, or investing related are reported as nonoperating revenue. All expenses related to operating the Airport are reported as operating expenses. Interest expense, financing costs, gains and losses on the disposal of capital assets, and gains on the extinguishment of debt are reported as nonoperating expenses.

(b) Accounts Receivable, Net

Accounts receivable at June 30, 2017 consist of $5,193 due from air carriers and concessionaires with operations at the Airport. Such amounts are recorded net of allowances for uncollectible accounts of $43.

(c) Supplies and Materials

Supplies and materials represent items used in support of operations and maintenance of the Airport. Supplies and materials amounts are recorded at cost using a method that approximates the first-in, first-out method.

(d) Passenger Facility Charges (PFCs)

The Airport collects a $4.50 (in dollars) facility charge per enplaned passenger to fund approved FAA projects. The PFCs are withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an $0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction, and are recognized as nonoperating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2017 were $2,223. These amounts were collected during July and August of 2017.

(e) Capital Assets, Net

Capital assets are recorded at cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Land is recorded at cost, which, in addition to the purchase price, includes appraisal and legal fees, demolition, and homeowner relocation costs. Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and amortized over the life of the related asset.

Airport management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred (note 12). Such events or changes in circumstances that were considered by Airport management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

(f) Interest Expense

Bond discounts and bond premiums are recorded as reductions of or additions to the related debt obligation as appropriate. Such amounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bond issuance costs are recognized as an outflow of resources and are expensed as incurred.

(g) Other Assets

Other noncurrent assets, as of June 30, 2017, comprise an advance of $1,689 provided to the Airport's parking contractor and will be repaid to the Airport at the conclusion of the parking contract.

(h) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2017 comprise $3,856, of accrued salaries and benefits; $8,518 due to vendors and contractors; and $1,678 of other accrued expenses.

(Continued)

(i) Vacation and Sick Leave Benefits

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave. Employees who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the accompanying financial statements within other long-term liabilities representing one-half of the accumulated sick leave balances for those employees who will be eligible to retire within five years. The liability totaled $2,034 as of June 30, 2017, and is included in other long-term liabilities.

The vacation liability reflects amounts attributable to employee services already rendered and are cumulative. The liability totaled $2,908 as of June 30, 2017, and is included in accounts payable and accrued expenses.

(j) Capital Contributions and Intergovernmental Revenue

Capital contributions represent government grants used to fund capital projects and other contributed capital. Generally, capital contributions are recognized when the related expenditure is made and amounts become subject to claim for reimbursement. Certain Airport Improvement Program grants include look-back provisions, which allow the Airport to seek reimbursement for expenditures incurred prior to the respective Airport Improvement Program grant award date. In such circumstances, the Airport recognizes capital contributions for such grants upon meeting both the applicable eligibility requirements established by GASB Statement No. 33, *Accounting for Nonexchange Transactions*, and upon the designation of expenditures as eligible Airport Improvement Program expenditures as evaluated through the report date of the accompanying financial statements. Amounts received from other governments that are not restricted for capital purposes are reflected as nonoperating intergovernmental revenue.

(k) Statements of Cash Flows

For purposes of the statements of cash flows, "cash and cash equivalents" is defined as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

(l) 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 these estimates.

(2) Cash and Investments

The Airport applies the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires investments to be measured at fair value. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement established a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels:

(Dollars in thousands, unless otherwise indicated)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2017:

Assets	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Federal Home Loan Bank	$ 47,851	—	47,851	—
Federal National Mortgage Association	31,788	—	31,788	—
Federal Home Loan Mortgage Corporation	17,734	—	17,734	—
Commercial Paper	27,916	27,916	—	—
U.S. Treasury bills and notes	21,943	21,943	—	—
International Bank Notes	10,795	—	10,795	—
Money market mutual funds	126,097	—	126,097	—
	$ 284,124	49,859	234,265	—

Investments are recorded at fair value. Fair value for investments is determined by quoted market prices using observable inputs at year-end as reported by the respective investment custodian.

The Airport deposits all cash with the Office of the Treasurer of the City, which maintains all banking relationships for the Airport. Additionally, all investment decisions are made by the City Treasurer and the City's agents.

Certificates of deposit are defined as investments for balance sheet classification and cash flow purposes; for custodial risk disclosure, however, they are described below as cash deposits. In addition, money market mutual funds are classified as cash and cash equivalents on the balance sheet, but as investments for custodial risk disclosure.

(Dollars in thousands, unless otherwise indicated)

The Airport's current assets contemplate the exclusion of resources that are restricted as to withdrawal or use for other than current operations, are designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts (except for maturing debt that is recorded as a current liability).

As of June 30, 2017, the Airport had the following cash deposits and investments:

Federal Home Loan Bank	$	47,851
Federal National Mortgage Association		31,788
Federal Home Loan Mortgage Corporation		17,734
U.S. Treasury bills and notes		21,943
International Bank Notes		10,795
Money market mutual funds		126,097
Other cash deposits		276,015
Commercial paper		27,916
	$	560,139

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the U.S. Government or any agency or instrumentality thereof; bonds of the State of Missouri, the City of St. Louis, Missouri, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S.Treasury obligations or obligations of the U.S. Government agencies or instrumentalities of any maturity as provided by law. Funds in the form of cash deposits are required to be insured or collateralized by authorized investments held in the City's name.

(a) Interest Rate Risk

The Airport seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the City Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years, and up to 30 years with the approval of the Treasurer.

(Continued)

(Dollars in thousands, unless otherwise indicated)

The investments had the following maturities on June 30, 2017:

		Investment maturities (in years)			
		Fair value	Less than 1	1 – 5	6 – 10
Federal Home Loan Bank	$	47,851	15,301	32,550	—
Federal National Mortgage Association		31,788	11,745	20,043	—
Federal Home Loan Mortgage Corporation		17,734	6,620	11,114	—
Commercial paper		27,916	27,916	—	—
U.S. Treasury bills and notes		21,943	454	21,489	—
International Bank Notes		10,795	—	10,795	—
Money Market Mutual Funds		126,097	—	126,097	—
	$	284,124	62,036	222,088	—

(b) Credit Risk

The Investment Policy provides that investments of the City be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

The investments had the following ratings on June 30, 2017:

			Investment Ratings (Standard and Poor's)				
		Fair value	AAA	A-1+	A-1	AA+	Not rated
Federal Home Loan Bank	$	47,851	—	—	—	35,731	12,120
Federal National Mortgage Association		31,788	—	—	—	27,174	4,614
Federal Home Loan Mortgage Corporation		17,734	—	—	—	17,734	—
Commercial paper		27,916	—	3,496	24,420	—	—
U.S. Treasury bills and notes*		21,943	—	—	—	21,788	155
International Bank Notes		10,795	10,795	—	—	—	—
Money Market Mutual Funds		126,097	—	—	—	—	126,097
	$	284,124	10,795	3,496	24,420	102,427	142,986

* The Airport's investments in U.S. Treasury Bills and Notes are explicitly guaranteed by the U.S. government and, therefore, do not require a rating.

(Dollars in thousands, unless otherwise indicated)

(c) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Airport will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral or held in trust for the payment of the principal or redemption price of interest on any bond. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., bonds of the State of Missouri, or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2017, all Airport investments and all collateral securities pledged against Airport deposits are held by the counterparty’s trust department or agent in the City’s name.

(d) Concentration of Credit Risk

The Investment Policy of the City provides that, with the exception of U.S. Treasury Securities, no more than 50% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution. The Airport has no separate policy related to the concentration of credit risk, and the Airport’s concentration of credit risk is considered in conjunction with the review of the concentration of credit risk for the City’s total investment portfolio.

At June 30, 2017, the concentration of the Airport’s investments (excluding cash deposits) was as follows:

Federal National Mortgage Assoc.	11.19 %
Federal Home Loan Mortgage Corp.	6.24
Commercial paper	9.83
U.S. Treasury bills and notes	7.72
International Bank Notes	3.80
Federal Home Loan Bank	16.84
Money market mutual funds	44.38
	100.00 %

(Dollars in thousands, unless otherwise indicated)

(3) Restricted Assets

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2017:

		2017
Airport Bond Fund:		
Debt Service Account	$	352,063
Debt Service Reserve Account		27,926
Airport Renewal and Replacement Fund		3,500
Passenger Facility Charge Fund		26,506
Airport Debt Service Stabilization Fund		38,211
Airport Construction Fund		986
Drug Enforcement Agency funds		2,207
	$	451,399

Bond provisions require that revenues derived from the operation of the Airport be deposited into the unrestricted Airport Revenue Fund. From this fund, the following allocations are made (as soon as practicable in each month after the deposit of revenues, but no later than five business days before the end of each month) in the following order of priority, and as applicable:

(a) Unrestricted Airport Operation and Maintenance Fund: An amount sufficient to pay the estimated operation and maintenance expenses during the next month.

(b) Airport Bond Fund: For credit to the Debt Service Account if and to the extent required so that the balance in said account shall equal the accrued aggregate debt service on the bonds, to the last day of the then-current calendar month. This account shall be used only for payment of bond principal and interest as the same shall become due.

(c) Airport Bond Fund: For credit to the Debt Service Reserve Account: An amount sufficient to maintain a balance in such account equal to the debt service reserve requirement (an amount equal to the greatest amount of principal and interest due in any future fiscal year). This account shall be available for deficiencies in the Debt Service Account on the last business day of any month, and the balance shall be transferred to the Debt Service Account whenever the balance in the Debt Service Account (before the transfer) is not sufficient to pay fully all outstanding bonds.

(d) Arbitrage Rebate Fund: An amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.

(e) Subordinated Indebtedness: An amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.

(Continued)

(f) Airport Renewal and Replacement Fund: An amount equal to $57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than $3,500 or such larger amount as the City shall determine is necessary for purposes of said fund and provided further that, if any such monthly allocation to said fund shall be less than the required amounts, the amount of the next succeeding monthly payments shall be increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.

(g) A subaccount in the Airport Revenue Fund: An amount determined from time to time by the City such that if deposits were made in amounts equal to such amount in each succeeding month during each Airport fiscal year, the balance in such subaccount shall equal the amounts payable to the City with respect to such Airport fiscal year for the payment of 5% of gross receipts from operations of the Airport. A maximum of 80% of the monthly transfer to this subaccount may be paid to the City during the Airport's fiscal year. The final installment may only be paid to the City upon delivery of the Airport's audited financial statements to the Airport Bond Fund Trustee.

(h) Airport Debt Service Stabilization Fund and the Airport Development Fund: Various amounts for fiscal years 2006 through 2011, achieved a balance of $38,211 at the end of fiscal year 2011. Beginning in fiscal year 2012, the Airport will allocate an amount sufficient to bring the amount on deposit in the Debt Stabilization Fund equal to the Debt Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).

(i) The remaining balance in the Revenue Fund shall be deposited into the Airport Development Fund. This fund shall be used for extensions and improvements to the Airport, including equipment acquisition.

Bond provisions provide that, in the event the sums on deposit in the Airport Bond Fund – Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, Airport Development Fund, and Airport Renewal and Replacement Fund may be drawn upon, to the extent necessary, to provide for the payment of such interest, principal, or both. Any sums so withdrawn from these accounts for said purposes shall be restored thereto in the manner provided for in their original establishment. Bond provisions also provide that the principal proceeds from the sale of Airport revenue bonds shall be held in the Airport Construction Fund from which they shall be disbursed for the purposes contemplated in the related bond provisions and City ordinances.

Passenger Facility Charge Fund and Drug Enforcement Agency Funds are restricted in accordance with program agreements.

(Continued)

(Dollars in thousands, unless otherwise indicated)

(4) Capital Assets

Following is a summary of the changes in capital assets for the year ended June 30, 2017:

	Balances, June 30, 2016	Additions	Retirements	Transfers	Balances, June 30, 2017
Capital assets being depreciated:					
Pavings	$ 1,026,809	85	—	13,939	1,040,833
Buildings and facilities	652,181	120	(95)	3,260	655,466
Equipment	86,935	2,759	(1,581)	1,120	89,233
	1,765,925	2,964	(1,676)	18,319	1,785,532
Less accumulated depreciation:					
Pavings	(497,660)	(32,511)	—	—	(530,171)
Buildings and facilities	(390,980)	(20,838)	35	—	(411,783)
Equipment	(62,649)	(3,909)	1,544	—	(65,014)
Total accumulated depreciation	(951,289)	(57,258)	1,579	—	(1,006,968)
Total capital assets being depreciated	814,636	(54,294)	(97)	18,319	778,564
Capital assets not being depreciated:					
Land	751,091	—	(2)	—	751,089
Construction in progress	16,521	25,877	(37)	(18,319)	24,042
Easements	3,506	—	—	—	3,506
Total capital assets not being depreciated	771,118	25,877	(39)	(18,319)	778,637
	$ 1,585,754	(28,417)	(136)	—	1,557,201

Construction in progress as of June 30, 2017 consists of various improvements to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed.

(Dollars in thousands, unless otherwise indicated)

The estimated useful lives of capital assets are as follows:

	Years
Pavings	5–30
Buildings and facilities	5–30
Equipment	3–20

(5) Change in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2017:

	Balances, June 30, 2016	Additions	Reductions	Balances, June 30, 2017	Due within one year
Revenue bonds payable (note 6)	$ 686,225	258,430	(38,400)	906,255	276,000
Unamortized discounts and premiums (note 6)	27,447	43,227	(10,480)	60,194	—
Net pension liability	30,885	—	(2,808)	28,077	—
Pension Funding Project (note 14)	4,945	—	(117)	4,828	124
Other long-term liabilities	375	—	(3)	372	—
Accrued vacation, compensatory, and sick time benefits	5,416	3,279	(3,368)	5,327	3,294
Unearned lease revenues	4,909	—	(280)	4,629	—
Total	$ 760,202	304,936	(55,456)	1,009,682	279,418

(Dollars in thousands, unless otherwise indicated)

(6) Revenue Bonds Payable

Bonds outstanding at June 30, 2017 are summarized as follows:

Bond Series 2005, interest rate of 5.50%, payable in varying amounts through 2032	$	209,730
Bond Series 2007A, interest rate ranging from 5.00% to 5.25%, payable in varying amounts through 2027		187,195
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2018		91,930
Bond Series 2009A, interest rate ranging from 5.250% to 6.625%, payable in varying amounts through 2035		104,045
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033		24,170
Bond Series 2013, interest rate of 5.00%, payable in varying amounts through 2019		13,445
Bond Series 2015, interest rate of 5.00%, payable in varying amounts through 2024		17,310
Bond Series 2017A, interest rate ranging from 4.00 % to 5.00%, payable in varying amounts through 2033		125,410
Bond Series 2017B, interest rate ranging from 4.00 % to 5.00%, payable in varying amounts through 2028		74,715
Bond Series 2017C, interest rate of 5.00%, payable in varying amounts through 2048		31,700
Bond Series 2017D, interest rate of 5.00%, payable in varying amounts through 2038		26,605
		906,255
Less:		
Current maturities		(276,000)
Unamortized discounts and premiums		60,194
		(215,806)
	$	690,449

Interest payments on the above issues are due semiannually on January 1 and July 1.

On June 30, 2017, the Airport issued $125,410 Series 2017A and $74,715 Series 2017B Revenue Refunding Bonds maturing in varying amounts from 2024 through 2028 with interest rates of 4% to 5%. Proceeds from the bonds plus additional Airport cash of $10,335 were used to refund $150,445 Series 2007A and $85,080 Series 2007B Revenue Refunding bonds on July 3, 2017 and paid costs incidental to the issuance of the bonds. The refunding of the 2007A Airport Revenue Refunding Bonds resulted in the termination and extinguishment of a Forward Purchase obligation totaling $2,097, which is recorded as a gain on extinguishment of debt in nonoperating revenue.

(Dollars in thousands, unless otherwise indicated)

At June 30, 2017, the Series 2007A and Series 2007B Bonds are reflected within current maturities of revenue bonds payable. The Airport also issued $58 million of Series 2017C and 2017D Revenue Bonds to finance certain airfield, terminal, and parking projects.

The Airport completed the advance refunding on July 3, 2017 to reduce its total debt service payments over the next 15 years by $46,646 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $35,495.

Debt-Related Items Presented as Deferred Outflows/Inflows of Resources

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the gain/loss on bond refunding has been recorded as a deferred outflow/inflow of resources, net of the accumulated amortization and will be recognized as a component of interest expense using the bonds outstanding method over the life of the new bonds or of the old bonds, whichever is less. The detail of the debt-related items recognized as deferred outflows/inflows of resources is presented below:

Debt-Related Deferred Outflow/Inflow of Resources

	2017
Deferred outflow of resources – loss on bond refunding	$ 9,273
Deferred inflow of resources – gain on bond refunding	(3,617)

Management is not aware of any violations of significant bond covenants with respect to the above issues at June 30, 2017.

(Dollars in thousands, unless otherwise indicated)

As of June 30, 2017, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

	Principal	Interest	Total
Year(s) ending June 30:			
2018	$ 276,000	28,177	304,177
2019	35,780	32,508	68,288
2020	36,315	30,631	66,946
2021	36,695	28,905	65,600
2022	38,310	27,119	65,429
2023–2027	191,730	106,166	297,896
2028–2032	209,840	52,293	262,133
2033–2037	46,605	13,421	60,026
2038-2042	14,145	6,954	21,099
2043-2047	16,925	3,177	20,102
2048	3,910	98	4,008
	$ 906,255	329,449	1,235,704

(7) Use Agreements and Leases with Signatory Air Carriers

Effective July 1, 2016, the Airport entered into long-term use and lease agreements with signatory air carriers that expire on June 30, 2021. Under the terms of the use and lease agreements, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

(a) Landing fees are calculated based on estimated operating and maintenance expenses of the airfield and allocated to the air carriers on the basis of landing weights. Landing fee revenues are adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue—airfield.

(b) Rentals are calculated based on estimated operating and maintenance expenses of the terminals and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage leased in the terminals. Rental revenue is adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred. These revenues are included in aviation revenue—terminals and concourses.

(c) Miscellaneous income is derived from the air carriers for their use of sanitary disposal facilities and airline service buildings.

(Continued)

(Dollars in thousands, unless otherwise indicated)

During fiscal year 2017, revenues from signatory air carriers accounted for 52.3% of total Airport operating revenues.

Minimum future rentals for each year in the next five years and in the aggregate are not determinable given the method of calculation.

The following is a summary of aviation revenue by category and source from signatory and nonsignatory air carriers for the year ended June 30, 2017:

		Signatory	Nonsignatory	Total
Airfield	$	47,731	10,570	58,301
Terminal and concourses		24,817	473	25,290
Hangars and other buildings		535	815	1,350
Cargo buildings		215	278	493
	$	73,298	12,136	85,434

No assurance can be given as to the levels of aviation activity that will be achieved at the Airport in future fiscal years. Future traffic at the Airport is sensitive to a variety of factors including (1) the growth in the population and the economy of the area served by the Airport; (2) national and international political and economic conditions, including the effects of any past or future terrorist attacks; (3) air carrier economics and air fares; (4) the availability and price of aviation fuel; (5) air carrier service and route networks; (6) the capacity of the air traffic control system; and (7) the capacity of the Airport/airways system.

The level of aviation activity at the Airport can have a material impact on the amount of total revenues generated at the Airport. However, Airport management believes the risk of significant variance in Airport revenues is mitigated by the Airport Use Agreements, concession agreements, and other leases, which contain minimum annual revenue guarantees. Effective July 1, 2016, the Airport entered into a new long-term Airport Use and Lease Agreement (AUA) with signatory air carriers which will expire June 30, 2021. Contemporaneously, the Airport also adopted a new companion Airline Operating Agreement and Terminal Building Space Permit (AOA), which the Airport will make available to airlines that elect not to enter into an AUA. The new agreements retain most of the provisions of the prior master agreements which expired June 30, 2016.

(8) Use Agreement with Signatory Air Carriers – Southwest Airlines and American Airlines, Inc.

Southwest Airlines (Southwest) and American Airlines, Inc. (American)* represent the major air carriers providing air passenger service at the Airport.

Southwest provided 27.9% of the Airport’s total operating revenues and 53.3% of total revenues from participating air carriers for the fiscal year ended June 30, 2017. Accounts receivable at June 30, 2017 contained $1,130 relating to unused credits issued by the Airport to Southwest. These amounts include $1,037 of unbilled aviation revenue credits at June 30, 2017.

(Dollars in thousands, unless otherwise indicated)

American provided 9.8% of the Airport's total operating revenues and 18.7% of total revenues from signatory air carriers for the fiscal year ended June 30, 2017. Accounts receivable at June 30, 2017 contained $2,518 relating to amounts owed to the Airport by American. These amounts include $1,035 of unbilled aviation revenue credits at June 30, 2017.

* American Airlines and US Airways began operating under the same certificate on April 8, 2015, and the US Airways name was discontinued on October 17, 2015. For purposes of this report, American Airlines and US Airways are treated as a single airline brand for the 12-month period ending June 30, 2017.

(9) Operating Leases

The Airport leases facilities and land with varying renewal privileges to various nonsignatory air carriers, concessionaires, and others. These leases, for periods ranging from 1 to 50 years, require the payment of minimum annual rentals. The following is a schedule by year of minimum future rentals on noncancelable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

Year(s) ending June 30:		
2018	$	23,949
2019		22,848
2020		16,957
2021		9,848
2022		7,661
2023–2027		15,253
2028–2032		11,147
2033–2037		3,074
Total minimum future rentals	$	110,737

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to $3,805 for the year ended June 30, 2017.

Unearned lease revenues included in other long-term liabilities in the amount of $4,629 as of June 30, 2017 represent the upfront lease revenues received by the Airport for the lease of certain land.

(Dollars in thousands, unless otherwise indicated)

The Airport leases computer and other equipment and has service agreements under noncancelable arrangements that expire at various dates through April 2020. Expenses for operating leases and service agreements were $34 for the year ended June 30, 2017. Future minimum payments are as follows:

Year(s) ending June 30:		
2018	$	42
2019		35
2020		31
2021		15
Total minimum future rentals	$	123

(10) Concessions Revenues

During fiscal year 2017, revenues from concessionaires accounted for 19% of total Airport operating revenues.

Following is a summary of rental revenues received by type of concessionaire for the years ended June 30, 2017:

Advertising	$	806
Transportation services		1,381
Automobile rental		11,923
General merchandise sales		4,378
Food and catering services		5,969
Other		1,850
	$	26,307

(11) Parking Revenues, Net

Parking revenues, net represents revenues collected in conjunction with the operations of the Airport parking facilities, net of related expenses. Gross parking revenues and parking expenses for the year ended June 30, 2017 as follows:

Parking revenues	$	33,371
Parking expenses		(10,264)
Parking revenues, net	$	23,107

(12) Impairment of Capital Assets

Airport management performed an evaluation of capital assets, including whether prominent events or changes in circumstances affecting capital assets occurred, which may be indicative of impairment. As a result of evaluation of capital assets performed, and subsequent measurement of potential impairment losses, the Airport did not identify any impairments of capital assets during the years ended June 30, 2017.

(13) Related-Party Transactions

During the year ended June 30, 2017, the City charged the Airport $1,485 for services rendered by various City departments, which are included in the Airport's operating expenses as interfund services used.

Each year, the Airport pays the City a gross receipts tax of approximately 5% of the Airport's gross receipts. During the year ended June 30, 2017, gross receipts tax amounted to $6,500 and is reflected as transfers to the City of St. Louis, Missouri in the accompanying basic financial statements. As of June 30, 2017, $1,872 remains unpaid.

(14) Retirement Plans

All employees of the Airport are covered by the following citywide employee retirement plans. Financial information has been taken directly from the financial statements that were audited by other auditors and whose reports have been furnished to us. The employees of the Airport Fire Department are covered by the Firemen's Retirement System of St. Louis (FRS), a single-employer defined-benefit retirement plan. Effective February 1, 2013, the City passed Ordinances #69149 and #69245 (amended by #69353) and Judge Dierker's ruling (Board Bill 109) replaced the FRS with a new retirement system, The Firefighters' Retirement Plan (FRP). All other employees are covered by the Employees' Retirement System of the City of St. Louis (Employees' System), a cost-sharing, multiple-employer, public defined-benefit retirement plan. Each system is administered by a separate Board of Trustees, members of which are appointed by City officials and plan participants.

Firemen's Retirement System of St. Louis (FRS)

(a) System Description (FRS)

The FRS issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Firemen's Retirement System of St. Louis; 1601 S. Broadway; St. Louis, Missouri, 63104.

The following disclosures are based on the September 30, 2016 FRS financial statements and the October 1, 2016 actuarial valuation. The valuation as of October 1, 2016, reflects the changes attributable to Ordinances #69245 and #69353, and Judge Dierker's subsequent ruling (Board Bill 109). Key changes to the FRS are as follows:

- FRS is frozen as of February 1, 2013. That is, benefits paid from FRS will be based on the member's service and salary earned as of February 1, 2013. Participants with benefit service in FRS are classified as "grandfathered" members.
- Firefighters hired after February 1, 2013 are not members of FRS.

- Vesting and eligibility service earned after February 1, 2013 in the newly established Firemen's Retirement Plan of St. Louis (FRP) will count toward vesting and eligibility service in FRS.
- Ancillary benefits, for disability or death occurring after February 1, 2013, are assumed to be paid from the newly established FRP to the extent that benefits do not depend on service earned prior to February 1, 2013. FRS members who become disabled or die before retirement are eligible for a refund of contributions made to FRS.
- Employer contributions to the frozen FRS will continue to be calculated under the Frozen Initial Liability cost method.
- Member contributions after February 1, 2013 from "grandfathered" participants in FRS will be paid to the FRP.
- Grandfathered members with 20 or more years of service as of February 1, 2013 are eligible to retire with unreduced FRP benefits if retirement commences before age 55.
- Grandfathered members with less than 20 years of service as of February 1, 2013 are eligible to retire with actuarially reduced FRP benefits if retirement commences before age 55.

As a result of Board Bill 109, the following assumptions were made:

- Since benefits paid under FRS will no longer depend on future salary increases, future salary increase assumptions have been eliminated in the projection of pay and valuation of benefits. Costs will continue to be spread over the present value of future salary, which includes future salary increases.
- It is assumed that grandfathered members with less than 20 years of service as of February 1, 2013 will not retire prior to age 55. The retirement rates were adjusted to reflect accelerated retirement when these members first become eligible at age 55.
- The overall rates of disability were not changed, but the proportion of ordinary accidental disabilities was changed from 20% ordinary and 80% accidental to 60% ordinary and 40% accidental.

Plan liabilities for FRS after Board Bill 109 are predominantly for retired members and their beneficiaries. That is, the proportion of retired liabilities to total plan liabilities is projected to be over 80% within 10 years.

An agreement between the City and FRS was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to FRS from February 1, 2013 to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess FRS City contributions were transferred from FRS to FRP.

The FRS, in accordance with Ordinance #62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP plan is available to members of the system who have achieved at least 20 years of creditable service and have eligibility for retirement. Those members who elect to participate will continue active employment,

(Continued)

(Dollars in thousands, unless otherwise indicated)

will have a service retirement allowance credited monthly into the DROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the DROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement, the funds in the member's DROP account plus interest and accrued sick leave, if elected, are available to the member in a lump sum or in installments.

(b) Funding Policy (FRS)

Firefighters contributed 8% of their salary to the FRS, as mandated per State statute and adopted by City ordinance through February 1, 2013 (date frozen). The City is required to contribute the remaining amounts necessary to fund the FRS. The City's policy is that the Airport pays 10% of the contribution for FRS.

(c) Net Pension Liability (Asset) (FRS)

The Airport's pension liability for the FRS as of June 30, 2017 was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

		Total pension liability (TPL) (a)	Fiduciary net position (FNP) (b)	Net pension liability (asset) (NPL) (c)
Balances at July 1, 2016	$	49,503	44,707	4,796
Changes for the year:				
Interest		3,491	—	3,491
Difference between expected and actual experience		(698)	—	(698)
Assumption changes		—	—	—
Contributions		—	272	(272)
Refunds		(128)	(128)	—
Benefit payments		(3,216)	(3,216)	—
Net investment income		—	3,823	(3,823)
Transfer (out) in due to settlement agreement		—	17	(17)
Administrative expenses		—	(110)	110
Net changes		(551)	658	(1,209)
Balances at June 30, 2017	$	48,952	45,365	3,587

(Dollars in thousands, unless otherwise indicated)

(d) Actuarial Methods and Assumptions (FRS)

No contributions were made to the FRS by the Airport during the fiscal year ended June 30, 2017. The contribution consisted of $0 of normal cost, plus $0 in unfunded actuarial accrued liability amortization payments in accordance with actuarially determined contribution requirements based on an actuarial valuation performed at October 1, 2016.

Significant actuarial assumptions used in the valuation of the FRS are as follows:

Method:	
Date of actuarial valuation	October 1, 2016
Actuarial cost method (GASB 67 Rptg)	Entry Age – Normal
Amortization Method/period	30-year closed from establishment
Remaining amortization period	None – No unfunded actuarial liability
Asset valuation method	3-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.3%, net of investment expenses of 50 basis points
Long-term municipal bond rate	3.06%
Rate of payroll growth	3% to 4% based on service. Benefits frozen as of February 1, 2013; therefore, no salary increases have been assumed
Consumer price inflation	2.75%
Mortality	Postretirement ordinary – RP-2014 Healthy Annuitant Mortality Tables, sex distinct Preretirement – RP-2014 Employee Mortality Tables, sex distinct Postdisability – assumed to be 20% higher than post-retirement mortality rates

The long-term expected rate of return on the FRS investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 October 1, 2016, these best estimates are summarized in the following table:

(Dollars in thousands, unless otherwise indicated)

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	25 %	(1.30)%
Domestic equity	26	4.30
International equity	24	4.70
Private equity	—	9.40
Real estate	15	4.80
Nondirectional hedge fund of funds	10	2.20
Total	100 %	

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that the Airport would make the required contributions as defined by statute. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2016 actuarial valuation, a 7.30% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2017 for the Airport is as follows:

	Discount rate	Net pension liability (asset)
1% decrease	6.30 %	$ 8,638
Current rate	7.30	3,587
1% increase	8.30	(643)

(e) *Pension Expense (FRS)*

For the fiscal year ended June 30, 2017, the Airport recognized pension expense of $1,998. Annual pension expense consists of service cost, interest, and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the Airport's fiscal year ended June 30, 2017 is summarized as follows:

(Dollars in thousands, unless otherwise indicated)

Service cost	$	—
Interest		3,491
Administrative expenses		110
Other changes – transfer due to settlement agreement		(17)
Projected earnings on pension plan investments		(3,148)
Recognized assumption changes		1,129
Recognition of outflow due to investment experience		617
Recognition of outflow due to liability experience		(184)
Pension expense for year ended June 30, 2017	$	1,998

(f) Deferred Outflows/Inflows of Resources Related to Pension (FRS)

In accordance with GASB Statements No. 67 and 68, the Airport recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2017, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

		Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$	1	513
Net difference between projected and actual earnings on pension plan investments		1,937	—
Changes in assumptions		2,133	—
Total	$	4,071	513

The Airport recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of FRS employees. The following table summarizes the future recognition of these items:

(Dollars in thousands, unless otherwise indicated)

		Recognition
Year ended June 30:		
2018	$	1,562
2019		1,436
2020		694
2021		(134)
	$	3,558

Firefighter's Retirement Plan (FRP)

(a) System Description (FRP)

The FRP administers a single-employer defined-benefit pension plan providing pension benefits to the City of St. Louis firemen.

The FRP issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Firefighters' Retirement Plan of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

Effective February 1, 2013, benefit accruals under the Firemen's Retirement System of St. Louis (FRS) were frozen. The Firefighters' Retirement Plan of the City of St. Louis (FRP) was established as of that date to provide retirement, disability, and death benefits for service rendered after the effective date. Credited service accrued under the FRS counts toward benefit accruals under the FRP, but benefits attributable to such services are offset by the benefits payable by the FRS. Under the FRP, the plan provisions for members who were active as of February 1, 2013 (Grandfathered Participants) are substantially the same as the plan provisions for the FRS.

The FRP provides retirement benefits as well as death and disability benefits. Grandfathered members are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

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The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For grandfathered members, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay accumulated before September 20, 2010 may increase the maximum pension beyond this limitation.

A grandfathered member with 20 or more years of credited service may elect to enter the DROP program and defer retirement for up to five years while continuing active employment. The benefit payments the participant would have received during that period are deposited into the DROP account and earn interest at a rate equal to the percentage rate of return of the Trust Fund’s investment portfolio for that year. After five years or termination from the DROP plan, the participant may retire or return to regular active service. Upon termination of employment, the participant can choose to receive the DROP account with interest earned. If the participant dies prior to termination of employment, the DROP account is paid as a lump sum to the participant’s beneficiary or estate. Active service while in the DROP program is not included in the credited service used to calculate the participant’s final benefit amount.

Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account of the member, and the member’s contributions will be reduced to 1% from the normal contribution percentage. During participation in the DROP, the member will not receive credit for City contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement the funds in the member’s DROP account plus: 1) interest and 2) accrued sick leave if elected are available to the member in a lump sum or in installments.

(b) Funding Policy (FRP)

A grandfathered member with at least 20 years of service as of February 1, 2013 contribute 8% of their salary, after tax. All other members contribute 9% of their salary, pretax. The City is required to contribute the remaining amounts necessary to fund FRP. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will grandfathered members who terminate employment before completing 20 years of service. Contributions to the FRP made on or after the inception of the FRP are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit, except that contributions to the FRP by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

An agreement between the City and FRS was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to FRS from February 1, 2013 to September 30,

(Dollars in thousands, unless otherwise indicated)

2013. The contributions for this period recognize the impact of Board Bill 109, certain excess Firemen's System City contributions were transferred from the FRS to the FRP.

(c) Net Pension Liability (FRP)

The Airport's pension liability for FRP as of June 30, 2017 was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

		Total pension liability (TPL) (a)	Fiduciary net position (FNP) (b)	Net pension liability (asset) (NPL) (a)-(b)
Balances at July 1, 2016	$	8,879	2,979	5,900
Changes for the year:				
Service cost		603	—	603
Interest		722	—	722
Difference between expected and actual experience		34	—	34
Change in benefit		—	—	—
Change of assumptions		—	—	—
Benefit payments		(38)	(38)	—
Refunds of member contributions		—	—	—
Contributions – employer		—	915	(915)
Contributions – employee		—	292	(292)
Net investment income		—	289	(289)
Administrative expenses		—	(41)	41
Net changes		1,321	1,417	(96)
Balances at June 30, 2017	$	10,200	4,396	5,804

(Dollars in thousands, unless otherwise indicated)

The following were some of the significant actuarial assumptions used in the valuation of the Firefighter's Plan:

Method:	
Date of actuarial valuation	October 1, 2016
Actuarial cost method (GASB 67 Rptg)	Entry Age – Normal
Funding	Entry Age – Normal
Amortization Method/period	30-year closed from establishment
Remaining amortization period	Started February 1, 2013
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.625%, net of investment expenses of 50 basis points
Long-term municipal bond rate	3.00%
Rate of payroll growth	Varies based on Members' years of service
Consumer price inflation	3.00%
Mortality	RP-2000 mortality table, sex distinct, with rates projected to 2015

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

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20 %	2.40 %
Domestic large cap equity	30	6.40
Domestic smid cap equity	20	8.90
Real estate	5	7.00
International equity	25	4.40
Total	100 %	

The discount rate used to measure the total pension liability was 7.63%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current

(Continued)

(Dollars in thousands, unless otherwise indicated)

contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2016 actuarial valuation, a 7.63% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2017 for the Airport is as follows:

	Discount rate	Net pension liability
1% decrease	6.63 %	$ 7,243
Current rate	7.63	5,804
1% increase	8.63	4,610

(d) Pension Expense (FRP)

For the fiscal year ended June 30, 2017, the Airport recognized pension expense of $1,113. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the Airport's fiscal year ended June 30, 2017 is summarized as follows:

Service cost	$ 603
Interest	722
Administrative expenses	41
Contributions – employee	(292)
Projected earnings on pension plan investments	(235)
Benefit changes	—
Recognized portion of change in assumptions	278
Recognized portion of current-period difference between expected and actual experience	(48)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	44
Pension expense for year ended June 30, 2017	$ 1,113

(e) Deferred Outflows/Inflows of Resources Related to Pension (FRP)

In accordance with GASB Statements No. 67 and 68, the Airport recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2017, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

(Dollars in thousands, unless otherwise indicated)

		Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$	118	—
Change in assumptions		1,668	—
Differences between expected and actual experience		67	288
Total	$	1,853	288

The Airport recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Firefighters' Plan employees. The following table summarizes the future recognition of these items:

		Recognition
Years ended June 30:		
2018	$	274
2019		274
2020		268
2021		219
2022		230
Thereafter		300
	$	1,565

Employees' Retirement System of the City of St. Louis (ERS)

The Airport participates in the Employees' Retirement System of the City of St. Louis (Employees' System), a cost-sharing, multiple-employer, public defined-benefit retirement plan.

(a) System Description (ERS)

All nonuniformed employees of the Airport become members of the Employees' System upon employment, with the exception of employees hired after attaining age 60.

The Employees' System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees' System provides for defined-benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest to employees covered by the Employees' System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age 65 or if the employee's age and creditable service combined equal or exceed 85. Employees may retire and receive a reduced benefit after age 60, with five years of creditable service; age 55, with 20 years of creditable service; or at any age after 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted according to the changes in the consumer price index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, Authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost-of-living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10-year U.S. Treasury Bond yield as of September 30 for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

(b) Funding Policy (ERS)

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method.

Employer contribution rates are established annually by the Board of Trustees of the Employees' System based on an actuarial study. Deductions from plan net assets are financed from plan additions. The Board of Trustees established the required employer-contributions-rate-based active member payroll of 12.51% effective July 1, 2016.

Employees who became members of the Employees' System prior to October 14, 1977, and continue to make contributions, may make voluntary contributions to the Employees' System equal to 3% of their compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year. The Airport's contributions to the Employee's system for the year ended June 30, 2017 were $2,752.

(Dollars in thousands, unless otherwise indicated)

(c) Net Pension Liability (ERS)

The Airport reported a liability of $18,686 for its proportionate share of the net pension liability as of June 30, 2017. The net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016. The Airport's proportion of the net pension liability was based on the Airport's share of contributions to the Employees System relative to the contributions of all Employees System participating employers. As of September 30, 2016, the Airport's collective proportion was 8.93%, which was an increase of 0.03 from its proportion measured as of September 30, 2015.

(d) Actuarial Methods and Assumptions (ERS)

The following were some of the significant actuarial assumptions used in the valuation of the Employee's System:

Date of actuarial valuation	October 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Fixed 20 year period as of October 2016 as a level percentage of payroll
Remaining amortization period	20 years as of October 1, 2015
Asset valuation method	5-year smoothed market
Inflation	2.50%
Discount rate	7.50%
Projected salary increases	Varies by service, ranging from 3.00% to 4.25%
Mortality	RP-2000 healthy mortality 3-year set forward with generational projections using Scale AA

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

(Continued)

(Dollars in thousands, unless otherwise indicated)

For each major asset class that is included in the pension plan target asset allocation as of September 30, 2016, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Private equity	$ 5.00 %	8.25 %
Real estate	10.00	5.00
Hedge funds	10.00	4.50
Master limited partnerships	7.50	6.00
International equity	21.50	6.84
Domestic equity	21.00	5.05
Fixed income	25.00	2.25
	$ 100.00 %	

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2016 actuarial valuation, a 7.50% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2017 for the Airport is as follows:

	Rate	Net pension liability (NPL)
1% decrease	6.50 %	$ 27,490
Current rate	7.50	18,686
1% increase	8.50	11,160

Pension Plan Fiduciary Net Position – Detailed information about the pension plan fiduciary net position is available in the separately issued Employees System Financial Report.

(e) Pension Expense (ERS)

For the fiscal year ended June 30, 2017, the Airport recognized pension expense of $3,315. Annual pension expense consists of service cost, interest, and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five-year period.

(Dollars in thousands, unless otherwise indicated)

(f) Deferred Outflows/Inflows of Resources Related to Pension (ERS)

In accordance with GASB Statement No. 68, the Airport recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2017, the Airport reported deferred outflows of resources and inflows of resources related to pensions from the following sources as follows:

		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	—	377
Net difference between projected and actual earnings on pension plan investments		3,510	—
Changes in assumptions		—	152
Changes in proportion		40	211
Airport contributions subsequent to the measurement date		2,042	—
Total	$	5,592	740

The $2,042 reported as deferred outflows of resources related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The Airport recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Employee System's employees. The following table summarizes the future recognition of these items:

(Dollars in thousands, unless otherwise indicated)

		Recognition
Years ended June 30:		
2018	$	564
2019		1,090
2020		1,387
2021		(231)
2022		—
Thereafter		—
Total	$	2,810

During fiscal year 2008, the City of St. Louis Municipal Finance Corporation issued $46,700 in Taxable Leasehold Revenue and Refunding Bonds Series 2007 (Pension Funding Project) to fund the Employees System. While the Airport is not legally responsible for these bonds, $5,510 of the proceeds was allocated to the Airport. A $4,828 liability is reflected on the balance sheet and is payable to the City of St. Louis by June 30, 2037.

(15) Commitments and Contingencies

At June 30, 2017, the Airport had outstanding commitments amounting to approximately $20,378 resulting primarily from contracts for construction projects. In addition, the Airport has $21,225 in outstanding commitments resulting from service agreements.

In connection with federal grant programs, the Airport is obligated to administer the related programs, spend the grant monies in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Airport to refund program monies.

Finally, certain lawsuits were pending against the City that involved the Airport. In the opinion of Airport officials and legal counsel, these actions are not expected to have a material effect, individually or in the aggregate, on the financial position or results of operations of the Airport.

(Continued)

(16) Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the Public Facilities Protection Corporation (PFPC), an internal service fund of the City of St. Louis, Missouri. The purpose of PFPC is to account for risks in which the City is self-insured, primarily workers' compensation, unemployment benefits, certain general liability, and various other claims and legal actions. All self-insured claims liabilities and payments are recorded in PFPC. The Airport reimburses PFPC for workers' compensation claims on a cost-reimbursement basis. During the year ended June 30, 2017, expenses related to the Airport's participation in PFPC amounted to $1,142 and are reflected as interfund services used in the accompanying basic financial statements. At June 30, 2017 the Airport owed PFPC $2,912 for unreimbursed workers' compensation claims.

The Airport purchases commercial insurance for other risks it considers significant, including general liability, public officials' liability, property damage, employee honesty bond, business auto, and insurance on its fine arts. Settled claims did not exceed commercial coverage in any of the last three years.

(17) Pledged Revenues

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of $906,255 in various long-term debt issuances, as outlined in note 6. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2034. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2017, the total principal and interest remaining to be paid on the bonds is $1,235,704. Principal and interest paid was $73,922 for the year ended June 30, 2017. The pledged net revenue recognized for the year ended June 30, 2017 was $84,760.

Schedule I

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Analysis of Cash and Investment Accounts

Year ended June 30, 2017

(Dollars in thousands)

	Unrestricted			Unrestricted funds designated		Restricted held by trustee bond fund		Restricted other restricted funds					
	Revenue fund	**Revenue fund subaccount**	**Operation and maintenance fund**	**Development fund (ADF)/ Debt Service Stabilization fund (DSSF)**	**Construction fund**	**Debt service account**	**Debt service reserve account**	**Renewal and replacement fund**	**Passenger facility charge fund**	**Stabilization fund**	**Construction fund**	**DEA fund**	**Total**
Balance at June 30, 2016	$ 19,892	7,388	371	84,504	(321)	57,141	35,825	3,500	20,739	38,211	1,454	2,088	270,792
Cash deposited with City Treasurer	150,439	—	—	—	(1,346)	—	—	—	26,793	—		—	175,886
Cash receipts	86	—	—	(69)	—	1,291	295	—	164	—	308	141	2,216
Transfer in accordance with ordinance	(144,040)	6,500	85,000	8,927	—	73,773	(8,538)	—	(21,191)	—	(430)	—	1
Vouchers and requisitions paid	(12,817)	—	(83,792)	—	—	—	—	—	—	—	—	(19)	(96,628)
Bond proceeds	—	—	—	—	—	294,427	432	—	—	—	—	—	294,859
Payments	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	(36,170)	(87)	—	—	—	(348)	—	(36,605)
Redemption of bonds	—	—	—	—	—	(38,400)	—	—	—	—	—	—	(38,400)
Refunding of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—
Payments to the City of 5% of gross receipts	—	(4,266)	—	—	—	—	—	—	—	—	—	—	(4,266)
Receipts from FAA, TSA, and MoDOT	62	—	—	10,426	—	—	—	—	—	—	—	—	10,488
Gain on extinguished debt	—	—	—	2,097	—	—	—	—	—	—	—	—	2,097
Transfers from development fund to ordinance fund	—	—	—	(16,238)	—	—	—	—	—	—	—	—	(16,238)
Capital appropriation	—	—	—	16,238	—	—	—	—	—	—	—	—	16,238
Capital expenditures	—	—	—	(20,301)	—	—	—	—	—	—	—	—	(20,301)
Balance at June 30, 2017	$ 13,622	9,622	1,579	85,584	(1,667)	352,062	27,927	3,500	26,505	38,211	984	2,210	560,139

See accompanying independent auditors' report.

Schedule II

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2005 Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2017	5.50 %	$ 20,075
2018	5.50	21,955
2019	5.50	21,705
2024	5.50	2,515
2025	5.50	2,655
2026	5.50	2,795
2027	5.50	24,545
2028	5.50	26,135
2029	5.50	27,570
2030	5.50	29,090
2031	5.50	30,690
		$ 209,730

See accompanying independent auditors’ report.

Schedule III

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007A Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2017	5.00 %	$	153,090
2025	5.25		10,000
2026	5.25		24,105
		$	187,195

See accompanying independent auditors' report.

Schedule IV

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007B Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	**Interest rate**	**Principal maturity**
2017	5.00 %	$ 91,930
		$ 91,930

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2009A Revenue Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2017	5.250 %	$	3,355
2018	5.375		3,535
2019	6.000		3,720
2020	6.125		3,945
2021	6.125		4,185
2022	6.125		4,445
2023	6.125		4,715
2024	6.125		5,005
2025	6.250		5,310
2026	6.250		5,645
2027	6.250		5,995
2028	6.250		6,370
2029	6.250		6,770
2030	6.625		7,190
2031	6.625		7,670
2032	6.625		8,175
2033	6.625		8,720
2034	6.625		9,295
		$	104,045

See accompanying independent auditors' report.

Schedule VI

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2012 Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2017	5.00 %	$	990
2018	5.00		1,040
2019	3.00		1,090
2020	3.25		1,130
2021	5.00		1,165
2022	5.00		1,220
2023	5.00		1,280
2024	5.00		1,345
2025	4.00		1,415
2026	5.00		1,465
2027	4.25		1,545
2028	5.00		1,610
2029	4.25		1,690
2030	—		—
2031	—		—
2032	5.00		7,185
		$	24,170

See accompanying independent auditors’ report.

Schedule VII

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2013 Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2017	5.00 %	$ 6,560
2018	5.00	6,885
		$ 13,445

See accompanying independent auditors’ report.

Schedule VIII

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2015 Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2020	5.00 %	$ 6,775
2021	5.00	4,625
2022	5.00	3,670
2023	5.00	2,240
		$ 17,310

See accompanying independent auditors' report.

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017A Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2020	4.00 %	$ 16,500
2021	5.00	20,810
2022	5.00	22,925
2023	5.00	19,385
2024	5.00	20,365
2025	5.00	11,380
2026	5.00	—
2027	5.00	2,065
2028	5.00	2,170
2029	5.00	2,275
2030	5.00	2,390
2031	5.00	2,510
2032	5.00	2,635
		$ 125,410

See accompanying independent auditors’ report.

Schedule X

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017B Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2018	5.00 %	$ 2,365
2019	4.00	9,800
2020	4.00	8,345
2021	5.00	7,525
2022	5.00	8,010
2023	5.00	7,430
2024	5.00	7,625
2025	5.00	8,005
2026	5.00	6,780
2027	5.00	8,830
		$ 74,715

See accompanying independent auditors’ report.

Schedule XI

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017C Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2038	5.00 %	$ 2,520
2039	5.00	2,645
2040	5.00	2,780
2041	5.00	2,920
2042	5.00	3,065
2043	5.00	3,215
2044	5.00	3,375
2045	5.00	3,545
2046	5.00	3,725
2047	5.00	3,910
		$ 31,700

See accompanying independent auditors' report.

Schedule XII

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2017D Revenue Refunding Bonds Payable

June 30, 2017

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2028	5.00 %	$ 2,115
2029	5.00	2,220
2030	5.00	2,335
2031	5.00	2,450
2032	5.00	2,570
2033	5.00	2,700
2034	5.00	2,835
2035	5.00	2,975
2036	5.00	3,125
2037	5.00	3,280
		$ 26,605

See accompanying independent auditors’ report.

Schedule XIII

ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of Insurance

June 30, 2017

(Dollars in thousands)

Insurer		Amount	Expiration date	Character of coverage
Starr Aviation	$	350,000	10/1/2017	Airport Owners and Operators Liability
AIG		900,754	10/1/2017	Property damage and business interruption
ACE Municipal Advantage		7,000	10/1/2017	Public official’s and employee’s liability
Granite States Insurance Company		1,000	10/1/2017	Business auto and excess
Lexington		20,949	10/1/2017	Inland Marine/Property equipment
Nationwide Mutual		100	10/31/2017	Surety Bond US Customs
Lloyd’s		5,410	10/31/2017	Property for Bridgeton Army Guard location
Ascent		5,000	3/15/2018	Cyber Liability
Chubb		25	3/15/2018	Crime Policy

See accompanying independent auditors’ report.