

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
June 2, 2021 | 3:00 p.m. | Remote Meeting**

THIS BOARD MEETING WAS A REMOTE PARTICIPATION ONLY MEETING. BOARD MEMBERS PARTICIPATED VIA WEBEX AND THE PUBLIC WAS PROVIDED WITH A LINK AND PHONE NUMBER/CODE WHICH THEY WERE ABLE TO JOIN THE MEETING VIA WEBEX.

**CALL TO ORDER | ROLL CALL**

Chairperson Dusenberry called the meeting to order at 3:03 p.m.

**Members Present:** Chairperson Bruce Dusenberry, Vice Chair Mike Hammond, Secretary Keri Silvyn, Treasurer Bill Assenmacher, Director Rob Draper, Director Judy Rich, Director Phil Swaim, Director Todd Jackson, Director Sally Fernandez, and Ex-officio Member Taunya Villicana

**Members Absent:** None

**Others Present:** Audit Partner Laura Randol, HBL CPAs, P.C.; Consultant Jan Hill, Hill Enterprises

**Staff Present:** President/Chief Executive Officer Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Vice President/Planning and Engineering Mike Smejkal, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Financial Officer Kirk Eickhoff, Deputy General Counsel Kim Ryan, and TAA Clerk Byron Jones

**CONSENT AGENDA**

**1. APPROVAL OF MINUTES**

Approve the minutes from the Board of Directors meeting held on April 7, 2021.

**MOTION BY Treasurer Assenmacher, SECONDED BY Director Rich, to APPROVE the consent agenda. The motion carried by the following vote:**

**Ayes 8 – Chairperson Dusenberry, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez**

**Nays 0 – None**

Vice Chair Hammond joined the meeting by phone at 3:06 p.m.

**CHAIRPERSON REPORT**

**2. Corporate Governance Council Meeting | Update**

The Corporate Governance Council met to discuss the Advocacy Member category and the challenges going into the Annual Meeting with two of the nominees having resigned. The Council is recommending elimination of the Advocacy Member category. They are also reviewing other sections

of the Bylaws that need to be updated and will make recommendations to the Board in the coming months.

### 3. Upcoming Advisory Council Meetings | Schedule

- The Nominating Council and the Community Engagement and Business Opportunities Council have met and begun work for the year.
- The Corporate Governance Council will meet again in the coming weeks. The date has yet to be confirmed.

### 4. TAA and Staff Recognition | New or Promoted Employees, Awards and Acknowledgments

- The Tucson Airport Authority Police Department (TAAPD) recently completed its annual assessment by the Commission on Accreditation for Law Enforcement Accreditation. The assessor has submitted his final report and has indicated that the TAAPD is in exemplary shape. There is an additional virtual assessment at the end of June that will involve a public hearing.
- Staff will give a presentation at the July Board meeting regarding the TAA's operating standards and practices.
- President/CEO Danette Bewley has been selected by *BizTucson* magazine to receive the 2021 Women Leading the Region Award.
- Anthony Casella has joined the TAA as the new Chief Technology Officer.
- Kristen Ewing was promoted from Public Service Officer to Public Service Officer Supervisor.

## PRESIDENT AND CEO REPORT

### 5. COVID-19 Impacts and Industry Update

- Aviation activity was at its highest level since the beginning of the COVID-19 pandemic over the Memorial Day weekend. This is a positive sign for the recovery, though TUS has a lot of ground to make up to reach the 2019 aviation activity levels.
- In July scheduled flights will increase to 48 flights per day.
- Alaska Airlines will announce today that it will be adding new service to a destination that has never been served from TUS. Flights will begin around Thanksgiving.
- Southwest Airlines is evaluating restoring service to Oakland as well as to two cities that have not previously been served from TUS.

### 6. TAA Talent Alignment and Update

The TAA is in the final stages of the budget development process and updating the Strategic Plan. The revised Strategic Plan will be more aggressive in response to the faster-than-expected recovery from the COVID-19 pandemic. Staff will give a presentation to the Board in late summer or early fall.

Part of the Strategic Plan is an item about up leveling the staff. In support of this goal, the TAA has made some critical key hires in people operations, commercial development, technology, and finance. The Executive Team is now fully staffed. Leadership is continuing its commitment to modernize the TAA's internal support system and infrastructure to ensure that the organization meets the Board's expectations, is positioned to take advantage of opportunities in the coming years, and to ensure a stable airport system. In FY22, leadership will continue to focus on and align the talent to meet the

organization's needs and strategic objectives.

## PRESENTATIONS

### 7. Long-Term Terminal and Runway Planning Overview

VP/Planning and Engineering Mike Smejkal presented.

Over the last two years, staff has done an extensive review of the airport's planning documents to determine where TUS is positioned in the region, as well as current trends in the airline industry. The purpose was to ensure the TAA is making the best use of its property in furtherance of its mission to promote business opportunities.

Beginning in the 1980s, aviation activity at TUS began to near the guidelines the Federal Aviation Administration (FAA) has in place where an airport should consider planning for an additional runway. The TAA has been acquiring property over the past 40-50 years to accommodate a Far Parallel Runway (FPR) and a new terminal complex; however, over time the aviation activity has not kept pace with projections from the 1980s through the early 2000s. Based on the most recent forecast (using aviation activity data from 2019), there is no scenario through 2060 that would justify the need for the FPR. The FAA concurs with staff's analysis that there is no need to continue carrying the FPR forward in TUS' planning documents.

Without the FPR, the long-term terminal site becomes less appealing as it will lead to longer taxiing times for the airlines and will require significant infrastructure to be relocated at a significant cost. Given these conditions, staff conducted a study on whether TUS' existing terminal footprint will accommodate long-term growth. The preliminary results from the study are that the landside areas (curbside and parking) and the terminal have sufficient space, although upgrades will be needed to replace aging infrastructure. There is a need for additional capacity in the concourses to accommodate more gates and concession areas. Based on projections through 2060, the contractor developed a concept that calls for expansion of the terminal and construction of a new concourse to eventually accommodate up to 38 gates.

Staff is in the process of updating the Airport Layout Plan and other documents to remove the Far Parallel Runway and the Future Terminal Site. Economic development staff will present to the Board in the coming weeks on the best uses of the property moving forward.

#### BOARD DISCUSSION:

- Thanked staff for the presentation. This has been the subject of discussion for some time and appreciates that the TAA can move forward with developing the land.
- The TAA should consider its strategy to retain the ability to construct a third runway if the need arises.

### **ATTACHMENT ONE: Terminal Siting and Far Parallel Runway Presentation**

## ACTION ITEMS

### 8. FY2020 FINANCIAL STATEMENTS AND AUDIT REPORTS

Audit Partner Laura Randol with HBL CPAs, P.C., presented.

#### BASIC FINANCIAL STATEMENTS:

- The basic financial statements for FY19 and FY20 were fairly stated in all material respects (a “clean” opinion).
- Assets increased by \$21M.
- Liabilities increased by \$3.9M.
- Net position increased by \$19.8M.
- Revenues decreased by \$3.4M primarily due to travel restrictions imposed by the COVID-19 pandemic. This was offset by increases in capital contributions and nonoperating revenue.
- Total expenses decreased by \$0.4M.

#### SINGLE AUDIT REPORTS:

- There were no findings (no material weaknesses or deficiencies).
- \$20.9M expenditures of federal awards.

#### PASSENGER FACILITY CHARGE PROGRAM REPORT:

- There were no findings (no material weaknesses or deficiencies).
- \$4.5M in PFC charges were received.
- \$250,000 interest earned.
- \$4M expenditures on approved projects.

#### SUMMARY:

- No material weaknesses.
- Minor matters related to internal controls:
  - Stale-dated checks in small-dollar amounts.
  - Lack of documentation of review of bank reconciliations.
  - Staff was able to satisfy through other means (e.g., email) that these tasks were completed. The lack of documentation was due to staff navigating through new work-from-home procedures because of the COVID-19 pandemic.

### **ATTACHMENT TWO: September 30, 2020 Audited Financial Statements**

**MOTION BY Treasurer Assenmacher, SECONDED BY Director Rich, to ADOPT Resolution No. 2021-10 accepting the Financial Statements and Independent Auditor’s Reports for the fiscal year ending on September 30, 2020. The motion carried by the following vote:**

**Ayes 9 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez**

**Nays 0 – None**

## 9. TUCSON AIRPORT AUTHORITY BYLAWS AMENDMENTS

Directors expressed support for the bylaw change and support giving further consideration as to how the TAA can build partnerships with community partners while eliminating potential conflicts of interest and maintaining the independence of the TAA.

**MOTION BY Secretary Silvyn, SECONDED BY Director Draper, to ADOPT Resolution No. 2021-11 adopting amendments to the Bylaws of the Tucson Airport Authority related to membership categories. The motion carried by the following vote:**

**Ayes 9 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez**

**Nays 0 – None**

## DIVISION UPDATES

### 10. FINANCE AND ADMINISTRATION

- April 2021 YTD Financials | Financial Summary/Aviation Activity Report

VP/Chief Financial Officer Kirk Eickhoff reviewed the operating and financial statistics for the month of April 2021.

- Landed weights were 26% favorable to budget. This is the second consecutive month to see a significant recovery.
- Passenger volumes were 27% favorable to budget, continuing an upward trend.
- Operating revenues were \$500K over budget, driven by concession revenues and landing fees.
- TUS is higher than expected in all revenue categories except for reimbursed services.
- Operating expenses were greater than budget by \$300K due to timing on major maintenance projects; however, TUS is still favorable year to date by \$800K.

### **ATTACHMENT THREE: April 2021 Financial Highlights**

### 11. PLANNING AND ENGINEERING

- Airfield Safety Enhancement Program | Quarterly Update

VP/Planning and Engineering Mike Smejkal presented.

- Bids were opened for the DBB1 (end around taxiway) project. The bids came in slightly under the engineer's estimates, and staff is now proceeding with the grant process through the Federal Aviation Administration (FAA). Construction is anticipated to begin in the fall.

- Costs for construction materials continue to rise significantly, so the next quarterly update will include revised cost estimates for the entire Airfield Safety Enhancement Program.

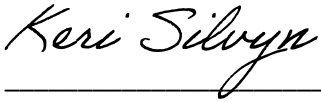
**NEXT MEETING**

The next meeting will be held on Wednesday, July 14, 2021, at 3:00 p.m., via Webex.

**ADJOURN**

There being no further business to discuss, Chairperson Dusenberry adjourned the meeting at 4:37 p.m.

**APPROVED BY:**



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Keri Silvyn, Secretary

Date: August, 05, 2021

**Prepared by:**



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Byron M. Jones, CMC, CAP, TAA Clerk

Date: August, 05, 2021

**ATTACHMENT ONE**

Tucson Airport Authority

**TERMINAL SITING AND FAR PARALLEL RUNWAY  
PRESENTATION**

# Terminal Siting & Far Parallel Runway

Planning & Engineering

***Mike Smejkal***  
***Vice President, Planning and  
Engineering***



# TAA 3-YEAR STRATEGIC PLAN



## ***Mission***

Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities

## ***Vision***

Landing prosperity in Southern Arizona

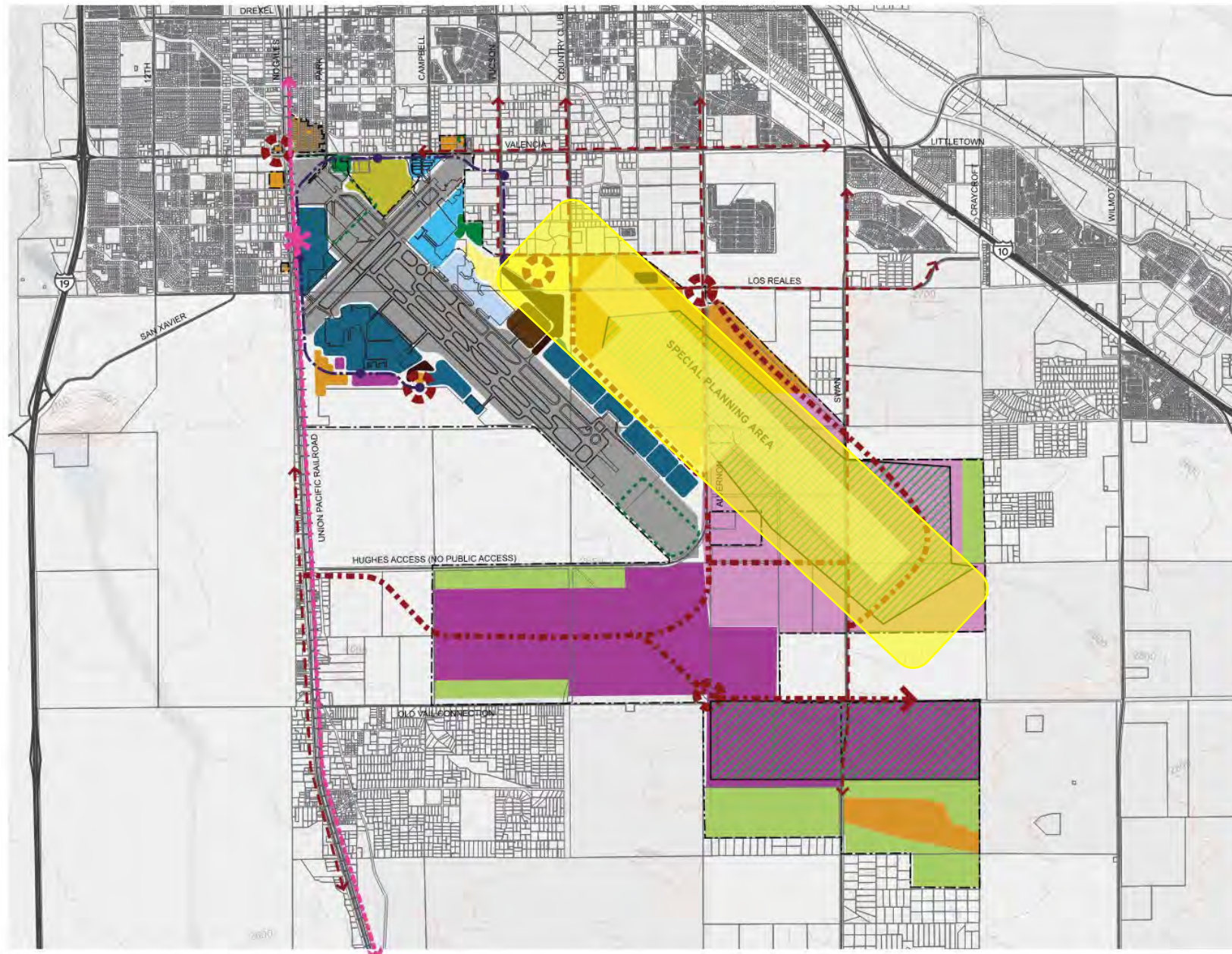
## ***Thematic Goals***

FY 2021 | Align and Engage

FY 2022 | Capitalize on Opportunities

FY 2023 | Dream Big Together





**LEGEND**

- EXISTING ROAD NETWORK
- ... PROGRAMMED ROAD (APPROXIMATE)
- +++ EXISTING UNION PACIFIC RAILROAD
- FUTURE LOCAL TRANSIT CIRCULATOR (APPROXIMATE)
- FUTURE HIGH SPEED RAIL (HSR)
- LOCAL TRANSIT STATION
- ★ HIGH SPEED RAIL STATION
- COMMERCIAL NODE
- AIRPORT PROPERTY BOUNDARY
- EXTENDED CLEAR ZONE POLICY AREA
- AIRFIELD
- EMPLOYMENT (OFFICE / INDUSTRIAL)
- INDUSTRIAL / LOGISTICS
- LARGE SCALE INDUSTRIAL
- NATURAL CORRIDOR / MITIGATION
- GENERAL AVIATION
- MIXED USE AVIATION
- AIRPORT LANDSIDE
- CARGO
- TERMINAL
- AIR NATIONAL GUARD
- AIRPORT SUPPORT
- AVIATION INDUSTRIAL
- LARGE SCALE SOLAR





# History



## 1974 Master Plan

- Identified Need for additional runway(s) and terminal

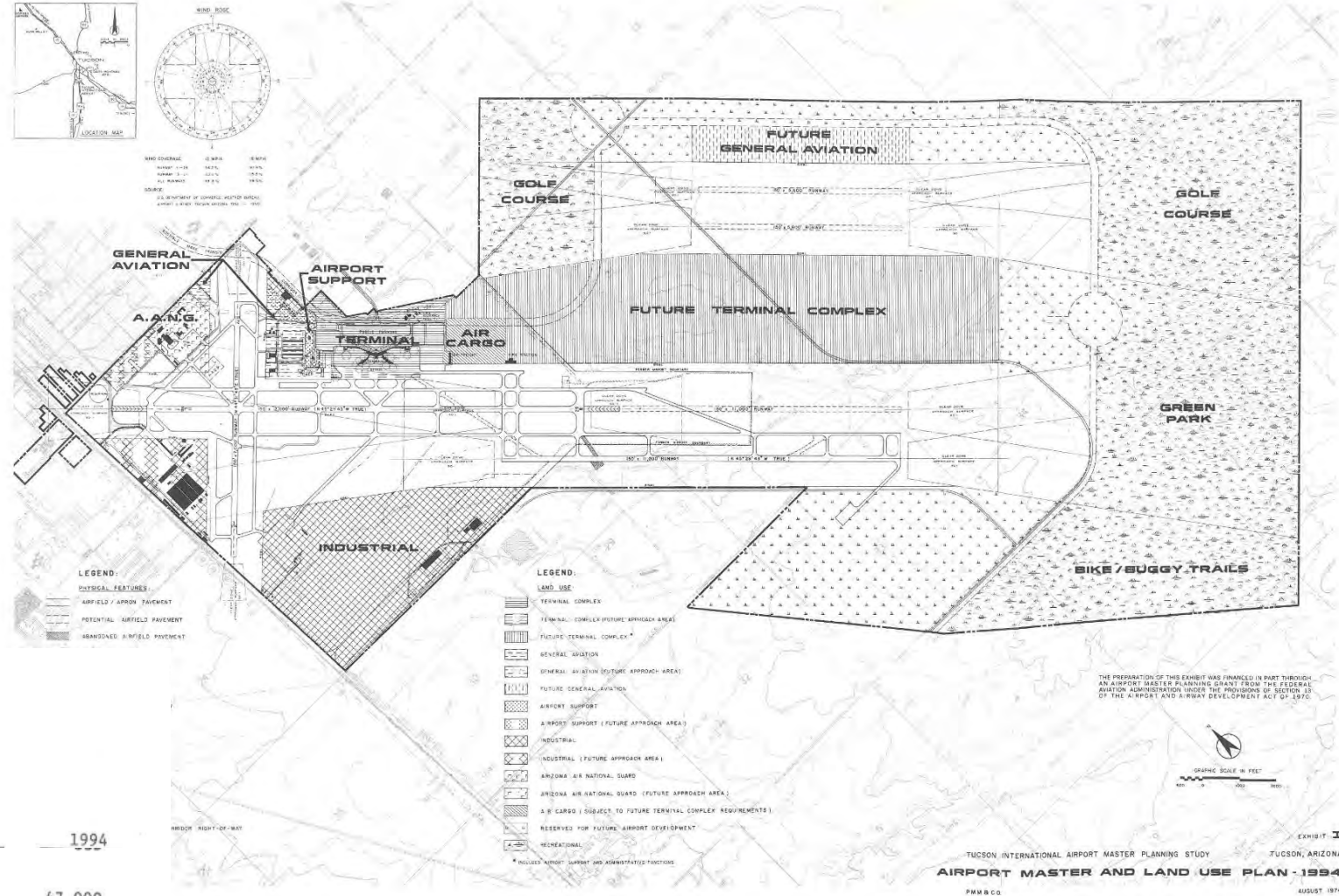


Table 21  
AIR TRAFFIC FORECASTS  
Tucson International Airport  
Fiscal Years 1979, 1984, 1989, 1994

	1973	1979	1984	1989	1994
<b>Aircraft Operations</b>					
Air Carrier	31,816	32,000	40,000	44,000	47,000
Air Taxi	5,007	4,000	6,000	8,000	10,000
Military	38,958	25,000	25,000	25,000	25,000
General Aviation Itinerant	66,980	91,000	106,000	116,000	136,000
General Aviation Local	85,411	85,000	100,000	120,000	140,000
<b>Total</b>	228,172	237,000	277,000	313,000	358,000

THE PREPARATION OF THIS EXHIBIT WAS FINANCED IN PART THROUGH AN AIRPORT MASTER PLANNING GRANT FROM THE FEDERAL AVIATION ADMINISTRATION UNDER THE PROVISIONS OF SECTION 115 OF THE AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970.

TUCSON INTERNATIONAL AIRPORT MASTER PLANNING STUDY  
**AIRPORT MASTER AND LAND USE PLAN - 1994**  
PMM & CO. AUGUST 1974

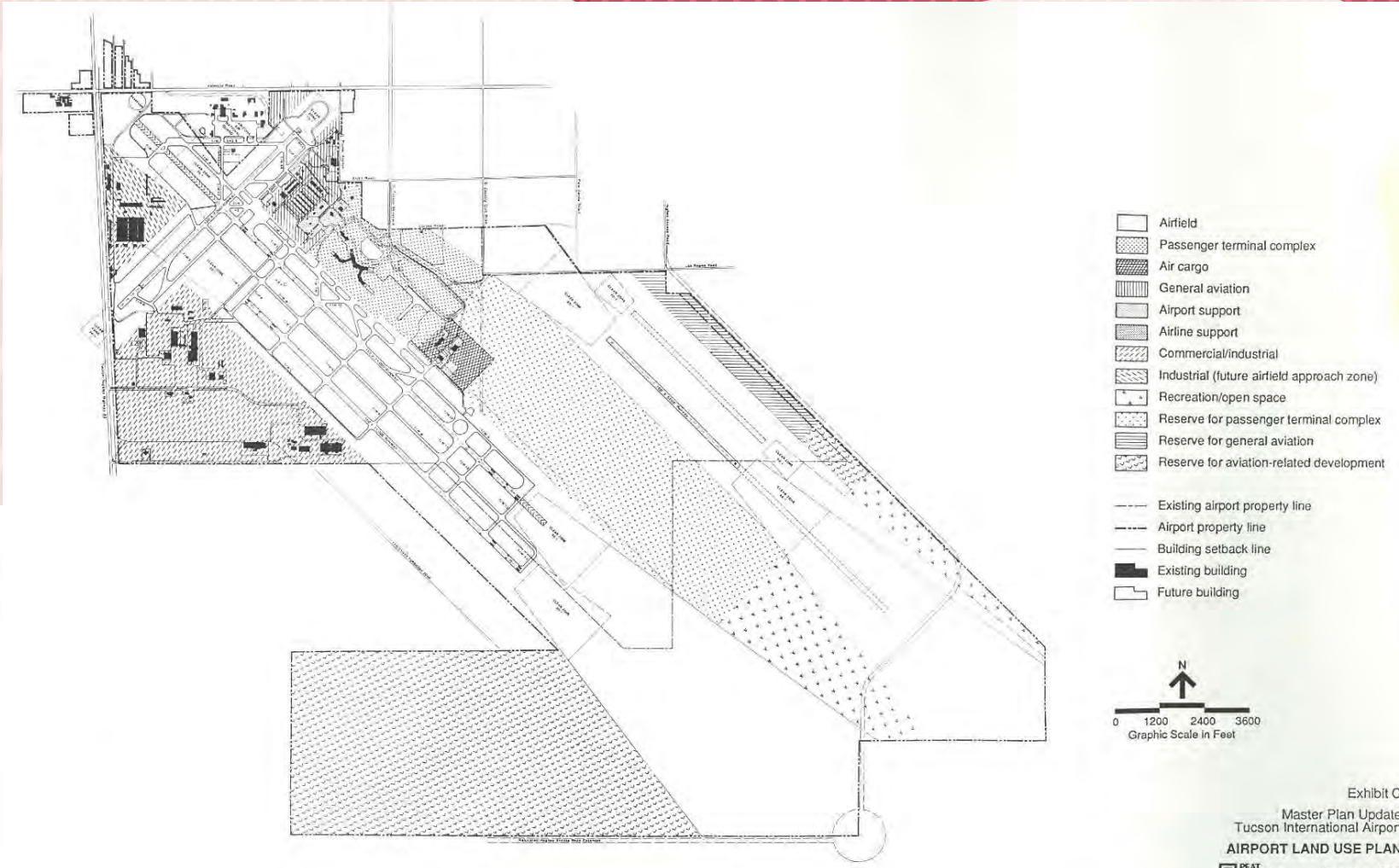


# History

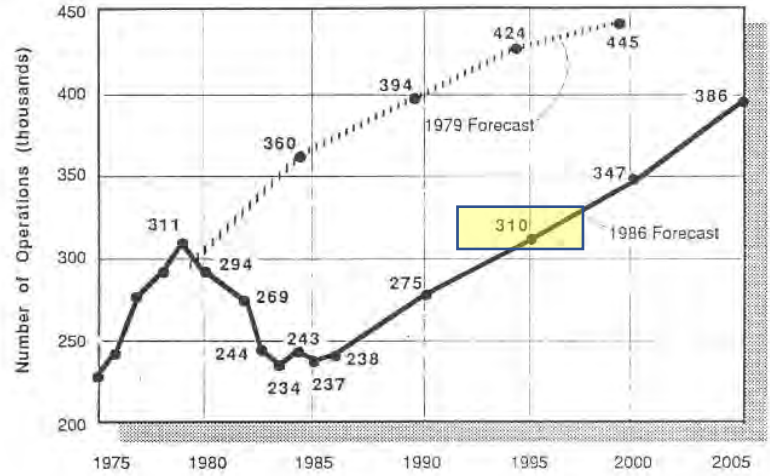


## 1986 Master Plan

Post 1978 Airline Deregulation



Total Aircraft Operations



Operations include air carrier, air taxi, general aviation, and military.

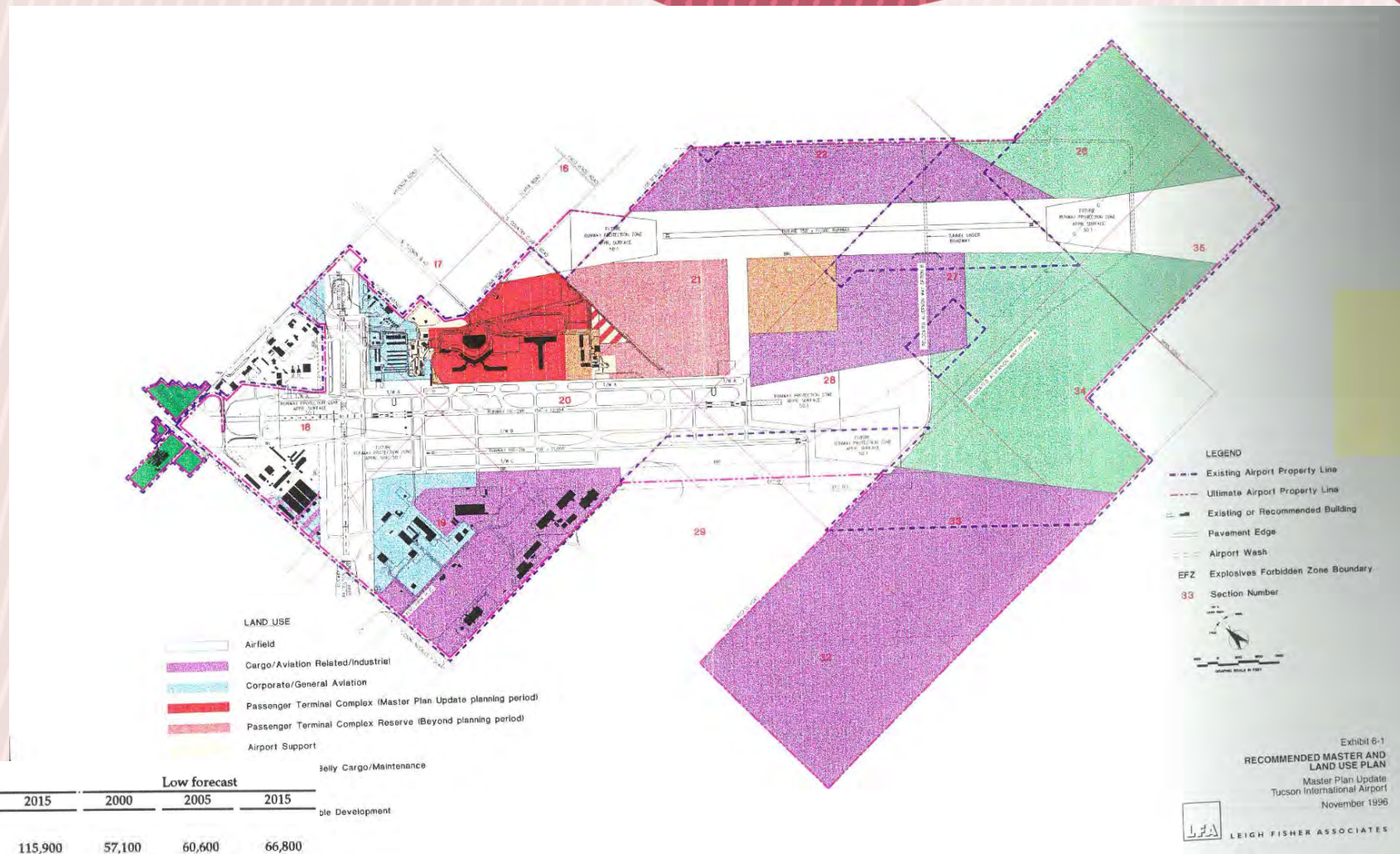


# History



## 1996 Master Plan

Formalized current layout



	Historical	Base forecast			High forecast			Low forecast		
	1994	2000	2005	2015	2000	2005	2015	2000	2005	2015
<b>Aircraft operations</b>										
Air carrier	46,557	64,500	72,400	88,500	70,900	85,400	115,900	57,100	60,600	66,800
Air taxi/commuter	18,901	29,800	35,400	42,300	39,400	55,300	69,400	25,300	27,900	30,200
General aviation (a)	146,849	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Military	39,267	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>Total</b>	<b>251,574</b>	<b>284,300</b>	<b>297,800</b>	<b>320,800</b>	<b>300,300</b>	<b>330,700</b>	<b>375,300</b>	<b>272,400</b>	<b>278,500</b>	<b>287,000</b>



# History

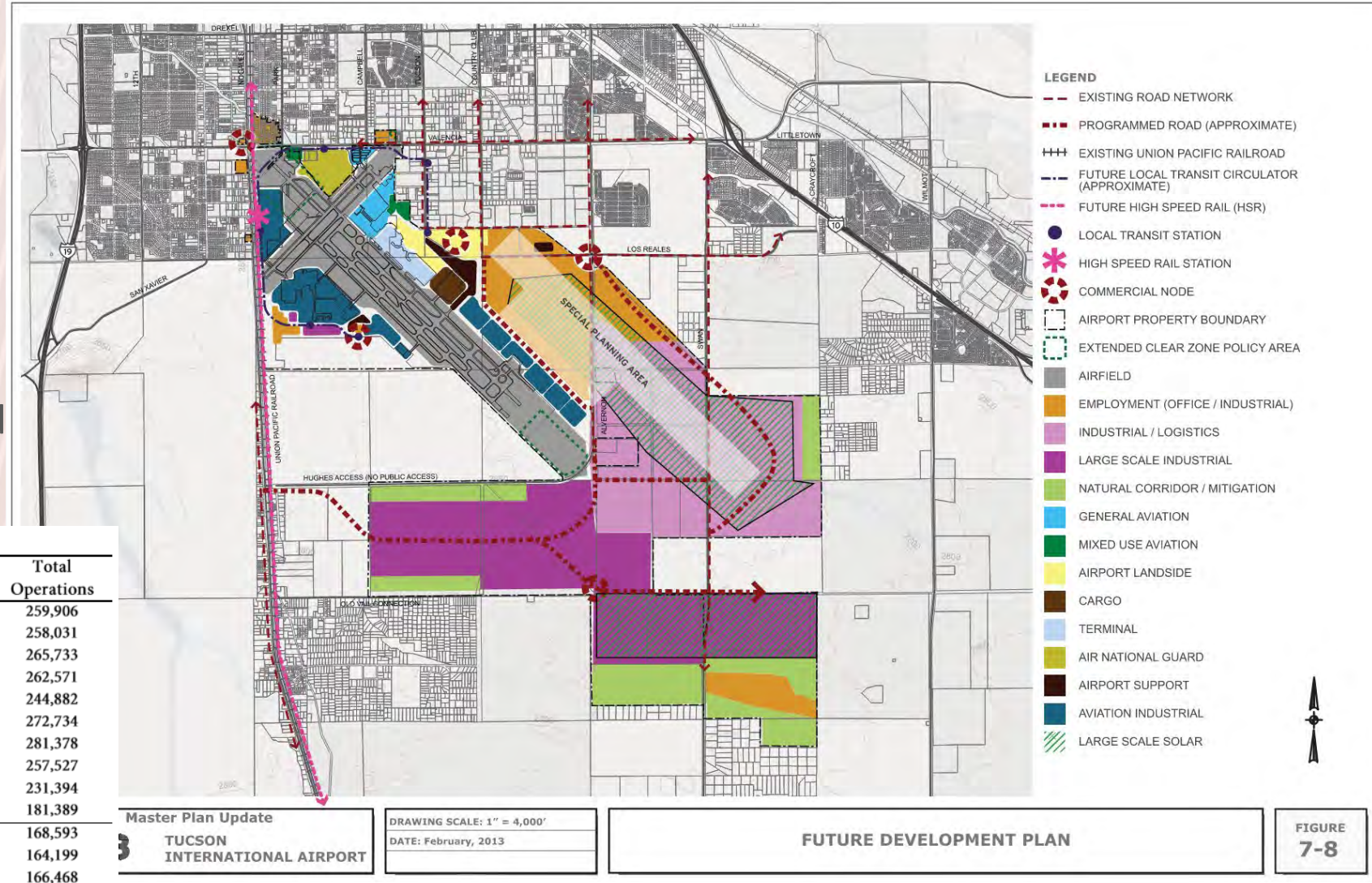


## 2014 Master Plan

Focused on ASE  
Special Planning Area remained  
on Master Plan Documents

Table 3-9: Forecast of Aviation Activity - High

	Calendar Year	Enplanements		Operations		Other Operations		Total Operations
		Air Carrier	General Aviation	Air Carrier	General Aviation	GA	Military	
Historical	2000	1,781,018	153,304	58,767	47,835	153,304	47,835	259,906
	2001	1,805,655	155,614	59,275	43,142	155,614	43,142	258,031
	2002	1,651,267	157,996	59,491	48,246	157,996	48,246	265,733
	2003	1,708,236	162,483	53,644	46,444	162,483	46,444	262,571
	2004	1,815,504	141,593	55,453	47,836	141,593	47,836	244,882
	2005	2,009,608	158,026	71,026	43,682	158,026	43,682	272,734
	2006	2,087,544	164,343	74,003	43,032	164,343	43,032	281,378
	2007	2,157,125	154,408	71,414	31,705	154,408	31,705	257,527
	2008	2,146,141	129,526	73,565	28,303	129,526	28,303	231,394
	2009	1,808,043	94,471	57,505	29,413	94,471	29,413	181,389
Forecast	2010	1,822,212	79,363	58,535	30,695	79,363	30,695	168,593
	2011	1,835,332	74,839	58,664	30,695	74,839	30,695	164,199
	2012	1,883,051	75,812	59,961	30,695	75,812	30,695	166,468
	2013	1,937,659	76,798	61,463	30,695	76,798	30,695	168,955
	2014	1,999,664	77,873	63,185	30,695	77,873	30,695	171,753
	2015	2,069,652	79,041	65,145	30,695	79,041	30,695	174,881
	2020	2,493,918	85,150	76,991	30,695	85,150	30,695	192,836
	2025	3,034,232	91,730	91,850	30,695	91,730	30,695	214,275
	2030	3,691,608	98,820	109,556	30,695	98,820	30,695	239,071





# History



## 2019 Forecast

Figure 1: Summary of Aircraft Operations Forecasts

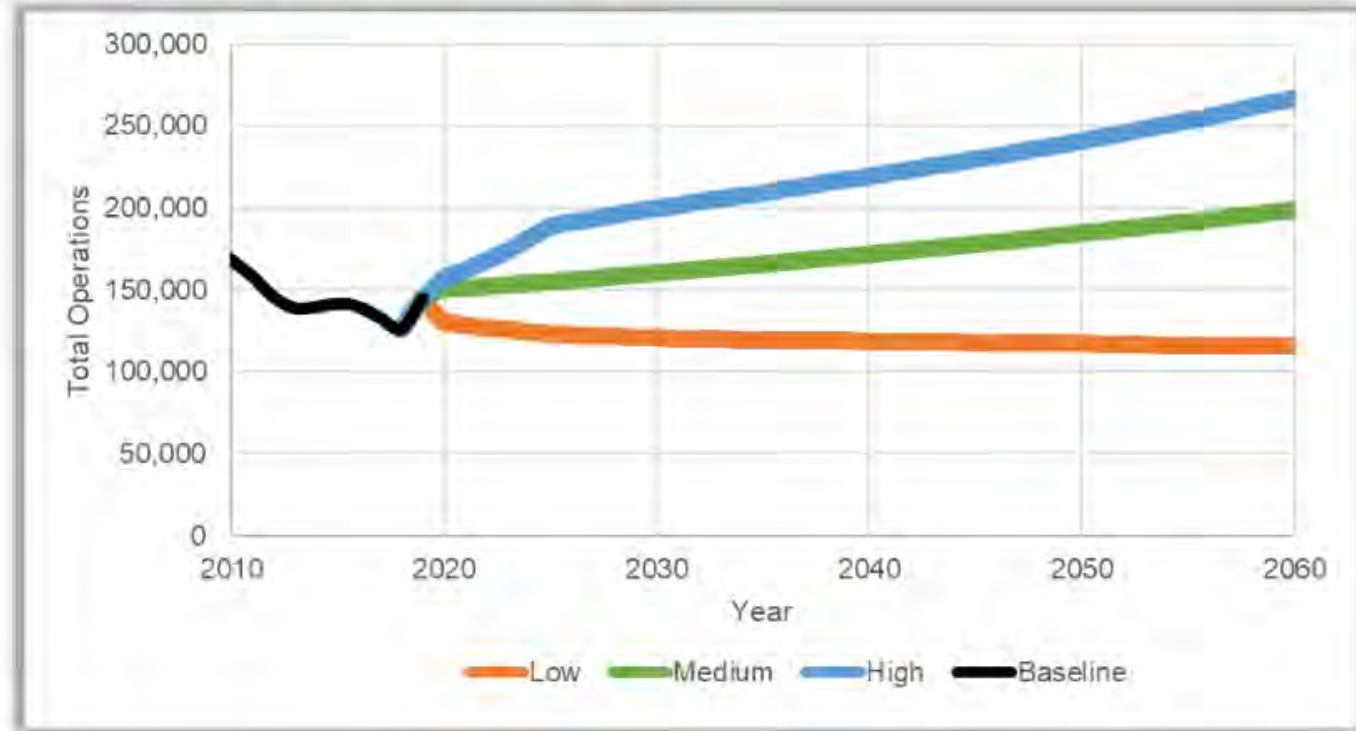
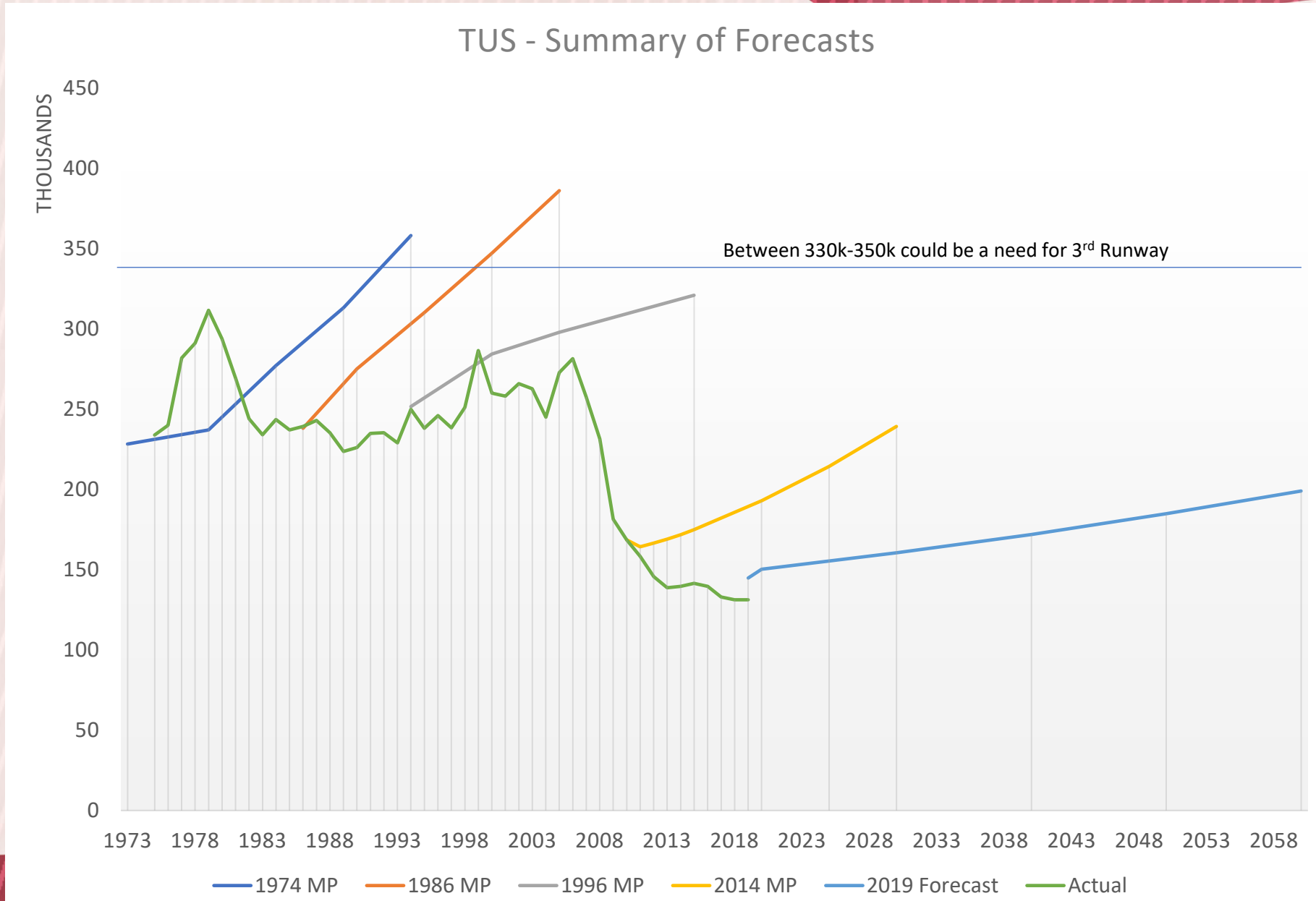


Table 1: Summary of Aircraft Operations Forecasts

Year	Baseline	Low	Medium	High
2009	181,389			
2019	144,800	144,800	144,800	144,800
2020		130,600	150,300	157,200
2030		120,600	160,500	199,900
2040		118,800	171,900	219,500
2050		117,400	184,800	241,000
2060		116,300	199,000	267,100
CAGR	-2.2%	-0.3%	0.7%	1.3%

CAGR = Compound Average Growth Rate, calculated for 2009-2019 for the baseline, and 2020-2060 for the forecasts.

# Forecast Fails to Justify Need for Far Parallel Runway





# Long Term Terminal Site

*Without Runway future site loses appeal*

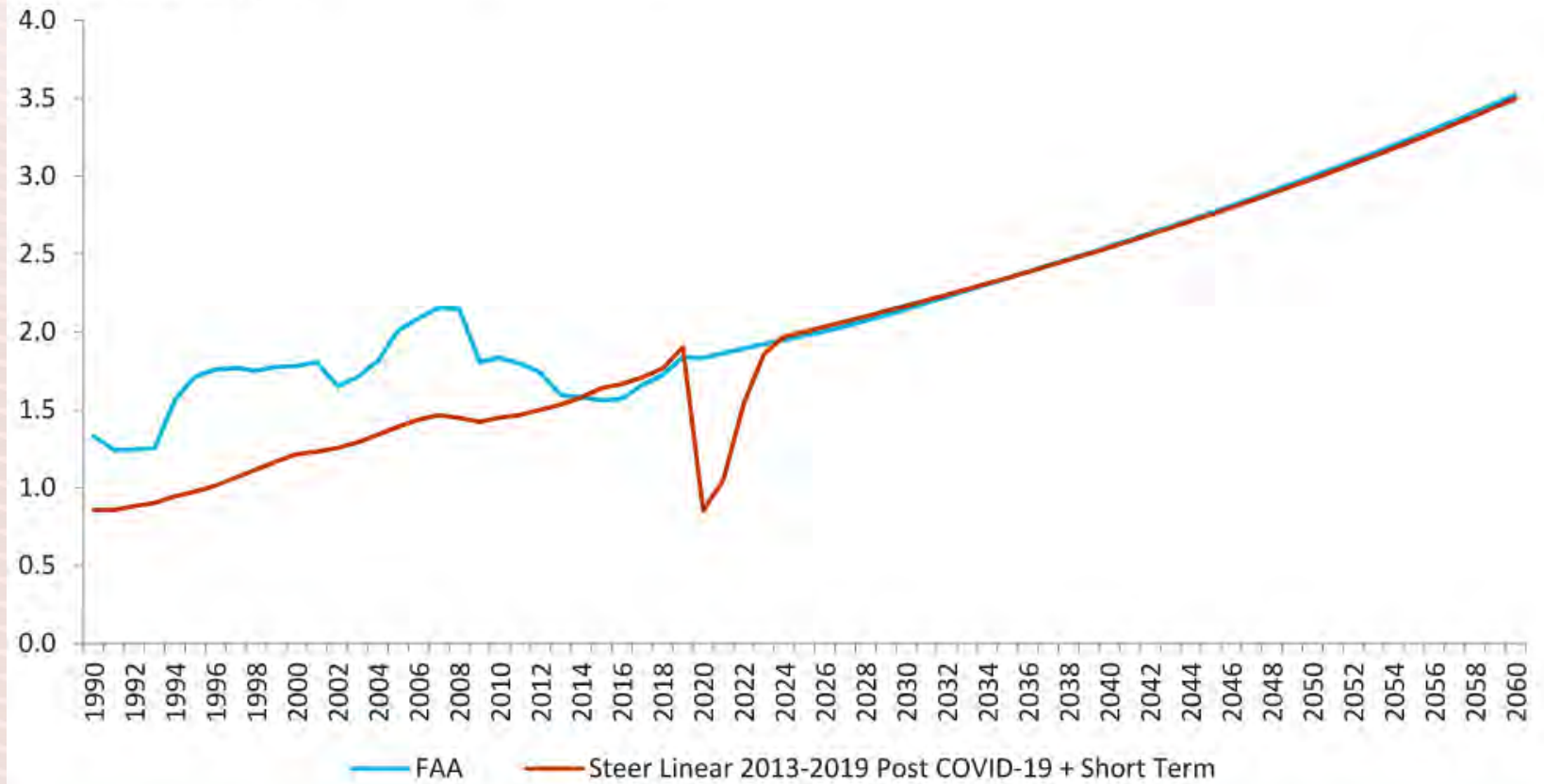
- *Longer Taxi times for airlines*
- *Significant support infrastructure must be relocated*
- *Significant cost*

*Completed Study to confirm existing Terminal Footprint is sized for long term growth*



# Enplanements

TAF 2021 vs Steer High level regression analysis and forecast  
Enplanements (m)



	2019	2020	2040	2060	2019-60
Steer	1,902,412	852,415	2,542,104	3,497,086	1.50%
TAF	1,836,293	1,831,614	2,548,290	3,522,421	1.60%



# Long Term Terminal Site Study

## *Preliminary Results*



- *Landside Sufficient*
  - *Curbside and Parking*
- *Terminal Sufficient*
  - *Upgrades due to age*
- *Concourses*
  - *Need additional capacity*



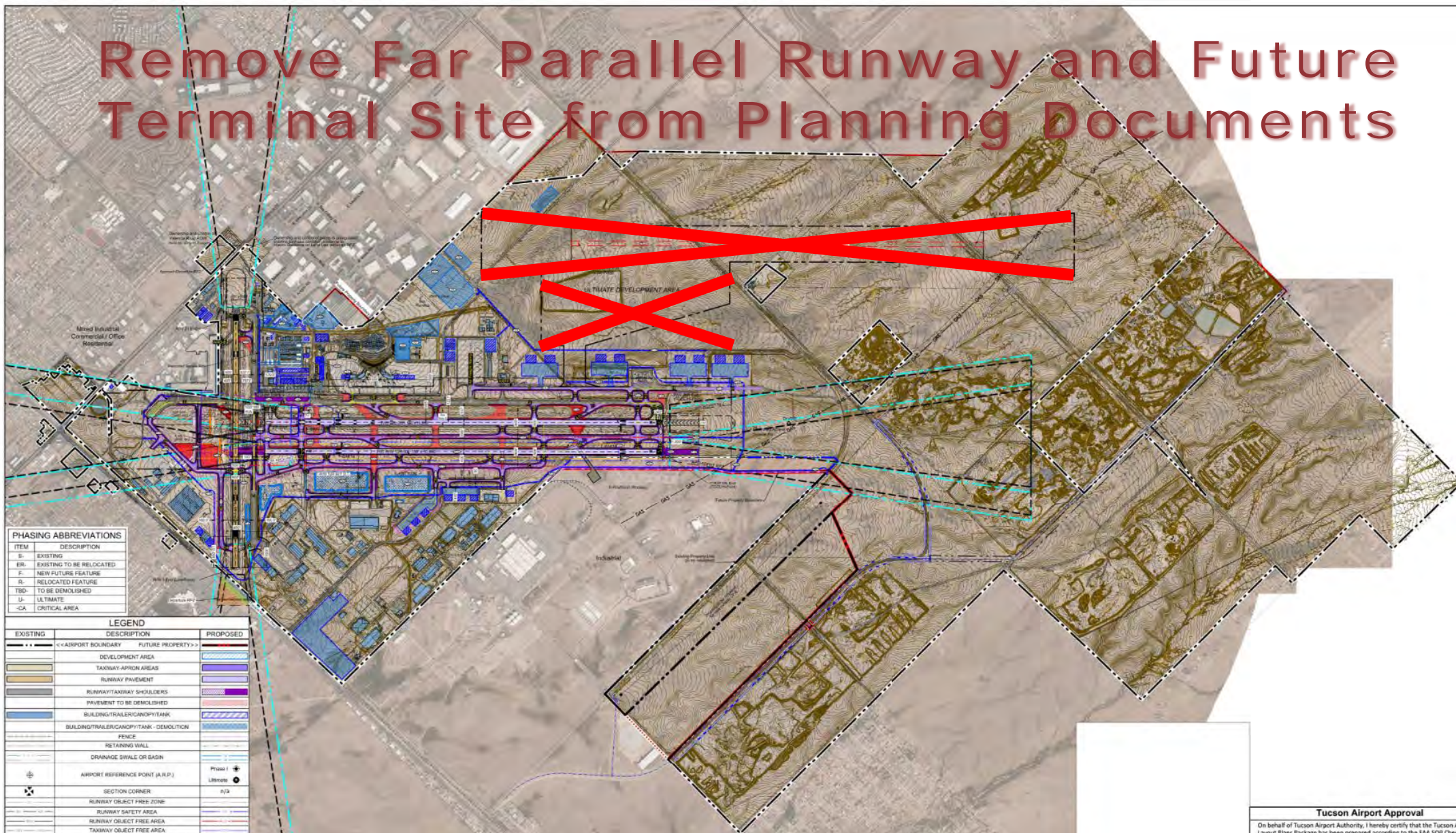
# One Preliminary Concept Example

## Concept 3





# Remove Far Parallel Runway and Future Terminal Site from Planning Documents



**PHASING ABBREVIATIONS**

ITEM	DESCRIPTION
E	EXISTING
ER	EXISTING TO BE RELOCATED
F	NEW FUTURE FEATURE
R	RELOCATED FEATURE
TBD	TO BE DEMOLISHED
U	ULTIMATE
CA	CRITICAL AREA

**LEGEND**

EXISTING	DESCRIPTION	PROPOSED
---	<< AIRPORT BOUNDARY	FUTURE PROPERTY >>
---	DEVELOPMENT AREA	
---	TAXIWAY-APRON AREAS	
---	RUNWAY PAVEMENT	
---	RUNWAY/TAXIWAY SHOULDERS	
---	PAVEMENT TO BE DEMOLISHED	
---	BUILDING/TRAILER/CANOPY/TANK	
---	BUILDING/TRAILER/CANOPY/TANK - DEMOLITION	
---	FENCE	
---	RETAINING WALL	
---	DRAINAGE SWALE OR BASIN	
+	AIRPORT REFERENCE POINT (A.R.P.)	Proposed Lithologic
+	SECTION CORNER	R/S
---	RUNWAY OBJECT FREE ZONE	
---	RUNWAY SAFETY AREA	
---	RUNWAY OBJECT FREE AREA	
---	TAXIWAY OBJECT FREE AREA	
---	RUNWAY PROTECTION ZONE (APPROACH & DEPARTURE)	
---	RUNWAY PROTECTION ZONE (DEPARTURE ONLY)	
---	RUNWAY PROTECTION ZONE (UNCONTROLLED)	R/S
---	RUNWAY BUILDING RESTRICTION LINE (BY AT)	R/S
---	FACES & SACS	R/S
---	GROUND CONTOUR	
---	MALS/R LIGHTING SYSTEM	
---	ROAD / PARKING LOT	
---	RUNWAY HOLD LINE	
---	WIND SOCK (W-BLOCK)	
---	GLIDE SLOPE ANTENNA (GS)	
---	LOCALIZER (LOC)	

- NOTES:**
1. Horizontal Datum is: NSRS 2011 Arizona State Planes, Central Zone, International Foot.
  2. Vertical Datum is NAVD83.
  3. Displaced Threshold on RW 3 cited using AC 150/5300-13A, Table 3-2. Approach end of runways expected to accommodate instrument approaches having visibility greater than or equal to 3/4 statute mile.
  4. Airfield is located within the confines of a military training route/military training area.
  5. Planimetric mapping from Nov. 2016, ADGIS project #19325.
  6. All Taxiways are ADG Grp IV unless otherwise noted. See Taxiway table on Airport Data Sheet 02 for taxiway width and OFA information.
  7. Holdlines on Existing Runway 11L-29R and Future 11R-29L will be updated to the latest FAA standard of 277' from Runway centerline.
  8. AAs need to have been completed for aerodrome chart.

**Future Runway Data (AZ State Plane Central Zone 2011 Correction - International Feet)**

Runway	Latitude (N)	Longitude (W)	Azimuth	Elevation (ft. MSL)
Runway 13L End	32-07-241335	110-50-52-4074	135-01-23-0037	2577.7
Runway 13L (90T DT)	32-07-178869	110-50-44-9180		2564.0
Runway 30R End	32-06-071844	110-50-52-1463	315-02-11-0276	2543.0
Runway 12R End	32-07-163381	110-50-49-0670	135-01-19-3761	2574.5
Runway 12R (90T DT)	32-07-123913	110-50-51-4983		2581.6
Runway 30L End	32-06-019703	110-50-28-7264	315-02-07-3962	2645.0
Runway 03 End	32-07-019021	110-57-52-5499	45-02-12-6944	2500.2
Runway 03 (90T DT)	32-07-077458	110-57-25-5951		2563.4
Runway 21 End	32-07-007607	110-50-54-9057	225-02-43-3362	2558.6
Runway 12L End	32-09-081707	110-50-40-7236	135-03-18	2633.6

**Tucson Airport Approval**

On behalf of Tucson Airport Authority, I hereby certify that the Tucson Airport Layout Plans Package has been prepared according to the FAA SOP Checklist version 2.00.

*D. Sewley* 04/28/20

Doretha Sewley, A.A.E. President/CEO Date

Tucson Airport Authority



TUCSON AIRPORT AUTHORITY  
TUCSON INTERNATIONAL AIRPORT  
TUCSON, ARIZONA  
**AIRPORT LAYOUT PLAN**  
Future Airport Layout Plan  
1200 Scale

ALP PREPARED BY  
Lundrum & Brown



**THANK YOU!**  
Q&A SESSION

**ATTACHMENT TWO**

**SEPTEMBER 30, 2020 AUDITED FINANCIAL STATEMENTS**

*Presented by Laura Randol, CPA, CFE | Audit Partner  
HBL, CPAs, P.C.*

# Tucson Airport Authority

SEPTEMBER 30, 2020 AUDITED FINANCIAL STATEMENTS



Board of Directors' Meeting  
June 2, 2021





# FINANCIAL STATEMENT COMPONENTS

## Financial statements:

- Management’s discussion and analysis (MD&A) – no audit opinion
- Basic financial statements
- Required supplementary information (pension and OPEB) – no opinion

## Single Audit reports:

- *Government Auditing Standards* report on internal control and compliance
- Uniform Guidance report on compliance and internal control over compliance
- Schedule of expenditures of federal awards
- Schedule of findings and questioned costs

## Passenger Facility Charge (PFC) reports:

- FAA format report on compliance and internal control over compliance
- Schedule of PFCs collected and expended
- Schedule of findings and questioned costs

# INDEPENDENT AUDITORS' REPORT

The auditors' report gives the opinion that the September 30, 2020 and 2019 basic financial statements are fairly stated in all material respects.



# BASIC FINANCIAL STATEMENTS

## Statements of Net Position

Assets increased \$21.2 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
In order of liquidity:			
Current	\$ 190.3	\$ 180.2	\$ 10.1
Noncurrent	\$ 333.1	\$ 322.0	\$ 11.1
By restriction:			
Unrestricted	\$ 500.4	\$ 480.6	\$ 19.8
Restricted	\$ 23.0	\$ 21.6	\$ 1.4
By asset type:			
Cash and cash equivalents	\$ 81.6	\$ 30.6	\$ 51.0
Investments	\$ 95.7	\$ 142.3	\$ (46.6)
Grants receivable	\$ 9.3	\$ 1.8	\$ 7.5
Capital assets, net	\$ 332.8	\$ 321.5	\$ 11.3

Deferred outflows related to pensions also increased \$2.3 million

# BASIC FINANCIAL STATEMENTS

## Statements of Net Position

Liabilities increased \$3.9 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Construction contracts payable	\$ 5.2	\$ 2.4	\$ 2.8
Bonds payable	\$ 29.8	\$ 32.8	\$ (3.0)
Net pension / OPEB liability	\$ 47.9	\$ 44.1	\$ 3.8

# BASIC FINANCIAL STATEMENTS

## Statements of Net Position

Net position increased \$19.8 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Investment in capital assets	\$ 303.0	\$ 288.7	\$ 14.3
Restricted for capital projects and debt service	\$ 22.6	\$ 21.5	\$ 1.1
Unrestricted net position	\$ 90.6	\$ 86.2	\$ 4.4

# BASIC FINANCIAL STATEMENTS

## Statements of Revenues, Expenses and Changes in Net Position

Revenues decreased \$3.4 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Operating revenue	\$ 38.9	\$ 47.3	\$ (8.4)
Capital contributions	\$ 16.8	\$ 3.4	\$ 13.4
Nonoperating revenue	\$ 17.4	\$ 12.4	\$ 5.0

### Nonoperating revenue by type:

Interest income/increase in fair value of investments	\$ 2.4	\$ 4.8	\$ (2.4)
Passenger facility charges	\$ 4.3	\$ 7.2	\$ (2.9)
Gain on disposal	\$ 5.5	\$ 0.1	\$ 5.4
Grants-in-aid	\$ 5.1	\$ 0.3	\$ 4.8

# BASIC FINANCIAL STATEMENTS

## Statements of Revenues, Expenses and Changes in Net Position

Total expenses decreased \$0.4 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Operating expenses	\$ 33.3	\$ 32.6	\$ 0.7
Nonoperating expenses	\$ 1.4	\$ 2.7	\$ (1.3)

# Notes to the Financial Statements

- Note 3 *Cash and investments* – includes credit risk, concentrations and fair value measurement
- Note 5 *Capital assets* – p33
- Note 7 *Long-term debt* – p35
- Note 8 *Pension/OPEB Plans* – p37
- Note 11 *Passenger Facility Charges* - p55
- Note 14 *Environmental matters, contingencies, subsequent events* – p56
- Note 15 *Restricted net position* – p59



# SINGLE AUDIT REPORTS

## NO FINDINGS

- \$20.9 million expenditures of federal awards
- Included in *capital contributions* and in *nonoperating grants-in-aid* on the statement of revenues, expenses and changes in net position

# PASSENGER FACILITY CHARGE PROGRAM REPORT

## **NO FINDINGS**

- \$4.9 million PFC charges received
- \$254,000 interest earned
- \$4.0 million expenditures on approved projects

# LETTER TO THOSE CHARGED WITH GOVERNANCE/MEMO TO MGMT

- No material weaknesses
- Two other matters related to internal control:
  - Stale-dated checks in small dollar amounts
  - Lack of documentation of review of bank reconciliations

# Highlights of Required Communications

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. The following are highlights of our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility in overseeing the financial reporting process.

<u>Item</u>	<u>Comment</u>
Audit adjustments	None other than post-closing entries provided by management
Disagreements with management	None
Significant difficulties encountered in performing the audit	None

# Upcoming GASB standards

- GASB 87, *Leases*, effective FY 2022
- GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective FY 2021
- GASB 91, *Conduit Debt Obligations*, effective FY 2022
- GASB 92, *Omnibus 2020*, effective FY 2022
- GASB 93, *Replacement of Interbank Offered Rates*, effective FY 2021

**ATTACHMENT THREE**

Tucson Airport Authority

**APRIL 2021 FINANCIAL HIGHLIGHTS**

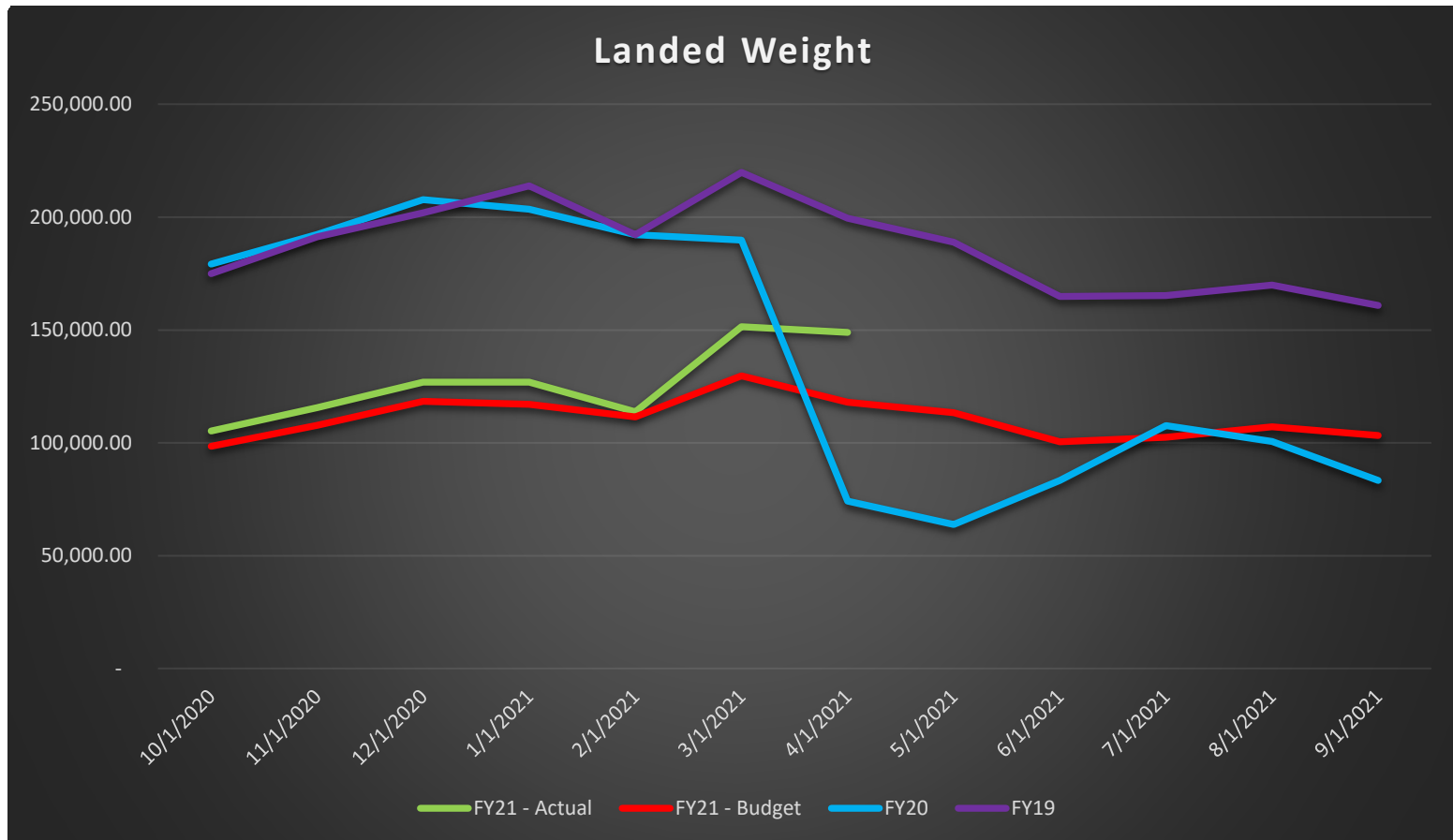


## **April 2021 Financial Highlights**

Board of Directors Meeting

June 2, 2021

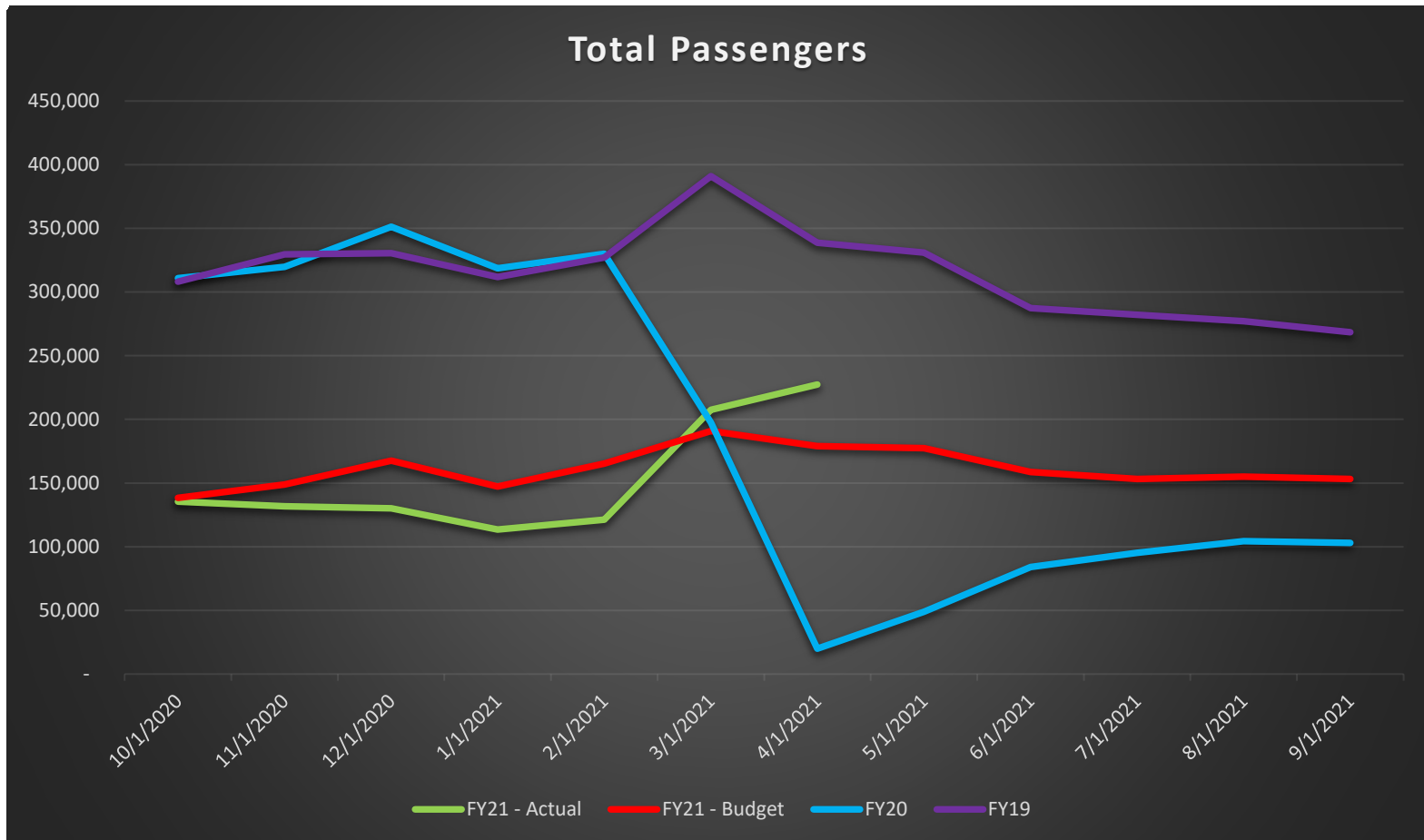
# April 2021 YTD Operating Statistics



-April Landed Weight is 26.10% greater than budget and 25.4% lower than FY2019  
-YTD Landed Weight is 11.0% greater than budget and 42.5% lower than FY2019



# April 2021 YTD Operating Statistics



- April Passengers are 27.0% greater than budget and 32.9% lower than FY2019
- YTD Passengers are 6.2% below budget and 54.4% lower than FY2019

# April 2021 Flight & Passenger Activity

<u>Month</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>
Total Passengers	227,369	19,812	338,785
Average Load Factor	81.2%	9.8%	86.7%
Average Daily Departures	42.1	31.5	59.0
Average Daily Seat Capacity	4,834	3,590	6,779
 <u>Seven Months Year-To-Date</u>			
Total Passengers	1,066,748	1,848,565	2,337,378
Average Load Factor	62.9%	71.1%	82.7%
Average Daily Seat Capacity	3,996	6,124	6,666

# April 2021 Financial Results

(\$ Millions)

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs.</u> <u>Budget</u>		<u>Prior</u> <u>Year</u>	<u>Current vs.</u> <u>Prior Year</u>	
<u>Month</u>							
Operating Revenues	3.2	2.7	0.5	18.5%	2.3	0.9	39.1%
Operating Expenses	3.1	2.8	(0.3)	-10.7%	2.6	(0.5)	-19.2%
Operating Income (Loss)	0.1	(0.1)	0.2		(0.3)	0.4	

## Seven Months Year-To-Date

Operating Revenues	19.4	18.1	1.3	7.2%	25.7	(6.3)	-24.5%
Operating Expenses	18.8	20.0	1.2	6.0%	18.9	0.1	0.5%
Operating Income	0.6	(1.9)	2.5		6.8	(6.2)	

# April 2021 Revenue vs Historical

(\$ Millions)	FY2021		FY2020	FY2019
	<u>Actual</u>	<u>Budget</u>		
<u>Month</u>				
Revenue From Signatory Airlines	\$ 942,822	\$ 921,109	\$ 1,031,506	\$ 1,202,066
Land and Space (not including SAs)	708,020	693,572	779,148	825,820
Concessions	1,252,835	815,135	195,301	1,570,311
Other	338,093	243,797	283,294	536,980
Total	<u>\$ 3,241,770</u>	<u>\$ 2,673,613</u>	<u>\$ 2,289,249</u>	<u>\$ 4,135,177</u>

# April 2021 Financial Highlights

Questions?