

TUCSON AIRPORT AUTHORITY | Audit Council Meeting
Thursday, August 18, 2022 | 10:00 a.m. | Virtual Meeting

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Audit Council** will hold a meeting open to the public on **Thursday, August 18, 2022, beginning at 10:00 a.m.** The meeting will be held by video and telephonically via the remote participation platform Microsoft Teams. The registration form may be accessed via the URL below. Upon submitting the registration form, attendees will receive an email confirmation containing the information to join the meeting virtually or by phone.

MICROSOFT TEAMS REGISTRATION FORM

The agenda for the meeting is as follows:

1. CALL TO ORDER | ROLL CALL

- | | |
|--|--|
| <input type="checkbox"/> David Smallhouse, Chair | <input type="checkbox"/> Tony Finley, Vice Chair |
| <input type="checkbox"/> Taunya Villicaña | <input type="checkbox"/> David Lyons |
| <input type="checkbox"/> Isaac Figueroa | <input type="checkbox"/> Cristina Baena |
| <input type="checkbox"/> John Parker | |

2. APPROVAL OF MINUTES

The Audit Council will consider and may approve the minutes of the Audit Council meeting held on November 16, 2021.

3. PRESIDENT/CEO REPORT

- a. State of the Industry | Update

4. FY 2020 EXTERNAL AUDIT UPDATE (RE-STATEMENT)

- a. Representatives from the independent audit firm HBL CPAs will update the Council on the progress of the FY 2020 financial statement re-statement and related items.
- b. The Audit Council will consider and may recommend to the Board of Directors that it accept the re-statement of the FY 2020 financial statements and the audit opinion expressed by HBL CPAs.

5. FY 2021 EXTERNAL AUDIT UPDATE

- a. Representatives from the independent audit firm BeachFleischman will update the Council on the progress of the FY 2021 financial statement audit and related items.

- b. The Audit Council will consider and may recommend to the Board of Directors that it accept the FY 2021 financial statements and the audit opinion expressed by BeachFleischman, PLLC.

6. ADMINISTRATIVE UPDATES

- a. June 2022 YTD Financial Report.

7. ADJOURN

**TUCSON AIRPORT AUTHORITY | Audit Council Meeting
Tuesday, November 16, 2021 | 9:30 a.m. | Virtual Meeting**

THIS ADVISORY COUNCIL MEETING WAS HELD BY REMOTE PARTICIPATION ONLY, WITH COUNCIL MEMBERS ATTENDING VIA THE REMOTE PARTICIPATION PLATFORM WEBEX. MEMBERS OF THE PUBLIC WERE PROVIDED A WEBEX LINK AND PHONE NUMBER/CODE INCLUDED IN THE PUBLIC MEETING NOTICE IN ORDER TO ATTEND.

1. CALL TO ORDER | ROLL CALL

Chair Urreiztieta called the meeting to order at 9:35 a.m.

Council Members Present: Chair Izaro Urreiztieta, Vice Chair David Smallhouse, Council Member Lisa Israel, Council Member Taunya Villicaña, Council Member Dave Lyons, Council Member Tim Overton, Council Member Ellen Wheeler, and Council Member Guillermo Figueroa

Council Members Absent: Council Member Bill Assenmacher, Council Member Steve Pagnucco, Council Member John Fendenheim, and Council Member Larry Cesare

Others Present: Eric Maneval, Engagement Shareholder, BeachFleischman; and TAA Chair Bruce Dusenberry

Staff Present: President/Chief Executive Officer Danette Bewley, Deputy General Counsel Kim Ryan, Financial Controller Clark Wager, IT Systems Administrator Matt Chandler, and TAA Clerk Byron Jones

2. APPROVAL OF MINUTES

MOTION BY Council Member Villicaña, SECONDED BY Council Member Israel, to APPROVE the minutes of the Audit Council meeting held on October 8, 2019. The motion carried by the following vote:

Ayes 7 Chair Urreiztieta, Council Member Israel, Council Member Villicaña, Council Member Lyons, Council Member Overton, Council Member Wheeler, and Council Member Figueroa

Nays 0

3. DISCUSSION | PRESENTATION

a. FY 2022 AUDIT PLANNING REVIEW:

Eric Maneval representing auditing firm BeachFleischman, presented.

Establish Engagement Objectives

1. Meet to understand expectations and business strategies – **Ongoing**
2. Work with management personnel regarding operating, accounting, and reporting matters – **Completed November 15, 2021**
3. Conduct other audit planning events with management – **Completed November 15, 2021**
 - Staff was in the field performing walkthrough reviews of the TAA's processes and controls. They will have internal discussions this week to develop the audit plan.
4. Audit Council review of planning/scope – **November 16, 2021 (today's meeting)**

Understanding the Business and Establish Audit Strategy

5. Obtain an understanding of internal control, including fraud controls – **Due October 19, 2021**

Perform Audit Procedures

6. Perform year-end Procedures – **Due December 31, 2021**
 - Staff will be onsite in early-to-mid December to complete as much of the year-end procedures as possible by Christmas. They will return after New Year's to wrap up any outstanding issues, including obtaining data regarding the TAA's pension plans.

Deliverables

7. Complete year-end fieldwork and issue draft financial statements to management – **Early Spring 2022**
 - Contingent upon receiving actuarial data from the Public Safety Personnel Retirement System (PSPRS) and the state auditors. Once management receives the data, BeachFleischman will work to prepare the final financial statement.
8. Submit financial statement to Audit Council – **March-April 2022**

Vice Chair Smallhouse joined the meeting at 9:50 a.m.

COUNCIL DISCUSSION

- **What impact does the “GASB 87” ([Statement No. 87 of the Governmental Accounting Standards Board](#)¹) implementation have on this year’s audit?**
Maneval explained that GASB 87 is an update to the accounting standards for leases. BeachFleischman is implementing the new standard. There will be additional assets and debts which appear on the balance sheet, but he does not anticipate significant changes in the reporting of revenues and expenses.

Vice President/Chief Financial Officer Kirk Eickhoff added that GASB 87 will require the TAA to significantly change its accounting practices. He explained that the TAA has over 150 tenants. Some of these tenants have multiple provisions in their leases, and staff must evaluate each provision separately. There will not be a change in revenues and expenses; however, under GASB 87, revenues collected from land and space rents will be reclassified as interest because they are considered sales/financing transactions.

Mr. Maneval left the meeting at 10:04 a.m.

b. INTERNAL AUDIT ACTIVITIES REPORT:

Vice President/CFO Kirk Eickhoff presented.

- The TAA has not had an internal audit function since the prior audit manager left in summer 2019. The position was not filled because of cost-saving measures implemented during the COVID-19 pandemic. The value of the position was diminished due to the significant decrease in revenues during the pandemic.
- The internal auditor performs two essential functions:
 1. Audits the revenue statements provided by the TAA’s tenants. This is important as the TAA relies on the tenants to self-report their revenues; and
 2. Ensures the TAA complies with its own policies and internal controls.
- The funding for this position has been restored in FY 2022, and staff anticipates hiring someone in or around April 2022. There will be future discussions internally and involving the Audit Council regarding the scope of this position as it relates to the extent it performs internal audits and its line of communication with the Audit Council.

¹ GASB 87 Full Text: <https://gasb.org/page/ShowDocument?path=GASBS87.pdf>

COUNCIL DISCUSSION

- **In the past, some tenants were allowed to accrue thousands of dollars in back rent. Having an internal auditor would help to curb this problem.** President/CEO Danette Bewley stated that uncollected rents have been an issue in the past, which was one of the primary reasons for creating the new Business and Commercial Development Department. They are evaluating all the current leases and developing processes to ensure rents are collected in a timely manner and that all tenants are treated alike and fairly. Additional processes are under consideration if it becomes necessary to evict a tenant. Staff intends to be as transparent as possible considering the sensitive nature and long-term relationships involved.

4. INFORMATION ITEMS

a. FY 2022 YTD FINANCIALS | FINANCIAL SUMMARY/AVIATION ACTIVITY REPORT:

Vice President/CFO Kirk Eickhoff presented an overview of operating statistics and unaudited revenues for FY 2021. A full report was included in the agenda packet.

FY 2021 Landed Weight

Began the year slightly over budget. A recovery from the COVID-19 economic slowdown started to be felt in March 2021. The TAA ended FY 2021 23% greater than budget but was still 27% lower than FY 2019.

FY 2021 Total Passengers

Passenger traffic was lower than budget at the beginning of the fiscal year but began to trend upwards towards the beginning of 2021. TUS ended the year 17% greater than budget, but still 40% lower than FY 2019.

FY 2021 Operating Revenues vs Operating Expenses

- Operating revenues were \$5.1M favorable to budget. This was due to the increase in passenger traffic driving up revenues from concessions, rental cars, landing fees, etc.
- Operating expenses were \$2.4M favorable to budget due to staff's efforts to control costs. Some vacant positions were frozen. Also, the TAA made the decision to fully fund its public safety pension liabilities.

- Staff forecasts that the TAA will use approximately \$5.5M in federal rescue funds to balance the airport system residual calculation compared to a budget of \$10.2M.
- The TAA is on pace to exhaust all rescue funds by FY 2025.
- It is anticipated that the TAA will receive an additional \$32M from the “Bipartisan Infrastructure Framework” recently passed by the United States Congress. These funds will be paid in equal installments over five years.

5. ADJOURN

There being no further business to discuss, Chair Urreiztieta adjourned the meeting at 10:34 a.m.

PREPARED BY:

Byron M. Jones, CMC, TAA Clerk

Date: _____

Date: August 18, 2022

To: Audit Council
From: Kirk Eickhoff, VP Finance/CFO
Re: Year-End Audit Update – FY 2020

Purpose:

This memo provides an update of the year-end financial statement audit for the Tucson Airport Authority’s (TAA) fiscal year ended September 30, 2020 (FY 2020). The audit for this period was performed by the public accounting firm HBL CPAs, P.C. Laura L. Randol, CPA, CFE, the audit engagement partner for the TAA’s FY 2020 audit, will present a summary of the audit as well as the firm’s opinion on the financial statements prepared by management.

Considerations:

Please note that the audit results presented pertain to a re-statement of the TAA’s initial FY 2020 financial statements, issued on May 26, 2021. TAA management elected to re-issue the financial statements for this period due to supplementary guidance from the American Institute of Certified Public Accountants (AICPA) issued subsequent to the publication of the FY 2020 annual financial statements. The guidance provided specific direction on the timing of grant revenue recognition for qualified expense reimbursements received through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) relief program. This guidance stated that CARES Act grant revenues which the TAA had planned to recognize in FY 2021 should have instead been recognized in the TAA’s fiscal year ended September 30, 2020 (FY 2020). This is because TAA applied for and was provided grant reimbursement in FY 2021 for operating expenses incurred in FY 2020. Prior to initial issuance, TAA discussed the timing of CARES Act revenue recognition with HBL’s auditors, and together agreed that the most conservative approach was to recognize the grant revenue in the period in which it was applied for, which was FY 2021. As a result of this re-statement, FY 2020 non-operating revenues increased \$9.0 million.

Additionally, the TAA elected to record adjustments to net capital assets for FY 2020 for capital projects that were deemed to have been closed prior to September 30, 2020 yet had balances remaining in construction-in-progress. The TAA recorded additional entries to depreciation as a result of these adjustments. The re-stated balances for net capital assets are \$331.4 million and \$321.1 million for FY 2020 and FY 2019, respectively (decreases of \$1.4 million and \$0.4 million, respectively, from the originally stated balances).

Recommendation:

The TAA management requests that the Audit Council recommend that the Board of Directors accept the re-stated FY 2020 financial statements and the audit opinion expressed by HBL CPAs.

Date: August 18, 2022

To: Audit Council
From: Kirk Eickhoff, VP Finance/CFO
Re: Year-End Audit Update – FY 2021

Purpose:

This memo provides an update of the year-end audit for the Tucson Airport Authority's (TAA) fiscal year ended September 30, 2021 (FY 2021). The audit for this period was performed by the public accounting firm BeachFleischman, PLLC. Eric B. Maneval, CPA, the audit engagement partner for the TAA's FY 2021 audit, will present a summary of the audit as well as the firm's opinion on the financial statements prepared by management.

Considerations:

It should be noted that an unexpected delay occurred in finalizing the FY 2021 audit. This was due to supplementary guidance from the American Institute of Certified Public Accountants (AICPA) which BeachFleischman brought to TAA's attention relating to the appropriate recognition period for grant revenue received through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) relief program. This guidance stated that CARES Act grant revenues which the TAA had planned to recognize in FY 2021 should have instead been recognized in the TAA's fiscal year ended September 30, 2020 (FY 2020). In an effort to fully comply with generally accepted accounting principles (GAAP), management of the TAA elected to issue a re-statement of its FY 2020 financial statements in order to recognize the CARES Act reimbursement revenue in that period, per the AICPA's guidance. Generally Accepted Audit Standards (GAAS) required that the restated FY 2020 annual financial statements be completed and finalized with an independent auditor's opinion before an opinion on the FY 2021 financial statements could be expressed. It is for these reasons that the FY 2021 financial statements have been significantly delayed.

Recommendation:

The TAA management requests that the Audit Council recommend that the Board of Directors accept the FY 2021 financial statements and the audit opinion expressed by BeachFleischman, PLLC.

Date: August 18, 2022

To: Audit Council
From: Kirk Eickhoff, Vice President/CFO
Re: **Summary of Financial Performance for June 2022**

Financial Performance:

- Operating Income before Depreciation and Amortization (YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$613,087 for June 2022, which is \$314,381 favorable to budget due to favorable operating revenues and expenses described below.

- Operating Revenues (YTD vs budget)
 - In June, operating revenue of \$3,520,097 is favorable to budget by \$302,400 or 9.4% and favorable to prior year by \$149,042 or 4.4%. The increase from prior year is largely due to increased concession revenues, driven by the general recovery of passenger volumes and higher-than-expected percentage revenue from rental car contracts. Operating revenues for the month were down \$242,015 (6.4%) compared to June 2019 (pre-COVID).
 - Year-to-date operating revenues were greater than budgeted by \$1,705,412 or 5.6%, with favorable variances in landing fees, concession revenues, and other operating revenues partially offset by unfavorable variances in reimbursed services, land rent, and space rentals.
 - The favorable variance in landing fees is largely attributable to back billings of landing fees. The favorable variance in concession revenue is a result of higher-than-expected rental car revenues and parking revenues.

- Operating Expenses (YTD vs budget)
 - In June, total operating expenses were lower than budget by \$11,981, largely due to lower-than-anticipated contractual services expenses.
 - Year-to-date operating expenses of \$24,929,059 are favorable to budget by \$1,934,336 or 7.2%. All expense categories were lower than budgeted, with contractual services and personnel expenses driving the majority of the favorable variance.

FINANCIAL SUMMARY



For the nine months ending June 30, 2022

**TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION**

	CURRENT MONTH - June			June 2021	PRE-COVID June 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
OPERATING REVENUES:					
Landing fees	\$ 181,770	\$ 184,522	\$ 2,752	\$ 172,818	\$ 222,690
Space rentals	913,235	883,423	(29,812)	989,573	1,256,691
Land rent	306,460	304,943	(1,517)	306,426	291,900
Concession revenue	1,311,418	1,513,729	202,311	1,327,478	1,496,270
Reimbursed services	266,225	354,100	87,875	347,449	270,072
Other operating revenues	238,589	279,380	40,791	227,311	224,489
Total Operating Revenues	3,217,697	3,520,097	302,400	3,371,055	3,762,112
OPERATING EXPENSES:					
Personnel expenses	1,814,205	1,842,033	(27,828)	1,833,388	1,711,074
Contractual services	834,179	770,024	64,155	526,722	603,961
Materials and supplies	136,830	189,316	(52,486)	118,601	106,737
Other operating expenses	133,777	105,637	28,140	83,585	74,490
Total Operating Expenses	2,918,991	2,907,010	11,981	2,562,296	2,496,262
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	298,706	613,087	314,381	808,759	1,265,850
Depreciation and Amortization	1,600,000	1,682,020	(82,020)	1,598,012	1,517,136
OPERATING INCOME (LOSS)	(1,301,294)	(1,068,933)	232,361	(789,253)	(251,286)
NONOPERATING INCOME (EXPENSES)					
Interest Income	36,945	38,960	2,015	50,226	270,798
Net increase/(decrease) in fair value of investments	-	(716,207)	(716,207)	(308,607)	159,926
Passenger facility charges	468,819	383,670	(85,149)	788,869	492,490
Interest expense and fiscal charges	(62,934)	(62,934)	-	(70,591)	(85,244)
Other nonoperating revenues (expenses)	-	(23,854)	(23,854)	-	28,251
Total nonoperating revenues (expenses)	442,830	(380,365)	(823,195)	459,897	866,221
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(858,464)	(1,449,298)	(590,834)	(329,356)	614,935
CAPITAL CONTRIBUTIONS:					
Federal	2,824,345	-	(2,824,345)	113,069	-
State	10,881	-	(10,881)	-	-
Total capital contributions	2,835,226	-	(2,835,226)	113,069	-
INCREASE (DECREASE) IN NET POSITION	\$ 1,976,762	\$ (1,449,298)	\$ (3,426,060)	\$ (216,287)	\$ 614,935

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the nine months ending June 30, 2022

	CURRENT YEAR TO DATE			YTD -	PRE-COVID
				June 2021	YTD -
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	June 2019
OPERATING REVENUES:					
Landing fees	\$ 1,858,527	\$ 1,933,523	\$ 74,996	\$ 1,431,001	\$ 2,395,246
Space rentals	8,219,118	8,055,960	(163,158)	8,979,578	11,310,523
Land rent	2,757,119	2,756,708	(411)	2,782,466	2,637,800
Concession revenue	13,144,613	14,685,925	1,541,312	8,324,594	14,375,596
Reimbursed services	2,421,029	2,229,181	(191,848)	2,454,533	2,378,625
Other operating revenues	2,285,599	2,730,120	444,521	2,335,990	2,359,796
Total operating revenues	30,686,005	32,391,417	1,705,412	26,308,162	35,457,586
OPERATING EXPENSES:					
Personnel expenses	17,016,946	16,418,702	598,244	16,789,297	15,351,419
Contractual services	7,233,969	6,228,923	1,005,046	5,282,120	4,742,649
Materials and supplies	1,403,231	1,380,692	22,539	1,093,579	1,035,077
Other operating expenses	1,209,249	900,742	308,507	737,040	725,023
Total Operating Expenses	26,863,395	24,929,059	1,934,336	23,902,036	21,854,168
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	3,822,610	7,462,358	3,639,748	2,406,126	13,603,418
Depreciation and Amortization	14,400,000	15,114,281	(714,281)	14,236,944	13,644,768
OPERATING INCOME (LOSS)	(10,577,390)	(7,651,923)	2,925,467	(11,830,818)	(41,350)
NONOPERATING REVENUES (EXPENSES):					
Interest Income	332,507	347,609	15,102	357,711	2,229,533
Net increase/(decrease) in fair value of investments	-	(4,772,414)	(4,772,414)	(306,370)	1,640,894
Passenger facility charges	4,717,469	4,912,138	194,669	3,108,887	5,653,314
Interest expense and fiscal charges	(591,783)	(591,783)	-	(659,801)	(821,431)
Gain/(Loss) on disposition of capital assets	-	3,250	3,250	(22,866)	9,628
Other nonoperating revenues (expenses)	497,507	426,028	(71,479)	13,988,872	88,770
Total nonoperating revenues (expenses)	4,955,700	324,828	(4,630,872)	16,466,433	8,800,708
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(5,621,690)	(7,327,095)	(1,705,405)	4,635,615	8,759,358
CAPITAL CONTRIBUTIONS:					
Federal	36,458,708	14,424,022	(22,034,686)	3,062,968	1,419,347
State	647,210	232,651	(414,559)	563,548	17,430
Total capital contributions	37,105,918	14,656,673	(22,449,245)	3,626,516	1,436,777
INCREASE (DECREASE) IN NET POSITION	\$ 31,484,228	7,329,578	\$ (24,154,650)	8,262,131	10,196,135
TOTAL NET POSITION, (BEGINNING)		439,473,808		423,861,784	386,970,849
TOTAL NET POSITION, (ENDING)		\$ 446,803,386		\$ 432,123,915	\$ 397,166,984

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS	June-22	June-21
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	19,359,540	\$ 21,914,552
Investments	111,999,194	113,562,189
Accounts receivable, net of allowance for doubtful accounts of \$328,609 and \$313,380 for FY2022 and FY2021, respectively		
	2,447,036	2,337,044
Accrued interest receivable	159,063	103,746
Grants receivable	6,020,959	9,165,066
Inventories	382,934	383,217
Prepaid expenses and other assets	585,525	184,825
Total unrestricted current assets	<u>140,954,251</u>	<u>147,650,639</u>
Restricted assets:		
Cash and cash equivalents	1,080,973	3,301,518
Investments	24,741,438	20,064,668
Accounts receivable	528,837	759,645
Accrued interest receivable	42,346	32,857
Total restricted current assets	<u>26,393,594</u>	<u>24,158,688</u>
Total current assets	<u>167,347,845</u>	<u>171,809,327</u>
Noncurrent assets:		
Unrestricted assets:		
Accounts receivable	-	136,897
Capital assets		
Not depreciated	146,222,105	122,588,514
Depreciated, net	201,298,958	209,909,459
Net capital assets	<u>347,521,063</u>	<u>332,497,973</u>
Total unrestricted noncurrent assets	<u>347,521,063</u>	<u>332,634,870</u>
Total noncurrent assets	<u>347,521,063</u>	<u>332,634,870</u>
TOTAL ASSETS	<u>514,868,908</u>	<u>504,444,197</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	4,259,455	6,091,332
Total deferred outflows of resources	<u>4,259,455</u>	<u>6,091,332</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>519,128,363</u>	<u>\$ 510,535,530</u>

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

LIABILITIES

CURRENT LIABILITIES

Payable from unrestricted assets:

	<u>June-22</u>	<u>June-21</u>
Accounts payable	1,817,534	\$ 560,221
Accrued expenses	3,058,525	2,088,183
Unearned revenue	3,105,889	2,609,586
Current portion of environmental remediation payable	2,398,643	4,465,542
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,565,000	1,510,000
Total payable from unrestricted assets	<u>11,945,591</u>	<u>11,233,532</u>

Payable from restricted assets

Accrued interest payable:

Airport Subordinate Lien Revenue Bonds, Series 2018	201,958	227,253
	<u>201,958</u>	<u>227,253</u>

Current portion of environmental remediation payable	389,951	402,420
--	---------	---------

Total payable from restricted assets	<u>591,909</u>	<u>629,673</u>
--------------------------------------	----------------	----------------

Total current liabilities	<u>12,537,500</u>	<u>11,863,205</u>
----------------------------------	--------------------------	--------------------------

NONCURRENT LIABILITIES

Payable from unrestricted assets

Bonds payable, net of current portion:

Airport Subordinate Lien Revenue Bonds, Series 2018	23,457,982	26,687,930
---	------------	------------

Net pension liability	11,019,309	20,684,399
-----------------------	------------	------------

Environmental Remediation Payable, net of current portion	17,852,422	18,306,912
---	------------	------------

Total payable from unrestricted assets	<u>52,329,713</u>	<u>65,679,241</u>
--	-------------------	-------------------

Total noncurrent liabilities	<u>52,329,713</u>	<u>65,679,241</u>
-------------------------------------	--------------------------	--------------------------

TOTAL LIABILITIES

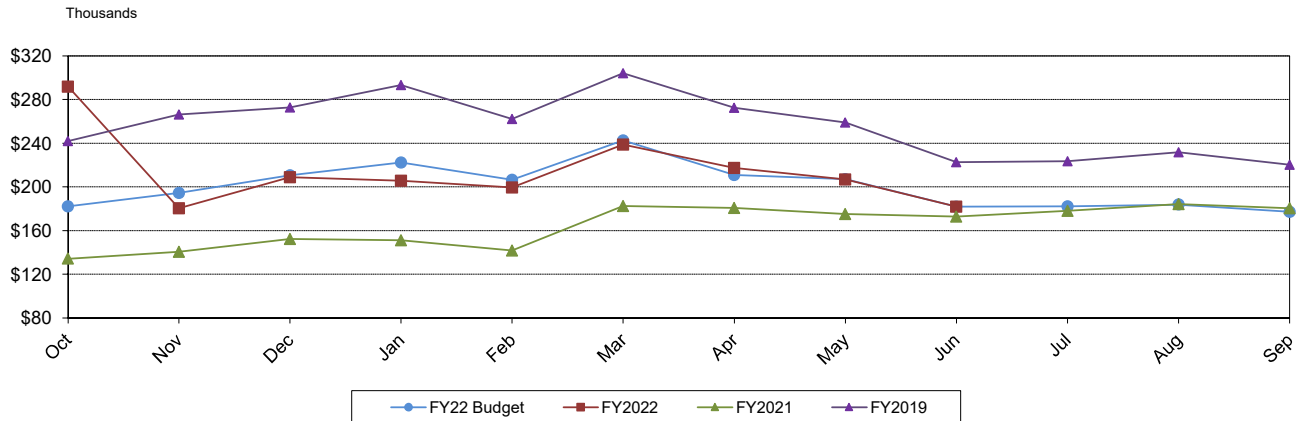
<u>64,867,213</u>	<u>\$ 77,542,446</u>
--------------------------	-----------------------------

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

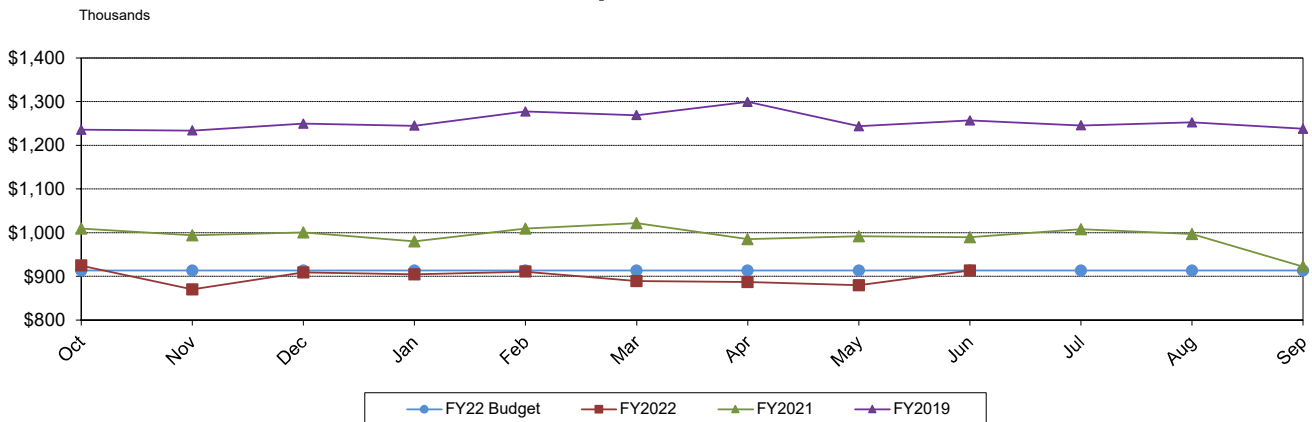
LIABILITIES & NET ASSETS (Con't)

	<u>June-22</u>	<u>June-21</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	7,457,764	\$ 869,169
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,457,764</u>	<u>869,169</u>
NET POSITION		
Net Investment in capital assets	322,498,081	304,300,043
Restricted:		
Debt service	802,500	777,150
Capital projects	25,389,136	23,154,285
	<u>26,191,636</u>	<u>23,931,435</u>
Unrestricted	98,113,669	103,892,437
TOTAL NET POSITION	<u>446,803,386</u>	<u>432,123,915</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>519,128,363</u>	<u>\$ 510,535,530</u>

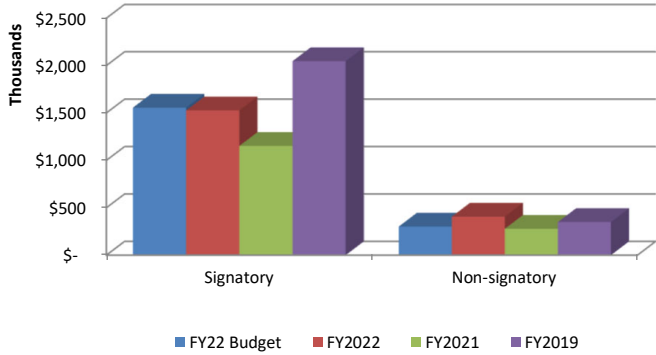
Landing Fees



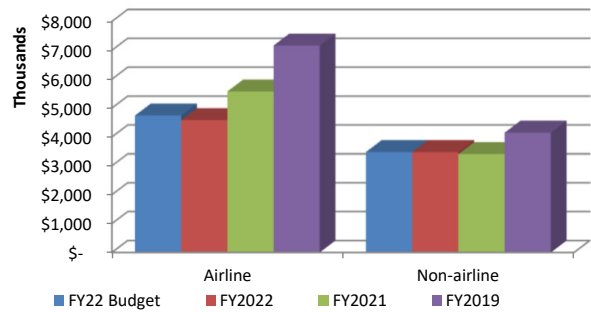
Space Rentals



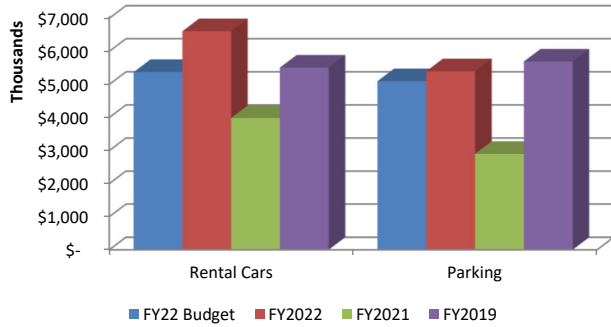
YTD Landing Fees



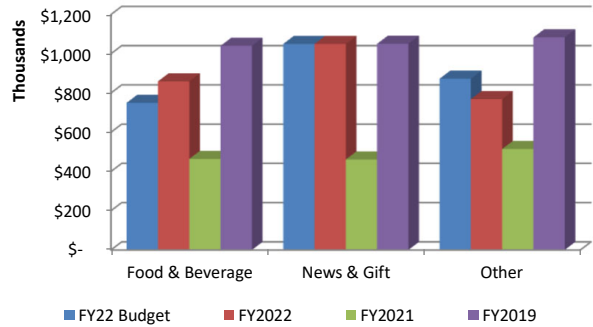
YTD Space Rentals



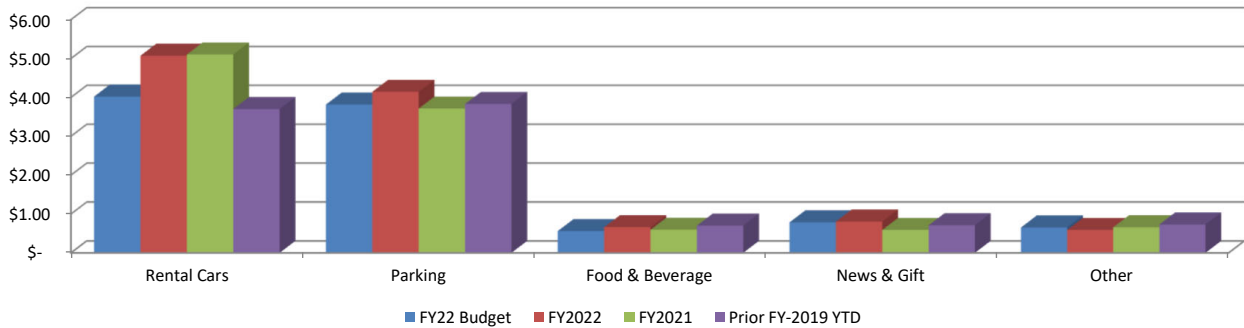
YTD Concession Revenue



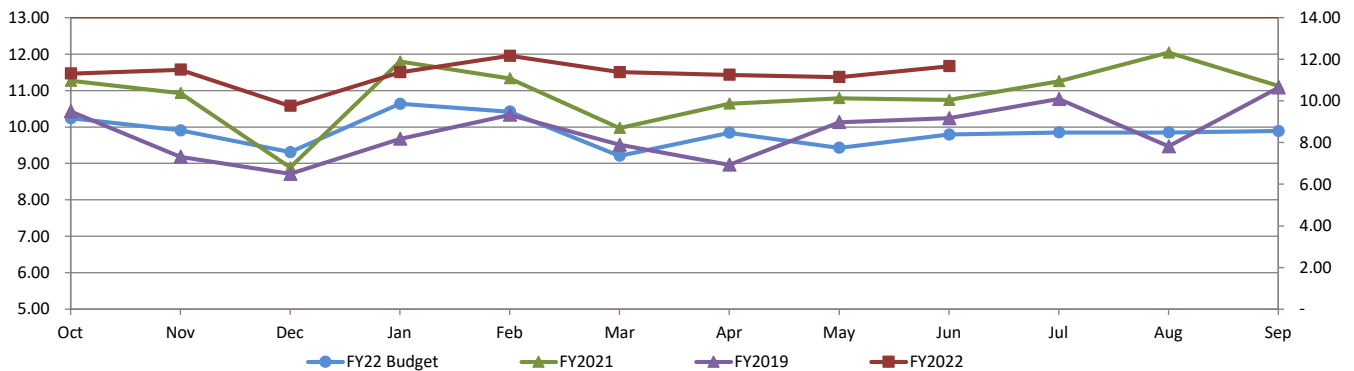
YTD Concession Revenue



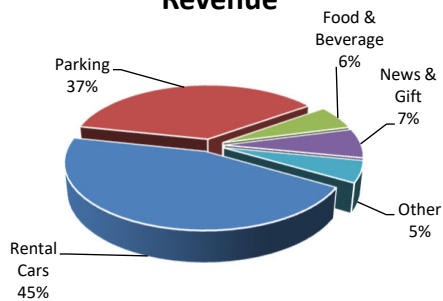
Year-to-Date Concession Revenue per Enplaned Passenger



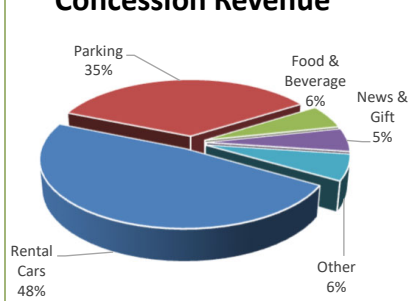
Monthly Concession Revenue per Enplaned Passenger



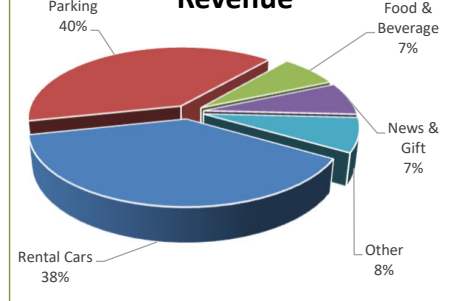
FY-2022 YTD Concession Revenue



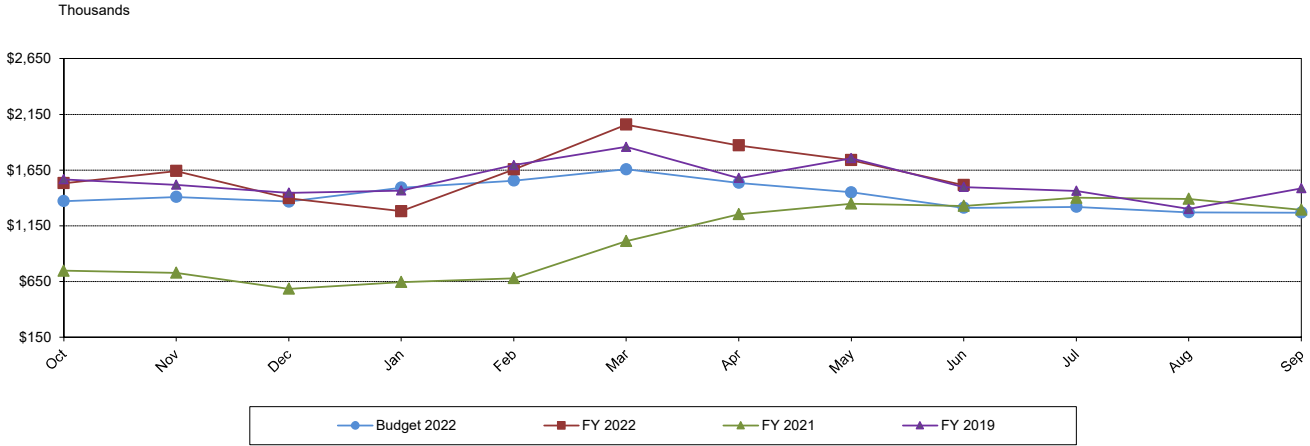
FY-2021 YTD Concession Revenue



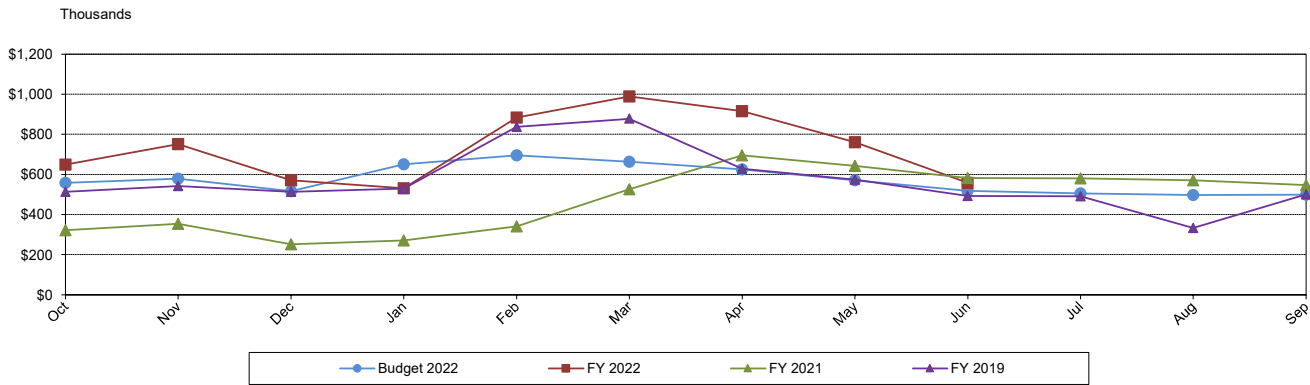
FY-2019 YTD Concession Revenue



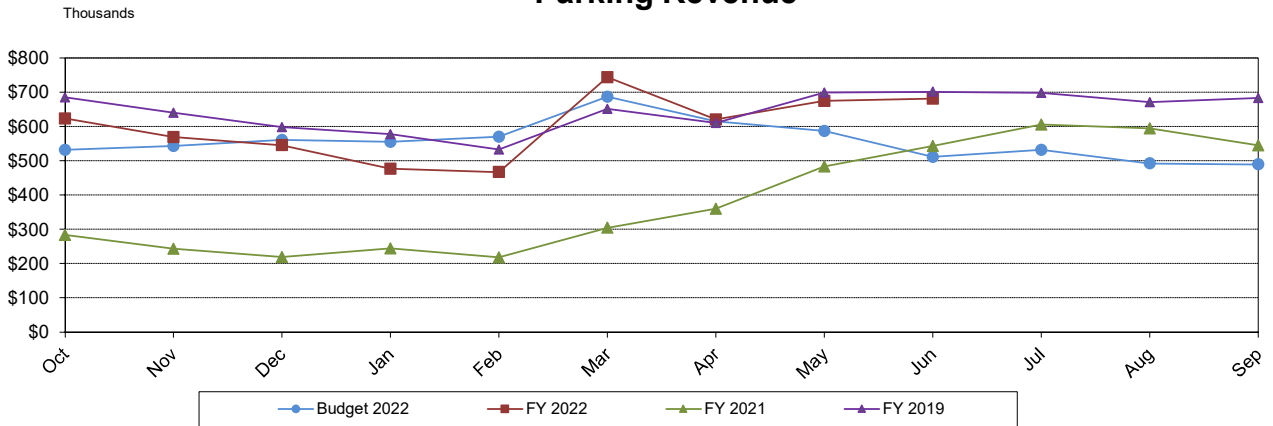
Total Concession Revenue



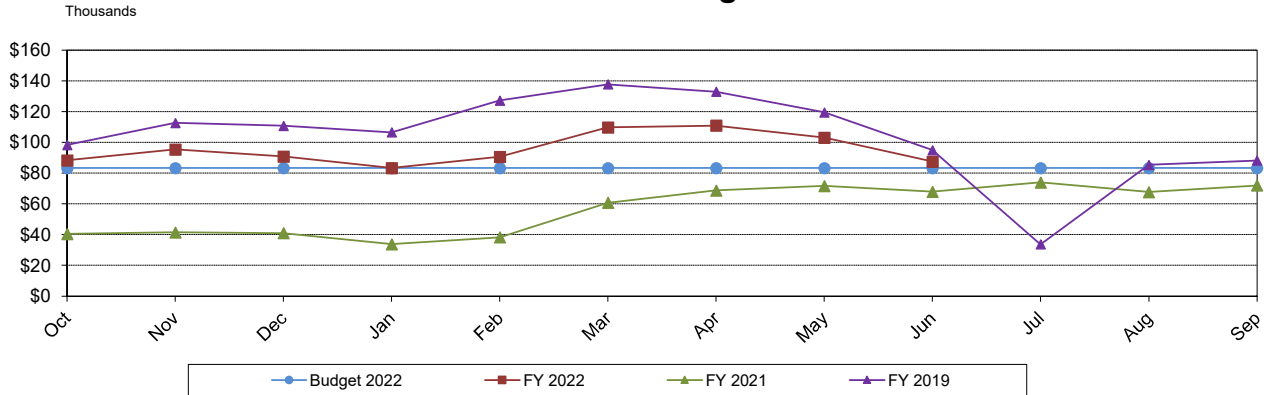
Rental Car Revenue



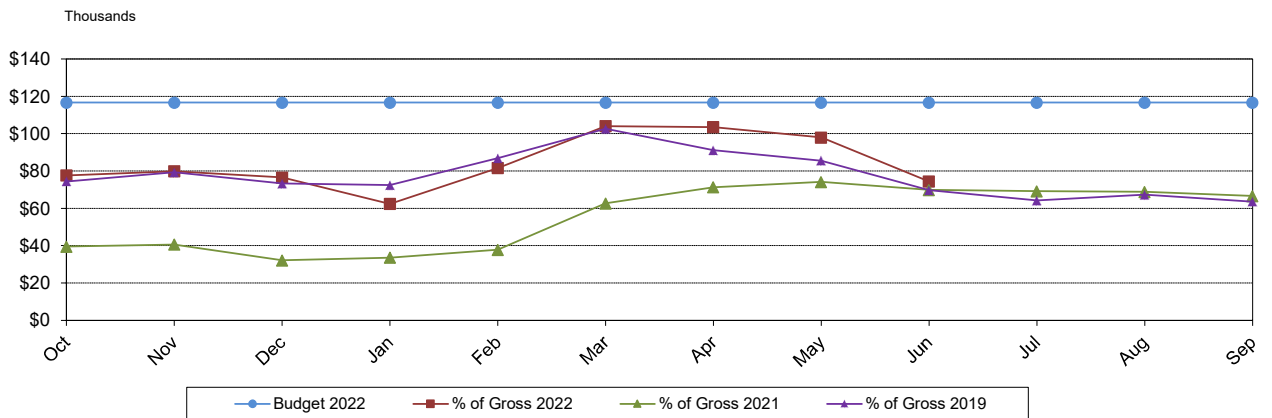
Parking Revenue



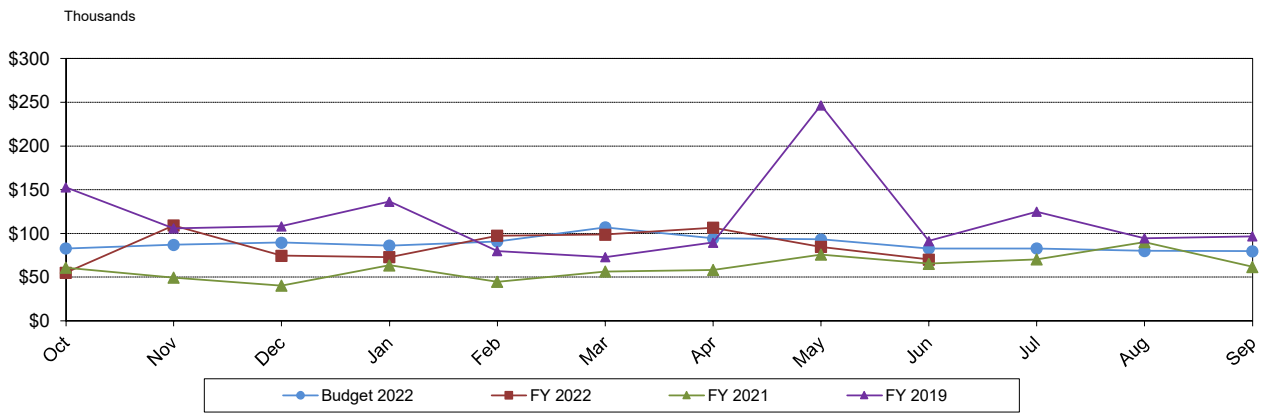
Food & Beverage Revenue



News & Gift

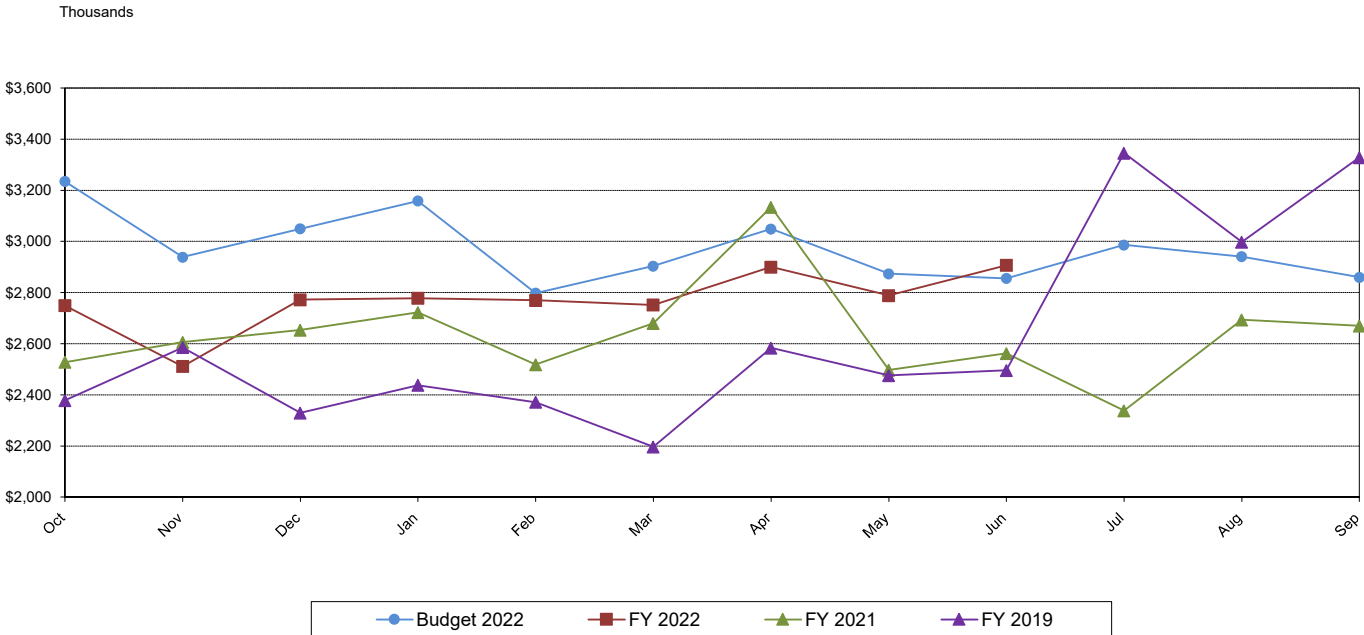


Other Concession Revenue

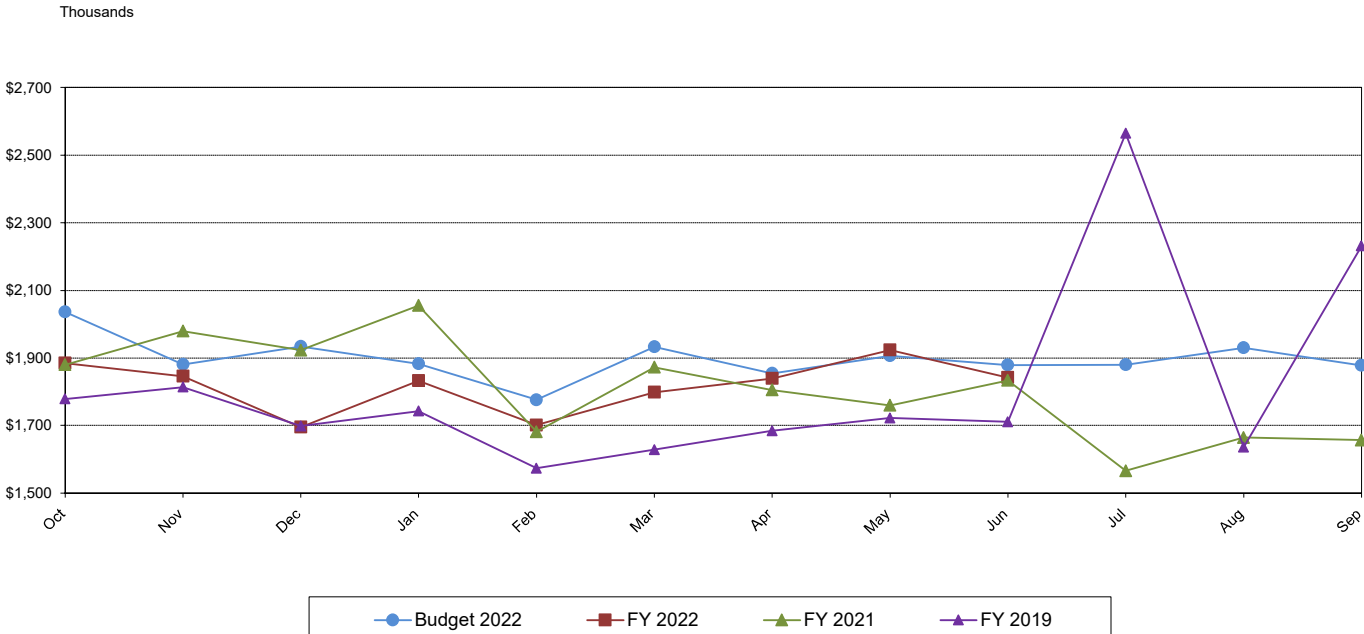


* Minimum Annual Guarantees were waived from April 2020 to September 2021

Total Operating Expenses

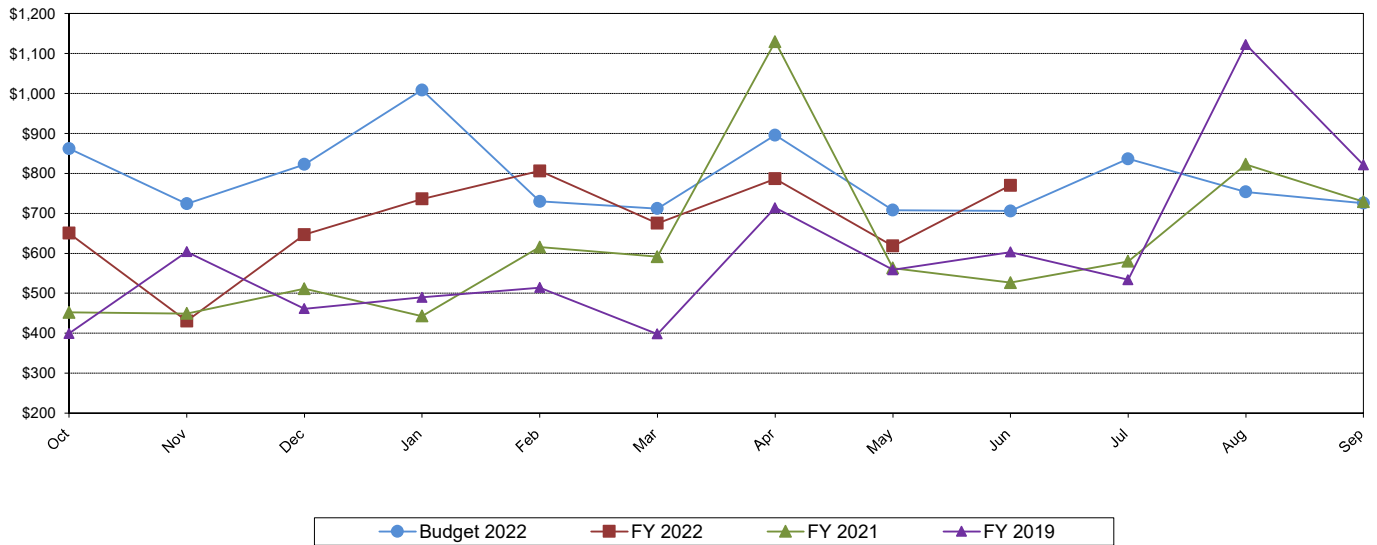


Personnel Expenses



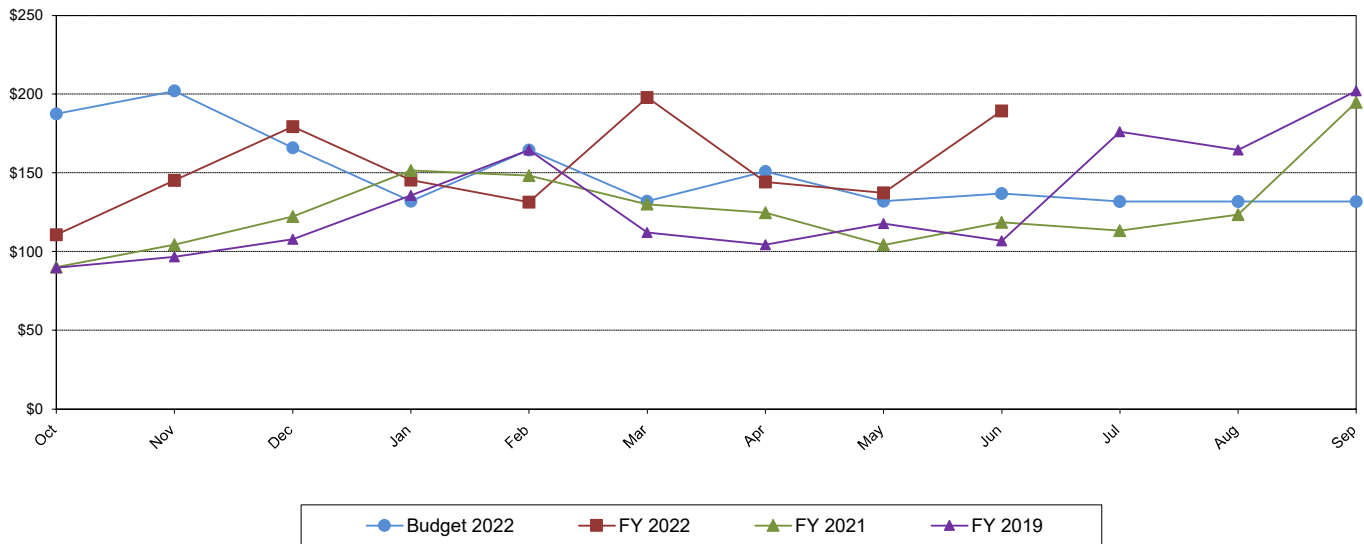
Contractual Services

Thousands



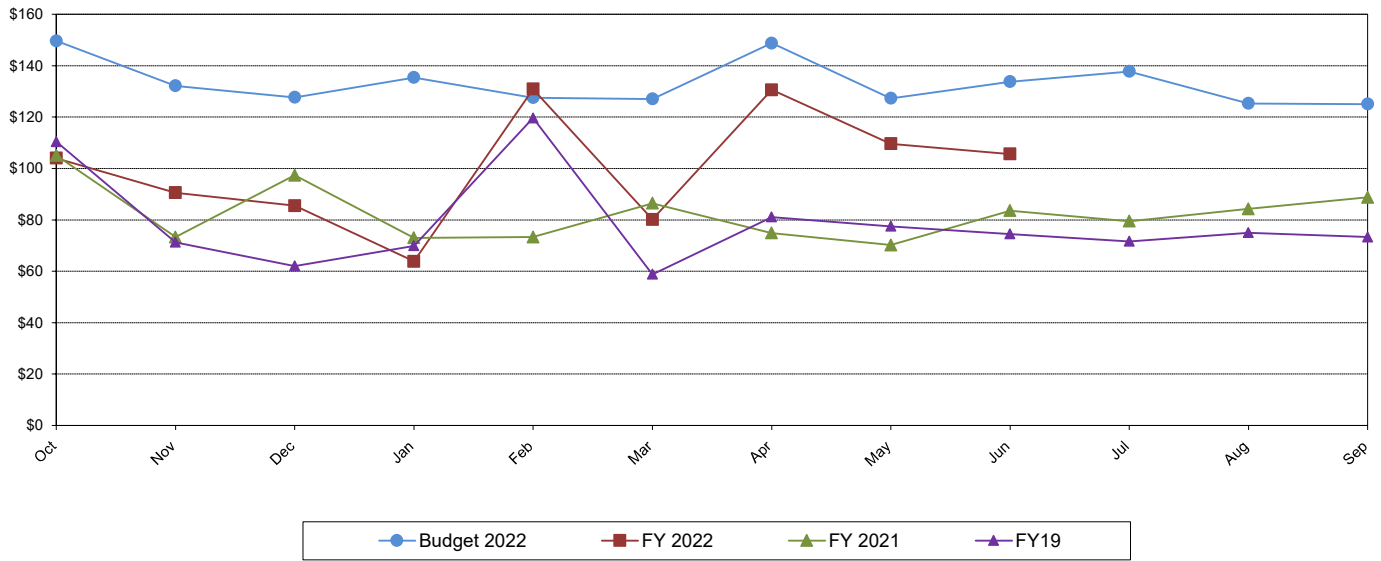
Materials and Supplies

Thousands

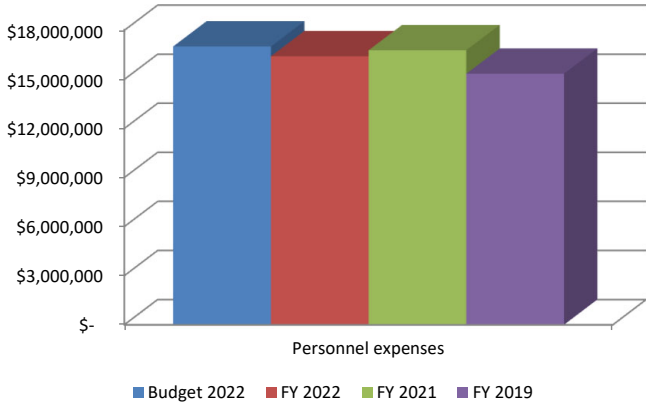


Other Operating Expenses

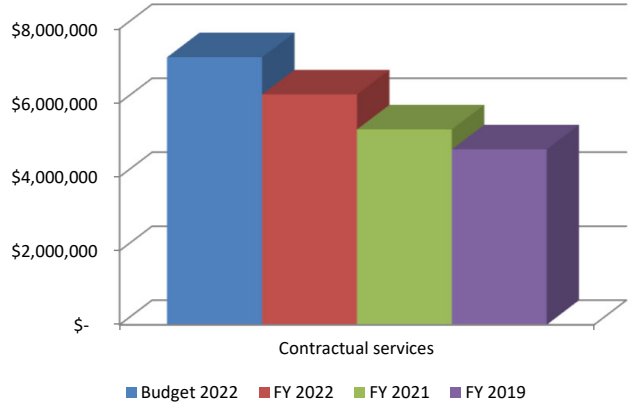
Thousands



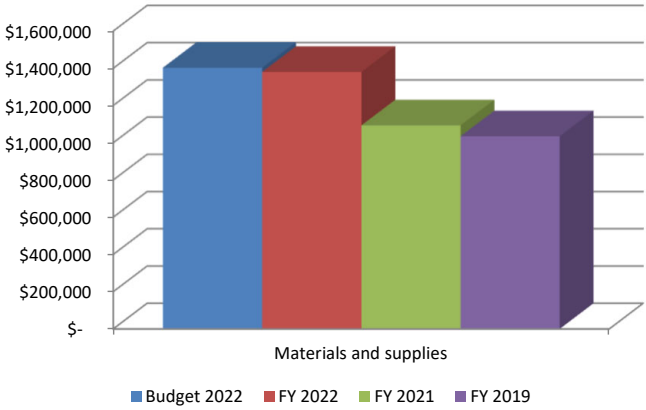
YTD Personnel Expenses



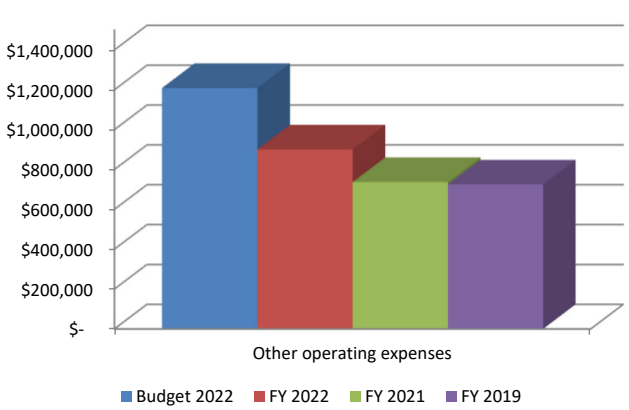
YTD Contractual Services



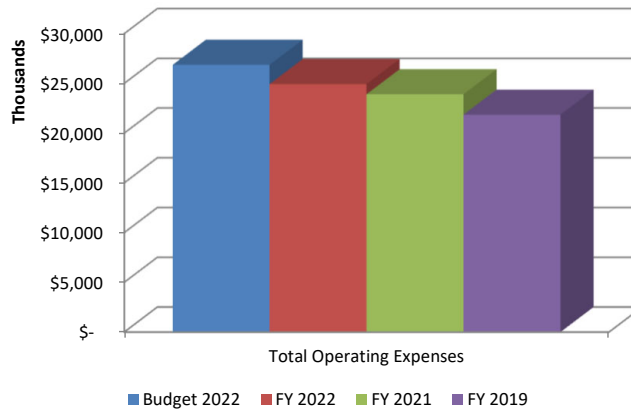
YTD Materials and Supplies



YTD Other Operating Expenses



YTD Total Operating Expenses



Date: August 18, 2022

To: Finance and Risk Management Council
From: Kirk Eickhoff, Vice President/CFO
Re: **Aviation Activity and Statistics for June 2022**

Summary of Operations and Statistics:

- Total Passengers (YTD vs prior year)
 - Total passengers for the month of June 2022 were 5.1% higher than prior year and 12.5% lower than June 2019 (pre-COVID).
 - YTD total passengers were 65.6% higher than prior year and 13.4% lower than the same period in 2019 (pre-COVID).

- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
 - The month of June had an average daily departure count of 42, which was 1 lower than prior year.
 - The decrease was attributable to additional service to Las Vegas (1), Phoenix (2) that was offset by decreases in service to Denver (1), Chicago Midway (1), and Chicago O'Hare (2).
 - A departure increase for American (2) was offset by decreases in service by United (2) and Allegiant (1).

- Average Daily Seat capacity (YTD vs prior years)
 - Seat capacity for June 2022 was 3.4% higher than June 2021 and 12.5% lower than June 2019.

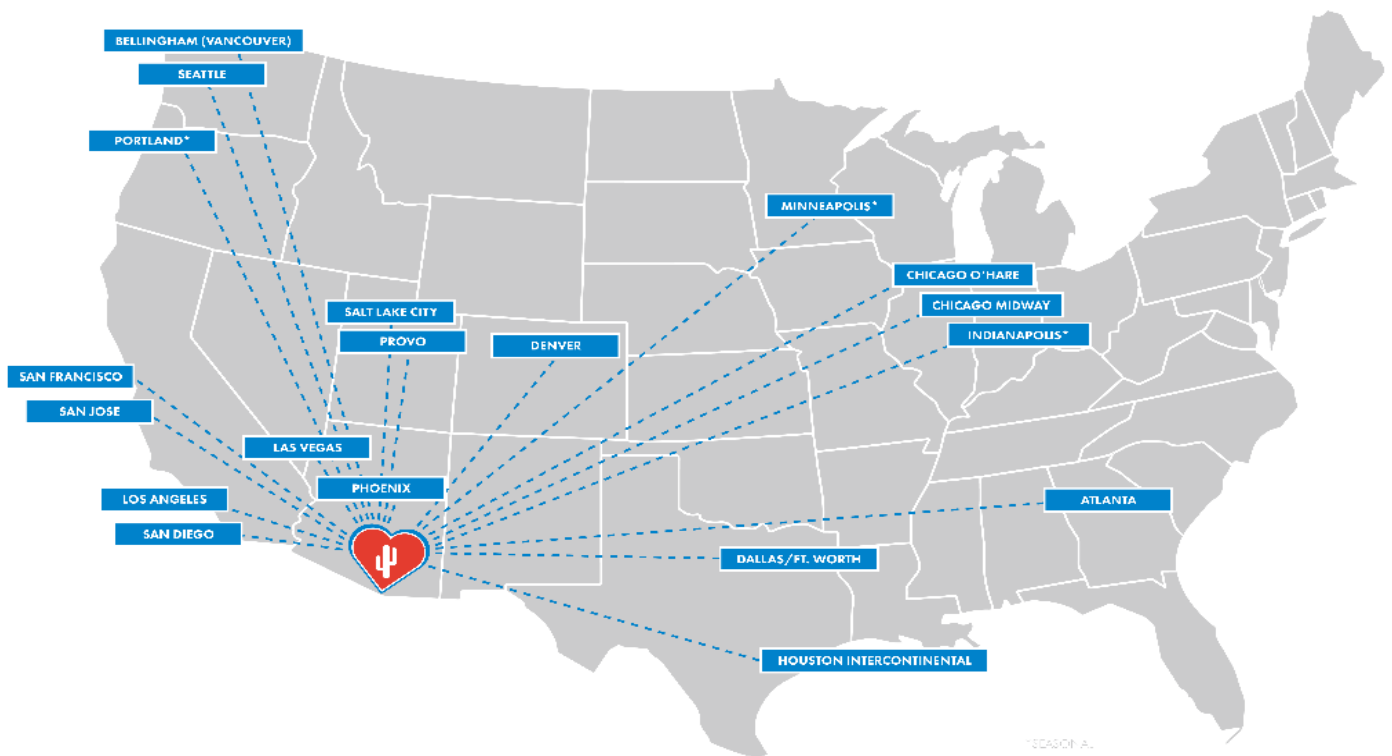
- Load Factors (MTD & YTD vs prior years)
 - The load factor for June was 87.8%, which is 1.4% higher than June 2021 and 1.3% higher than June 2019.

- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 0.9% higher in June compared the same month last year.
 - Total aircraft operations were 5.5% higher than the same month last year, with increases in air carrier and military operations and decreases in air taxi and general aviation operations.
 - Year-to-date operations are flat compared to prior year, with increases in air carrier, air taxi, and military operations offsetting a decrease in general aviation operations.

AVIATION ACTIVITY REPORTS

Tucson International Airport (TUS)

For the nine months ending June 30, 2022



*Prepared by Tucson Airport Authority
Finance Department*

**TUCSON AIRPORT AUTHORITY
TUS PASSENGER ACTIVITY
TUCSON AIRPORT AUTHORITY
TUS ACTIVITY OVERVIEW**

PASSENGERS*				Fiscal YTD		% CHANGE
	Jun-22	Jun-21	% CHANGE	2022	2021	
ENPLANED	129,769	123,583	5.0%	1,302,827	781,062	66.8%
DEPLANED	121,667	115,637	5.2%	1,255,884	764,322	64.3%
TOTAL	251,436	239,220	5.1%	2,558,711	1,545,384	65.6%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	13,863	13,108	5.8%	120,278	122,483	-1.8%
AIR CARRIER	137,413	130,504	5.3%	1,381,302	1,055,554	30.9%
TOTAL	151,276	143,612	5.3%	1,501,580	1,178,037	27.5%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	2,862,636	2,596,489	10.3%	23,653,190	23,715,278	-0.3%
DEPLANED	2,885,978	3,101,554	-7.0%	27,100,173	27,270,333	-0.6%
TOTAL	5,748,614	5,698,043	0.9%	50,753,363	50,985,611	-0.5%

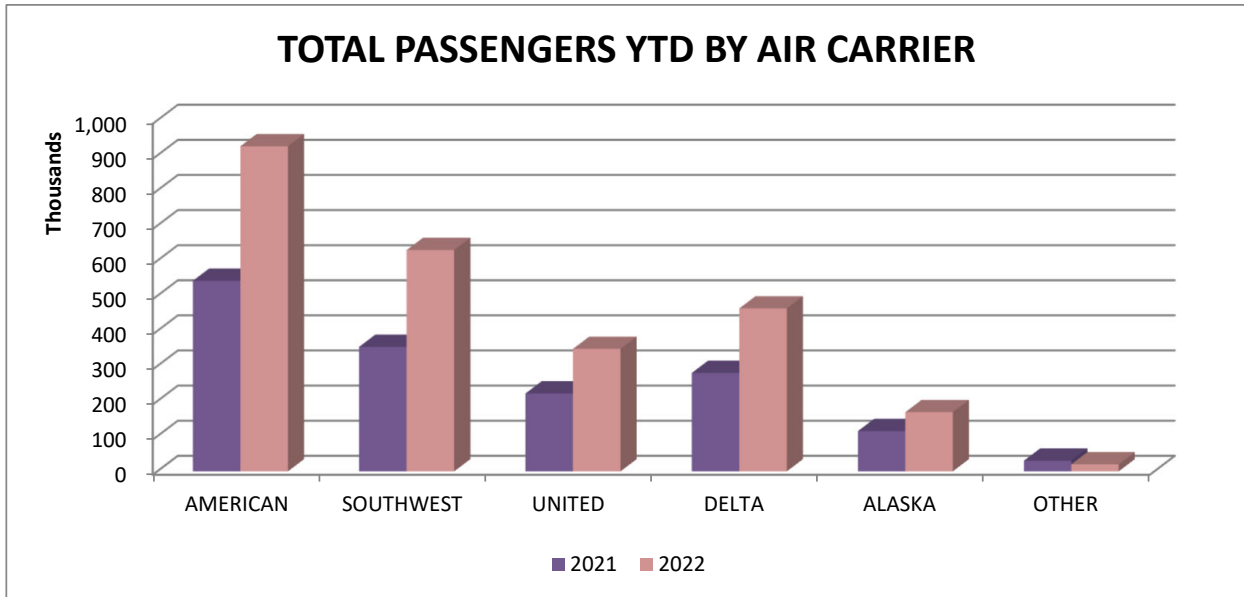
MAIL (in pounds)

ENPLANED	0	0	0.0%	300	23	1204.3%
DEPLANED	79	1,813	-95.6%	79	76,796	-99.9%
TOTAL	79	1,813	-95.6%	379	76,819	-99.5%

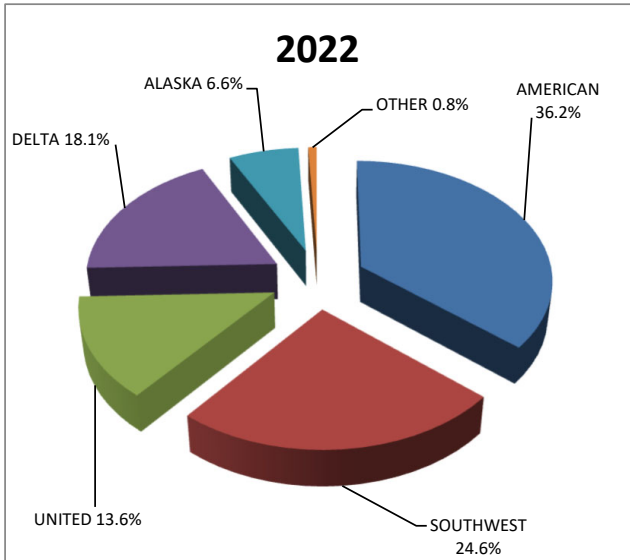
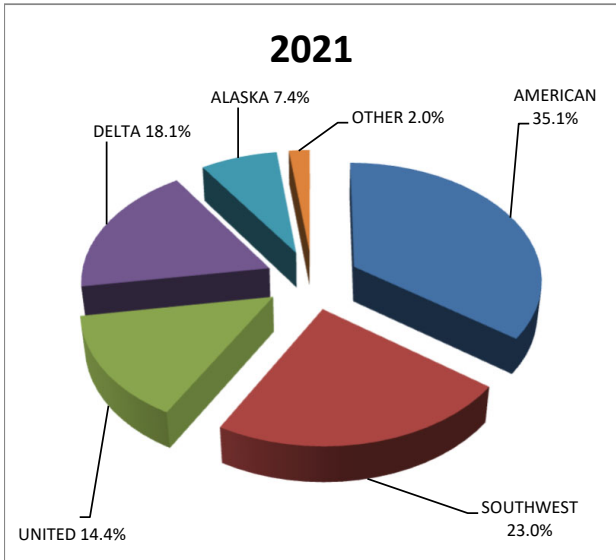
AIRCRAFT OPERATIONS

AIR CARRIER	2,516	2,344	7.3%	24,490	20,189	21.3%
AIR TAXI	1,449	1,684	-14.0%	14,174	12,982	9.2%
MILITARY	2,668	1,771	50.6%	18,998	15,698	21.0%
GENERAL AVIATION	5,390	5,600	-3.8%	48,711	57,803	-15.7%
TOTAL	12,023	11,399	5.5%	106,373	106,672	-0.3%

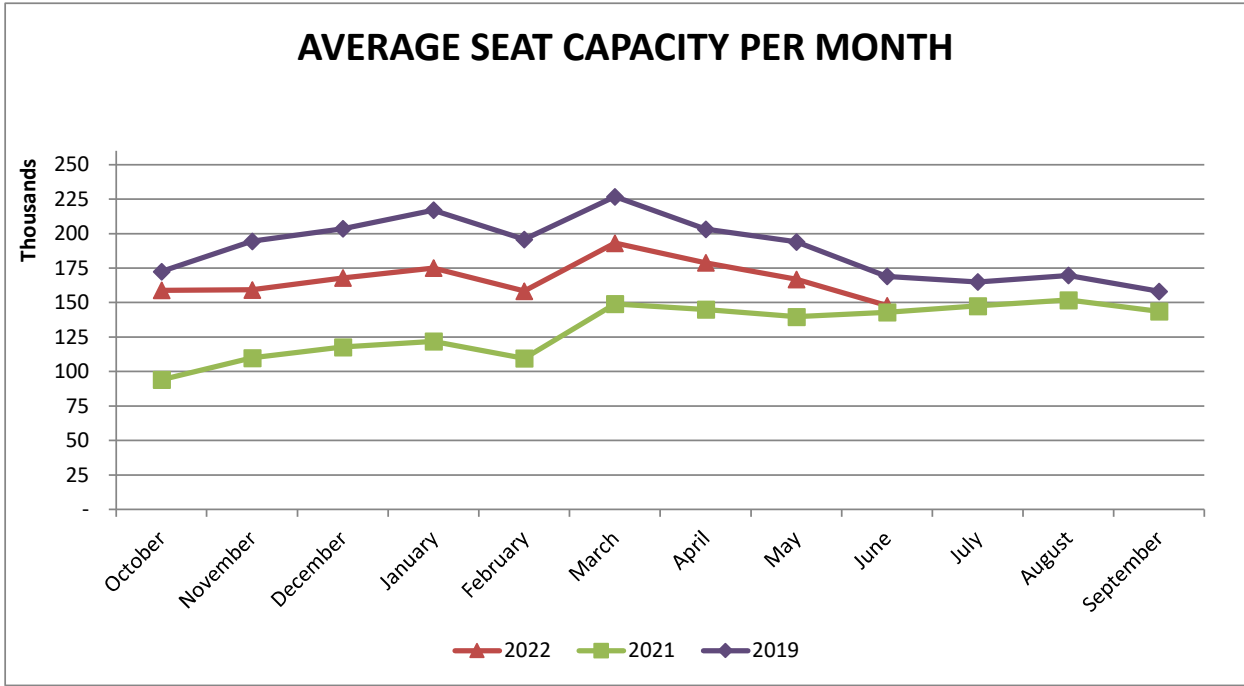
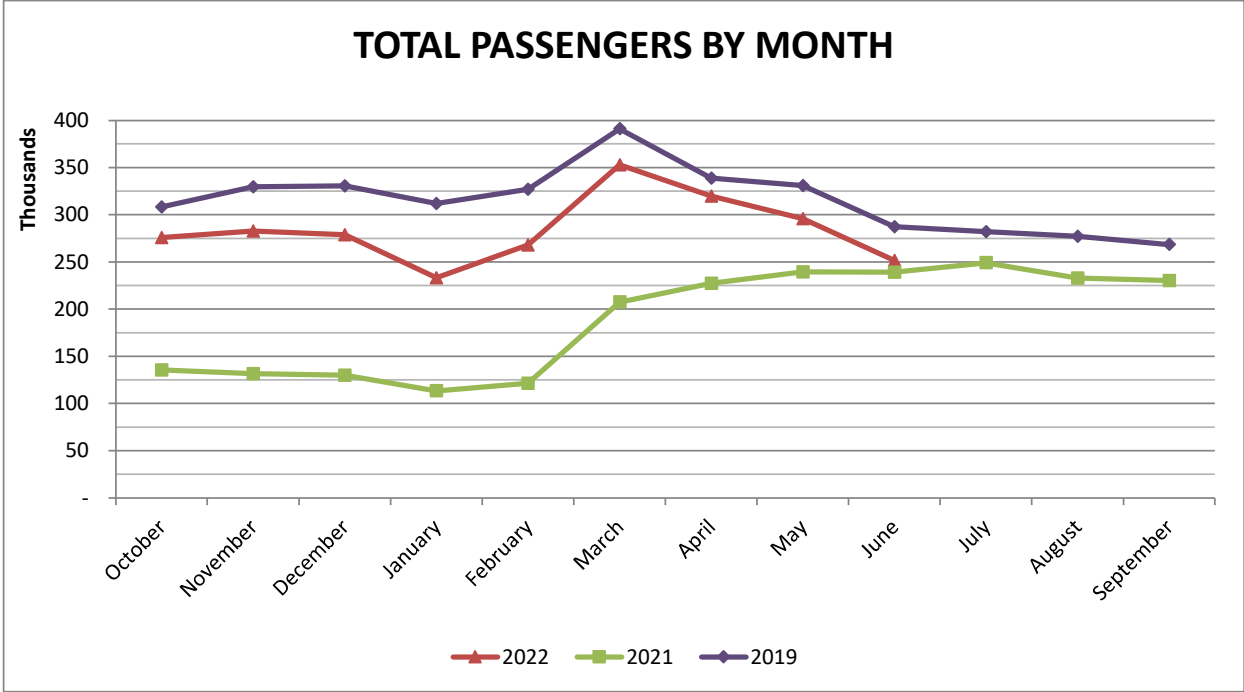
TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



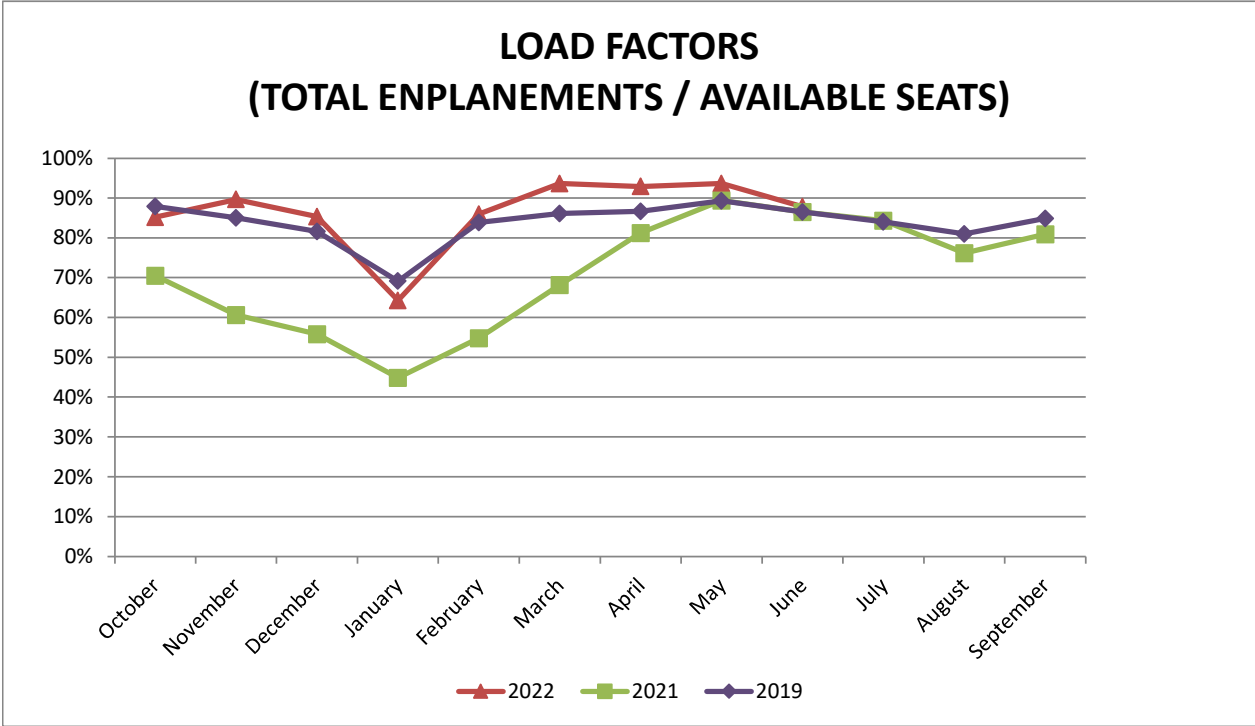
AIR CARRIER MARKET SHARE



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

TUS MONTHLY FLIGHT SCHEDULE SUMMARY

NONSTOP DESTINATIONS and Airline	Code	Average Daily Departures			Average Daily Seats		
		Current Year	Prior Year	Difference	Current Year	Prior Year	Difference
ATLANTA <i>Delta (2)</i>	ATL	2.0	1.7	0.3	382	318	64
DENVER <i>United (3), Southwest (2.1)</i>	DEN	5.1	6.1	(1.0)	548	547	1
DALLAS/FT WORTH <i>American (6)</i>	DFW	6.0	6.0	0.0	1,140	1,045	95
HOUSTON HOBBY <i>Southwest (.9)</i>	HOU	0.9	1.0	(0.1)	148	157	(9)
HOUSTON BUSH <i>United (2)</i>	IAH	2.0	2.0	0.0	152	152	0
LAS VEGAS <i>Southwest (2.8)</i>	LAS	2.8	2.3	0.5	427	350	77
LOS ANGELES <i>Delta (3), American (2) Southwest (1.1)</i>	LAX	6.1	5.7	0.4	541	484	57
CHICAGO MIDWAY <i>Southwest (.1)</i>	MDW	0.1	1.0	(0.9)	23	147	(124)
CHICAGO O'HARE <i>American (1), United ()</i>	ORD	1.0	3.0	(2.0)	128	335	(207)
PHOENIX <i>American (6.8)</i>	PHX	6.8	4.5	2.3	595	384	211
PROVO <i>Allegiant ()</i>	PVU	0.0	0.3	(0.3)	0	50	(50)
SAN DIEGO <i>Southwest (1)</i>	SAN	1.0	0.7	0.3	145	118	27
SEATTLE/TACOMA <i>Alaska (2) Delta (1)</i>	SEA	3.0	3.0	0.0	344	357	(13)
SAN FRANCISCO <i>United (2)</i>	SFO	2.0	2.0	0.0	125	100	25
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	3.1	(0.1)	228	220	8
TOTAL		41.8	42.4	(0.6)	4,926	4,764	162