ANNUAL COMPREHENSIVE FINANCIAL REPORT

2023

Year Ended
September 30, 2023 & 2022

Tucson Airport Authority
Tucson, Arizona

2023

TUCSON AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the Finance Department

Years Ended September 30, 2023,
and 2022

Tucson, Arizona

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Mission Statement

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

Vision

Landing Prosperity in Southern Arizona

2023 Board of Directors and Members

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INTRODUCTION

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

May 7, 2025

Board of Directors
Tucson Airport Authority
7250 S. Tucson Blvd, Suite 300
Tucson, Arizona 85756

Ladies and Gentlemen:

It is our pleasure to present the Annual Comprehensive Financial Report (ACFR) of the Tucson Airport Authority, Inc. (TAA) for the fiscal year (FY) ended September 30, 2023. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the TAA. To the best of our knowledge and belief, the enclosed information is accurate and complete in all material respects and reported in a manner designed to present fairly the financial position, results of operations, and cash flows in accordance with Generally Accepted Accounting Principles (GAAP).

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). This introductory letter should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the financial section of the ACFR.

BeachFleischman PLLC, the TAA's independent auditor, has rendered an unmodified opinion that the financial statements for the year ended September 30, 2023, present fairly, in all material respects, the financial position, changes in net position, and cash flows.

BeachFleischman also performed the federal single audit of all federally funded grant programs. Participation in the single audit program is mandatory as a condition for continued funding eligibility. Similarly, BeachFleischman performed the audit of the TAA's Passenger Facility Charge (PFC) program. BeachFleischman has rendered an unmodified opinion regarding both the federal single audit and the PFC program in separate reports.

Organization

The TAA was established April 12, 1948, as a political subdivision of the state of Arizona, and a non-profit corporation, as provided under Arizona law, to develop, promote, operate, and maintain airports and air transportation facilities adjacent to the City of Tucson (City) and in Pima County (County). Under Arizona law, the TAA is authorized to acquire, own, control, equip, improve, maintain, operate, and regulate airports and enter into agreements with corporations engaged in the air transportation industry for the operation of airports. The TAA operates Tucson International Airport (TUS) and Ryan Airfield (RYN) as an essential government function under Arizona law.

The TAA's bylaws call for active membership of up to 60 individuals who are residents of TUS's service area. Membership vacancies are filled through a nomination process and election by active members at each annual meeting. Members are eligible to be an Active Member for a term of fifteen (15) years with a possible one-time extension of five (5) years, for a total of twenty (20) years. Following a member's active term of service to TAA, which can be requested as early as after ten (10) years of active service, Members are then eligible to become a non-voting Emeritus Member.

The TAA's Board of Directors (Board) consists of a minimum of seven, and a maximum of eleven TAA members. The composition of the Board includes the Immediate Past Chair as a voting member for one year. The remaining directors are elected by active TAA members, typically to staggered terms of three years, and may serve a maximum of 10 years. Directors receive no salary or compensation for their services, but by resolution of the Board may be reimbursed for actual expenses paid or obligated to be paid in connection with services rendered solely for the benefit of the TAA.

The Board appoints the President and Chief Executive Officer (CEO), who serves at its pleasure. The Office of the CEO includes the departments of Air Service Development, Marketing, and Communications. The remaining TAA staff is organized into the following divisions, each managed by an Executive Vice President/Vice President appointed by and reporting directly to the CEO. These divisions are Operations, Finance, Legal Services, Business and Commercial Development, Airport Development, and People Operations. The organizational chart that follows this letter reflects the operational structure as of September 30, 2023.

The TAA's airport system consists of TUS and RYN. TUS is a certificated commercial service airport facilitating operation of both commercial passenger airlines and cargo carriers. The primary catchment area for TUS includes the Tucson metropolitan area, southern Arizona, and northern Sonora, Mexico. TUS encompasses approximately 8,000 acres of land and is located eight miles south of the City's central business district. The TAA maintains an agreement with the Morris Air National Guard 162nd Fighter Wing of the Arizona Air National Guard for access and its use of the airfield at TUS through an Airport Joint Use Agreement (AJUA). RYN is located 12 miles southwest of downtown Tucson and serves as a general aviation reliever airport for TUS. It encompasses approximately 1,850 acres of land and accommodates a wide variety of general aviation and military activity.

Economic Conditions and Outlook

State and Local Economic Outlook

Economic conditions are an important factor in how often people travel. This, in turn, impacts passenger levels at airports, how much money passengers and visitors spend at airports, and airline decisions on maintaining and adding new service at individual airports. The U.S. Census Bureau defines the Tucson Metropolitan Statistical Area (MSA) as encompassing all of Pima County. The County covers an area of approximately 9,200 square miles and, according to the Arizona Office of Economic Opportunity, had an estimated population of 1,080,300 as of July 1, 2023, which represents an increase of 0.75% from July 1, 2022. The Tucson metro area consists of about 495 square miles that contain more than 93% of the County's population, including the incorporated municipalities of Tucson, Marana, Oro Valley, Sahuarita, South Tucson, and others. 35% of the County's population resides in unincorporated areas. The metro area is the origin or destination of nearly all airport users.

Tourism and recreation are important components of the Tucson economy. The area has a sunny, dry climate with moderate temperatures annually, on average, creating ideal conditions for year-round play at approximately fifty golf courses in and around the city. Tourism has been a significant contributor to past growth in annual passenger traffic at TUS.

The Tucson area is also home to a diverse group of employers in industry sectors such as aerospace, defense, biotechnology, and mining. Davis-Monthan Air Force Base, Raytheon, and Fort Huachuca Army Intelligence Center are also some of the area's largest employers. The University of Arizona, Pima Community College, and a large healthcare sector are other significant sources of jobs for southern Arizona residents.

According to Making Action Possible for Southern Arizona, while business growth in the Tucson Metropolitan Statistical Area exceeded pre-recession levels in 2022 for the first time in sixteen years, during 2023 business growth again slowed down. Tucson's 5.1% growth in the total number of establishments employing workers was below the pre-recession level of 6.9% in 2006 yet remained significantly higher than the average from 2015-2020 (0.4%). Since the Great Recession, Tucson and the State of Arizona have experienced an overall increase in the growth rate in total establishments, with significant gains made in 2021, 2022, and 2023.

According to a December 8, 2023, report by Dr. George W. Hammond, Director of the Economic and Business Research Center at the University of Arizona, the Arizona economy continues to churn out solid job, income, and sales gains. The state labor market remains tight, but there are modest signs of softening in the unemployment rate, quit and hire rates, and labor compensation. Inflation in Phoenix has decelerated to the national pace, but prices remain well above pre-pandemic levels.

The seasonally adjusted unemployment rate in Arizona increased to 4.0% in September, up from 3.4% in April and May 2023. The state rate was above the U.S. rate of 3.9%. Overall, Arizona's labor market remained in good shape during 2023 and is forecast to grow in 2024, but at a slower pace. U.S. recession risks remain next year.

Air Service at Tucson International Airport

TUS is the principal commercial service airport serving metropolitan Tucson, southern Arizona and northern Sonora, Mexico. The TAA considers Pima County its primary airport service area. The TAA focuses its strategic air service development effort on achievable goals that are consistent with the community's needs and the dynamics of the airline industry. TUS is subject to competition for airline services and passengers residing in the Tucson service area, with the Phoenix Sky Harbor Airport 110 highway miles to the north. TUS's competitive position is strengthened economically through its relationships with key air service stakeholders that include Visit Tucson, a regional destination marketing organization, the Tucson Metro Chamber, the Southern Arizona Leadership Council and Sun Corridor, Inc.,.a regional economic development organization.

The TAA's primary air service objectives are to accommodate demand by increasing nonstop flights throughout the U.S. to new and existing hub destinations with new and incumbent carriers, while reducing both leakage and spillage of passengers to Phoenix. "Leakage" refers to passengers consciously choosing to use an airport other than the airport closest to their home for reasons such as more flight options or lower fares. "Spillage" refers to passengers using another airport because they are unable to find a seat available at their home airport when they want to travel. Emphasis has also been directed toward attracting carriers that could serve key international destinations in Mexico and Canada.

The airlines that provide regularly scheduled service to TUS include network carriers, their owned regional carrier subsidiaries, and contract regional carriers. As no single carrier holds a dominant market position, competition remains robust along Tucson's top origin and destination routes.

TUS experienced significant recovery to passenger volumes in 2023 compared to the COVID pandemic period, short of 3.4% from 2019 volume. Total annual passenger traffic increased from 3,317,494 in 2022 to 3,653,233 in 2023, surpassing 2022 by 10.12%.

Twenty destination airports were served nonstop from TUS in FY 2023, which was one more than in FY 2022. Additionally, Flair Airlines began service to five destinations in Canada. The nonstop destinations served in FY 2023 were:

- Atlanta (ATL)
- Chicago-Midway (MDW)
- Chicago O'Hare (ORD)
- Dallas/Ft. Worth (DFW)
- Dallas Love Field (DAL)
- Denver (DEN)
- Edmonton, Alberta (YEG)
- Everett, WA (PAE)
- Ft. McMurray (YMM)
- Houston Bush (IAH)
- Houston Hobby (HOU)
- London Ontario (YXU)
- Las Vegas (LAS)
- Los Angeles (LAX)
- Phoenix (PHX)
- Portland (PDX)
- Prince George B (YXS)
- Salt Lake City (SLC)
- San Diego (SAN)
- San Francisco (SFO)
- Seattle (SEA)
- Windsor Ontario (YQG)

Air Service at Tucson International Airport-continued

As fiscal year 2023 ended, TUS served more than 3.6 million passengers, returning it close to pre-pandemic 2019 traffic level of 3.8 million (97%). In March 2023, Tucson International Airport (TUS) reached its highest level of passengers since the COVID-19 pandemic with 375,118 passengers, the highest since March 2019 when the passenger volume was 391,182.

TAA continued the upward travel trend through 2023. Tucson attracts lots of travelers during the first three quarters of the fiscal year. The pent-up demand for travel from colder climates to sun and warmth, resulted in a thriving peak tourism season for Tucson and Southern Arizona. The most limiting factor preventing higher passenger numbers for TUS was the limited supply of airline seats and flights due to crew shortages, especially pilots. Airlines continue to struggle to attract and train pilots. The airline industry experienced pilot shortage and training challenges during 2023 which continued well through 2024.

TAA Financial Recovery from Economic Impacts of COVID-19 Pandemic

The return of passenger traffic to TUS resulted in a positive impact to TAA's operating revenues for 2023. Like other commercial service airports throughout the country, a significant share of the TAA's revenues is driven by commercial airline flights and associated purchases of goods and services by passengers at TUS. This was a welcome outcome despite the continued uncertainties caused by pilot shortages and other economic pressures felt globally in 2023. The TAA continues to monitor economic conditions into FY 2024 and plan accordingly for future success.

To date, the TAA has been awarded funds under three federal programs to offset the negative economic impacts of the COVID-19 pandemic. In FY 2021, TAA received the remaining of the funds it was awarded by the Federal Aviation Administration (FAA) from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In FY 2023, the TAA continued to receive funds awarded under the American Rescue Plan Act (ARPA). The TAA was awarded $1.64 million in ARPA grants, received $1.62 million through September 30, 2023, receiving the remainder in FY 2024 with the remaining balance. Also, in FY 2023, the TAA continued to receive of funds awarded under the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), which was an extension of relief in the form of airport grants for purposes like those authorized in the CARES Act. The TAA was awarded $6.03 million in CRRSAA grants through September 30, 2023, all of which were received by September 30, 2023.

Through the end of FY 2023, the TAA received 99.9% of the total $44.4 million in federal relief funds from these programs. The total dollars awarded provided ongoing relief and enhancements to operations.

Major Initiatives

CAPITAL IMPROVEMENT PROGRAM

The TAA Board approves development programs and projects, and management executes the development plans for TUS and RYN. As such, the Board approved the Master Plan update for TUS in 2014 and RYN in 2021, that outlined the development plans to address future airport capital needs. The TUS Master Plan also included a land use plan which identifies the highest and best use of property owned by the TAA and identifies land which should be acquired in the future for expansion. The TAA addresses the Master Plan and any new capital spending needs that arise through its Capital Improvement Program (CIP), which is updated and adopted annually. TAA staff execute the project plans as outlined in the respective master plans.

Capital improvement projects require funding apart from routine operating expenses. Such projects include the purchase, construction, or replacement of the physical assets of the TAA. The purpose of the CIP process is to evaluate, prioritize, and coordinate proposed projects for a five-year period. The compilation of the CIP has as its primary goal the development of a detailed capital budget for the current fiscal year and a plan for capital development during the four subsequent years. The Board, by approving the CIP, sets a strategy and schedule for budgeting and constructing facilities at TUS and RYN.

Funding for CIP projects can come from a variety of sources including grants from the FAA, the Arizona Department of Transportation (ADOT) and other governmental agencies, or from Passenger Facility Charges (PFCs) and TAA operating revenues.

FY 2023 COMPLETED CIP CONSTRUCTION AND PROJECTS AT TUS (GREATER THAN $75,000)

<u>10120448 Furnish and Install New Jet Bridge for Gate B6 Podium: Cost: $812,258</u>
Scope: Installed New Jet Bridge for Gate B6 Podium.
Contractor: John Bean Technologies Corporation.

<u>10117967 Electronic Video Information Display System (EVIDS)/Audio Paging Replacement | Cost: $2.9 million</u>
Scope: Replace EVIDS and Audio Paging System for the TUS terminal complex.
Contractor: Arizona Sound and Light, Inc.

<u>10119108 ANG-ECF Hangar In-Kind Replacement I Cost: 10.2 million</u>
Scope: Designed and constructed a 32,000-square-foot replacement aircraft hangar for the Arizona Air National Guard 162nd Wing entrance project.
Consultant: Stantec Consulting, Inc.
Contractor: Sundt Construction

Major Initiatives-continued

FY 2023 COMPLETED CIP CONSTRUCTION AND PROJECTS AT RYN (GREATER THAN $75,000)

20117966 Install Precision Approach Path Indicators (PAPI) | Cost: $517,137
Scope: Installed PAPIs at approach to Runway 6R, 6L and 24R to enhance the level of flight safety by providing additional visual approach slope guidance at RYN's primary and secondary runways.
Consultant: CR Engineers, Inc.
Contractor: Rural Electric Inc.

20110146 Ryan Dike Analysis| Cost: $247,208
Scope: Design and construction of an earth dike (approximately 3,500 l.f.) and adjacent drainage channel in accordance with FEMA standards.
Contractor: M3 Engineering and Tech Corp.
Consultant: C&S Engineers, Inc.

20116869 APMS-Pavement Preservation-Runway 6R/24L | Cost: $947,400
Scope: Crack seal and apply rubberized asphalt emulsion seal coat to RW 6R/24L. Re-stripe pavement markings.
Consultant: Kimley-Horn Associates.
Contractor: Cactus Asphalt

20120400 Relocation of Velocity Air to Ryan Airfield| Cost: $513,845
Scope: Relocation of Velocity Air to Ryan Airfield as required to continue Airport Safety Enhancement program.
Contractor: Sunland Asphalt; Chasse Building Team; Rural Electric; Sabino Electric

FY 2023 CIP AT TUS – ONGOING AND NEW PROJECTS (GREATER THAN $500,000)

10119102/10119125/10119126 Airfield Safety Enhancement (ASE) Program | Cost: $31,558,470
Scope: The ASE Program includes safety and standards improvements to the TUS airfield to meet current FAA airfield design and safety standards. The program will be completed in phases over multiple years depending on availability of grant funds.
Consultant(s): WSP USA, Jacobs Engineering Group, Garver LLC., RS&H, Inc., HDR Engineering.
Contractor: Granite Construction

10120274 Executive Ramp Improvements – Phase 1 I Cost: $3.2 million
Scope: Phase 1 reconstruction of two parking positions on the Executive Ramp to accommodate heavier aircraft. Repair the keel section of both positions, and add power in/power out to Taxiway A and establish the parking layout for 737's and A20's. Project will also relocate the perimeter road and utilities to accommodate new parking positions.
Consultant: Trace Consulting, LLC.

Major Initiatives-continued

10120275 Seal Coat Runway 3/21 I Cost: $2.1 million
Scope: Crack repair and seal coating of Runway 3/21 and shoulders.
Consultant: Trace Consulting, LLC.
Contractor: J. Banicki Construction, Inc.

10120449 MRO Aeropark Entrance Taxiway I Cost: $2.2 million
Scope: Construct a new Group III asphalt taxiway, and develop associated drainage, electrical, and fencing improvements.
Consultant: HDR Engineering/WSP USA.
Contractor: Granite Construction

10122470 Replace Parking and Revenue Control System (PARCS) I Cost: $1.8 million
Scope: Replace TUS parking system (commercial roadway, surface lots, garage).
Consultant: WPS USA.
Contractor: SkiData

FY 2023 CIP AT RYN – ONGOING AND NEW PROJECTS (GREATER THAN $500,000)

20120435 APMS-Pavement Preservation-Overlay Taxiway B I Cost: $1.6 million
Scope: Crack seal and apply rubberized asphalt emulsion seal cost to Taxiway B (section 30). Re-stripe pavement markings.
Consultant: Kimley-Horn Associates

MAJOR MAINTENANCE PROGRAM

The TAA Board has governance oversight of the TAA; TAA management is responsible for the maintenance of TUS and RYN. Accordingly, the Board approves a Major Maintenance Program (MMP) as part of each year's budget process, and the TAA staff execute or implement the program. MMP projects require funding apart from routine maintenance operations. The purpose of the MMP is to evaluate, prioritize, and coordinate proposed projects for a five-year period.

FY 2023 COMPLETED MAJOR MAINTENANCE PROJECTS AT TUS (GREATER THAN $75,000)

10219114 Land Survey of Tucson International Airport I Cost: $155,940
Scope: Land Survey of Tucson International Airport to include land boundary survey and lease property mapping and title report review.
Consultant: PSOMAS

10220378 Sealcoat Airport Drive & Taxiway A Service Road I Cost: $98,473
Scope: Sealcoat Airport Drive (APT-20,21, FIRE-05) & Taxiway A Service Road (AROAD-10).
Contractor: Sunland Asphalt

FY 2023 COMPLETED MAJOR MAINTENANCE PROJECTS AT RYN (GREATER THAN $75,000)

20219113 Land Survey of Ryan Airfield l Cost: $111,910
Scope: Land Survey of Ryan Airfield to include land boundary survey and lease property mapping and title report review.
Consultant: PSOMAS

FEDERAL AND STATE FUNDING

The TAA participates in the FAA's Airport Improvement Program (AIP), which provides Airport funds via the Airport and Airway Trust Fund for airport development, airport planning, and noise compatibility programs. The FAA offers both entitlement and discretionary grants for eligible projects. Grants received under this program in FY 2023 totaled $37,735,933. The FAA has awarded $225,641,184 in grants to the TAA during the past ten years.

The State of Arizona also provides grant assistance to airports. These grants may cover up to half of the TAA's required match for AIP projects or full funding for projects of smaller size and scope. Grants received under this program in FY 2023 totaled $1,852,401. The Arizona Department of Transportation (ADOT) has awarded $15,386,138 to the TAA during the past ten years.

PASSENGER FACILITY CHARGE PROGRAM

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act which authorized domestic airports to impose Passenger Facility Charges (PFCs) fees on enplaned passengers to generate revenues for airport projects that increase capacity, enhance competition among and between air carriers, enhance safety and security, or mitigate noise impacts. Airport sponsors planning to impose PFCs must apply to the FAA and meet specific requirements set forth in the enabling legislation. Airport operators may impose PFCs after receiving written approval and authorization from the FAA.

The TAA currently has approval from the FAA to collect $117,744,485 under PFC application 97-01-C-03-TUS, $44,194,512 under PFC application 06-02-C-00-TUS, and $17,351,019 under PFC application 17-03-C-00-TUS, extending through February 1, 2027. As of September 30, 2023, the TAA had earned $160,691,334 in PFCs since the inception of the program, including interest.

The FAA's PFC approvals included authorization to utilize PFCs for the payment of principal and interest on general airport revenue bonds issued to pay construction costs related to eligible projects. PFCs are currently being used to pay debt service on subordinate lien revenue bonds for landside terminal expansion completed in 2001, land acquisitions completed in 2005, and a concourse renovation project completed in 2008.

FINANCIAL POLICIES AND CONTROLS

BUDGETARY CONTROLS

An annual budget is prepared on a residual cost basis as established by Section 5.03(a) of the Airport Use Agreement dated April 27, 1977, and amended thereafter to September 30, 2025, for all accounts and funds established by the agreement. The annual budget serves as a foundation for the TAA's financial planning and control. All appropriations, except for those for open project accounts lapse at the end of each fiscal year. Since there is no legal requirement for the TAA to report on a budgetary basis, no additional budget information is presented in the accompanying financial statements.

Section 4 of the City of Tucson Agreement (Lease) dated October 14, 1948, requires the TAA to present a biennial version of the budget to the Mayor and City Council for information purposes. The annual budget is presented to the Airline and Airport Affairs Committee (AAAC) for review and is approved by the Board prior to its implementation and, in accordance with the Airport Use Agreement.

The "Residual Cost" approach forms the basis of the TAA's contractual relationship with signatory airlines. This approach is common, but not universal, among U.S. airport operators. It is a methodology that encompasses the following concepts:

Residual Cost | A method of determining which costs are the responsibility of the airlines as payment to the TAA for providing, operating, and managing the airport system (TUS and RYN). The result is coverage of all TAA operating and capital improvement costs on a break-even basis.

Airline Reserve Fund | The excess, if any, of revenues over costs calculated in accordance with the Airport Use Agreement at the end of each year.

Majority-In-Interest (MII) | A voting formula used by the signatory airlines in considering approval of significant capital expenditures and use of Airline Reserve Fund monies. The use agreement defines MII as a numerical majority of the signatory airlines that represent more than 50% of the total landed weight at the airport.

Exclusive Rights | Rights provided to individual airlines through the Airport Use Agreement for the use of exclusive space to accommodate their operations and paid for in the form of rents.

Preferential Rights | Rights provided to individual airlines through the Airport Use Agreement for the use of preferential space.

To provide financial resources adequate to meet the TAA's needs, the Airport Use Agreement includes a formula for the calculation of rates and charges, including landing fees. This formula, the "Airport

BUDGETARY CONTROLS-continued

System Income Requirement," serves as a template in creating the annual budget and is commonly referred to simply as the "Airport System."

The formula consists of four elements:

- Operation and Maintenance Expenses — in addition to day-to-day operating requirements, this item provides for capital needs, short-term debt obligations, and any other requirements not included elsewhere in the formula.
- Debt Service Requirements — includes 125% of the principal and interest payments due in accordance with senior lien revenue bond resolutions and debt amortization schedules. The 25% excess is called "coverage." For subordinate lien revenue bonds where other revenue sources such as PFCs are not pledged for debt service, the excess coverage requirement is 10%. Providing coverage fulfills a covenant in the bond resolutions that requires this surplus as assurance to bond holders that adequate funds will be available to pay debt service requirements on a timely basis. In the normal course of business, the coverage is not needed, and it flows through the airport system.
- Fund Replenishments — provides for the funding and refunding of the various reserve funds required by the TAA's senior and subordinate lien bond resolutions and the Airport Use Agreement.
- Adjustments — 100% of operating income flows through the airport system. At year-end, certain revenues defined in the use agreement are transferred out of the airport system into the Special Reserve Fund and are excluded from the residual cost calculation. These revenues include:
    - 52% of the net income generated from designated "industrial area" developments, which are geographic locations at TUS.
    - Interest income earned from the investment of monies accumulated in the Special Reserve Fund and Insurance Reserve Fund.

Together, these four elements (Debt Service, Operations & Maintenance, Fund Replenishment, and Adjustments) comprise the "Total Gross Requirement." This requirement is then reduced by all the available resources that include:

- Operating income.
- Beginning cash balance that is the coverage from the prior year, adjusted by any overage or shortfall from operations.

The net amount resulting from this calculation is the residual amount that is used to calculate landing fees required to be paid by the signatory airlines in order to "balance" the budget.

LONG-TERM FINANCIAL PLANNING

One of the tools the TAA uses for long-term planning is the Master Plan. This document is prepared by TAA staff with input from the signatory airlines, and other key tenants and stakeholders. The Master Plan projects airport growth and specifies the physical improvements that are needed to meet these projections of future demand. It consists of a technical report that specifies the logic and reasoning for the proposed capital improvements as well as large scale drawings that illustrate the physical layout of the improvements. The financial implications of the Master Plan are important because they serve as the basis for requesting federal and state funds for the construction of capital improvements proposed in the plan.

The TAA's most recent update of the Master Plan provides a flexible and cost-effective guide for the future development of TUS through the year 2030. Capital improvements recommended by the plan are demand driven. This means that although there are many projects proposed by the plan, only those that are needed because of actual increase in demand will be constructed. The TAA Board of Directors adopted an updated RYN Master Plan Update in December of 2020. The RYN Airport Layout Plan (ALP), as part of the Master Plan Update, was approved and signed by the FAA on March 31, 2021. The plan is available for viewing on the TAA's website: https://www.flytucson.com.

The Airport Master Plan forms the basis for a multi-year Capital Improvement Plan, which is updated on a regular basis. The plan typically contains at least five years of projections, longer, if necessary, for a particular need such as a bond-financing project or airline use agreement negotiations. Capital Improvement Plan assumptions are based on projected needs on a project-by- project basis extending through the planning horizon.

CAPITAL FINANCING AND DEBT MANAGEMENT

Capital improvements that require long-term financing are typically funded with TAA reserves or airport revenue bonds. Unrestricted Special Reserve Fund balances that are the result of the sharing of industrial area revenues with airline tenants give the TAA considerable flexibility in financing capital improvements. The most significant benefit is that the TAA's share (amounts not reimbursed with grants or passenger facility charges) of most capital improvements is financed internally rather than through issuance of airport revenue bonds. This practice avoids bond issuance and interest costs, creates administrative efficiencies, and results in a lower total cost of financing for airline tenants. Reserve funds are restored as the costs of improvements are amortized, with interest, over their useful lives and paid back to the TAA by the airline tenants through rates and charges. Capital expenditures for FY 2023 were financed through a combination of federal and state grants, internal

CAPITAL FINANCING AND DEBT MANAGEMENT-continued

financing from unrestricted reserve funds, and funds generated through the Airport System Income Requirement formula.

INTERNAL CONTROLS

TAA management is responsible for establishing and maintaining adequate internal controls designed to ensure that assets are protected from loss, theft, or misuse, to promote efficiency of operations, to comply with applicable laws and regulations, and to ensure that accurate accounting records are kept, allowing for the preparation of financial statements in accordance with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable assurance that these objectives are met.

Other Information

REQUESTS FOR INFORMATION

This financial report, along with the audited financial statements, is designed to provide a general overview of the Tucson Airport Authority.

Questions concerning the information contained in this report should be addressed to:

Tucson Airport Authority
Vice President, Chief Financial Officer
7250 S. Tucson Blvd., Suite 300
Tucson, Arizona 85756

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TAA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022. This was the 29th consecutive year that the TAA achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

This report is offered in a PDF format, allowing the user to download it and save, print, or view it online at the airport website: www.flytucson.com.

The publication of this ACFR reflects the level of excellence and professionalism of the TAA Finance Department. In addition, it is appropriate to express appreciation to all members of the TAA staff who contributed to the preparation of this ACFR and the accomplishments that we are privileged to report.

Thank you for your continued interest and support of the TAA staff's efforts to conduct the financial operations of the Tucson Airport Authority in a responsible and progressive manner.

Respectfully submitted,

Danette M. Bewley, A.A.E.	Kim Allison, C.M., CPA
President/Chief Executive Officer	Vice President/Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tucson Airport Authority
Arizona

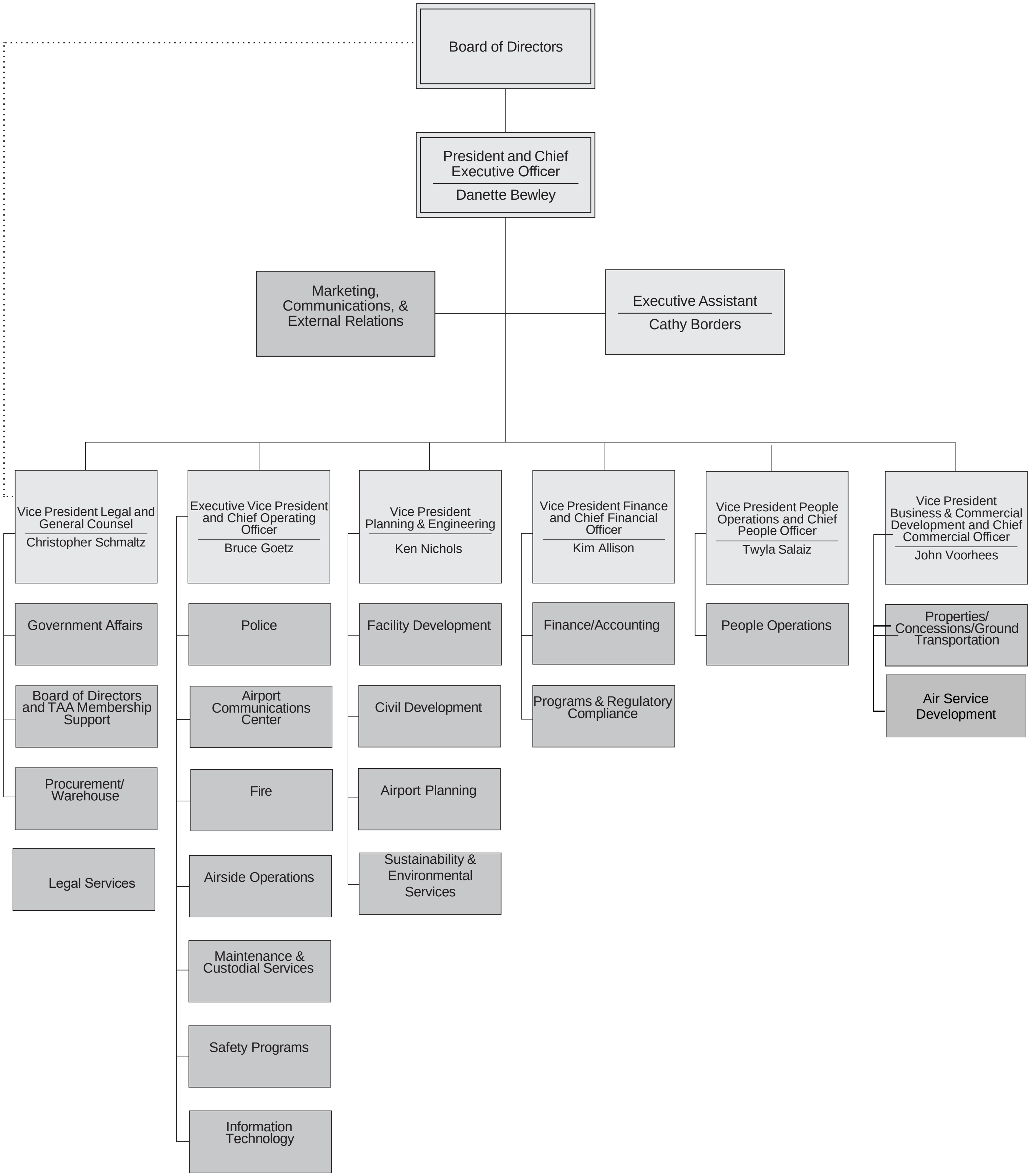
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

Organizational Structure



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Airlines and Tenants as of September 30, 2023

PASSENGER AIRLINES

- Alaska Airlines
- American Airlines
- Delta Air Lines
- Mesa Airlines
- SkyWest Airlines
- Southwest Airlines
- Sun Country Airlines
- United Airlines

CARGO AIRLINES

- Air Cargo
- Ameriflight
- Federal Express

CAR RENTALS

- Alamo
- Avis
- Budget
- Dollar
- Enterprise
- Hertz
- National

RYAN AIRFIELD

- Air Ventures Ltd.
- Alpha Air, Inc.
- Cherokee Cabañas
- Mobile Aire Hangars
- North American Aerial Surveys
- Richie's Café
- Ryan Development Airpark, LLC
- Velocity Air, Inc.- FBO
- Velocity Air, Inc.- Flight School

TUCSON INTERNATIONAL AIRPORT

- AAR Total Transportation, LLC
- AT&T
- Ace Parking Management, Inc.
- AERGO-TUS, LLC
- Aerospace Hangar, LLC
- Airport Information Centre (welcome Newcomers, Inc.)
- Apple Autos
- Morris Air National Guard
- Arizona Aviation Associates
- Ascent Aviation Services
- Ashton Company
- Atlantic Aviation
- Bags, Inc.
- Bombardier Aerospace/ Learjet Inc.
- C You There Shuttles, LLC
- City of Tucson
- Delaware North
- Delta Global Logistics
- Diana Madaras Galleries
- Enterprise Leasing Co.
- Fast Park & Relax
- Federal Aviation Administration
- Flight Safety International, Inc.
- Franklin Energy Services, LLC
- Global Flight Relief
- General Services Administration
- Granite Construction Company
- Holiday Motor Coach, LLC
- The Hudson Group
- Hughes Federal Credit Union
- Jani King of Tucson
- Jet, LLC
- Lamar Advertising
- Lan-Dale Co.
- Lyft
- Matheson Flight Extenders, Inc.
- Maxair Ventures, LLC
- Metal Works, LLC
- Military Lounge
- Million Air
- Miraval Life in Balance
- Mitsubishi Heavy Industrial – RJ Aviation
- Northwest Landscaping
- Pima Community College
- Pima County Sheriff's Department
- Prime Flight Aviation Services
- Prospect International Airport Services, Inc.
- Qwest Corporation, dba CenturyLink Qc
- Raytheon Missiles & Defense
- Real Air Hangar, Inc.
- Rasier LLC, Uber
- Roadie, Inc
- Rolls Royce
- Simplicity USA Ground Services
- Smarte Carte, Inc.
- Southwest Airport Services
- SOS Security, LLC
- Southwest Heli services
- STS Line Maintenance
- Swissport Fueling Services
- Transportation Security Administration
- Tucson Aviation, LLC
- Tucson Executive Center
- Tucson Fuel Facilities, LLC
- Tucson Jet Center
- Tucson Police Department
- Universal Avionics
- U.S. Customs & Border Protection
- VIP Cab
- Verizon Wireless
- Vertex Aerospace, LLC
- Victor II, Ltd.
- Wright Flight, Inc.
- Yellow Cab

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FINANCIAL

BeachFleischman

Independent Auditors' Report

Board of Directors and Management
Tucson Airport Authority, Inc.
Tucson, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tucson Airport Authority, Inc., which comprise the statements of net position as of September 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Tucson Airport Authority, Inc., as of September 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tucson Airport Authority, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, in 2023 Tucson Airport Authority, Inc. adopted new accounting guidance, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements and GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tucson Airport Authority, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Tucson Airport Authority, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tucson Airport Authority, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025, on our consideration of Tucson Airport Authority, Inc.'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 Tucson Airport Authority, Inc.'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 Tucson Airport Authority, Inc.'s internal control over financial reporting and compliance.

BeachFleischman PLLC

Tucson, Arizona
May 28, 2025

Management's Discussion and Analysis (MD&A)

September 30, 2023

The following discussion and analysis of the financial performance and activity of the Tucson Airport Authority, Inc. (TAA) introduces the TAA's financial statements for the fiscal year ended September 30, 2023 (FY 2023). Information for the two preceding fiscal years ended September 30, 2022, and 2021 (FY 2022 and FY2021 respectively), has been included to provide better insight into the overall financial position of the Authority.

The TAA is a business-type activity and, as such, the Basic Financial Statements and Required Supplementary Information (RSI) consists of Management's Discussion and Analysis (MD&A), the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows, and the Notes to Financial Statements. This MD&A has been prepared by management and should be read and considered in conjunction with the TAA's basic financial statements.

AIRPORT ACTIVITIES & HIGHLIGHTS

Passenger and air carrier activity increased in FY 2023, FY 2022, and FY 2021 at the Tucson International Airport (TUS). Total passengers increased by 10.1% for FY 2023, which followed an increase of 46.9% in FY 2022. Daily nonstop departures increased from 39 in FY2022 to 51 in FY 2023 following an increase from 31 in FY 2021. Daily nonstop departures are impacted by seasonal conditions, airline route changes, changes to the airline business model, or flight cancellations causing it to vary from month-to-month. The average daily seat capacity in FY 2023 increased 28.9% over FY 2022, which followed an increase of 14.0% over FY 2021. The increase in passengers during FY 2023 is largely attributed to an increase in airline seat capacity caused by upgauged aircraft being introduced to the market as well as an increase in travel post COVID19 pandemic.

Total aircraft operations (take-offs and landings) at Tucson International Airport (TUS) increased 13.3% in FY 2023 after decreasing 2.0% in FY 2022 compared to FY 2021. The change is mainly related to upgauged aircraft replacing smaller aircraft. TAA's total operations in FY 2023 comprised 56,227 general aviation operations, 69,073 air carrier and air taxi (passenger airline, cargo airline, and charter) operations and 30,354 military operations. In contrast to air carrier and air taxi operations that generate landing fee revenue, general aviation and military operations do not directly generate landing fee revenue for the Authority. The primary changes in total aircraft operations in FY 2023 and FY 2022 were in air carrier and air taxi operations, which increased 37.9% compared to FY 2022 and 11.2% as compared to FY 2021. General aviation operations decreased by 8.6% in FY 2023.

AIRPORT ACTIVITIES AND HIGHLIGHTS – continue

following a decrease in FY 2022 by 17.7% compared to FY 2021. The increase in air carrier and air taxi operations corelates directly to an increase in passenger traffic as discussed above. The decrease in general aviation is likely due to a decline in the overall economy.

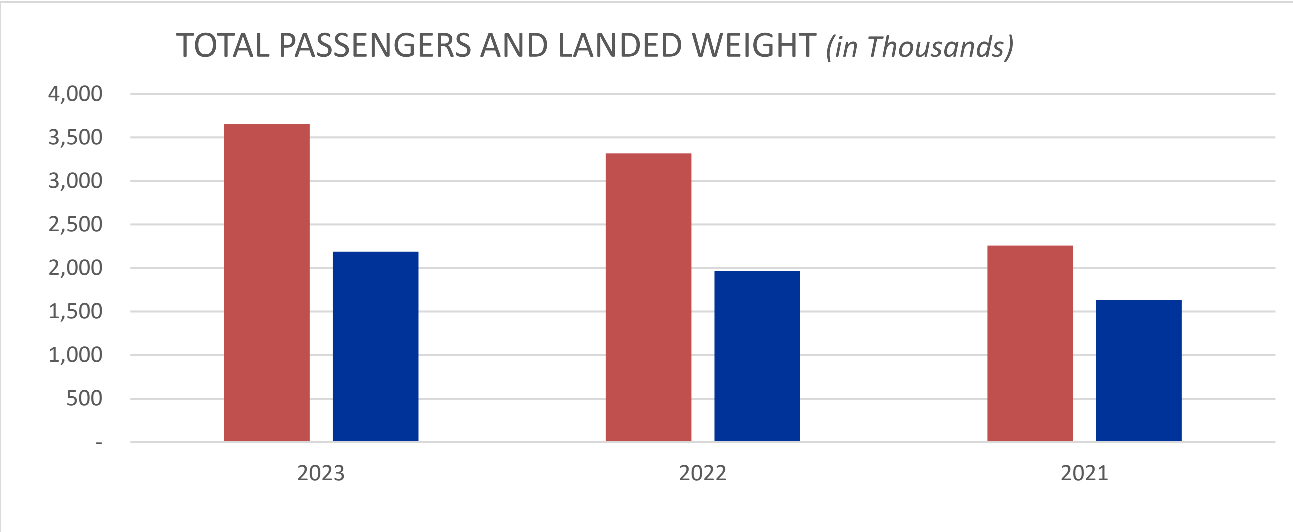
Landed weight increased by 11.5% in FY 2023 over FY 2022 to 2,188,768 one-thousand-pound units, after increasing by 20.2% in FY 2022 to 1,962,217 one-thousand pound units, and decreasing by 2.7% from FY 2021 to 1,633,047 one-thousand pound units. The increase in FY 2023 was primarily with American Airlines, Southwest Airlines, and United Airlines. This increase in landed weight is consistent with upgauged aircraft and increased air taxi operations during FY 2023.

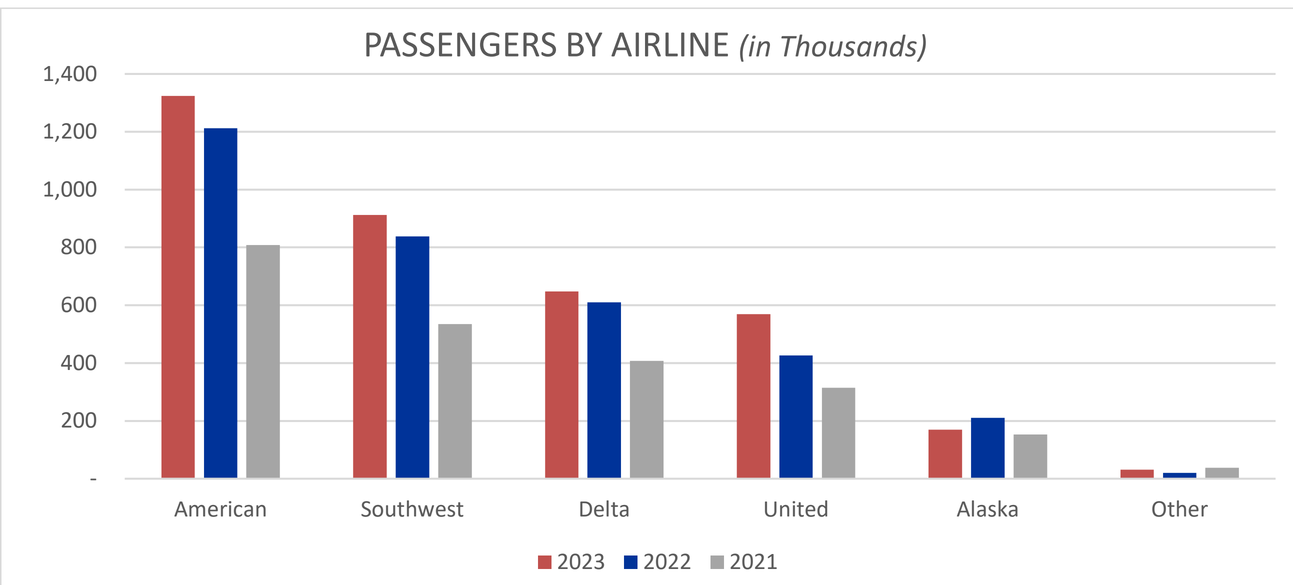
Mail and express cargo shipments decreased by 5.5% in FY 2023 from FY 2022, following a decrease of 0.9% in FY 2022 and a 7.0% increase in FY 2021. The changes in mail and express cargo shipments in each of these years were primarily a result of changes experienced by Federal Express, the single major cargo carrier operating scheduled flights at TUS.

Six domestic and one international carrier served TUS in FY 2023, the same as of September 30, 2022. FY 2021 saw eight major airlines. American Airlines, Southwest Airlines, and United Airlines have dominated in both passenger activity and landed weight over the three reporting periods. These three carriers accounted for 76.8% of passenger traffic in FY 2023, 74.8% in fiscal year 2022, and 73.5% in FY 2021.

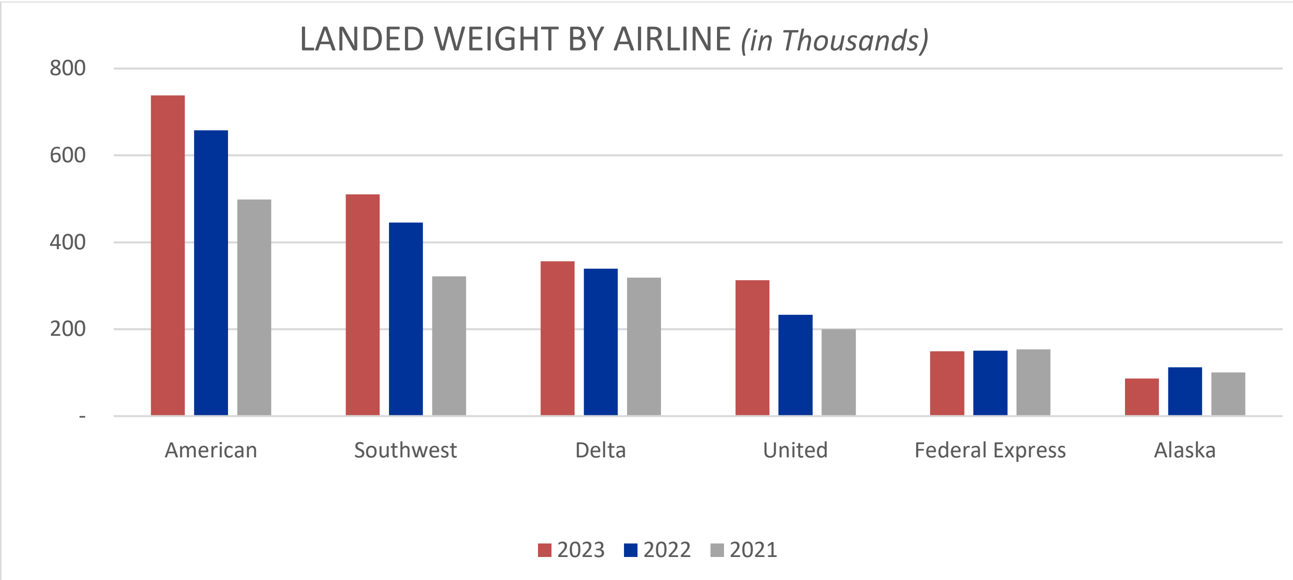
Activities & Highlights	**2023**	**2022**	**2021**
Total passengers	3,653,233	3,317,494	2,257,581
Average daily seat capacity	6,331	4,913	4,308
Aircraft operations	155,654	137,373	140,182
Landed weight (1,000 lb. Units)	2,188,768	1,962,217	1,633,047
Mail & express cargo (pounds)	63,411,935	67,089,271	67,722,970

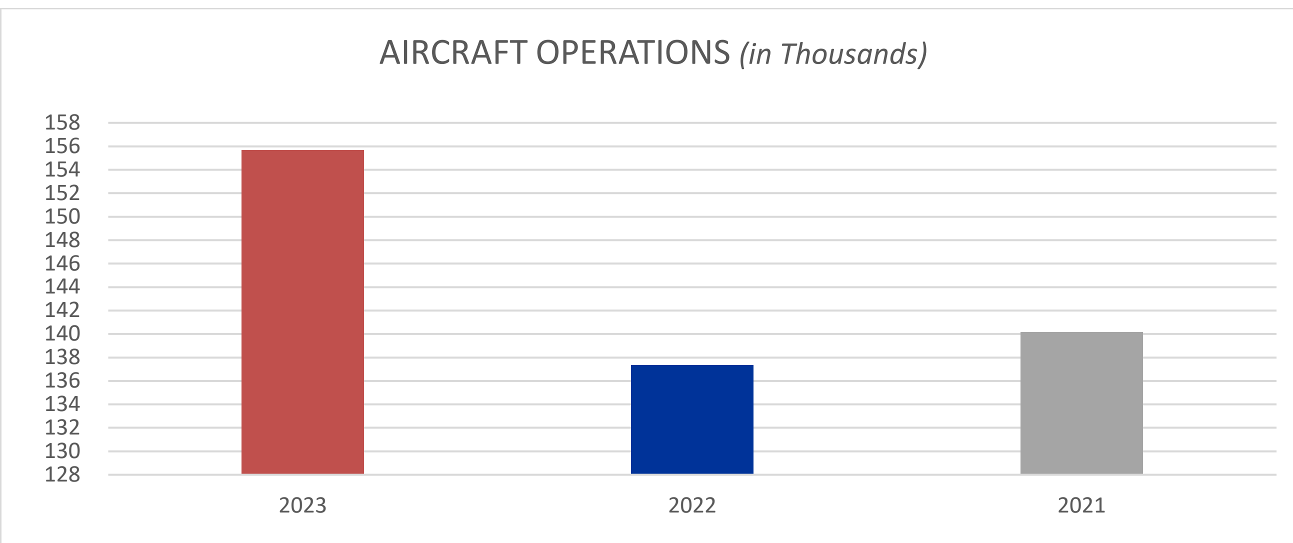
AIRPORT ACTIVITIES AND HIGHLIGHTS – continued



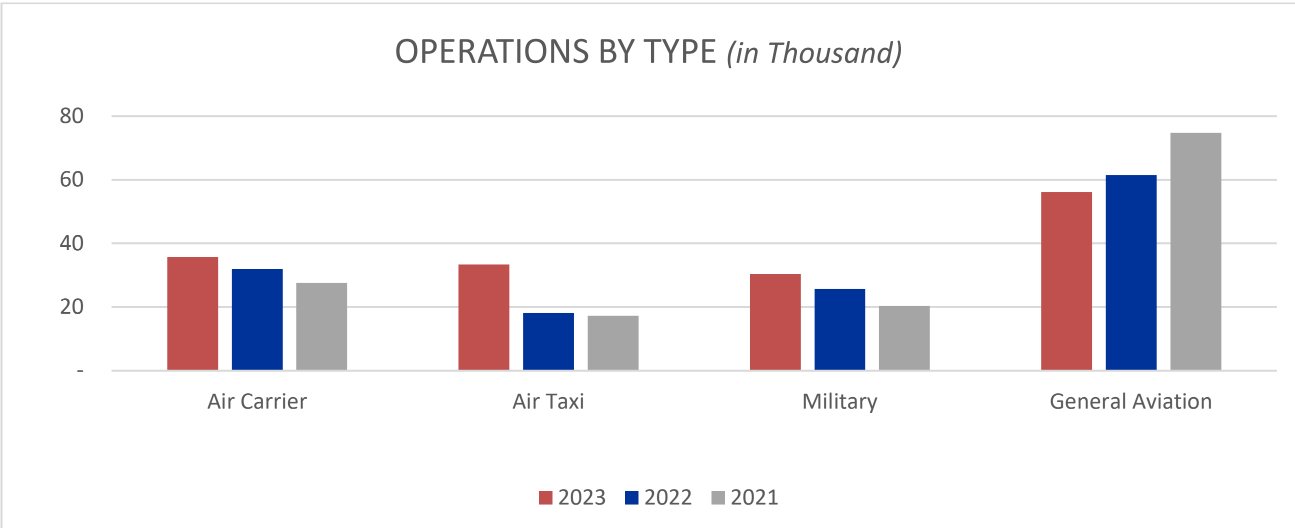


AIRPORT ACTIVITIES AND HIGHLIGHTS – continued





AIRPORT ACTIVITIES AND HIGHLIGHTS – continued



FINANCIAL HIGHLIGHTS

TAA's total net position as of September 30, 2023, was $502.0 million, compared to $471.9 million and $443.0 million in FY 2022 and FY 2021 respectively. In FY2023 TAA experienced an increase in net position of $30.2 million over FY 2022, $28.9 million in FY 2022, and $15.5 million in FY 2021.

Total revenues increased $5.1 million or 5.7% in FY 2023 over FY 2022 and increased $16.0 million, 22.3% in FY 2022 over FY 2021. The FY 2023 increase was due in part to higher-than-expected activity levels from concessionaires, higher interest income due to unprecedented high interest rates, and increased capital contributions from Federal and State grants. The increase in FY 2022 was primarily driven by concessions revenue, which increased by $4.3 million or 30.0% and Federal and States grants, which saw an $11.4 million increase or 88.8% compared to FY 2021. Year over year variances in capital contributions are determined by factors such as grant availability and project timing and are not expected to be consistent between years.

Total expenses for FY 2023 increased $3.8 million or 6.3% over FY 2022 and increased $6.4 million or 12% over FY 2021. The FY 2023 increase was primarily due to vacant staff positions being filled as well as an increase in inflation resulting in higher costs across all operating expense categories. The increase in FY 2022 was a result of increased inflation, continued pandemic related supply chain shortages across all operating expense categories, and personnel related increases.

The TAA's assets and deferred outflows exceeded liabilities and deferred inflows at the end of FY 2023 by $502 million, compared to $471.8 million at the end of FY 2022 and $443.0 million at the end of FY 2021. Unrestricted net position for FY 2023, FY 2022, and FY 2021 was $118.5 million, $119.8, and $108.8 million respectively.

Note: The FY 2022 ACFR was not restated to conform to Governmental Accounting Standards Board (GASB) 96 standards for reporting of subscription-based information technology arrangements. The FY 2023 ACFR incorporates the effects of FY 2022 activity. For details of the effects of the implementation of GASB 96, please refer to Note 14 in the notes to the financial statements.

NET POSITION

The following is a summary of assets, liabilities, deferred inflows and outflows of resources, and net position as of September 30, 2023, and preceding two fiscal years, 2022 and 2021.

Summary of net position	2023	2022	2021
Assets			
Current (unrestricted)	$ 163,288,331	$ 165,659,038	$ 160,616,140
Current (restricted)	30,444,102	25,347,116	23,678,718
Net capital assets	383,594,131	360,605,342	337,524,478
Other noncurrent assets	77,179,062	80,137,980	87,132,795
Total assets	654,505,626	631,749,476	608,952,131
Deferred outflows of resources	3,825,793	5,599,775	4,180,444
Total assets and deferred outflows of resources	658,331,419	637,349,251	613,132,575
Liabilities			
Current (payable from unrestricted assets)	19,673,083	21,305,973	17,199,537
Current (payable from restricted assets)	1,517,081	572,412	392,447
Noncurrent	54,078,015	58,525,024	55,643,245
Total liabilities	75,268,179	80,403,409	73,235,229
Deferred inflows of resources	81,013,530	85,071,557	96,896,850
Total liabilities and deferred inflows of resources	156,281,709	165,474,966	170,132,079
Net position			
Net investment in capital assets	353,068,826	327,480,673	310,897,029
Restricted	30,444,103	25,347,116	23,286,271
Unrestricted	118,536,782	119,046,496	108,817,197
Prior Period Adjustment (GASB 96)	-		
Net position	$ 502,049,710	$ 471,874,285	$ 443,000,496

Total assets and deferred outflows of resources were $658.3 million, an increase of $21.0 million or 3.3% from the prior fiscal year and $637.3 million, an increase of $24.2 million or 3.9% in FY 2022 from FY 2021. Current unrestricted assets decreased $2.4 million during 2023. The decrease was primarily due to a decrease in cash and cash equivalents of $2.5 million partially offset by an increase in accounts receivable and grants receivable of $0.9 million and a decrease in short term lease receivable of $1.0 million. In FY 2022, TAA experienced an increase in current unrestricted assets of $5.0 million; the increase was primarily due to an increase in cash and cash equivalents of $24.6 million, partially offset by a decrease in investments of $22.1 million. The FY 2021 decrease from FY

NET POSITION – continued

2020 was primarily due to a decrease in cash and cash equivalents of $56.2 million, partially offset by an increase in investments of $42.4 million.

Current restricted assets increased in FY 2023 by $5.1 million due to an increase in cash and cash equivalents. In FY 2022, TAA's current restricted assets increased by $1.7 million over FY 2021 following an increase of $0.7 million in FY 2021 over FY 2020. The increase in FY 2022 resulted from an increase in cash and investments in the Passenger Facility Charge (PFC) fund due to maturing investments that were converted to cash, and partially offset by a decrease in investments in the Land Acquisition fund due to changes in fair market value. The increase in FY 2021 resulted from an increase in investments for both the Passenger Facility Charge (PFC) fund and Land Acquisition fund. Whereas the net capital assets increased by $22.8 million in FY 2023, $22.5 million in FY 2022, and $6.1 million in FY 2021. All three years, FY 2023, FY 2022, and FY 2021 were impacted by projects in the TAA's capital improvement program. In FY 2023, $2.6 million in capital assets were acquired by TAA via the completion of the 30-year lease agreement of Air Center West hangar buildings located at 6248 S. Aviator Ln, Tucson, Arizona 85735. The assets included buildings, hangars, and tie-downs. TAA recorded these assets at appraised values at the time of transfer of ownership.

Total liabilities and deferred inflows of resources were $156.2 million for FY 2023, a decrease of $9.1 million or 5.6% from FY 2022, and $165.4 million, a decrease of $4.7 million or 2.7% in FY 2022 from the FY 2021. Current liabilities payable from unrestricted assets in FY 2023 decreased by $1.6 million over FY 2022. Current liabilities payable from unrestricted assets increased by $4.1 million in FY 2022 compared to FY 2021. Current liabilities payable from unrestricted assets in FY 2021 decreased $0.4 million compared to FY 2020. Current liabilities payable from restricted assets increased by $0.9 million compared to FY 2022, increased by $0.2 million in FY 2022 from FY 2021; a nominal decrease in FY 2021 compared to FY 2020. Total noncurrent liabilities decreased by $4.3 million during FY 2023. The decrease was primarily due to a decrease in the outstanding subordinate lien revenue bonds and the noncurrent portion of the environmental remediation liability. Total noncurrent liabilities increased by $2.8 million in FY 2022 compared to FY 2021 and decreased by $38.8 million in FY 2021 compared to FY 2020. The increase in FY 2022 was primarily due to an increase in net pension liability of $9.0 million, partially offset by a decrease in the outstanding balance on subordinate lien revenue bonds and the noncurrent portion of the environmental remediation liability. FY 2021 was primarily due to a decrease in the net pension liability of $36.9 million. TAA made a lump sum payment during FY 2021 to Public Safety Pension Retirement System of $27.2 million to reduce the net pension liability for both its fire department and police department pension programs.

NET POSITION – continued

The largest portion of TAA's net position, 76.2% for FY 2023, 76.2% for FY 2022, and 76.2% for FY 2021 represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less outstanding debt used to acquire those assets. TAA uses these assets to provide services to its passengers, visitors, and tenants that generate future revenue streams. Although TAA's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to retire these liabilities.

An additional portion of TAA's net position, 6.1% for FY 2023, 5.3% for FY 2022, and 5.3% for FY 2021, represents resources that are subject to restrictions from government grantors, bond resolutions and State and Federal regulators on how they may be used. The changes in restricted net position over the three-year period are primarily attributable to passenger facility charge funds that are accumulating for retirement of debt used to finance completed terminal expansion and concourse renovation projects, offset by decreases in assets restricted for payment of environmental remediation expenses. The remaining unrestricted net position balances of $118.9 million for fiscal year 2023, $119.8 million for fiscal year 2022, and $108.8 million for fiscal year 2021 may be used for any lawful purpose of the TAA.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	2023	2022	2021
Operating revenues	$ 45,962,164	$ 41,525,665	$ 37,747,404
Operating expenses	39,886,830	35,937,183	30,504,785
Operating income before depreciation and amortization	6,075,334	5,588,482	7,242,619
Depreciation and amortization	21,809,985	21,343,636	20,308,305
Operating income (loss)	(15,734,651)	(15,755,154)	(13,065,686)
Non-operating revenues	21,946,208	22,530,887	21,592,334
Non-operating expenses	(1,438,115)	(2,102,422)	(2,206,160)
Income (loss) before capital contributions	4,773,441	4,673,310	6,320,488
Capital contributions	25,401,984	24,200,479	12,818,224
Increase in net position	30,175,425	28,873,789	19,138,712
Net position, beginning of year	471,874,285	443,000,496	423,861,784
Net position, end of year	$ 502,049,710	$ 471,874,285	$ 443,000,496

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION – continued

Total operating revenues increased by $4.4 million or 10.7% in FY 2023, $3.8 million or 10% in FY 2022, and decreased $1.1 million or 2.9% in FY 2021 over FY 2020. Increases in operating revenues during FY 2023 were primarily due to increases in concession revenues as increased passenger traffic positively impacted dollars spent with airport tenants. Increases in operating revenues in FY 2022 were primarily related to increases in concession revenues as a return of passenger traffic positively impacted dollars spent with airport tenants. Decreases in operating revenues in FY 2021 were primarily related to decreases in space rental revenue during the pandemic as rent relief (including waivers of minimum annual guarantees) was provided to tenants during FY 2021.

Total operating expenses in FY 2023 increased by $3.9 million or 11.0%. The increase was largely attributable to increases in personnel and contractual services. Total operating expenses in FY 2022 increased by $5.4 million (17.8%) over FY 2021. The increase was largely attributable to increases in personnel and contractual services. Total operating expenses in FY 2021 decreased by $2.8 million (8.4%) over FY 2020. The decrease was largely attributable to decreases in personnel and other operating expenses partially offset by an increase in contractual services.

Non-operating revenues in FY 2023 decreased by 2.6% primarily due to a decrease in federal and state grant fundings related to COVID19 grants that were completed and closed out during the year. Non-operating revenues in FY 2022 increased 4.3% compared to FY 2021. This was mainly due to an increase in draws in federal grant funding and increase PFC revenue. FY 2021 decreased 18.2% compared to FY 2020. This was mainly due to a decrease in gain on disposition of fixed assets in FY 2021 compared to FY 2020.

A decrease in non-operating expenses of 31.6% in FY 2023 was primarily related to a decrease in environmental expenses. Non-operating expenses decreased by 4.7% in FY 2022 due primarily to a decrease in the fair value of investments. This follows an increase in non-operating expenses by 62.9% in FY 2021 due to increased environmental expenses.

Capital contributions in FY 2023 increased by 5% from FY 2022. The increase in capital contributions of $1.2 million is attributed to federal and state grant funding. Capital contributions in FY 2022 increased by 88.8% from FY 2021 and FY 2021 decreased by 23.5% from FY 2020. Year-to-year variances in capital contributions are determined by factors such as grant availability and project timing and are not expected to be consistent between years.

REVENUES

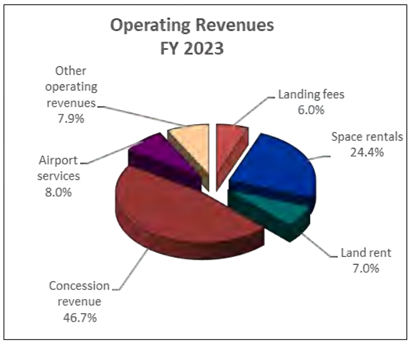
Total revenues of $93.3 million in FY 2023 were 5.7% greater than the prior fiscal year, whereas in FY 2022, total revenues of $88.3 million were 22.3% greater than the prior fiscal year, and FY 2021, total revenues of $72.2 million were less than the prior fiscal year by 12.0%.

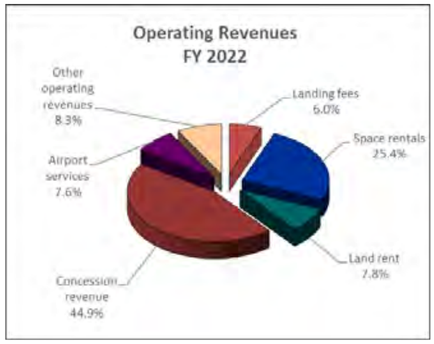
In FY 2023 operating revenues increased by $4.4 million or 10.7%. Changes included increases in concession revenues of $2.8 million, and an increase in space rentals revenue of $0.7 million. Operating revenues in fiscal year FY 2022 increased by $3.8 million, or 10.0% from FY 2021. Changes included increase in concession revenues of $4.3 million, increase in landing fees of $0.5 million, and a decrease in space rentals revenue of $1.3 million. The decrease over prior year for space rentals (11.4%) is attributable to rent relief that was provided to airport tenants during FY 2022 due to the COVID19 pandemic. On the other hand, operating revenues decreased by $2.5 million or 6.5% in FY 2021 compared to FY 2020. Decrease was mainly in space rentals revenue of $2.6 million, also attributable largely to rent relief provided to airports due to COVID19.

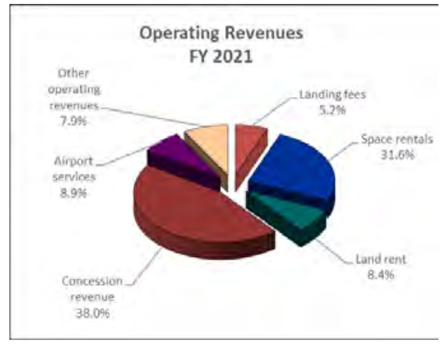
Revenues by major source	2023	2022	2021
Landing fees	$ 2,752,908	$ 2,494,007	$ 1,973,618
Space rentals	11,214,193	10,553,073	11,914,716
Land rent	3,205,014	3,242,232	3,170,479
Concession revenue	21,479,224	18,652,486	14,350,682
Airport services	3,674,781	3,154,925	3,354,818
Other operating revenues	3,636,044	3,428,942	2,983,091
Total operating revenues	45,962,164	41,525,665	37,747,404
Interest income	3,157,185	1,726,195	1,777,835
Net increase (decrease) in fair value of investments	3,459,410	(6,324,662)	(169,672)
Passenger facility charges	7,213,557	6,502,174	4,628,663
Gain/(loss) on disposition of fixed assets	(7,955)	8,188	(22,866)
Nonoperating revenue-Transfer Asset	2,670,851	-	-
Nonoperating grants-in-aid	5,338,288	20,618,992	15,378,375
Other nonoperating revenue	114,872	-	-
Total nonoperating revenues	21,946,208	22,530,887	21,592,335
Capital contributions	25,401,984	24,200,479	12,818,224
Total revenues	$ 93,310,356	$ 88,257,031	$ 72,157,963

REVENUES– continued

The following charts show the major sources and the percentage of operating revenues for fiscal years 2023, 2022 and 2021.







NONOPERATING REVENUES

Nonoperating revenues consist mainly of income on investments, federal and state grants, and passenger facility charges (PFCs). PFC revenue fluctuates based on passenger levels. FY 2023 nonoperating revenues decreased $0.7 million, or 3.1% over FY 2022 due to decreases in federal grant assistance related to the COVID19 Pandemic in the amount of $12.7 million and an increase in PFC revenue of $0.7 million. In FY 2023 the lease of the Air Center West hangar buildings reached the end of its 30-year life and the buildings reverted to TAA ownership per the terms of the lease agreement. This resulted in recognizing non-monetary revenue of $2.6 million within non-operating revenue. FY 2022 nonoperating revenues increased $0.9 million, or 4.3% over FY 2021 due to increases in federal grant assistance of $5.2 million and PFC revenue of $1.9 million. FY 2021 nonoperating revenues decreased $4.8 million, or 18.2% over FY 2020 due to lower gain on disposition of capital assets of $5.6 million attributable to a one-time land sale in FY 2020 and a decrease in interest income of 0.6 million due to various factors in the economy, offset by an increase in federal grant assistance by $1.2 million.

Nonoperating revenues consist mainly of income on investments, gain on disposition of capital assets, federal grant assistance related to the pandemic reported in other nonoperating revenue, and passenger facility charges (PFCs). PFC revenue fluctuates based on passenger levels. FY 2022 nonoperating revenues increased $0.9 million, or 4.3% over FY 2021 due to increases in federal grant assistance of $5.2 million and PFC revenue of $1.9 million. FY 2021 nonoperating revenues decreased

NON-OPERATING REVENUES– continued

$4.8 million, or 18.2% over FY 2020 due to lower gain on disposition of capital assets of $5.6 million attributable to a one-time land sale in FY 2020 and a decrease in interest income of $0.6 million due to various factors in the larger economy, offset by an increase in federal grant assistance by $1.2 million.

CAPITAL CONTRIBUTIONS

Capital contributions consist of various federal and state grants that vary from year-to-year depending on grant availability and timing of projects.

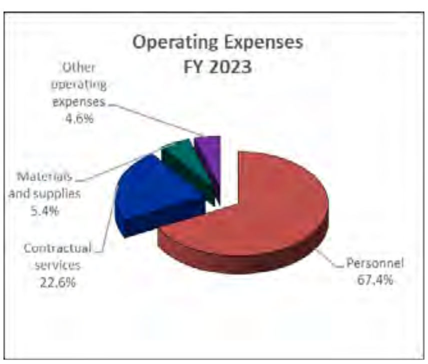
EXPENSES

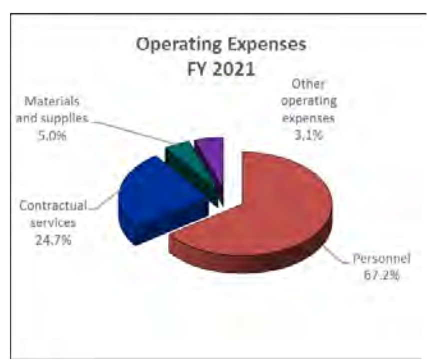
Total expenses for FY 2023 increased $3.8 million from FY 2022 due to increases in all operating expense categories. Operating expenses for FY 2023 increased $3.9 million or 11.0% over FY 2022. Nonoperating expenses were $0.7 million, or 31.6% lower for FY 2023 than FY 2022, primarily due to a decrease in environmental expenses of $0.6 million. Total expenses for FY 2022 increased $6.4 million from FY 2021 due primarily to increases in all operating expense categories and in other nonoperating expenses. Operating expenses for FY 2022 increased $5.4 million, or 17.8% over FY 2021. Nonoperating expenses were $0.1 million, or 4.7% lower in FY 2022 than FY 2021, caused primarily by a decrease in interest expenses of $0.1 million.

EXPENSES– continued

Expenses by major category	**2023**	**2022**	**2021**
Personnel	$ 26,885,105	$ 23,398,275	$ 20,489,377
Contractual services	9,012,154	8,954,187	7,537,219
Materials and supplies	2,146,300	1,726,351	1,533,550
Other operating expenses	1,843,271	1,858,370	944,639
Total operating expenses	39,886,830	35,937,183	30,504,785
Depreciation and amortization	21,809,985	21,343,636	20,308,305
Interest expense	703,000	784,173	871,573
Environmental expenses	734,190	1,315,930	1,334,189
Other nonoperating expenses	925	2,320	397
Total nonoperating expenses	1,438,115	2,102,422	2,206,159
Total expenses	$ 63,134,930	$ 59,383,241	$ 53,019,249

The following charts show the major operating expense categories for the Authority for FY 2023, FY 2022 and FY 2021.





CAPITAL ASSETS

Net capital assets increased $22.9 million or 6.4% in FY 2023 compared to FY 2022 and increased $23.1 million, or 6.8% in FY 2022 compared to FY 2021. The increase resulted from spending on capital improvement program projects. The most significant CIP projects undertaken on the airfield during FY 2023 included a continuation of the multi-year airfield safety enhancement project (ASE). Major increases included the completion of five out of thirty phases on the ASE project, capitalizing $13.0 million in costs. Buildings and improvements projects included the relocation of the Air National Guard's, Entry Control Facility hangar in the amount of $10.2 million. In FY 2023, $2.6 million in capital assets were acquired by TAA via the completion of the thirty-year lease agreement of Air Center West hangar buildings. The capital assets included buildings, hangars, and tie-downs. TAA recorded these assets at appraised values at the time of the transfer of ownership.

Net capital assets increased $22.5 million, or 6.7% in FY 2022 over FY 2021. The most significant FY 2022 CIP projects undertaken on the airfield included a continuation of the multi-year ASE project, as well as airfield maintenance and safety equipment. Significant projects were undertaken in the terminal complex related to infrastructure upgrades.

Additional detailed information regarding capital asset activity may be found in Note 5 to the financial statements.

Net capital assets	2023	2022	2021
Land	$ 51,805,394	$ 51,805,394	$ 51,786,544
Air avigation easements	29,990,090	29,990,090	29,990,090
Land improvements	243,853,010	229,595,629	224,572,634
Buildings and improvements	285,056,763	272,060,494	269,243,354
Utilities	6,834,578	6,834,578	5,951,108
Computer software	7,379,722	7,281,747	7,088,492
Furniture, fixtures, machinery and equipment	65,362,831	63,694,481	49,984,905
Artwork	675,856	650,881	493,188
Right of Use Assets	665,361	571,936	-
Construction in progress	71,389,285	55,799,583	34,785,953
Gross capital assets	763,012,890	718,284,812	673,896,268
Less accumulated depreciation	379,418,759	357,679,470	336,371,789
Net capital assets	$ 383,594,131	$ 360,605,342	$ 337,524,479

DEBT ACTIVITY

At the end of FY 2023, TAA had total long-term debt outstanding of $20.1 million. The debt consists of bonds that are secured by a pledge of passenger facility charge revenues, general airport revenues, and unamortized premium. The decrease of $3.3 million, or 14.2% from FY 2022 is a result of normal debt service and amortization of the bond premium. At the end of FY 2022, TAA had total long-term debt outstanding of $23.4 million. The decrease of $3.2 million, or 12.1% from FY 2021 is a result of normal debt service and amortization of the bond premium.

Outstanding long-term debt	**2023**	**2022**	**2021**
Authority revenue bonds -			
Series 2018 subordinate lien	$ 20,035,000.00	$ 23,305,000.00	$ 26,475,000.00
Unamortized premium	56,965.00	99,826.20	152,448.84
Total long-term debt	$ 20,091,965.00	$ 23,404,826.20	$ 26,627,448.84

Additional detailed information regarding long-term debt activity may be found in Note 7 to the financial statements.

DEBT SERVICE COVERAGE

Debt service coverage is a covenant of the TAA's bond resolutions requiring that annual net airport system revenues be maintained at 1.25 times the senior lien debt service requirement and at 1.10 times the subordinate lien debt service requirement. This coverage serves as an indicator to bondholders that funds are available for timely debt service payments. Net airport system revenue is calculated based on the airport use and lease agreement between the TAA and its signatory airlines and includes several additions to and subtractions from revenue and expense amounts reported in the basic financial statements.

In fiscal year 2023, net airport system revenues available for subordinate lien bond debt service were 3.93 times subordinate lien debt service, compared to 3.36 for FY 2022, and 3.37 in FY 2021. TAA had no senior lien debt outstanding during fiscal years 2023, 2022, or 2021. Variances in the debt service coverage year-over-year are primarily attributable to normal debt service and changes in net airport system revenue.

AIRLINE RATES AND CHARGES

TAA has a residual cost airport use agreement with the major passenger airlines (signatory airlines). This agreement provides a method for securing the financial stability of TAA through a schedule of rates and charges. Following are some of the key rates and charges included in the agreement:

Signatory airline rates and charges		2023	2022	2021
Ticketing	per sq. ft.	$ 92.01	$ 65.21	$ 65.21
Hold room	per gate	$ 134,167.77	$ 95,080.52	$ 95,080.52
Baggage claim	per sq. ft.	$ 87.26	$ 61.84	$ 61.84
Baggage makeup	per sq. ft.	$ 30.66	$ 21.73	$ 21.73
Landing fee	per 1,000 lbs.	$ 2.02	$ 1.15	$ 1.15

During FY 2023, TAA negotiated an extension of the previously expired airline use agreement with the signatory airlines which expired September 30, 2024. An additional one-year extension was negotiated during 2024 set to expire September 30, 2025.

AIRLINE COST PER ENPLANEMENT

Airline Cost Per Enplanement (CPE) is a measure used in the airline and airport industries to show the average cost an airline incurs to enplane one passenger at a given airport. This figure is derived by dividing total passenger airline revenues earned by the airport by the total number of enplaned passengers.

CPE decreased in fiscal year 2023 over fiscal year 2022 by $0.38 per enplanement and decreased in FY 2022 over fiscal year 2021 by $3.92 per enplanement. The changes each year is a direct result of changes in enplanements.

Airline cost per enplanement	2023	2022	2021
Passenger airline revenues	$ 10,749,359	$ 10,283,225	$ 11,418,180
Enplaned passengers	1,879,913	1,686,183	1,137,279
Cost per enplanement	$ 5.72	$ 6.10	$ 10.04

Tucson Airport Authority, Inc.

Statements of Net Position

September 30, 2023, and 2022

	2023	Restated 2022
Assets:		
Current assets, unrestricted		
Cash and cash equivalents	$ 51,201,204	$ 39,885,789
Investments	89,831,123	103,606,567
Accounts receivable, net	2,022,296	6,407,843
Accrued interest receivable	220,561	95,606
Grants receivable	14,363,905	9,057,179
Short-term lease receivable	4,109,048	5,040,303
Inventories	446,129	414,637
Prepaid expenses and other assets	1,094,065	1,151,114
Total unrestricted current assets	163,288,331	165,659,038
Current assets, restricted		
Cash and cash equivalents	10,463,947	2,800,884
Investments	18,767,303	21,534,922
Accounts receivable	1,158,773	982,305
Accrued interest receivable	54,079	29,005
Total restricted current assets	30,444,102	25,347,116
Total current assets	193,732,433	191,006,154
Noncurrent assets:		
Capital assets, not depreciated	153,860,625	138,245,948
Capital assets, depreciated and amortized, net	229,733,506	222,359,394
Total capital assets	383,594,131	360,605,342
Long-term lease receivable	77,179,062	80,137,980
Total noncurrent assets	460,773,193	440,743,322
Total assets	654,505,626	631,749,476
Deferred outflows of resources:		
Deferred outflows related to pensions/OPEB	3,825,793	5,599,775
Total assets and deferred outflows of resources	$ 658,331,419	$ 637,349,251

See accompanying notes to the basic financial statements.

Tucson Airport Authority, Inc.

Statements of Net Position (continued)

Years Ended September 30, 2023, and 2022

	2023	Restated 2022
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 936,972	$ 1,565,627
Accrued expenses	2,853,303	2,709,857
Unearned revenues	1,270,906	1,396,005
Construction contracts payable	10,222,171	9,330,235
Current portion of bonds payable	1,660,000	1,610,000
Current portion of subscription obligations	189,802	220,302
Current portion of environmental remediation payable, restricted	2,539,929	4,473,947
Total payable from unrestricted assets	19,673,083	21,305,973
Payable from restricted assets:		
Current portion of environmental remediation payable, restricted	1,517,081	572,412
Total payable from restricted assets	1,517,081	572,412
Total current liabilities	21,190,164	21,878,385
Noncurrent liabilities:		
Payable from unrestricted assets:		
Bonds payable, net of current portion	18,431,965	21,794,826
Subscription obligations, net of current portion	21,367	169,306
Net pension/OPEB liability	20,408,381	20,039,902
Environmental remediation payable, net of current portion	15,216,302	16,520,990
Total payable from unrestricted assets	54,078,015	58,525,024
Total liabilities	75,268,179	80,403,409
Deferred inflows of resources:		
Deferred inflows related to pensions/OPEB	1,145,047	1,192,679
Deferred inflows related to leases	79,868,483	83,878,878
Total deferred inflows of resources	81,013,530	85,071,557
Commitments and contingencies		
Net position:		
Net investment in capital assets	353,068,826	327,480,673
Restricted - capital projects	25,257,924	21,249,452
Restricted - environmental trust	1,517,081	572,412
Restricted - land acquisition	3,669,097	3,525,252
Unrestricted	118,536,782	119,046,496
Total net position	$ 502,049,710	$ 471,874,285

See accompanying notes to the basic financial statements.

Tucson Airport Authority, Inc.

Statements of Revenues, Expenses and Changes in Net Position

Years Ended September 30, 2023, and 2022

	2023	Restated 2022
Operating revenues:		
Landing fees	$ 2,752,908	$ 2,494,007
Space rentals	11,214,193	10,553,073
Land rent	3,205,014	3,242,232
Concession	21,479,224	18,652,486
Airport services	3,674,781	3,154,925
Other operating	3,636,044	3,428,942
Total operating revenues	45,962,164	41,525,665
Operating expenses:		
Personnel	26,885,105	23,398,275
Contractual	9,012,154	8,954,187
Materials and supplies	2,146,300	1,726,351
Other	1,843,271	1,858,370
Total operating expenses	39,886,830	35,937,183
Depreciation and amortization	21,809,985	21,343,636
Operating loss	(15,734,651)	(15,755,154)
Nonoperating revenues (expenses):		
Interest income	3,157,184	1,726,195
Net increase (decrease) in the fair value of investments	3,459,410	(6,324,662)
Passenger facility charges	7,213,557	6,502,174
Interest expense and fiscal charges	(703,000)	(784,173)
Gain (loss) on disposition of capital assets	(7,955)	8,188
Gain on termination of leases	2,670,851	-
Environmental remediation expenses	(734,190)	(1,315,930)
Nonoperating grants-in-aid	5,338,288	20,618,992
Other nonoperating expense	113,947	(2,320)
	20,508,092	20,428,464
Income before capital contributions	4,773,441	4,673,310
Capital contributions:		
Federal	24,308,544	23,080,389
State	1,093,440	1,120,090
	25,401,984	24,200,479
Change in net position	30,175,425	28,873,789
Net position, beginning of year, restated	471,874,285	443,000,496
Net position, end of year	$ 502,049,710	$ 471,874,285

See accompanying notes to the basic financial statements.

Tucson Airport Authority, Inc.

Statements of Cash Flows

Years Ended September 30, 2023, and 2022

	2023	Restated 2022
Cash flows from operating activities:		
Receipts from airlines and tenants	$ 49,734,111	$ 36,903,703
Federal and state grants-in-aid	387,220	349,740
Payments to suppliers	(13,564,342)	(11,421,782)
Interest paid on subscription liabilities	(12,599)	-
Payments for personnel services	(24,687,319)	(21,958,972)
Payments for environmental remediation	(3,058,247)	(3,670,022)
Net cash provided by operating activities	8,798,824	202,667
Cash flows from capital and related federal financing activities:		
Federal and state capital contribution receipts	24,640,533	25,239,610
Acquisition of capital assets	(43,816,650)	(40,541,111)
Proceeds from sale of capital assets	(7,955)	8,188
Principal paid on long-term debt	(3,417,939)	(3,170,000)
Passenger facility charge receipts	7,037,089	6,396,253
Interest paid on long-term debt	(615,728)	(835,528)
Payments on subscription liabilities	(30,500)	-
Net cash provided by capital and related Federal financing activities	(16,211,150)	(12,902,588)
Cash flows from non capital financing activities:		
Non operating gain on lease termination	2,670,851	-
Nonoperating grants-in-aid receipts	709,945	21,248,413
Net cash provided by non capital financing activities	3,380,796	21,248,413
Cash flows from investing activities:		
Interest on investments	2,963,721	1,481,293
Maturity and calls of investments	35,116,837	25,608,681
Purchase of investments	(15,070,550)	(10,155,862)
Collections of notes receivable	-	88,995
Net cash provided by investing activities	23,010,008	17,023,107
Net increase in cash and cash equivalents	18,978,478	25,571,599
Cash and cash equivalents, beginning	42,686,673	17,115,074
Cash and cash equivalents, ending	$ 61,665,151	$ 42,686,673

See accompanying notes to the basic financial statements.

Tucson Airport Authority, Inc.

Statements of Cash Flows (continued)

Years Ended September 30, 2023, and 2022

	2023	Restated 2022
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (15,734,651)	$ (15,755,154)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	21,809,985	21,343,636
Payments for environmental remediation	(3,058,247)	(3,670,022)
Interest paid on subscription liabilities	(12,599)	-
Changes in operating assets and liabilities:		
Accounts receivable	8,294,657	1,151,640
Inventories	(31,492)	(19,106)
Prepaid expenses	57,049	(172,651)
Accounts payable	(628,657)	409,407
Accrued expenses	143,445	1,002,603
Unearned revenues	(125,099)	136,342
Net pension liability and related changes in deferred outflows and inflows of resources	(1,915,567)	(4,224,028)
Total adjustments	24,533,475	15,957,821
Net cash provided by operating activities	$ 8,798,824	$ 202,667
Noncash nonoperating, capital, financing and investing activities:		
Additions to capital assets included in accounts payable	$ 10,222,171	$ 9,330,235
Net appreciation (depreciation) in fair value of investments	$ 3,459,410	$ (6,324,662)
Increase in estimate of environmental remediation liability	$ (734,190)	$ (1,315,930)

See accompanying notes to the basic financial statements.

1. Description of organization:

Tucson Airport Authority, Inc. (TAA), a political subdivision of the state of Arizona, nonprofit corporation as provided for under the laws of the State of Arizona, was established April 12, 1948 for the purpose of developing and promoting transportation and commerce in the State through the operation and maintenance of airports and related facilities adjacent to the City of Tucson in Pima County, Arizona. The TAA's membership consists of up to 60 residents of the airport service area who elect a Board of Directors (Board) which governs the TAA. The TAA has no taxing authority and presently operates two airports: Tucson International Airport and Ryan Airfield.

The land and improvements composing the TAA are owned by the City of Tucson (City) and are leased by the City to the TAA pursuant to a lease dated October 14, 1948, as amended (Airport Lease). Pursuant to the terms of the Airport Lease, which expires October 14, 2098, the TAA has the obligation to operate, maintain and develop the airport as a public facility for the accommodation of air commerce. In addition, the Airport Lease provides for certain other rights, powers and obligations as specified therein. Under the terms of the Airport Lease, the TAA has been required to make only nominal payments to date. Upon expiration of the Airport Lease, the airport and improvements thereon, except as provided for in the Airport Lease, return to the custody of the City.

Five passenger airlines utilizing the Airport have entered into a Signatory Airport Use Agreement with the TAA and are referred to as Signatory Airlines. In general, the Airport Use Agreement provides that fixed rentals are to be paid monthly by each Signatory Airline for use and occupancy of certain terminal space and other facilities. In addition, the Signatory Airlines collectively pay landing fees which are determined so that the aggregate landing fees paid in each fiscal year by all Signatory Airlines, after taking into consideration other revenues of the TAA, is an amount which provides sufficient operating funds to cover annual debt service bonds, annual operating expenses and satisfies other bond resolution requirements. The existing Signatory Airport Use Agreement was extended until September 30, 2025.

The accompanying financial statements include the accounts of the TAA. There are no potential component units, nor has the TAA been determined to be a component unit of any other entity.

2. Summary of significant accounting policies:

Measurement focus, basis of accounting and financial statement presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. All transactions are accounted for in a single enterprise fund. Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the 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; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statements of net position. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position, net position is displayed in three components - net investment in capital assets, restricted and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

In proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, (i.e., charges to customers or users who purchase or use the goods or services of that activity). Operating expenses are those that are incurred to provide those goods or services. Nonoperating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless or the measurement focus applied. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When both restricted and unrestricted resources are available for use, it is the TAA's practice to use restricted resources first, then unrestricted resources as they are needed.

Budgets:

The TAA utilizes a budget process for planning purposes with adoption by the Board of Directors. Pursuant to the Airport Lease, the TAA prepares a biennial budget that is presented to the Mayor and Council of the City for informational purposes. An annual budget is also reviewed by representatives of the Signatory Airlines. The budget is prepared in sufficient detail to enable its use by management in monitoring operations.

2. Summary of significant accounting policies (continued):

Estimates and assumptions:

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions. Actual results could differ from those estimates and assumptions.

Cash and cash equivalents and investments:

The TAA's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.

Investments are stated at fair value. The TAA's policy is to invest in certificates of deposit, federal treasury and agency securities, cash equivalent mutual funds and repurchase agreements, and to hold such investments to maturity. In accordance with this policy, investments are purchased so that maturities will occur as projected cash flow needs arise in connection with daily operations, construction projects and bond debt service requirements. Investment earnings are comprised primarily of interest earnings.

Fair value measurements:

Fair value is defined as the price to sell an asset or transfer a liability between market participants in an orderly exchange in the principal or most advantageous market for that asset or liability. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Grant and accounts receivable:

The TAA grants unsecured credit to certain of its tenants, the U.S. government and state and local agencies without interest. Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by an allowance for the estimated portion that is expected to be uncollectible. This estimate is based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When collection activity results in receipt of amounts previously written off against allowance, revenue is recognized for the amount collected.

2. Summary of significant accounting policies (continued):

Grant and accounts receivable (continued):

Accounts receivable at September 30 is as follows:

	2023	2022
Accounts receivable	$ 2,714,598	$ 6,814,193
Less allowance for doubtful accounts	692,302	406,350
Accounts receivable, net	$ 2,022,296	$ 6,407,843

Inventories:

Inventories consist of fuel for internal use and resale and operating and maintenance supplies, and are recorded at the lower of cost or market with cost determined on an average cost basis.

Bond issuance costs:

Costs of issuing general airport revenue bonds, except prepaid insurance, are expensed as incurred. Insurance is recorded as a prepaid asset and amortized over the life of the bonds using the effective interest method.

Capital assets:

Capital assets are stated at cost or estimated historical cost if original cost is not available and include expenditures which substantially increase the useful lives of existing assets. Capital assets include intangible assets, which are without physical substance that provide economic benefits through the rights and privileges associated with their possession, including aviation navigation easements and computer software. Gifts or contributions of capital assets are recorded at acquisition value as of the date of the acquisition. The TAA's policy is to capitalize assets with a cost of $2,500 or more. Routine maintenance and repairs are expensed as incurred.

Depreciation (including amortization of intangible assets) has been provided using the straight-line method over the following estimated useful lives of the related assets:

Utilities	9 - 20 years
Land improvements	3 - 50 years
Buildings and improvements	3 - 50 years
Intangibles	2 - 25 years
Furniture, fixtures, machinery and equipment	2 - 25 years

Depreciation and amortization of capital assets is recorded as an expense in the statements of revenues, expenses and changes in net position.

2. Summary of significant accounting policies (continued):

Capital assets (continued):

Interest incurred on debt obligations to finance construction projects is expensed during the construction period. Interest income from funds obtained through TAA bond proceeds that are restricted for construction purposes is netted against interest expense incurred on the bonds in determining the amount of capitalized expense.

Capital assets are considered impaired if there is a significant unexpected decline in the service utility of the asset. Impaired capital assets that will no longer be used by the TAA are reported at the lower of carrying or fair value. Impairment losses on capital assets that will continue to be used by the TAA are measured using the method that best reflects the diminished service utility of the capital asset.

Leases:

As lessor, the TAA recognizes a lease receivable and a deferred inflow of resources in the statement of net position. At the commencement of a lease, the TAA measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis. The lease terms generally range from 2 years to 40 years.

Key estimates and judgments include how the TAA determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts. The TAA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments under the lessee.

The TAA monitors changes in circumstances that would require a remeasurement of the lease, and will remeasure the lease receivable and deferred inflows of resources as changes occur that are expected to significantly affect the amount of the lease receivable.

Restricted assets:

Certain resources of the TAA are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants, Federal Aviation Administration regulations or the environmental consent decree for payment of the respective liabilities.

Compensated absences:

The TAA’s personnel policy provides full-time employees with vacation in varying amounts, and at termination, an employee is paid for accumulated (vested) vacation. Accordingly, compensation for vacation leave is charged to expense as earned by the employee, and accumulated unpaid vacation leave payable upon an employee’s termination is recorded as a current liability. Accumulated vacation leave is capped at 400 hours per employee, while medical leave is capped at 120 hours.

2. Summary of significant accounting policies (continued):

Long-term obligations:

Long-term debt and other long-term obligations are reported as noncurrent liabilities in the statements of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

Deferred outflows and inflows of resources:

The statements of net position include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

Postemployment benefits:

For purposes of measuring the net pensions and other postemployment benefits (OPEB) liabilities or assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net position and additions to or deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The plan's investments are reported at fair value. Changes in estimated amounts, may have a material effect on the financial statements.

Net position:

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Passenger facility charges:

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

2. Summary of significant accounting policies (continued):

Passenger facility charges (continued):

The TAA was granted permission to begin collection of a $3 per passenger PFC effective February 1, 1998. In April 2006, the FAA approved the TAA's application to increase the PFC from $3 to $4.50. The increase in rate was effective October 1, 2006. The PFC, less an administration fee of $0.11 per passenger charged by the airlines for processing, is collected by the airlines and remitted on a monthly basis to the TAA.

The TAA's position is that PFCs should be treated as revenue because: 1) the TAA earns the PFCs due to a passenger's use of the Airport; 2) after receipt, the TAA has clear title to the funds and is not required to refund or return them; 3) the TAA is entitled to assess late charges on any payment not received by the deadlines specified in the Act; and 4) the fee is reserved for specific purposes as defined in the approval letter received from the FAA. Since the TAA's applications for PFCs were approved as Impose and Use, it is the position of the TAA that revenue should be categorized as nonoperating revenues and accounted for on the accrual basis.

At the present time, Governmental Accounting Standards Board (GASB) has not released authoritative guidance on the accounting treatment of PFCs.

Environmental remediation costs:

The TAA accounts for environmental remediation costs in accordance with Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. Changes in estimated amounts, may have a material effect on the financial statements.

New accounting standards effective fiscal year 2023:

Implementation of the following GASB Statements was effective for fiscal year 2023:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The TAA implemented this Statement in fiscal year 2023 with no effect.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The TAA implemented this Statement in fiscal year 2023. TAA restated certain accounts related to this adoption as discussed in note 14.

New accounting standards effective fiscal year 2022:

Implementation of the following GASB Statements was effective for fiscal year 2022:

GASB Statement No. 87, Leases, as amended, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the TAA's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

2. Summary of significant accounting policies (continued):

New accounting standards effective fiscal year 2022 (continued):

Implementation of the following GASB statements was effective for fiscal year 2022 (continued):

GASB Statement No. 91, Conduit Debt Obligations, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issues, arrangements associated with conduit debt obligations, and related note disclosures. The TAA implemented this Statement in fiscal year 2022 with no effect.

GASB Statement No. 92, Omnibus 2020. The effective dates of this Statement are as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, Leases, reinsurance recoveries, and terminology used to refer to derivative instruments were effective upon issuance and were implemented by the TAA in fiscal year 2020 with no effect.
- The requirements related to intra-entity transfers of assets, the applicability of Statements No. 73 and 74, the application of Statement No. 84 to postemployment benefit arrangements and fair value measurements of assets or liabilities, including those associated with asset retirement obligations in a government acquisition, are effective for fiscal years beginning after June 15, 2021. The TAA implemented this Statement in fiscal year 2022 with no effect.

The GASB issued pronouncements that may impact future financial presentations. Management has not currently determined what impact implementation of the following statements may have on the financial statements of the TAA.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

2. Summary of significant accounting policies (continued):

New accounting standards effective fiscal year 2022 (continued):

GASB Statement No. 102, Certain risk disclosures. The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

3. Cash, cash equivalents and investments:

The TAA maintains a cash, cash equivalents and investment pool (Pooled Investment Fund) for all funds except environmental remediation trust assets, which are maintained in a separate investment pool (Master Environmental Trust Fund). The TAA maintains detailed records sufficient to meet all requirements and restrictions on both funds, which include PFC and Capital Projects Funds. Additionally, the Board, at its discretion, may internally designate certain funds for specific purposes.

Deposits:

At September 30, 2023 and 2022, deposits with financial institutions had a carrying value of $8,325,493 and $29,136,811 and a bank balance of $8,674,054 and $29,246,517. The difference represents deposits in transit, outstanding checks and other reconciling items at September 30, 2023 and 2022.

3. Cash, cash equivalents and investments (continued):

Deposits (continued):

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the TAA would not be able to recover its deposits or collateral securities that are in the possession of an outside party. The TAA does not have a deposit policy for custodial credit risk. However, all of the TAA's bank balances are entirely insured or collateralized. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Arizona State Legislature and is governed by A.R.S. Section 35-1207 of the Arizona Code. Under this program, the TAA's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments:

The TAA’s investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. The TAA’s investment policy requires that all deposits at financial institutions, certificates of deposit, repurchase agreements and money market mutual funds be insured, registered in the TAA’s name or collateralized to 102% and held by the TAA’s safekeeping agent in the TAA’s name. Collateral is restricted to United States treasuries, agencies or instrumentalities.

The TAA invests in obligations of the U.S. Government and its agencies. Some of these obligations are classified as cash equivalents on the accompanying statements of net position as the amounts are in money market fund pools of such securities. The amount shown in the table on the next page includes all U.S. Government securities, regardless of classification. The TAA’s mutual fund investments are invested exclusively in short-term, U.S. Government Treasury obligations. The investments are valued at amortized cost, which approximates market. These assets are classified as cash equivalents.

Interest rate risk:

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The TAA's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

In accordance with its investment policy, the TAA manages its exposure to interest rate risk by regular (not less than semi-annual) evaluation in conjunction with TAA investment advisors of the TAA’s cash position to determine the amount of short and long-term funds available for investment within the context of the entire portfolio and to project the term for such investments. Funds that can be invested for a longer duration are to be invested predominantly in high credit quality U.S. obligations with an individual obligation not to exceed 10 years and a weighted-average maturity of all such investments of not greater than 5 years.

3. Cash, cash equivalents and investments (continued):

Credit risk:

In the absence of definitive legal requirements, the TAA has elected to conform to Arizona Revised Statutes (Statutes) concerning the investment of all assets in the Pooled Investment Fund, if such statutes are more restrictive than its investment policy.

The Master Remediation Trust Fund Agreement permits the following investments in the Master Environmental Trust Fund:

1. “Permitted investments” as outlined in the TAA’s bond resolution.
2. Such other prudent investments as are consistent with investment policies adopted by the TAA’s Board of Directors.
3. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.

Concentration of credit risk:

In order to provide for diversification and reduce market and credit risk exposures, the following diversification parameters have been established in the TAA’s investment policies:

Asset class	Maximum % of portfolio
Certificates of deposit	20 %
U.S. Treasuries, agencies and instrumentalities	100 %
Repurchase agreements	50 %
Bankers' acceptances	10 %
Guaranteed investment contracts	10 %
Money market mutual funds	50 %
State and municipal bonds or notes	20 %

The TAA's investments at September 30, 2023 and 2022 were as follows:

	2023		2022		Rating
Pooled investment fund:					
U.S. Agency securities:					
Federal Farm Credit Bank	$ 14,720,775	14%	$ 7,097,175	6%	AAA
Federal Agricultural Mortgage Corp.	17,103,100	16%	16,553,375	13%	AAA
Federal Home Loan Bank	39,670,851	37%	31,385,728	25%	AAA
Federal Home Loan Mortgage Corp.	17,186,900	16%	23,529,255	19%	AAA
Federal National Mortgage Association	9,935,500	8%	9,538,000	7%	AAA
U.S. Treasury Bills	9,981,300	9%	37,037,956	30%	AAA
	$ 108,598,426	100%	$ 125,141,489	100%	

3. Cash, cash equivalents and investments (continued):

The TAA measures and categorizes its investments using fair value measurement guidelines established by Generally Accepted Accounting Principles (GAAP). These guidelines establish a multi-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the TAA has the ability to access.

Level 2 - Inputs, other than quoted market prices included within Level 1, are observable, either directly or indirectly.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

Other investments at fair value - Investments for which fair value is measured at net asset value per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

At September 30, 2023, the fair value of investments measured on a recurring basis is as follows:

	Fair value	Level 1	Level 2	Level 3
Pooled investment fund:				
U.S. Agency securities:				
Federal Farm Credit Bank	$ 14,720,775	$ -	$ 14,720,775	$ -
Federal Agricultural Mortgage Corp.	17,103,100	-	17,103,100	-
Federal Home Loan Bank	39,670,851	-	39,670,851	-
Federal Home Loan Mortgage Corp.	17,186,900	-	17,186,900	-
Federal National Mortgage Association	9,935,500	-	9,935,500	-
U.S. Treasury Bills	9,981,300	-	9,981,300	-
	$108,598,426	$ -	$108,598,426	$ -

3. Cash, cash equivalents and investments (continued):

At September 30, 2022, the fair value of investments measured on a recurring basis is as follows:

	Fair value	Level 1	Level 2	Level 3
Pooled investment fund:				
U.S. Agency securities:				
Federal Farm Credit Bank	$ 7,097,175	$ -	$ 7,097,175	$ -
Federal Agricultural Mortgage Corp.	16,553,375	-	16,553,375	-
Federal Home Loan Bank	31,385,728	-	31,385,728	-
Federal Home Loan Mortgage Corp.	23,529,255	-	23,529,255	-
Federal National Mortgage Association	9,538,000	-	9,538,000	-
U.S. Treasury Bills	37,037,956	-	37,037,956	-
	$125,141,489	$ -	$125,141,489	$ -

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on inputs such as yield curve analysis, pricing of comparable securities, and option adjusted spread valuations to generate a price for a security.

Cash, cash equivalents and investments are classified on the statements of net position at September 30, 2023 and 2022 as follows:

	Cash and cash equivalents		Investments	
	2023	2022	2023	2022
Unrestricted	$ 51,201,204	$ 39,885,789	$ 89,831,123	$103,606,567
Restricted:				
Environmental remediation trust	1,517,081	572,412	-	-
Capital acquisition:				
Passenger facility charge fund	7,758,527	1,896,412	16,278,990	18,330,612
Capital projects fund	1,188,339	332,060	2,488,313	3,204,310
Total restricted	10,463,947	2,800,884	18,767,303	21,534,922
	$ 61,665,151	$ 42,686,673	$108,598,426	$125,141,489

Cash and cash equivalents comprised the following at September 30, 2023 and 2022:

	2023	2022	Ratings
Deposits at financial institutions	$ 8,325,493	$ 29,136,811	N/A
Treasury obligation funds	53,330,508	13,531,852	AAA
Cash on hand	9,150	18,010	N/A
Total cash and cash equivalents	$ 61,665,151	$ 42,686,673	

3. Cash, cash equivalents and investments (continued):

At September 30, 2023, the TAA's investments are scheduled to mature as follows:

		Investment maturities (in months)			
	Fair value	Less than 12	12-24	24-36	36-48
Pooled investment fund	$ 108,598,426	$ 79,915,384	$ 14,045,103	$ 14,637,939	$ -

To address the projected cash flow needs of major airfield projects in progress as of September 30, 2023, management has structured its investments to mature over a period of three years or less from the date of the statement of net position.

4. Capital assets:

Net investment in capital assets as of September 30, 2023 and 2022 was as follows:

	2023	2022
Capital assets	$ 763,012,890	$ 718,284,812
Less accumulated depreciation and amortization	(379,418,759)	(357,679,470)
Less outstanding debt	(30,525,305)	(33,124,669)
	$ 353,068,826	$ 327,480,673

4. Capital assets (continued):

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning	Increases	Decreases	Ending
Capital assets, not depreciated:				
Land	$ 51,805,394	$ -	$ -	$ 51,805,394
Air aviation easements	29,990,090	-	-	29,990,090
Artwork	650,881	24,975	-	675,856
Construction in progress	55,799,583	42,040,397	(26,450,695)	71,389,285
Total capital assets, not depreciated	138,245,948	42,065,372	(26,450,695)	153,860,625
Capital assets, depreciated and amortized:				
Land improvements	229,595,629	14,257,381	-	243,853,010
Building and improvements	272,060,494	13,560,022	(563,753)	285,056,763
Utilities	6,834,578	-	-	6,834,578
Computer software	7,281,747	97,975	-	7,379,722
Furniture, fixtures, machinery and equipment	63,694,481	1,704,305	(35,955)	65,362,831
Right of use asset	571,935	93,426	-	665,361
Total capital assets, depreciated and amortized	580,038,864	29,713,109	(599,708)	609,152,265
Less accumulated depreciation and amortization for:				
Land improvements	(132,522,584)	(9,226,396)	-	(141,748,980)
Building and improvements	(175,675,352)	(8,255,067)	61,835	(183,868,584)
Utilities	(5,961,833)	(46,093)	-	(6,007,926)
Computer software	(6,433,108)	(235,908)	-	(6,669,016)
Furniture, fixtures, machinery and equipment	(37,004,530)	(3,836,630)	35,955	(40,805,205)
Right of use asset	(82,063)	(236,985)		(319,048)
Total accumulated depreciation and amortization	(357,679,470)	(21,837,079)	97,790	(379,418,759)
Total capital assets, depreciated and amortized, net	222,359,394	7,876,030	(501,918)	229,733,506
Total capital assets, net	$ 360,605,342	$ 49,941,402	$ (26,952,613)	$ 383,594,131

4. Capital assets (continued):

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning	Increases	Decreases	Ending
Capital assets, not depreciated:				
Land	$ 51,786,544	$ 18,850	$ -	$ 51,805,394
Air aviation easements	29,990,090	-	-	29,990,090
Artwork	493,188	157,693	-	650,881
Construction in progress	34,785,953	21,013,630	-	55,799,583
Total capital assets, not depreciated	117,055,775	21,190,173	-	138,245,948
Capital assets, depreciated and amortized:				
Land improvements	224,572,634	5,022,995	-	229,595,629
Building and improvements	269,243,354	3,380,893	(563,753)	272,060,494
Utilities	5,951,108	883,470	-	6,834,578
Computer software	7,088,492	193,255	-	7,281,747
Furniture, fixtures, machinery and equipment	49,984,904	13,745,532	(35,955)	63,694,481
Right of use asset	-	571,935	-	571,935
Total capital assets, depreciated and amortized	556,840,492	23,798,080	(599,708)	580,038,864
Less accumulated depreciation and amortization for:				
Land improvements	(122,890,107)	(9,632,477)	-	(132,522,584)
Building and improvements	(167,831,749)	(7,905,438)	61,835	(175,675,352)
Utilities	(5,941,507)	(20,326)	-	(5,961,833)
Computer software	(6,226,850)	(206,258)	-	(6,433,108)
Furniture, fixtures, machinery and equipment	(33,481,576)	(3,558,909)	35,955	(37,004,530)
Right of use asset		(82,063)		(82,063)
Total accumulated depreciation and amortization	(336,371,789)	(21,405,471)	97,790	(357,679,470)
Total capital assets, depreciated and amortized, net	220,468,703	2,392,609	(501,918)	222,359,394
Total capital assets, net	$ 337,524,478	$ 23,582,782	$ (501,918)	$ 360,605,342

5. Leases:

As a lessor, the TAA recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. In accordance with GASBS 87, the TAA has excluded leases it has identified as regulated leases and short-term leases. As lessor, the TAA continues to recognize the underlying leased asset in its total capital assets. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

For the purpose of GASBS 87 implementation, the TAA leases have been categorized as follows:

1. Non-regulated leases
2. Regulated leases
3. Short-term leases

Non-regulated leases:

In accordance with GASBS 87, the TAA recognizes a lease receivable and a deferred inflow of resources for leases the TAA categorizes as nonregulated. For these leases, TAA reported a lessor lease receivable of $81.3 million and an ending remaining amortization of deferred inflows of resources of $79.9 million as of September 30, 2023. TAA reported a lessor lease receivable of $85.2 million and an ending remaining amortization of deferred inflows of resources of $83.9 million as of September 30, 2022. TAA reported lease revenue of $25.2 million and interest revenue of $1.2 million related to these leases for the fiscal year ended September 30, 2023. The TAA reported lease revenue of $20.5 million and interest revenue of $1.2 million related to these leases for the fiscal year ended September 30, 2022.

In arriving at the present value amounts for the lease receivable recognized, the TAA applied a discount rate to the total remaining lease payments for its current lease agreements. GASBS 87 requires the use of the implicit rate of return of the individual lease agreements or the reporting entities incremental borrowing rate if such implicit rate of return is not available. The TAA's lease agreements do not have a stated implicit rate of return. The TAA applied an incremental borrowing rate to each lease agreement by pegging the interest rate on its subordinate lien bonds to the federal funds rate and applying the resulting rate (based on the change in the federal funds rate) as of the lease's execution date to the lease's present value calculation. For lease agreements that were in existence prior to October 1, 2021 (the GASBS 87 implementation date for reporting purposes), the TAA applied the interest rate based on the federal funds rate as of that date.

Non-regulated leases are summarized into the following categories:

Land rent:

The TAA leases land for terms that range from 10 to 40 years. The TAA's land rent revenue is fixed in nature and is based on square footage. The TAA recognized non-interest revenue of $1.2 million and interest revenue of $1.2 million for both FY 2023 and FY 2022.

5. Leases (continued):

Non-regulated leases are summarized into the following categories (continued):

Land rent (continued):

The TAA has an existing lease agreement that contains a variable revenue component for the lease of land and for the extraction of gravel and sand for construction materials. This agreement does not have a Minimum Annual Guarantee (MAG) component. The TAA recognized revenue of $0.3 million and $0.3 million for FY 2023 and FY 2022, respectively. The variable revenue received was not included in the measurement of the lease receivable.

Space rent:

The TAA leases buildings and space on nonairfield premises for terms that range from 2 to 10 years. The TAA's space rent revenue is fixed in nature and is based on square footage. The TAA recognized noninterest revenue of $0.9 million and interest revenue of $0.8 million for both FY 2023 and FY 2022. There are no variable revenue components in the TAA's space rent lease agreements.

Concession rent:

The TAA leases space to concession tenants in the terminal building for terms that range from 5 to 10 years. The terms of the concession lease agreements are based on a percentage of the concessionaire's gross sales and generally include a Minimum Annual Guarantee (MAG). The COVID19 pandemic resulted in greatly reduced passenger volumes and lost revenue for the TAA and its concession tenants. In an effort to be a good business partner, the TAA issued a MAG waiver to all concessionaires that were subject to a MAG. This MAG waiver was in effect through fiscal year 2023, which did not result in reduced concession revenues because all concessionaires that were subject to a MAG reported revenue that resulted in commissions exceeding MAGs. The TAA recognized noninterest revenue of $2.9 million and interest revenue of $2.0 million during both FY 2023 and FY 2022.

As stated previously, the terms of the concession lease agreements are based on a percentage of the concessionaire's gross sales. Variable revenue received in excess of the MAGs totaled $0.5 million for FY 2023. Variable revenue received in excess of the MAGs totaled $0.3 million for FY 2022. As TAA waived the MAG for its food and beverage and news and gift concessionaires during FY 2023 and 2022, such concession revenue was considered variable for that reporting period. The variable revenue received was not included in the measurement of the lease receivable.

5. Leases (continued):

Non-regulated leases are summarized into the following categories (continued):

Rental Car:

The TAA leases land and facility space to rental car providers for 5 year terms. The terms of the space rental and land rental leases include a fixed revenue component that is based on square footage. Additionally, a Minimum Annual Guarantee (MAG) is collected on rental car contract sales. The TAA recognized noninterest revenue of $1.2 million and interest revenue of less than $0.1 million for FY 2023 for rental car space and land rentals. The TAA recognized noninterest revenue of $3.9 million and interest revenue of less than $0.1 million FY 2022 for rental car space and land rentals. TAA waived the MAG requirement for the rental car tenants for both FY 2023 and FY 2022 in response to the economic effects of the COVID19 pandemic.

The rental car lease agreements of the TAA contain a variable revenue component. The TAA collects a percentage of the contract sales of the rental car tenants. Ordinarily, the percentage rent is subject to a MAG provision. However, during FY 2023 and FY 2022, TAA waived the MAG requirement, as mentioned previously. Variable revenue received totaled $8.5 million and $8.6 million for FY 2023 and FY 2022, respectively. The variable revenue received was not included in the measurement of the lease receivable.

The table below is a schedule of future payments of the TAA's non-regulated leases that are included in the measurement of the lease receivable for the next five fiscal years and in five-year increments thereafter.

Year ending September 30,	Principal	Interest	Total
2024	$ 4,104,625	$ 1,137,284	$ 5,241,909
2025	4,062,219	1,077,689	5,139,908
2026	4,105,185	1,017,801	5,122,986
2027	3,760,194	959,030	4,719,224
2028	2,424,375	913,212	3,337,587
2029 - 2033	6,850,401	4,185,911	11,036,312
2034 - 2038	4,851,417	3,813,799	8,665,216
2039 - 2043	5,211,072	3,054,473	8,265,545
2044 - 2048	5,597,993	2,629,816	8,227,809
2049 - 2053	6,010,231	2,629,816	8,640,047
2054 - 2058	6,283,647	2,189,560	8,473,207
2059 - 2063	6,742,354	1,730,314	8,472,668
2064 - 2068	7,234,547	1,237,542	8,472,089
2069 - 2073	7,762,670	708,799	8,471,469
2074 - 2078	6,191,672	161,496	6,353,168
	$ 81,192,602	$ 27,446,542	$108,639,144

5. Leases (continued):

Regulated leases:

GASBS 87 outlines a separate accounting treatment for certain regulated leases. The TAA is lessor to leases between air carriers and other aeronautical users, which are regulated by the U.S. Department of Transportation and the Federal Aviation Administration. In accordance with GASBS 87, the TAA does not record a lease receivable or deferred inflows of resources from regulated lease agreements.

Regulated leases are summarized into the following categories:

Airlines:

The TAA enters into long-term lease agreements with air carriers. These lease agreements follow the TAA's Airline Use Agreement (AUA). Uniform rates are set annually for such space as jet bridges, apron parking, holdroom, ticket counter, baggage claim area, and other terminal charges. The airlines participate in the AUA for the duration of the agreement. The AUA is currently extended through September 30, 2025. The TAA recognized total lease revenue of $3.0 million during both FY 2023 and FY 2022.

The tables below show the jet bridges and square footage that the TAA's regulated airline tenants lease either exclusively or preferentially. The data below is based on the September 2023 rent billings.

Airlines	Jet bridges leased preferentially	Jet bridges leased
American Airlines	B8, B10, B11	3
Delta Air Lines	B1	1
Southwest Airlines	A4, A6	2
United Airlines	A5, A7, A8	3
Total jet bridges leased preferentially		9

There are 7 jet bridges available for common use

There are 2 jet bridges that are owned and used by airlines

There are 2 gates that are currently not in use

Airline	Exclusively / preferentially used terminal area (sq. ft)
Alaska Airlines	3,219
American Airlines	12,503
Delta Air Lines	8,890
Southwest Airlines	10,904
United Airlines	8,378
	43,894

5. Leases (continued):

Regulated leases are summarized into the following categories (continued):

Other Airfield:

The TAA leases land and facility space located within the airfield premises for other aeronautical users. As such, the TAA is also subject to federal regulations for these leases. The TAA leases to airfield tenant under terms of 10 to 40 years for land tenants and 2 to 10 years for facility space tenants. The TAA recognized total lease revenue of $3.4 million during both FY 2023 and FY 2022.

The table below is a schedule of future payments of the TAA's regulated leases:

Year ending September 30,	Total
2024	$ 2,998,697
2025	2,684,541
2026	2,539,136
2027	2,182,542
2028	2,117,160
2029 - 2033	9,175,920
2034 - 2038	8,415,047
2039 - 2043	6,474,922
2044 - 2048	3,679,822
2049 - 2053	1,266,422
2054 - 2058	663,305
2059 - 2063	663,305
2064 - 2068	663,305
2069 - 2073	663,305
2074 - 2078	497,479
Total future regulated lease payments	$ 44,684,908

The table below shows the square footage that the TAA's regulated airline tenants lease either exclusively or preferentially (either land or facility space). The data below is based on the September 2023 rent billings.

Tenant - Regulated Lease Agreement	Exclusively Leased Area (sq. ft.)
AERGO TUS, LLC	46,969
Aerospace Hangar, LLC	41,600
Aerospace Leasing L.L.C.dba Aerovation	22,500
Aerovation, Inc.	91,933
Air Ventures, Ltd	431,776

5. Leases (continued):

Other Airfield (continued):

Tenant - Regulated Lease Agreement	Exclusively Leased Area (sq. ft.)
Alpha One Hangar, LLC	47,545
Apple Autos Properties, Inc.	13,000
Arizona Aviation Associates, LLC	19,166
Ascent Aviation Services	1,112,697
B.B.S Investment Inc. dba B&M Aircraft	57,859
Cherokee Cabanas, Inc.	172,265
Commander Investments LLC	185,895
Fed Ex	64,600
Flight Safety International, Inc.	180,000
Jet, LLC	10,350
Lan-Dale Company	46,800
Learjet, Inc.	7,588,283
Matheson Flight Extenders	6,134
MHI RJ Aviation Inc.	2,415,315
Mobile Aire Hangars	335,125
Pima County, Arizona	130,500
PrimeFlight Aviation Services, Inc.	1,976
Prospect International Airport Services Corporation	502
Raytheon Missile and Defense	392,040
Real Air, L.L.C.	17,653
Ryan Development Airpark, LLC	86,452
Southwest Airport Services, Inc.	1,440
Southwest Heliservices, LLC	44,000
Terry Amalong	16,117
Trajen Flight Support L.P.	488,006
Tucson Aeroplex, LLC dba Million Air	90,465
Tucson Executive, LLC	160,667
Tucson Fuel Facilities, LLC	145,606
Tucson Jet Center	9,400
Velocity Air Holdings dba Handy Hangars	33,120
Velocity Air, Inc.	174,069
Vertex Aerospace, LLC	14,904
Victor II TUS, LLC	18,750
Grand Total	14,715,479

5. Leases (continued):

Short-Term leases:

The TAA serves as lessor to a number of leases with terms of less than 12 months, including month-to-month leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Accordingly, the TAA does not record a lease receivable for such leases.

6. Unearned revenues:

The TAA has been awarded certain amounts by the Pima County Superior Court in connection with assets seized by TAA law enforcement officers (forfeiture funds) in narcotics investigations. Such amounts have been recorded as unearned revenues pending approval for expenditure by the Pima County Attorney's Office.

At September 30, 2023 and 2022, the TAA received rent from certain tenants and certain other payments applicable to the subsequent year. Such amounts have been classified as unearned revenue.

Marketing and refurbishment funds represent unearned revenue received in accordance with the concession agreements that must be used for marketing concessions in the terminals and for future improvements to the concession sites.

A detail of unearned revenues at September 30, 2023 and 2022 follows:

	2023	2022
Forfeiture funds	$ 37,438	$ 36,225
Marketing/refurbishment funds	799,242	925,601
Tenant rent payments	434,226	434,179
Total unearned revenues	$ 1,270,906	$ 1,396,005

7. Bonds payable:

	2023	2022
$37,330,000 Subordinate Lien Airport Revenue Refunding Bonds, Series 2018. Bonds due in semi-annual amounts, with principal repayments ranging from $920,000 to $3,345,000, beginning April 1, 2019 through April 1, 2031. Interest is payable semiannually at 3.243%.	$ 20,035,000	$ 23,305,000
Unamortized premium - Series 2018 bonds	56,965	99,826
	20,091,965	23,404,826
Less current portion	1,660,000	1,610,000
Total bonds payable	$ 18,431,965	$ 21,794,826

7. Bonds payable (continued):

Bonds payable, business type activities for the year ended September 30, 2023:

	Beginning	Increases	Decreases	Ending
2018 subordinate lien airport revenue bonds	$ 23,305,000	$ -	$ (3,270,000)	$ 20,035,000
Plus unamortized premium	99,826	-	(42,861)	56,965
Less current portion	(1,610,000)	-	(50,000)	(1,660,000)
Total bonds payable	$ 21,794,826	$ -	$ (3,362,861)	$ 18,431,965

Bonds payable, business type activities for the year ended September 30, 2022:

	Beginning	Increases	Decreases	Ending
2018 subordinate lien airport revenue bonds	$ 26,475,000	$ -	$ (3,170,000)	$ 23,305,000
Plus unamortized premium	152,449	-	(52,623)	99,826
Less current portion	(1,565,000)	-	(45,000)	(1,610,000)
Total bonds payable	$ 25,062,449	$ -	$ (3,267,623)	$ 21,794,826

Future principal and interest payments on the unrefunded portion of the Series 2018 bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2024	$ 1,660,000	$ 622,818	$ 2,282,818
2025	3,430,000	512,556	3,942,556
2026	3,540,000	398,565	3,938,565
2027	3,660,000	280,844	3,940,844
2028	1,845,000	206,255	2,051,255
2029 - 2033	5,900,000	243,225	6,143,225
Total future principal and interest payments	$ 20,035,000	$ 2,264,263	$ 22,299,263

7. Bonds payable (continued):

The TAA's bond resolutions require periodic transfers from gross operating income to bond funds restricted for the payment of principal and interest. Other transfers to certain accounts are required by the bond resolutions after payment of operating and maintenance expenses. As of September 30, 2023 and 2022, the TAA was in compliance with these and other bond resolution covenants.

Under U.S Treasury regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditure on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issue. The TAA's practice is to engage an independent consultant to evaluate outstanding tax-exempt debt for arbitrage liability and the TAA is of the opinion that no liability has been incurred as of September 30, 2023 and 2022.

The debt is secured by a lien on net revenues of the airport system.

8. Pension and other postemployment benefits:

The TAA participates in the Arizona State Retirement System (ASRS) and the Arizona Public Safety Personnel Retirement System (PSPRS). Each system provides defined benefit and other postemployment benefits based on plan provisions. The TAA accounts for the pension and OPEB benefits under GASB 68 and 75, which for presentation and disclosure purposes have been combined, as OPEB amounts are not material to the financial statements.

8. Pension and other postemployment benefits (continued):

At September 30, 2023, the TAA reported in the statements of net position and statements of revenues, expenses, and changes in net position the following amounts related to all Pension/OPEB plans it participants in:

	ASRS	PSPRS - Fire Department	PSPRS - Police Department	Net
Net pension/OPEB liability	$ 16,475,372	$ 2,375,098	$ 1,557,911	$ 20,408,381
Deferred outflows of resources:				
Difference between actual and expected experience	$ 422,113	$ 426,016	$ 111,092	$ 959,221
Changes of assumptions related to pensions	3,688	182,956	157,652	344,296
Contributions subsequent to the measurement date	395,685	92,390	98,308	586,383
Difference between actual and expected earnings on pension plans	-	707,364	886,381	1,593,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	325,779	822	15,547	342,148
Total deferred outflows	$ 1,147,265	$ 1,409,548	$ 1,268,980	$ 3,825,793
Deferred inflows of resources:				
Difference between projected and actual earnings	$ 629,476	$ 642	$ 579	$ 630,697
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,079	20,383	34,616	63,078
Difference between actual and expected experience	223,896	30,791	160,607	415,294
Changes of assumptions related to pensions	31,868	2,102	2,008	35,978
Total deferred inflows	893,319	53,918	197,810	1,145,047
Net deferred outflows (inflows)	$ 253,946	$ 1,355,630	$ 1,071,170	$ 2,680,746
Pension/OPEB expense	$ 724,317	$ 586,206	$ 784,091	$ 2,094,614

8. Pension and other postemployment benefits (continued):

At September 30, 2022, the TAA reported in the statements of net position and statements of revenues, expenses, and changes in net position the following amounts related to all Pension/OPEB plans it participants in:

	ASRS	PSPRS - Fire Department	PSPRS - Police Department	Net
Net pension/OPEB liability	$ 16,317,589	$ 2,133,305	$ 1,589,008	$ 20,039,902
Deferred outflows of resources:				
Difference between projected and actual investment earnings	$ -	$ 999,785	$ 1,250,889	$ 2,250,674
Other deferred outflows:				
Difference between actual and expected experience	149,003	318,061	448,771	915,835
Changes of assumptions related to pensions	853,442	345,352	350,707	1,549,501
Changes in proportion and differences between employer contributions and proportionate share of contributions	302,417	913	16,667	319,997
Contributions subsequent to the measurement date	359,339	79,808	124,621	563,768
Total deferred outflows	$ 1,664,201	$ 1,743,919	$ 2,191,655	$ 5,599,775
Deferred inflows of resources:				
Difference between actual and expected resources	$ 465,214	$ -	$ -	$ 465,214
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,322	3,877	6,359	39,558
Difference between actual and expected experience	309,525	38,245	298,148	645,918
Changes of assumptions related to pensions	39,659	1,546	784	41,989
Total deferred inflows	843,720	43,668	305,291	1,192,679
Net deferred outflows (inflows)	$ 820,481	$ 1,700,251	$ 1,886,364	$ 4,407,096
Pension/OPEB expense	$ 124,362	$ 549,543	$ 717,167	$ 1,391,072

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS):

Plan description - Substantially all full-time employees of the TAA (excluding fire and police personnel) participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. That report may be obtained by writing to ASRS, P.O. Box 33910, Phoenix, AZ 85067-3910, calling 1-800-621-3778, or by visiting https://www.azasrs.gov/content/annual-reports.

Benefits provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50 any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50 any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

Retirement benefits for members who joined the ASRS prior to September 13, 2013 are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013 are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the years ended September 30, 2023 and 2022, active ASRS members and the TAA were required by Statute to contribute at the following actuarially determined rates on members' annual payroll:

	2023	2022
Employee contribution rates:		
Retirement	12.03 %	12.22 %
Long-term disability	0.14 %	0.19 %
	12.17 %	12.41 %
Employer contribution rates:		
Retirement	11.92 %	12.01 %
Health benefit supplement	0.11 %	0.21 %
Long-term disability	0.14 %	0.19 %
	12.17 %	12.41 %

The TAA's contributions to the pension/OPEB plan for the years ended September 30, 2023 and 2022 were $1,673,016 and $1,529,231, respectively.

Pension liability - At September 30, 2023 and 2022, the TAA reported a liability of $16,475,372 and $16,317,589 for its proportionate share of the ASRS' net pension/OPEB liability. The net pension/OPEB liability was measured as of June 30, 2023 and 2022 (the total pension/OPEB liability used to calculate the net pension/OPEB liability was determined using updated procedures to roll forward the total pension/OPEB liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.) The TAA's proportion of the net pension/OPEB liability was based on the TAA's actual contributions to the plan relative to the total of all participating employers' contributions for the years ended June 30, 2023 and 2022. The TAA's proportions, measured as of June 30, 2023 and 2022 were as follows:

	2023	2022	Increase
Pension	0.10531 %	0.10352 %	0.00179 %
Health benefit supplement	0.10729 %	0.10551 %	0.00178 %
Long-term disability	0.10664 %	0.10469 %	0.00195 %

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

For the years ended September 30, 2023 and 2022, the TAA recognized pension/OPEB expense (income) for ASRS of $2,468,161 and $1,711,411, respectively. At September 30, 2023 and 2022, the TAA reported deferred outflows of resources and deferred inflows of resources related to pension/OPEBs from the following sources:

	2023		2022	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 422,113	$ 223,896	$ 149,003	$ 309,525
Net difference between projected and actual earnings on pension plan investments	-	629,476	-	465,214
Changes in proportion and differences between employer contributions and proportionate share of contributions	325,779	8,079	302,417	29,322
Changes in assumptions	3,688	31,868	853,442	39,659
Contributions subsequent to the measurement date	395,685	-	359,339	-
Total	$ 1,147,265	$ 893,319	$ 1,664,201	$ 843,720

The $395,685 reported as deferred outflows of resources related to TAA contributions subsequent to the measurement date will be recognized as a reduction of the net pension/OPEB liability in the year ending September 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension/OPEBs, including those for contributions subsequent to the measurement date, will be recognized in pension/OPEB expense as follows:

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Year ending September 30,	
2024	$ 56,181
2025	(737,136)
2026	634,626
2027	(93,415)
2028	(1,958)
Thereafter	(37)
	$ (141,739)

The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Pension discount rate and OPEB investment rate of return	7.0%
Projected salary increases - pension	2.9% - 8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates - pension and health	2017 SRA Scale U-MP
Recovery rates - long term disability	2012 GLDT

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension/OPEB plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term contribution to expected return
Equity	54 %	2.21 %
Fixed income - credit	23 %	1.36 %
Fixed income - interest rate sensitive	6 %	0.09 %
Real estate	17 %	1.00 %
Total	100 %	4.66 %

Discount rate - The discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. The discount rate was unchanged from the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the Retirement Funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension/OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the TAA's proportionate share of the ASRS net pension/OPEB liability to changes in the discount rate - The following table presents the TAA's proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.0%, as well as what the TAA's proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
TAA's proportionate share of the net pension/OPEB liability	$ 24,237,428	$ 16,475,372	$ 9,464,180

Detailed information about the pension/OPEB plan’s fiduciary net position is available in the separately issued ASRS financial report.

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS):

Plan description - Employees of the TAA who are employed in either police or firefighting capacities and work at least 40 hours a week for more than 6 months a year participate in the Arizona Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension/OPEB plan, an agent multiple-employer defined health insurance premium benefit (OPEB) plan (agent plans) and a cost sharing multiple-employer plan (tier 3). The PSPRS acts as a common investment and administrative agent that is jointly administered by the Board of Trustees ("the Board") and 237 local boards. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing Public Safety Personnel Retirement System, 3010 E. Camelback Road, Suite 200, Phoenix, AZ 85016, calling (602) 255-5575, or by visiting: http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

Benefits provided - The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms as well as employee and employer contribution rates according to a member's membership date. These membership dates fall within three separately identified groups referred to as Tiers. Those Tiers and the corresponding membership dates are outlined in the following table:

	Tier 1	Tier 2	Tier 3
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent:			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement, whichever is greater		

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

	Tier 1	Tier 2	Tier 3
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor benefit:			
Retired members	80% to 100% of retired member's pension benefit		
Active member	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from $150 per month to $260 per month depending on the age of the member and dependents.

At September 30, 2023, the number of employees covered by the PSPRS agent pension plan benefit terms was as follows:

	Fire Department	Police Department
Retirees and beneficiaries	20	28
Inactive, non-retired members	5	7
Active members	12	13
Total	37	48

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Contributions - State statutes establish the pension/OPEB contribution requirements for active PSPRS employees. In accordance with State statutes, employer contribution requirements for PSPRS pension/OPEB and health insurance premium benefits are determined by the annual actuarial valuations. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the Plan years ended June 30, 2023 and 2022, the TAA and active PSPRS members were required to contribute at the following rates, and the TAA's contributions to the pension/OPEB plan, which included the required contributions for the health insurance premium benefit, were as follows:

	Fire		Police	
	2023	2022	2023	2022
Employer contribution rates (Tier 1 & 2):	26.25%	101.46%	24.17%	97.55%
Employer health contribution rates	0.02%	0.00%	-%	0.02%
Employer pension contributions rates	26.25%	101.46%	24.17%	97.53%
Employer contributions	$317,042	$157,153	$386,691	$230,363
Employer contributions rates Tier 3	22.09%	96.80%	17.08%	91.57%
Employer pension legacy cost rates	12.15%	86.86%	7.14%	81.63%
Employer health contributions rates	0.12%	0.26%	0.13%	0.26%
Employer pension contributions rates	9.68%	9.68%	9.00%	9.68%
Employee contribution rates:				
Tier 1	7.68%	7.65%	7.65%	7.65%
Tier 2	11.65%	11.65%	11.65%	11.65%
Tier 3	9.94 %	9.94 %	9.94 %	9.94 %

Liability - At September 30, 2023 and 2022, the TAA reported the following net pension/OPEB liabilities (assets) for its PSPRS pension/OPEB plans:

	Fire		Police	
	2023	2022	2023	2022
Net pension/OPEB liability (asset)	$ 2,384,710	$ 2,133,305	$ 1,567,404	$ 1,589,008

The net pension/OPEB liabilities were measured as of June 30, 2023, and 2022, and the total pension/OPEB liability used to calculate the net pension/OPEB liability (asset) was determined by an actuarial valuation as of these dates.

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2023
Asset valuation method	Fair value of assets
Actuarial cost method	Entry age normal
Investment rate of return	7.0%, net of investment and administrative expenses
Payroll growth	2.0%
Inflation	2.5%
Salary increases	2.75%-15%, including inflation
Mortality rates	PubS-2010 tables
Cost of living adjustment	1.85%

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on pension/OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension/OPEB plan investment expenses 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 weighing 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/OPEB plan's target asset allocation as of June 30, 2023, estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24 %	3.98 %
International public equity	16 %	4.49 %
Global private equity	20 %	7.28 %
Other assets (capital appreciation)	7 %	4.49 %
Core bonds	6 %	1.90 %
Private credit	20 %	6.19 %
Diversifying strategies	5 %	3.68 %
Cash - Mellon	2 %	0.69 %
	100 %	

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Discount rate - At June 30, 2023, the discount rate used to measure the total pension/OPEB liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability (asset).

Changes in the net pension liability - Tucson Airport Authority Fire Department 2023

Measurement date June 30, 2023

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (a) - (b)
Balances at June 30, 2022	$ 20,845,162	$ 18,711,857	$ 2,133,305
Adjustment to beginning of year	-	-	-
Changes for the year:			
Service cost	233,780	-	233,780
Interest on the total pension liability	1,462,019	-	1,462,019
Differences between expected and actual experience in the measurement of the pension liability	346,382	-	346,382
Contributions - employer	-	317,250	(317,250)
Contributions - employee	-	88,097	(88,097)
Net investment income	-	1,394,933	(1,394,933)
Benefit payments, including refunds of employee contributions	(1,546,261)	(1,546,261)	-
Administrative expense	-	(7,050)	7,050
Other changes	-	(2,454)	2,454
Net changes	495,920	244,515	251,405
Balances at June 30, 2023	$ 21,341,082	$ 18,956,372	$ 2,384,710

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Changes in the net pension liability - Tucson Airport Authority Police Department 2023
Measurement date June 30, 2023

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (a) - (b)
Balances at June 30, 2022	$ 23,747,177	$ 22,158,169	$ 1,589,008
Adjustment to beginning of year	-	-	-
Changes for the year:			
Service cost	384,907	-	384,907
Interest on the total pension liability	1,687,896	-	1,687,896
Differences between expected and actual experience in the measurement of the pension liability	82,906	-	82,906
Contributions - employer	-	386,691	(386,691)
Contributions - employee	-	126,950	(126,950)
Net investment income	-	1,673,324	(1,673,324)
Benefit payments, including refunds of employee contributions	(1,378,168)	(1,378,168)	-
Administrative expense	-	(9,652)	9,652
Net changes	777,541	799,145	(21,604)
Balances at June 30, 2023	$ 24,524,718	$ 22,957,314	$ 1,567,404

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Changes in the net pension liability - Tucson Airport Authority Fire Department 2022
Measurement date June 30, 2022

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (asset) (a) - (b)
Balances at June 30, 2021	$ 20,182,740	$ 20,609,161	$ (426,421)
Adjustment to beginning of year	-	33,178	(33,178)
Changes for the year:			
Service cost	251,352	-	251,352
Interest on the total pension liability	1,442,159	-	1,442,159
Differences between expected and actual experience in the measurement of the pension liability	(39,149)	-	(39,149)
Changes of assumptions or other inputs	365,031	-	365,031
Contributions - employer	-	157,153	(157,153)
Contributions - employee	-	85,731	(85,731)
Net investment income	-	(798,911)	798,911
Benefit payments, including refunds of employee contributions	(1,356,971)	(1,356,971)	-
Administrative expense	-	(14,432)	14,432
Effect of tier 3 plans	-	(3,052)	3,052
Net changes	662,422	(1,930,482)	2,592,904
Balances at June 30, 2022	$ 20,845,162	$ 18,711,857	$ 2,133,305

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Changes in the net pension liability - Tucson Airport Authority Police Department 2022
Measurement date June 30, 2022

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (asset) (a) - (b)
Balances at June 30, 2021	$ 22,907,556	$ 24,192,696	$ (1,285,140)
Changes for the year:			
Service cost	410,883	-	410,883
Interest on the total pension liability	1,650,164	-	1,650,164
Differences between expected and actual experience in the measurement of the pension liability	(107,931)	-	(107,931)
Changes of assumptions or other inputs	313,399	-	313,399
Contributions - employer	-	230,363	(230,363)
Contributions - employee	-	128,889	(128,889)
Net investment income	-	(942,479)	942,479
Benefit payments, including refunds of employee contributions	(1,426,894)	(1,426,894)	-
Effect of tier 3 plans	-	(7,378)	7,378
Administrative expense	-	(17,028)	17,028
Net changes	839,621	(2,034,527)	2,874,148
Balances at June 30, 2022	$ 23,747,177	$ 22,158,169	$ 1,589,008

Sensitivity of the Plan's net pension liability (asset) to changes in the discount rate - The following table presents the Plan's net pension/OPEB liability (asset) calculated using the single discount rate of 7.20%, as well as what the Plan's net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.20%) or 1 percentage point higher (8.20%) than the current rate:

	1% decrease (6.20%)	Current discount rate (7.20%)	1% increase (8.20%)
TAA's net pension/OPEB liability (asset) - Fire Department	$ 5,048,776	$ 2,384,710	$ 303,252
TAA's net pension/OPEB liability (asset) - Police Department	$ 4,521,121	$ 1,567,404	$ (745,447)

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Plan fiduciary net position - Detailed information about the plan's fiduciary net position is available in the separately issued PSPRS financial report.

Fire Department Pension/OPEB expense and deferred outflows/inflows of resource - For the years ended September 30, 2023 and 2022, the TAA recognized pension expense for PSPRS Fire of $929,457 and $549,543, respectively. At September 30, 2023 and 2022, the TAA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	2023		2022	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 373,418	$ 30,631	$ 318,061	$ 38,245
Changes in assumptions	182,806	-	345,352	1,546
Net difference between projected and actual earnings on plan investments	707,364	-	999,785	-
Contributions subsequent to the measurement date	86,760	-	79,808	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	913	3,877
Total	$ 1,350,348	$ 30,631	$ 1,743,919	$ 43,668

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from TAA contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending September 30,	Pension
2024	$ 446,585
2025	284,582
2026	521,370
2027	(19,588)
	$ 1,232,949

8. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Police Department Pension/OPEB expense and deferred outflows/inflows of resources - For the years ended September 30, 2023 and 2022, the TAA recognized pension expense for PSPRS Police of $1,155,856 and $1,174,210, respectively. At September 30, 2023 and 2022, the TAA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	2023		2022	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 63,733	$ 160,944	$ 424,379	$ 251,810
Changes in assumptions	157,527	-	343,300	-
Net difference between projected and actual earnings on plan investments	886,363	-	1,245,059	-
Contributions subsequent to the measurement date	91,501	-	116,582	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-
Total	$ 1,199,124	$ 160,944	$ 2,129,320	$ 251,810

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from TAA contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending September 30,	Pension
2024	$ 216,218
2025	234,249
2026	518,148
2027	(21,936)
	$ 946,679

9. Passenger Facility Charges:

Passenger Facility Charges (PFCs) are collected in accordance with FAA regulations allowing airports to impose a charge on enplaning passengers. As described in the summary of significant accounting policies, the TAA was granted permission to begin collection of such charges in February 1998. The total amount of PFCs to be collected under this FAA approved application was based on the estimated costs of approved PFC projects. The FAA approval letter provided total aggregate collection authority of $101,234,420.

In April 2006, the FAA approved an amendment to the approved PFC application. The amendment approved an increase in the collection level from $3.00 to $4.50 for the following projects of the TAA: terminal expansion, land acquisition for airport expansion and land acquisition for noise mitigation. The increase in rate was effective October 1, 2006. In June 2006, the FAA approved an additional application to include the concourse renovation project. On December 15, 2017, the TAA received approval under a new PFC application for the Terminal Optimization Project. The total effect of approved applications and amendments resulted in total aggregate collection authority of $179,290,015. During the years ended September 30, 2023 and 2022, the TAA earned PFCs of $7,213,557 and $6,502,174, respectively, on the accrual basis.

10. Risk management:

The TAA 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 TAA carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Other than for certain environmental remediation liabilities as discussed in Note 12, the financial statements do not include any liability for uninsured claims at September 30, 2023 and 2022.

11. Commitments:

Commitments for contractual services for federally funded and other construction projects at September 30, 2023 totaled approximately $46,037,530. These commitments will be funded in whole or in part by federal and state grants of $39,525,633 and the TAA's previously issued revenue bonds and TAA funds, of $6,511,897, as necessary.

12. Environmental matters, litigation and contingencies:

Groundwater Remediation ("TARP Consent Decree") and Soils/Vadose Zone Remediation ("Soils Consent Decree"):

In 1991, the TAA and other obligated parties entered into the Tucson Airport Remediation Project (TARP) Consent Decree with the Environmental Protection Agency (EPA). The TARP Consent Decree requires performance of and funding for certain groundwater remediation activities.

12. Environmental matters, litigation and contingencies (continued):

Groundwater Remediation ("TARP Consent Decree") and Soils/Vadose Zone Remediation (“Soils Consent Decree”) (continued):

In 1999, the TAA and other obligated parties entered into another Consent Decree (the "Soils Consent Decree") with the EPA. The Soils Consent Decree requires performance of and funding for certain soil and shallow groundwater remediation activities on TAA property.
In 1999, the TAA and several other parties entered into a settlement pursuant to which other parties paid certain amounts to TAA, there was an allocation of responsibility for obligations under both of the above-referenced Consent Decrees, and the TAA funded a trust for the purpose of providing primary funding for the TAA’s financial responsibilities under the Consent Decrees. The Trust is referred to as the “Environmental Remediation Trust.”

As a result of the 1999 settlement, the TAA is obligated to pay 100% of the costs associated with the TARP Consent Decree and 80% of the costs of the work required under the Soils Consent Decree. Two other parties are each obligated to pay 10% of the costs of the work required under the Soils Consent Decree, for a combined obligation of 20%. It is assumed that in the future these two parties will continue to meet their payment obligations for purposes of calculating the TAA’s environmental liability.

The liability for remediation obligations is calculated using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible expected amounts – the estimated mean or average. This technique uses all expectations about possible cash flows. Estimated future cash outlays are based on existing technologies currently in use to perform the required remediation, stated at current value. These outlays include all operation and maintenance costs, remediation monitoring costs (including post-remediation monitoring), regulatory oversight costs, and facility construction costs. These costs are subject to potentially significant future price increases or decreases for materials, utilities and labor.

Changes in the estimated environmental remediation liability for the years ended September 30, 2023 and 2022 follow:

	2023	2022
Environmental remediation liability, beginning of year	$ 21,567,349	$ 23,920,902
Current year expense	734,190	1,315,930
Investment earnings on environmental remediation trust assets	30,020	539
Current year payments	(3,058,247)	(3,670,022)
Total environmental remediation liability, end of year	$ 19,273,312	$ 21,567,349

12. Environmental matters, litigation and contingencies (continued):

Groundwater Remediation ("TARP Consent Decree") and Soils/Vadose Zone Remediation (“Soils Consent Decree”) (continued):

	2023	2022
Environmental remediation liability:		
Current - payable from unrestricted assets	$ 2,539,929	$ 4,473,947
Current - payable from restricted assets	1,517,081	572,412
Long-term - payable from unrestricted assets	15,216,302	16,520,990
Total	$ 19,273,312	$ 21,567,349

In August 2024, TAA entered into an additional settlement agreement related to this remediation with the EPA. This agreement requires additional studies to be performed, but has not resulted in the incurrence of any additional cost through the date of the financial statements. The studies required may materially impact the financial statements.

1,4 Dioxane Remedial Investigation and Feasibility Study:

In a letter dated July 17, 2008, the U.S. EPA requested that the TAA, the City of Tucson, the U.S. Air Force, Boeing Corporation and Raytheon Corporation conduct a Remedial Investigation and Feasibility Study regarding 1,4 Dioxane in the regional groundwater aquifer near Tucson International Airport. This contaminant is not addressed in or covered by the TARP Consent Decree. The TAA has taken the position that it is not responsible for this contamination and another party has agreed to perform a substantial portion of the work demanded. The TAA is currently unable to determine the probability of an unfavorable outcome, if any, related to this matter.

Landfill Investigation:

On April 18, 2007, the Arizona Department of Environmental Quality (ADEQ) sent the TAA a request for information in connection with ADEQ’s investigation of groundwater contamination near the Broadway North Landfill (BNL) in Tucson, which is part of the Broadway-Pantano Water Quality Assurance Fund Registry Site (Site). Similar requests were also sent to many other entities. The request related to waste purportedly generated by the TAA and its tenants at Tucson International Airport and Ryan Airfield between 1961 and 1972 and that ADEQ alleged waste may have been transported by TAA and its tenants to BNL. On May 15, 2007, ADEQ sent a letter to the TAA and many other entities notifying each entity that it may be a responsible party for the Site and that a remedial investigation and feasibility study designed to identify a remedy were being conducted. The TAA is unable to determine the probability of an unfavorable outcome, if any, related to this matter.

12. Environmental matters, litigation and contingencies (continued):

Federal and State Grants:

All federal and state grants are subject to audit by the granting agencies for compliance with applicable grant requirements. The TAA anticipates that the amount, if any, of disallowed grant expenditures in the event of granting agency audits would be immaterial. Changes in grant amounts or funding could materially impact the financial statements.

Legal proceedings:

From time to time, the TAA may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of any pending or threatened lawsuits will not have a material adverse effect on the TAA's financial statements.

Other contingencies:

The TAA is involved in other claims in the ordinary course of business. In the opinion of management, based on consultations with legal counsel, these matters are considered immaterial to the TAA or will be covered by insurance.

The TAA has significant contracts and leases that include contingent amounts due to the TAA based upon revenues of the lessees and concessionaires. The TAA monitors such agreements and includes adjustments in the revenues earned under the contracts when such amounts are collected or a negotiated settlement has been reached with the respective lessee/concessionaire.

13. Concentrations:

Concession fees from the airport rental car operations amounted to approximately 18% and 20%, respectively of total operating revenues for the years ended September 30, 2023, and 2022, respectively. Net revenues from the airport parking lot operations amounted to approximately 22% and 18% of total operating revenues in the years ended September 30, 2023 and 2022. Facility rent amounted to approximately 24% and 25% of total operating revenues in the years ended September 30, 2023, and 2022, respectively.

14. Restatement:

In connection with adopting GASB 96, the TAA restated certain balances as of September 30, 2022. The TAA recorded net right of use assets totaling $346,313 and $489,872 and subscription lease payables totaling $211,169 and $389,608 as of September 30, 2023, and 2022, respectively. In addition, net position increased from $471,774,025 to $471,874,285 as of September 30, 2022 and the change in net position increased by $100,260 for the year then ended.

15. Restricted net position:

Restricted net position includes restricted assets required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements; less liabilities payable from these assets. For fiscal years September 30, 2023 and 2022, restricted net position is as follows:

September 30, 2023	Environmental trust	Debt service	Capital projects	Total restricted
Assets:				
Cash and cash equivalents	$ 1,517,081	$ -	$ 8,946,866	$ 10,463,947
Investments	-	-	18,767,303	18,767,303
Accounts receivable	-	-	1,158,773	1,158,773
Accrued interest receivable	-	-	54,079	54,079
Total restricted assets	$ 1,517,081	$ -	$ 28,927,021	$ 30,444,102
Liabilities:				
Environmental remediation payable	$ 1,517,081	$ -	$ -	$ 1,517,081
Total restricted net position	$ -	$ -	$ 28,927,021	$ 28,927,021

September 30, 2022	Environmental trust	Debt service	Capital projects	Total restricted
Assets:				
Cash and cash equivalents	$ 572,412	$ -	$ 2,228,472	$ 2,800,884
Investments	-	-	21,534,922	21,534,922
Accounts receivable	-	-	982,305	982,305
Accrued interest receivable	-	-	29,005	29,005
Total restricted assets	$ 572,412	$ -	$ 24,774,704	$ 25,347,116
Liabilities:				
Environmental remediation payable	$ 572,412	$ -	$ -	$ 572,412
Total restricted net position	$ -	$ -	$ 24,774,704	$ 24,774,704

16. Subsequent events

The TAA's management has evaluated the events that have occurred subsequent to September 30, 2023 through May 28, 2025, the date that the financial statements were available to be issued. Management has no responsibility to update these financial statements for events and circumstances occurring after this date. No such events have been disclosed.

In September 2024, TAA entered into a series of grant agreements with the FAA related to the Airfield Safety Enhancement program totaling $55 million.

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REQUIRED SUPPLEMENTARY INFORMATION
–Unaudited

TUCSON AIRPORT AUTHORITY, INC.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

1. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Remaining amortization period as of the 2019 actuarial valuation	17 years
Asset valuation method	7 year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%
Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4% - 8% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% – 8.5% to 4% – 8%. In the 2013 actuarial valuation, projected salary increases were decreased from 5% – 9% to 4.5% – 8.5%.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4%. In the 2013 actuarial valuation, wage growth was decreased from 5% to 4.5%.

1. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

Factors that affect trends:

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law’s effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members’ employee contribution rates. These changes are reflected in the plans’ pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law’s effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law’s effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law’s effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law’s effective date. Also, the TAA refunded excess employee contributions to PSPRS members. PSPRS allowed the TAA to reduce its actual employer contributions for the refund amounts. As a result, the TAA's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

Schedule of the TAA's Proportionate Share of the Net Pension Liability -- Cost Sharing Plan (ASRS)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA's proportion of the net pension liability	0.10531%	0.10352%	0.10053%	0.10101%
TAA's proportionate share of the net pension liability	17,040,680	16,896,763	13,209,196	17,501,518
TAA's covered payroll	13,672,368	12,230,220	11,255,969	10,979,377
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	124.64%	138.16%	117.35%	159.40%
Plan fiduciary net position as a percentage of total pension liability	75.47%	74.26%	78.58%	69.33%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.10674%	0.10814%	0.10506%	0.11064%	0.11626%	0.12027%
15,531,912	15,081,724	16,366,300	17,858,407	18,108,646	17,795,379
11,198,483	10,748,407	10,234,127	10,309,250	10,708,240	10,840,726
138.70%	140.32%	159.92%	173.23%	169.11%	164.15%
73.24%	73.00%	69.92%	67.06%	68.08%	69.49%

Schedule of the TAA's Proportionate Share of the Net OPEB Liability -- Cost Sharing Plan (ASRS)

(2016 -- 2014 information not available)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA’s proportion of the net pension liability	0.10729%	0.10551%	0.10249%	0.10295%
TAA's proportionate share of the net pension liability	(579,288)	(588,849)	(499,340)	(72,888)
TAA’s covered payroll	13,672,368	12,230,220	11,255,969	10,979,377
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.24%	-4.81%	-4.44%	-0.66%
Plan fiduciary net position as a percentage of total pension liability	134.37%	137.79%	130.24%	104.33%

Long-term Disability (LTD)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA’s proportion of the net pension liability	0.10664%	0.10469%	0.10180%	0.10213%
TAA's proportionate share of the net pension liability	13,974	9,669	21,014	77,477
TAA’s covered payroll	13,672,368	12,230,220	11,255,969	10,979,377
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	0.10%	0.08%	0.19%	0.71%
Plan fiduciary net position as a percentage of total pension liability	93.70%	95.40%	90.38%	68.01%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.10888%	0.10989%	0.10652%	-%	-%	-%
(30,089)	(39,570)	(57,989)	-	-	-
11,198,483	10,748,407	10,234,127	-	-	-
-0.27%	-0.37%	-0.57%	-%	-%	-%
101.62%	102.00%	103.57%	-%	-%	-%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.10817%	0.10862%	0.10559%	-%	-%	-%
70,467	56,754	38,274	-	-	-
10,748,407	10,748,407	10,234,127	-	-	-
0.66%	0.53%	0.37%	-%	-%	-%
72.85%	78.00%	84.44%	-%	-%	-%

Multiyear Schedule of changes in Net Pension Liability (Asset) and Related Ratios Agent Retirement Plan (PSPRS) -- Fire Department

Reporting date (September 30)	2023	2022	2021	2020
Measurement date (June 30)	(2023)	(2022)	(2021)	(2020)
Total pension liability				
Service cost	$ 229,705	$ 246,257	$ 260,136	$ 266,691
Interest on total pension liability	1,440,329	1,420,747	1,378,221	1,345,422
Benefit changes	-	-	-	-
Difference between expected and actual experience	354,732	(35,140)	186,264	212,900
Assumption changes	-	358,784	-	-
Benefit payments, including refunds of employee contributions	(1,527,487)	(1,336,158)	(1,120,205)	(1,119,994)
Net change in total pension liability	497,279	654,490	704,416	705,019
Total pension liability, beginning	20,538,606	19,884,116	19,179,700	18,474,681
Total pension liability, ending (a)	$ 21,035,885	$ 20,538,606	$ 19,884,116	$ 19,179,700
Plan fiduciary net position				
Contributions employer	$ 317,042	$ 157,153	$ 13,262,977	$ 1,216,474
Contributions employee	88,097	85,731	91,288	94,483
Pension plan net investment income	1,368,367	(783,738)	2,405,826	69,458
Benefit payments, including refunds of employee contributions	(1,527,487)	(1,336,158)	(1,120,205)	(1,119,994)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(6,908)	(14,162)	(10,777)	(5,664)
Other	(2,454)	-	1,100	-
Net change in fiduciary net position	236,657	(1,891,174)	14,630,209	254,757
Plan fiduciary net position, beginning	18,347,937	20,205,933	5,575,724	5,353,106
Adjustment to Beginning of Year	0	33,178	-	(32,139)
Plan fiduciary net position, ending (b)	$ 18,584,594	$ 18,347,937	$ 20,205,933	$ 5,575,724
Net pension liability (asset), ending (a)–(b)	$ 2,451,291	$ 2,190,669	$ (321,817)	$ 13,603,976
Plan fiduciary net position as a percentage of total pension liability	88.35%	89.33%	101.62%	29.07%
Covered valuation payroll	$ 1,027,035	$ 929,423	$ 1,054,218	$ 1,120,421
Net pension liability as a percentage of covered valuation payroll	238.68%	235.70%	-30.53%	1214.18%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
$ 156,487	$ 237,359	$ 288,240	$ 226,588	$ 214,614	$ 217,088
1,263,139	1,221,934	1,144,049	1,114,931	1,113,123	926,805
-	-	189,346	237,906	-	362,124
394,075	127,803	(1,002)	(88,660)	(347,529)	(59,196)
354,435	-	608,287	563,682	-	1,746,767
(1,212,840)	(923,319)	(966,355)	(1,102,101)	(824,231)	(813,515)
955,296	663,777	1,262,565	952,346	155,977	2,380,073
17,519,385	16,855,608	15,593,043	14,640,697	14,484,720	12,104,647
$ 18,474,681	$ 17,519,385	$ 16,855,608	$ 15,593,043	$ 14,640,697	$ 14,484,720
$ 1,006,544	$ 862,196	$ 850,516	$ 839,895	$ 527,805	$ 497,883
92,740	89,302	132,556	133,036	120,005	111,010
279,715	346,270	529,903	26,592	164,399	570,917
(1,212,840)	(923,319)	(966,355)	(1,102,101)	(824,231)	(813,515)
-	(207,683)	-	-	-	-
(5,860)	(5,970)	(5,089)	(4,227)	(4,385)	-
-	59	57,028	58,877	(115,462)	(261,027)
160,299	160,855	598,559	(47,928)	(131,869)	105,268
5,192,807	5,031,952	4,433,393	4,481,321	4,613,190	4,507,922
	-	-	-	-	-
$ 5,353,106	$ 5,192,807	$ 5,031,952	$ 4,433,393	$ 4,481,321	$ 4,613,190
$ 13,121,575	$ 12,326,578	$ 11,823,656	$ 11,159,650	$ 10,159,376	$ 9,871,530
28.98%	2964.00%	29.85%	28.43%	30.61%	31.85%
$ 1,140,342	$ 1,051,655	$ 1,229,168	$ 1,174,641	$ 1,098,649	$ 1,013,577
1150.67%	1172.11%	961.92%	950.05%	924.72%	973.93%

Multiyear Schedule of changes in OPEB Liability (Asset) and Related Ratios Agent Retirement Plan (PSPRS) -- Fire Department

(2016 -- 2014 information not available)

	2023	2022	2021	2020
Reporting date (September 30)	2023	2022	2021	2020
Measurement date (June 30)	(2023)	(2022)	(2021)	(2020)
Service cost	$ 4,075	$ 5,095	$ 5,325	$ 5,479
Interest on total OPEB liability	21,690	21,412	19,180	17,489
Benefit changes	-	-	-	-
Difference between expected and actual experience	(8,350)	(4,009)	25,914	21,063
Assumption changes	-	6,247	-	-
Benefit payments, including refunds of employee contributions	(18,774)	(20,813)	(18,412)	(16,547)
Net change in total OPEB liability	(1,359)	7,932	32,007	27,484
Total OPEB liability, beginning	306,556	298,624	266,617	239,133
Total OPEB liability, ending (a)	$ 305,197	$ 306,556	$ 298,624	$ 266,617
Contributions employer	$ 208	$ -	$ -	$ -
Contributions employee	-	-	-	-
OPEB plan net investment income	26,566	(15,173)	87,483	4,180
Benefit payments, including refunds of employee contributions	(18,774)	(20,813)	(18,412)	(16,547)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(142)	(270)	(360)	(340)
Other	-	-	-	-
Net change in fiduciary net position	7,858	(36,256)	68,711	(12,707)
Plan fiduciary net position, beginning	$ 355,833	$ 392,089	$ 323,378	$ 336,085
Adjustment to beginning of year		-	-	-
Plan fiduciary net position, ending (b)	363,691	355,833	392,089	323,378
Net OPEB liability (asset), ending (a)–(b)	$ (58,494)	$ (49,277)	$ (93,465)	$ (56,761)
Plan fiduciary net position as a percentage of total OPEB liability	119.17%	116.07%	131.30%	121.29%
Covered valuation payroll	$ 1,027,035	$ 929,423	$ 1,054,218	$ 1,120,421
Net OPEB liability as a percentage of covered valuation payroll	-5.70%	-5.30%	-8.87%	-5.07%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
$ 3,470	$ 3,365	$ 4,302	$ -	$ -	$ -
18,965	18,546	16,689	-	-	-
-	-	-	-	-	-
(26,260)	(248)	30,351	-	-	-
1,739	-	(8,218)	-	-	-
(23,179)	(12,415)	(16,675)	-	-	-
(25,265)	9,248	26,449	-	-	-
264,398	255,150	228,701	-	-	-
$ 239,133	$ 264,398	$ 255,150	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
17,948	22,786	35,872	-	-	-
(23,179)	(12,415)	(16,675)	-	-	-
-	-	-	-	-	-
(310)	(347)	(318)	-	-	-
-	-	-	-	-	-
(5,541)	10,024	18,879	-	-	-
$ 341,626	$ 331,602	$ 312,723	$ -	$ -	$ -
-	-	-	-	-	-
336,085	341,626	331,602	-	-	-
$ (96,952)	$ (77,228)	$ (76,452)	$ -	$ -	$ -
140.54%	129.21%	129.96%	0.00%	0.00%	0.00%
$ 1,140,342	$ 1,051,655	$ 1,229,168	$ -	$ -	$ -
-8.50%	-7.34%	-6.22%	0.00%	0.00%	0.00%

Multiyear Schedule of changes in Net Pension Liability (Asset) and Related Ratios Agent Retirement Plan (PSPRS) -- Police Department

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
Total pension liability				
Service cost	$ 379,614	$ 403,847	$ 362,628	$ 273,444
Interest on total pension liability	1,669,817	1,633,901	1,608,573	1,518,631
Benefit changes	-	-	-	-
Difference between expected and actual experience	74,003	(120,798)	(322,419)	1,190,195
Assumption changes	-	305,113	-	-
Benefit payments, including refunds of employee contributions	(1,363,095)	(1,413,162)	(1,272,921)	(1,843,580)
Net change in total pension liability	760,339	808,901	375,861	1,138,690
Total pension liability, beginning	23,493,843	22,684,942	22,309,081	21,170,391
Total pension liability, ending (a)	$ 24,254,182	$ 23,493,843	$ 22,684,942	$ 22,309,081
Plan fiduciary net position				
Contributions employer	$ 386,691	$ 230,051	$ 16,841,672	$ 1,446,138
Contributions employee	126,950	128,889	261,526	123,872
Pension plan net investment income	1648340	(928,408)	2,647,896	71,363
Benefit payments, including refunds of employee contributions	(1,363,095)	(1,413,162)	(1,272,921)	(1,843,580)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(9,499)	(16,778)	(11,729)	(5,818)
Other	-	-	-	-
Net change in fiduciary net position	789,387	(1,999,408)	18,466,444	(208,025)
Plan fiduciary net position, beginning	21,821,332	23,820,740	5,354,296	5,609,193
Adjustment to Beginning of Year	-	-	-	(46,872)
Plan fiduciary net position, ending (b)	$ 22,610,719	$ 21,821,332	$ 23,820,740	$ 5,354,296
Net pension liability (asset), ending (a)–(b)	$ 1,643,463	$ 1,672,511	$ (1,135,798)	$ 16,954,785
Plan fiduciary net position as a percentage of total pension liability	93.22%	92.88%	105.01%	24.00%
Covered valuation payroll	$ 1,239,530	$ 1,420,759	$ 1,527,913	$ 1,481,859
Net pension liability as a percentage of covered valuation payroll	132.59%	117.72%	-74.34%	1144.16%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
$ 180,206	$ 281,283	$ 313,234	$ 253,073	$ 258,524	$ 256,981
1,412,577	1,369,937	1,267,411	1,213,721	1,171,149	965,854
-	-	230,905	212,521	-	342,709
608,502	(2,801)	213,612	163,868	195,045	178,695
572,330	-	672,391	607,290	-	1,778,168
(1,023,805)	(1,199,709)	(935,761)	(1,150,547)	(1,008,807)	(807,083)
1,749,810	448,710	1,761,792	1,299,926	615,911	2,715,324
19,420,581	18,971,871	17,210,079	15,910,153	15,294,242	12,578,918
$ 21,170,391	$ 19,420,581	$ 18,971,871	$ 17,210,079	$ 15,910,153	$ 15,294,242
$ 1,323,808	$ 1,032,770	$ 871,881	$ 860,997	$ 614,539	$ 576,148
162,627	120,133	164,792	172,693	280,628	150,551
273,290	323,004	497,677	24,385	154,668	511,958
(1,023,805)	(1,199,709)	(935,761)	(1,150,547)	(1,008,807)	(807,083)
-	(237,532)	-	-	-	-
(5,745)	(5,616)	(4,804)	(3,909)	(4,150)	-
34,779	81,265	46	1,450	(3,035)	(209,036)
764,954	114,315	593,831	(94,931)	33,843	222,538
4,847,914	4,733,599	4,139,768	4,234,699	4,200,856	3,978,318
(3,675)	-	-	-	-	-
$ 5,609,193	$ 4,847,914	$ 4,733,599	$ 4,139,768	$ 4,234,699	$ 4,200,856
$ 15,561,198	$ 14,572,667	$ 14,238,272	$ 13,070,311	$ 11,675,454	$ 11,093,386
26.50%	24.96%	24.95%	24.05%	26.62%	24.47%
$ 1,351,250	$ 1,329,942	$ 1,395,872	$ 1,309,901	$ 1,364,568	$ 1,305,875
1151.62%	1095.74%	1020.03%	997.81%	855.62%	849.50%

Multiyear Schedule of changes in OPEB Liability (Asset) and Related Ratios Agent Retirement Plan (PSPRS) -- Police Department

(2016 -- 2014 information not available)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
Service cost	$ 5,293	$ 7,036	$ 6,216	$ 6,144
Interest on total OPEB liability	18,079	16,263	18,089	19,806
Benefit changes	-	-	-	-
Difference between expected and actual experience	8,903	12,867	(35,104)	(29,483)
Assumption changes	-	8,286	-	-
Benefit payments, including refunds of employee contributions	(15,073)	(13,732)	(16,320)	(16,486)
Net change in total OPEB liability	17,202	30,720	(27,119)	(20,019)
Total OPEB liability, beginning	253,334	222,614	249,733	269,752
Total OPEB liability, ending (a)	$ 270,536	$ 253,334	$ 222,614	$ 249,733
Contributions employer	$ -	$ 312	$ 3,496	$ 6,626
Contributions employee	-	-	-	-
OPEB plan net investment income	24,984	(14,071)	79,480	3,728
Benefit payments, including refunds of employee contributions	(15,073)	(13,732)	(16,320)	(16,486)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(153)	(250)	(327)	(303)
Other	-	-	-	-
Net change in fiduciary net position	9,758	(27,741)	66,329	(6,435)
Plan fiduciary net position, beginning	$ 333,020	$ 360,761	$ 294,432	$ 300,867
Adjustment to beginning of year	-	-	-	-
Plan fiduciary net position, ending (b)	342,778	333,020	360,761	294,432
Net OPEB liability (asset), ending (a)–(b)	$ (72,242)	$ (79,686)	$ (138,147)	$ (44,699)
Plan fiduciary net position as a percentage of total OPEB liability	126.70%	131.45%	162.06%	117.90%
Covered valuation payroll	$ 1,239,530	$ 1,420,759	$ 1,527,913	$ 1,481,859
Net OPEB liability as a percentage of covered valuation payroll	-5.83%	-5.61%	-9.04%	-3.02%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
$ 4,655	$ 4,389	$ 4,886	$ -	$ -	$ -
23,538	21,564	19,898	-	-	-
-	-	847	-	-	-
(67,403)	14,339	26,034	-	-	-
3,635	-	(10,834)	-	-	-
(16,186)	(15,983)	(12,972)	-	-	-
(51,761)	24,309	27,859	-	-	-
321,513	297,204	269,345	-	-	-
$ 269,752	$ 321,513	$ 297,204	$ -	$ -	$ -
$ 4,763	$ 862	$ 5,655	$ -	$ -	$ -
-	-	-	-	-	-
15,633	19,711	30,966	-	-	-
(16,186)	(15,983)	(12,972)	-	-	-
-	-	-	-	-	-
(270)	(300)	(275)	-	-	-
-	1	-	-	-	-
3,940	4,291	23,374	-	-	-
$ 293,252	$ 288,961	$ 265,587	-	-	-
3,675	-	-	-	-	-
300,867	293,252	288,961	$ -	$ -	$ -
$ (31,115)	$ 28,261	$ 8,243	$ -	$ -	$ -
111.53%	91.21%	97.23%	0.00%	0.00%	0.00%
$ 1,351,250	$ 1,329,942	$ 1,395,872	$ -	$ -	$ -
-2.30%	2.12%	0.59%	0.00%	0.00%	0.00%

Schedule of the TAA's Proportionate Share of the Net Pension Liability -- Cost Sharing Plan (PSPRS Fire - Tier 3)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA’s proportion of the net pension liability	0.172028%	0.114996%	0.110241%	0.093337%
TAA's proportionate share of the net pension liability	(14,680)	(6,710)	(10,207)	280
TAA’s covered payroll	347,316	157,866	113,754	67,859
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.23%	-4.25%	-8.97%	0.41%
Plan fiduciary net position as a percentage of total pension liability	107.55%	108.46%	121.67%	98.82%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.116867%	-%	-%	-%	-%	-%
(1,678)	-	-	-	-	-
47,036	-	-	-	-	-
-3.57%	-%	-%	-%	-%	-%
118.05%	-%	-%	-%	-%	-%

Schedule of the TAA's Proportionate Share of the Net OPEB Liability -- Cost Sharing Plan (PSPRS Fire - Tier 3)

(2018 -- 2014 information not available)

Reporting date (September 30)	2023	2022	2021	2020
Measurement date (June 30)	(2023)	(2022)	(2021)	(2020)
TAA's proportion of the net pension liability	0.172117%	0.116044%	0.095456%	0.081212%
TAA's proportionate share of the net pension liability	(3,228)	(1,378)	(926)	(284)
TAA's covered payroll	347,316	157,866	113,754	67,859
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-0.93%	-0.87%	-0.81%	-0.42%
Plan fiduciary net position as a percentage of total pension liability	213.55%	210.39%	242.50%	198.90%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.102787%	-%	-%	-%	-%	-%
(151)	-	-	-	-	-
47,036	-	-	-	-	-
-0.32%	-%	-%	-%	-%	-%
207.50%	-%	-%	-%	-%	-%

Schedule of the TAA's Proportionate Share of the Net Pension Liability -- Cost Sharing Plan (PSPRS Police - Tier 3)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA's proportion of the net pension liability	0.155336%	0.054236%	0.108661%	0.175550%
TAA's proportionate share of the net pension liability	(13,139)	(3,165)	(10,061)	526
TAA's covered payroll	313,616	74,454	112,124	121,595
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.19%	-4.25%	-8.97%	0.43%
Plan fiduciary net position as a percentage of total pension liability	107.55%	108.46%	121.67%	98.82%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.017544%	-%	-%	-%	-%	-%
(252)	-	-	-	-	-
7,061	-	-	-	-	-
-3.57%	-%	-%	-%	-%	-%
118.05%	-%	-%	-%	-%	-%

Schedule of the TAA's Proportionate Share of the
Net OPEB Liability -- Cost Sharing Plan (PSPRS Police - Tier 3)

(2018 -- 2014 information not available)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA’s proportion of the net pension liability	0.155416%	0.054729%	0.116441%	0.187635%
TAA's proportionate share of the net pension liability	(2,914)	(650)	(1,130)	(656)
TAA’s covered payroll	313,616	74,454	112,124	121,595
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-0.93%	-0.87%	-1.01%	-0.54%
Plan fiduciary net position as a percentage of total pension liability	213.55%	210.39%	242.50%	198.90%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.015431%	-%	-%	-%	-%	-%
(23)	-	-	-	-	-
7,061	-	-	-	-	-
-0.33%	-%	-%	-%	-%	-%
207.50%	-%	-%	-%	-%	-%

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STATISTICAL

Statistical Section

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Net Position and Changes in Net Position

Fiscal Years Ended September 30

	2014	2015	2016	2017
Operating revenues				
Landing fees	$ 2,677,840	$ 2,638,511	$ 2,793,333	$ 2,761,273
Space rentals	14,712,712	15,516,879	15,563,025	14,983,380
Land rent	2,663,514	2,767,584	2,754,715	2,963,840
Concession revenue	14,442,602	14,458,462	15,146,036	16,014,764
Product sales	-	-	-	-
Airport services	3,813,682	3,787,935	3,239,181	3,451,629
Other operating revenues	3,040,508	2,817,414	2,624,624	2,733,868
Total operating revenues	41,350,858	41,986,785	42,120,914	42,908,754
Nonoperating revenues				
Interest income	1,003,767	1,383,045	1,533,109	1,757,178
Passenger facility charges	6,135,127	6,010,676	6,071,068	6,477,205
Other nonoperating revenues	655,988	576,808	(47,097)	(866,155)
Total nonoperating revenues	7,794,882	7,970,529	7,557,080	7,368,228
Total revenues	49,145,740	49,957,314	49,677,994	50,276,982
Operating expenses				
Personnel expenses	21,271,873	19,945,414	19,887,460	20,124,552
Contractual services	5,843,202	6,064,007	6,165,827	6,120,706
Materials and supplies	1,764,994	1,465,876	1,311,559	1,422,945
Other operating expenses	2,632,370	914,491	884,209	853,019
Depreciation and amortization	15,860,805	16,577,216	14,534,836	17,404,890
Total operating expenses	47,373,244	44,967,004	42,783,891	45,926,112
Nonoperating expenses				
Interest expense and fiscal charges	2,787,713	2,667,488	2,542,271	2,408,925
Environmental remediation expenses	1,120,109	421,500	440,980	1,405,893
Other nonoperating expenses	-	280	17,250	752
Total non-operating expenses	3,907,822	3,089,268	3,000,501	3,815,570
Total expenses	51,281,066	48,056,272	45,784,392	49,741,682
Capital contributions	26,622,392	15,074,095	7,812,027	12,881,611
Special item - Loss on asset impairment	-	-	-	-
Increase in net position	$ 24,487,065	$ 16,975,137	$ 11,705,629	$ 13,416,911
Net position at year-end				
Net investment in capital assets	$ 236,631,507	$ 247,391,638	$ 251,798,899	$ 269,064,332
Restricted	34,237,052	36,710,371	38,342,080	37,881,459
Unrestricted	54,786,190	58,527,877	64,194,536	60,818,153
Total net position	$ 325,654,749	$ 342,629,886	$ 354,335,515	$ 367,763,944
Prior period adjustment	-	-	11,518	-
Total net position, as restated	$ 325,654,749	$ 342,629,886	$ 354,347,033	$ 367,763,944

Source: TAA audited financial statements.

2018	2019	2020	2021	2022	2023
$ 2,242,036	$ 3,070,839	$ 2,037,041	$ 1,973,618	$ 2,494,007	$ 2,752,908
14,443,728	15,046,170	14,560,223	11,914,716	10,553,073	11,214,193
3,510,909	3,515,665	3,789,349	3,170,479	3,242,232	3,205,014
17,153,120	18,624,434	11,878,384	14,350,682	18,652,486	21,479,224
	-	-			-
3,799,364	3,278,715	3,611,852	3,354,818	3,154,925	3,674,781
2,876,372	3,725,228	2,992,525	2,983,091	3,428,942	3,636,044
44,025,529	47,261,051	38,869,374	37,747,404	41,525,665	45,962,164
2,252,824	3,079,094	2,330,044	1,777,835	1,726,195	3,157,185
6,754,513	7,229,199	4,265,140	4,628,663	6,502,174	7,213,557
(1,164,745)	2,056,203	19,799,150	15,378,375	20,627,180	11,582,496
7,842,592	12,364,496	26,394,334	21,784,873	28,855,549	21,953,238
51,868,121	59,625,547	65,263,708	59,532,277	70,381,214	67,915,402
20,323,973	22,646,456	23,272,979	20,489,377	23,398,275	26,885,105
6,089,002	7,710,016	6,726,582	7,537,219	8,954,187	9,012,154
1,544,793	1,595,222	1,859,050	1,533,550	1,912,266	2,146,300
1,047,945	955,652	1,455,350	944,639	1,858,369	1,843,271
18,255,710	18,393,628	19,514,629	20,308,305	21,261,572	21,892,048
47,261,423	51,300,974	52,828,590	50,813,090	57,384,669	61,778,878
2,249,588	1,077,162	960,095	871,573	780,585	703,000
2,964,165	1,587,039	394,453	1,334,189	1,315,930	734,190
8,928	-	-	192,935	6,326,982	7,955
5,222,681	2,664,201	1,354,548	2,398,697	8,423,497	1,445,145
52,484,104	53,965,175	54,183,138	53,211,787	65,808,166	63,224,023
19,822,884	3,386,455	16,763,540	12,818,224	24,200,479	25,401,984
$ 19,206,901	$ 9,046,827	$ 27,844,110	$ 19,138,714	$ 28,773,527	$ 30,093,363
$ 290,739,199	$ 288,319,668	$ 301,652,819	$ 310,897,029	$ 336,710,644	$ 362,836,803
19,754,254	21,497,013	22,611,645	23,286,271	24,774,705	31,961,185
76,477,392	86,200,991	99,597,319	108,817,198	110,288,676	107,251,725
$ 386,970,845	$ 396,017,672	$ 423,861,783	$ 443,000,498	$ 471,774,025	$ 502,049,713
-	-	-	-	-	
$ 386,970,845	$ 396,017,672	$ 423,861,783	$ 443,000,498	$ 471,774,025	$ 502,049,713

Principal Revenue Sources

Fiscal Years Ended September 30

	2014	2015	2016	2017
Passenger airline rates and charges				
Landing fees	$ 2,374,308	$ 2,276,000	$ 2,377,507	$ 2,358,611
Terminal rentals	8,526,226	9,031,797	9,012,994	8,998,645
Security fees	1,683,084	2,168,184	2,010,660	2,039,015
Terminal use fees	-	-	-	-
Custodial, equipment and parking	290,848	266,689	268,989	168,086
Total passenger airline rates and charges	12,874,466	13,742,670	13,670,150	13,564,357
Concession revenues				
Parking lots	6,091,415	6,192,931	6,392,766	6,900,338
Rental cars	5,909,460	5,733,134	6,114,720	6,417,509
News and gift	711,183	708,067	679,767	492,237
Food and beverage	1,095,263	1,165,119	1,242,012	1,241,351
Other	635,281	659,211	716,771	963,329
Total concession revenues	14,442,602	14,458,462	15,146,036	16,014,764
Other operating revenues				
Space rental	5,724,956	6,030,053	6,059,773	5,818,658
Land rent	2,663,514	2,767,584	2,754,715	2,963,840
Tenant finishes	224,858	224,858	224,858	92,715
Cargo airline landing fees	207,482	206,601	216,621	203,237
Air cargo space rentals	236,672	230,171	265,400	267,005
Fuel flowage	897,339	405,135	422,306	438,212
TSA reimbursements	423,100	425,099	390,311	388,385
Rental car customer facility charges	1,105,439	1,173,263	1,197,810	1,209,425
General aviation product sales	475,582	223,161	195,554	203,969
Other	2,074,848	2,099,728	1,577,380	1,744,187
Total other operating revenues	14,033,790	13,785,653	13,304,728	13,329,633
Total operating revenues	41,350,858	41,986,785	42,120,914	42,908,754
Nonoperating revenues				
Interest income	1,003,767	1,383,045	1,533,109	1,757,178
Passenger facility charges	6,135,127	6,010,676	6,071,068	6,477,205
Other nonoperating revenues	655,988	576,808	(47,097)	(866,155)
Total nonoperating revenues	7,794,882	7,970,529	7,557,080	7,368,228
Total revenues	$ 49,145,740	$ 49,957,314	$ 49,677,994	$ 50,276,982

Source: TAA audited financial statements and records.

2018	2019	2020	2021	2022	2023
$ 1,932,402	$ 2,588,507	$ 1,699,499	$ 1,580,914	$ 2,011,317	$ 2,288,315
8,962,562	9,445,182	9,279,470	7,274,870	5,948,942	5,923,781
2,388,206	2,087,021	2,348,792	2,400,220	2,164,805	2,383,606
-	-	-	-	-	124,153
30,870	178,869	191,321	162,175	158,160	29,505
13,314,040	14,299,579	13,519,082.13	11,418,180	10,283,225	10,749,359
7,342,654	7,829,129	4,676,532	4,708,206	7,552,018	9,932,566
6,193,649	6,832,969	4,673,326	5,662,859	8,248,009	8,399,820
1,308,953	1,400,778	841,794	1,802,743	1,020,136	975,641
1,137,726	1,247,586	792,004	1,508,250	858,125	737,245
1,170,139	1,313,972	894,728	668,623	974,198	1,433,952
17,153,120	18,624,434	11,878,384	14,350,681	18,652,486	21,479,224
5,343,938	5,287,792	4,907,920	4,295,891	4,219,463	4,779,767
3,483,678	3,488,464	3,761,964	3,143,151	3,215,192	3,176,940
95,850	95,850	95,850	95,850	45,312	53,088
160,329	203,104	313,543	330,064	473,500	187,939
273,105	296,329	300,983	310,744	348,546	475,441
454,743	480,470	444,718	548,390	655,709	657,857
348,645	423,015	360,770	413,520	388,160	387,230
1,239,323	1,327,100	863,955	784,247	1,030,311	1,137,924
218,176	226,769	145,445	164,881	248,460	240,028
1,940,583	2,508,145	2,276,759	1,891,805	1,965,301	2,637,366
13,558,369	14,337,038	13,471,908	11,978,543	12,589,954	13,733,580
44,025,529	47,261,051	38,869,374	37,747,404	41,525,665	45,962,164
2,252,824	3,079,094	2,330,044	1,777,835	1,726,195	3,157,184
6,754,513	7,229,199	4,265,140	4,628,663	6,502,174	7,213,557
(1,164,745)	2,056,203	19,799,150	15,378,375	20,627,180	11,582,496
7,842,592	12,364,496	26,394,334	21,784,873	28,855,549	21,953,237
$ 51,868,121	$ 59,625,546	$ 65,263,708	$ 59,532,277	$ 70,381,214	$ 67,915,401

Principal Revenue Source Ratios

Fiscal Years Ended September 30

	2014	2015	2016	2017
Passenger airline rates and charges as a percentage of total operating revenues	31.1%	32.7%	32.5%	31.6%
Concession revenues as a percentage of total operating revenues	34.9%	34.4%	36.0%	37.3%
Non-passenger airline revenues as a percentage of total operating revenues	68.9%	67.3%	67.5%	68.4%
Enplaned passengers	1,621,231	1,590,321	1,618,304	1,711,518
Airline cost per enplaned passenger	$ 7.94	$ 8.64	$ 8.45	$ 7.93
Concession revenues per enplaned passenger	$ 8.91	$ 9.09	$ 9.36	$ 9.36
Operating revenues per enplaned passenger	$ 25.51	$ 26.40	$ 26.03	$ 25.07
Total revenues per enplaned passenger	$ 30.31	$ 31.41	$ 30.70	$ 29.38

Source: Enplaned passengers as reported by airlines.

Rates and Charges

Fiscal Years Ended September 30

	2014	2015	2016	2017
Signatory airlines				
Landing fee (per 1,000 lbs.)	$ 1.41	$ 1.31	$ 1.30	$ 1.29
Ticketing space (per sq. ft. per year)	$ 76.30	$ 78.81	$ 78.81	$ 80.91
Baggage claim (per sq. ft. per year)	$ 72.36	$ 74.74	$ 74.74	$ 76.73
Baggage makeup (per sq. ft. per year)	$ 25.42	$ 26.26	$ 26.26	$ 26.96
Baggage claim office (per sq. ft. per year)	$ 76.30	$ 78.81	$ 78.81	$ 80.91
Operations space (per sq. ft. per year)	$ 64.84	$ 66.97	$ 66.97	$ 68.75
Hold room (per gate per year)	$ 111,265.62	$ 114,926.26	$ 114,926.26	$ 117,983.30
Aircraft parking position (per gate per year)	$ 7,982.60	$ 8,245.20	$ 8,245.23	$ 8,464.55
Parking				
Hourly lot (per hour)	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Daily lot (per day)	$ 9.00	$ 9.00	$ 9.00	$ 10.00
Garage	$ 9.00	$ 9.00	$ 9.00	$ 10.00
Economy uncovered (per day)	$ 4.00	$ 4.00	$ 4.00	$ 4.50
Economy covered	$ 5.00	$ 5.00	$ 5.00	$ 6.00
Rental car privilege fee (% of gross receipts)				
On-airport operators	10.0%	10.0%	10.0%	10.0%
Off-airport operators	10.0%	10.0%	10.0%	10.0%

*Parking rates were increased in February 2017

	2018	2019	2020	2021	2022	2023
	30.2%	30.3%	34.8%	30.2%	24.8%	23.4%
	39.0%	39.4%	30.6%	38.0%	44.9%	46.7%
	69.8%	69.7%	65.2%	69.8%	75.2%	76.6%
	1,782,050	1,897,590	1,144,018	1,137,279	1,686,183	1,879,913
	$ 7.47	$ 7.54	$ 11.82	$ 10.04	$ 6.10	$ 5.72
	$ 9.63	$ 9.81	$ 10.38	$ 12.62	$ 11.06	$ 11.43
	$ 24.70	$ 24.91	$ 33.98	$ 33.19	$ 24.63	$ 24.45
	$ 29.11	$ 31.42	$ 57.05	$ 52.35	$ 41.74	$ 36.13

	2018	2019	2020	2021	2022	2023
	$ 1.04	$ 1.32	$ 1.15	$ 1.15	$ 1.15	$ 1.15
	$ 80.91	$ 83.42	$ 83.42	$ 65.21	$ 65.21	$ 65.21
	$ 76.73	$ 79.11	$ 79.11	$ 61.84	$ 61.84	$ 61.84
	$ 26.96	$ 27.80	$ 27.80	$ 21.73	$ 21.73	$ 21.73
	$ 80.91	$ 83.42	$ 83.42	$ 65.21	$ 65.21	$ 65.21
	$ 68.75	$ 70.88	$ 70.88	$ 55.40	$ 55.40	$ 55.40
	$ 117,983.30	$ 121,640.78	$ 121,640.78	$ 95,080.52	$ 95,080.52	$ 95,080.52
	$ 8,464.55	$ 8,726.95	$ 8,726.95	$ 9,095.23	$ 9,095.23	$ 9,095.23
	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 3.00
	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 12.00
	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 12.00
	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 5.00
	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 7.50
	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Ratios of Outstanding Debt, Debt Service and Debt Limits

Fiscal Years Ended September 30

	2014	2015	2016	2017
Outstanding Debt Ratios				
Outstanding debt by type				
Senior lien revenue bonds	$ -	$ -	$ -	$ -
Subordinate lien revenue bonds	55,930,000	53,345,000	50,635,000	47,785,000
Junior subordinate lien revenue bonds	-	-	-	-
Notes payable	-	-	-	-
Total outstanding debt	$ 55,930,000	$ 53,345,000	$ 50,635,000	$ 47,785,000
Enplaned passengers	1,621,231	1,590,321	1,618,304	1,711,518
Outstanding debt per enplaned passenger	$ 34.50	$ 33.54	$ 31.29	$ 27.92
Operating revenues	$ 41,350,858	$ 41,986,785	$ 42,120,914	$ 42,908,754
Ratio of outstanding debt to operating revenues	1.35	1.27	1.20	1.11
Total revenues	$ 49,145,740	$ 49,957,314	$ 49,677,994	$ 50,276,982
Ratio of outstanding debt to total revenues	1.14	1.07	1.02	0.95
Debt Service Ratios				
Debt service				
Principal (1)	$ 2,455,000	$ 2,585,000	$ 2,710,000	$ 2,850,000
Interest	2,944,190	2,819,690	2,688,815	2,551,315
Total debt service	$ 5,399,190	$ 5,404,690	$ 5,398,815	$ 5,401,315
Debt service per enplaned passenger	$ 3.33	$ 3.40	$ 3.34	$ 3.16
Total expenses	$ 51,281,066	$ 48,056,272	$ 45,784,392	$ 49,741,682
Ratio of debt service to total expenses	0.11	0.11	0.12	0.11
Debt Limit (2)	N.A.	N.A.	N.A.	N.A.

(1) Excludes amounts paid for early retirement of debt.

(2) The Authority has no statutory debt limit. Senior lien revenue bond limits would be calculated through an additional bonds test (ABT) established in the Authority's senior lien bond resolution.

Source: TAA audited financial statements.

	2018	2019	2020	2021	2022	2023
	$ -	$ -	$ -	$ -	$ -	$ -
	37,330,000	32,520,000	29,540,000	26,475,000	23,305,000	20,035,000
	$ 37,330,000	$ 32,520,000	$ 29,540,000	$ 26,475,000	$ 23,305,000	$ 20,035,000
	1,782,050	1,897,590	1,144,018	1,137,279	1,686,183	1,879,913
	$ 20.95	$ 17.14	$ 25.82	$ 23.28	$ 13.82	$ 10.66
	$ 44,025,529	$ 47,261,051	$ 38,869,374	$ 37,747,404	$ 41,525,665	$ 45,962,164
	0.85	0.69	0.76	0.70	0.56	0.44
	$ 51,868,121	$ 59,625,547	$ 65,263,708	$ 59,532,277	$ 70,381,214	$ 67,915,402
	0.72	0.55	0.45	0.44	0.33	0.29
	$ 2,990,000	$ 4,810,000	$ 2,980,000	$ 3,065,000	$ 3,170,000	$ 3,270,000
	3,089,878	1,216,903	1,030,869	933,498	833,208	729,675
	$ 6,079,878	$ 6,026,903	$ 4,010,869	$ 3,998,498	$ 4,003,208	$ 3,999,675
	$ 3.41	$ 3.18	$ 3.51	$ 3.52	$ 2.37	$ 2.13
	$ 52,484,104	$ 53,965,175	$ 54,183,138	$ 53,211,787	$ 65,808,166	$ 63,224,023
	0.12	0.11	0.07	0.08	0.06	0.06
	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Airport Revenue Bond Coverage Per Bond Resolutions

Fiscal Years Ended September 30

	2014	2015	2016	2017
Senior Lien Revenue Bond Debt Service Coverage				
Operating revenues	$ 41,350,858	$ 41,986,785	$ 42,120,914	$ 42,908,754
Interest income (1)	558,471	783,869	897,339	1,022,053
Transfer from airline reserve fund (2)	170,566	4,015,500	-	-
Total revenues	42,079,895	46,786,154	43,018,253	43,930,807
Operation and maintenance expenses	(31,512,439)	(28,389,788)	(28,249,055)	(28,521,222)
Net revenues	10,567,456	18,396,366	14,769,198	15,409,585
Senior lien debt service requirement				
Series 2001A,B,C	-	-	-	-
Series 2003 refunding	-	-	-	-
Total senior lien debt service	$ -	$ -	$ -	$ -
Senior lien revenue bond debt service coverage	-	-	-	-
Required minimum coverage	1.25	1.25	1.25	1.25
Subordinate Lien Revenue Bond Debt Service Coverage				
Net revenues	$ 10,567,456	$ 18,396,366	$ 14,769,198	$ 15,409,585
PFC revenues transferred for subordinate lien debt service	4,805,218	4,763,643	4,656,554	4,823,054
Subtotal	15,372,674	23,160,009	19,425,752	20,232,639
Senior lien debt service	-	-	-	-
Net revenues available for subordinate lien debt service	15,372,674	23,160,009	19,425,752	20,232,639
Subordinate lien debt service requirement				
Series 2001	2,843,423	2,844,923	2,792,315	2,862,257
Series 2006	2,573,183	2,516,683	2,445,225	2,573,225
Series 2018	-	-	-	-
Total subordinate lien debt service	$ 5,416,606	$ 5,361,606	$ 5,237,540	$ 5,435,482
Subordinate lien revenue bond debt service coverage	2.84	4.32	3.71	3.72
Required minimum coverage	1.10	1.10	1.10	1.10
Total Revenue Bond Debt Service Coverage				
Net revenues	$ 10,567,456	$ 18,396,366	$ 14,769,198	$ 15,409,585
PFC revenues transferred for subordinate lien debt service	4,805,218	4,763,643	4,656,554	4,823,054
Subtotal	15,372,674	23,160,009	19,425,752	20,232,639
Total revenue bond debt service requirement				
Senior lien bonds	-	-	-	-
Subordinate lien bonds	5,416,606	5,361,606	5,237,540	5,435,482
Junior subordinate lien bonds	-	-	-	-
Total revenue bond debt service	$ 5,416,606	$ 5,361,606	$ 5,237,540	$ 5,435,482
Total revenue bond debt service coverage	2.84	4.32	3.71	3.72
Required minimum coverage	1.00	1.00	1.00	1.00

(1) Net revenues per the TAA's bond resolutions excludes interest income on restricted funds and certain unrestricted insurance proceeds.

(2) This amount is calculated in accordance with the airport use agreement. See the introduction letter for a description of the TAA's airport use agreement.

Source: TAA audited financial statements and bond resolutions.

2018	2019	2020	2021	2022	2023
$ 44,025,529	$ 47,261,051	$ 38,869,374	$ 37,747,404	$ 41,525,665	$ 45,962,164
1,517,699	2,067,717	1,534,472	1,621,638	1,545,678	2,434,020
1,100,000	-	-	-	-	-
46,643,228	49,328,768	40,403,846	39,369,042	43,071,343	48,396,184
(29,005,713)	(32,907,346)	(33,313,961)	(30,504,785)	(36,123,097)	(39,886,830)
17,637,515	16,421,422	7,089,885	8,864,257	6,948,246	8,509,354
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
1.25	1.25	1.25	1.25	1.25	1.25
$ 17,637,515	$ 16,421,422	$ 7,089,885	$ 8,864,257	$ 6,948,246	$ 8,509,354
5,096,988	7,229,199	4,265,140	4,628,663	6,502,174	7,213,557
22,734,503	23,650,621	11,355,025	13,492,920	13,450,420	15,722,911
22,734,503	23,650,621	11,355,025	13,492,920	13,450,420	15,722,911
2,814,230	-	-	-	-	-
2,540,043	-	-	-	-	-
347,245	6,026,903	4,010,869	3,998,498	4,003,208	3,999,675
$ 5,701,518	$ 6,026,903	$ 4,010,869	$ 3,998,498	$ 4,003,208	$ 3,999,675
3.99	3.92	2.83	3.37	3.36	3.93
1.10	1.10	1.10	1.10	1.10	1.10
$ 17,637,515	$ 16,421,422	$ 7,089,885	$ 8,864,257	$ 6,948,246	$ 8,509,354
5,096,988	7,229,199	4,265,140	4,628,663	6,502,174	7,213,557
22,734,503	23,650,621	11,355,025	13,492,920	13,450,420	15,722,911
-	-	-			
5,701,518	6,026,903	4,010,869	3,998,498	4,003,208	3,999,675
-	-	-	-	-	-
$ 5,701,518	$ 6,026,903	$ 4,010,869	$ 3,998,498	$ 4,003,208	$ 3,999,675
3.99	3.92	2.83	3.37	3.36	3.93
1.00	1.00	1.00	1.00	1.00	1.00

Population in the Air Service Area

As of July 1

	2014	2015	2016	2017
Primary service area				
Pima County, Arizona	1,007,162	1,009,371	1,013,103	1,026,099
Annual % change	1.1%	0.2%	0.4%	1.3%
Secondary service area				
Cochise County, Arizona	129,628	129,112	128,343	128,383
Graham County, Arizona	38,315	38,475	38,303	38,275
Greenlee County, Arizona	10,476	10,555	10,433	10,961
Pinal County, Arizona	396,237	406,468	413,312	427,603
Santa Cruz County, Arizona	49,554	50,270	50,581	51,507
Total secondary service area	624,210	634,880	640,972	656,729
Annual % change	0.2%	1.7%	1.0%	2.5%
Total primary and secondary service areas	1,631,372	1,644,251	1,654,075	1,682,828
Annual % change	0.8%	0.8%	0.6%	1.7%
State of Arizona	6,667,241	6,758,251	6,835,518	6,965,897
Annual % change	1.3%	1.4%	1.1%	1.9%
United States	317,297,938	321,422,019	323,127,513	325,507,602
Annual % change	0.4%	1.3%	0.5%	0.7%

Source: Arizona Department of Administration, Office of Employment and Population Statistics, The State Demographer's Office

Unemployment Rates in the Air Service Area

Annual Average

	2014	2015	2016	2017
Primary service area				
Pima County, Arizona	6.3%	5.7%	5.0%	4.5%
Secondary service area				
Cochise County, Arizona	8.3%	7.6%	6.3%	5.4%
Graham County, Arizona	6.9%	7.7%	6.7%	5.7%
Greenlee County, Arizona	6.5%	8.5%	7.7%	5.5%
Pinal County, Arizona	7.4%	6.6%	5.6%	4.9%
Santa Cruz County, Arizona	16.2%	14.6%	10.1%	9.6%
Total secondary service area	8.2%	7.6%	6.2%	5.4%
Total primary and secondary service areas	6.9%	6.4%	5.4%	4.8%
State of Arizona	8.0%	6.0%	5.4%	4.8%
United States	6.2%	5.1%	4.9%	4.4%

Source: Arizona Department of Administration, Office of Employment and Population Statistics, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics (LAUS) data.

2018	2019	2020	2021	2022	2023
1,034,201	1,044,675	1,052,375	1,058,318	1,072,298	1,080,300
0.8%	1.0%	0.7%	0.6%	1.3%	0.8%
130,319	129,778	131,694	126,463	126,648	127,305
38,126	38,476	38,666	39,025	39,010	39,656
10,506	10,375	10,558	9,593	9,652	9,671
440,591	455,210	467,932	439,128	453,924	467,459
52,390	53,161	53,731	48,468	49,039	50,004
671,932	687,000	702,581	662,677	678,273	694,095
2.3%	2.2%	2.3%	-5.7%	2.4%	2.3%
1,706,133	1,731,675	1,754,956	1,720,995	1,750,571	1,774,395
1.4%	1.5%	1.3%	-1.9%	1.7%	1.4%
7,076,199	7,187,990	7,294,587	7,285,370	7,409,189	7,525,113.00
1.6%	1.6%	1.5%	-0.1%	1.7%	1.6%
327,167,434	328,239,523	331,449,281	331,893,745	333,287,557	334,914,895.00
0.5%	0.3%	1.0%	0.1%	0.4%	0.5%

2018	2019	2020	2021	2022	2023
4.4%	4.6%	7.7%	5.0%	3.6%	4.00%
5.6%	5.8%	7.0%	4.8%	3.9%	4.30%
5.1%	4.9%	6.3%	4.1%	3.1%	3.40%
4.6%	4.2%	5.5%	4.0%	2.7%	2.70%
4.9%	5.0%	7.5%	4.7%	3.5%	4.00%
9.3%	8.7%	11.4%	8.7%	8.1%	7.10%
5.4%	5.4%	7.6%	5.0%	3.9%	4.2%
4.7%	4.9%	7.7%	5.0%	3.7%	4.1%
4.8%	4.6%	7.9%	4.9%	3.7%	3.7%
4.0%	3.5%	8.1%	3.9%	3.5%	3.5%

Major Employers in the Air Service Area

Full-time Equivalent Employees

Employer	Industry Sector	2013	2014	2015	2016	Percentage of Total Employment
University of Arizona	Education	10,846	11,047	11,235	11,251	1.8%
Raytheon Missile Systems	Manufacturing	10,300	9,933	9,600	9,600	1.5%
State of Arizona	State Government	8,807	9,439	8,524	8,580	1.4%
Davis-Monthan Air Force Base	Military	9,100	8,933	8,335	8,406	1.3%
Pima County	Local Government	6,076	7,328	7,023	7,060	1.1%
Tucson Unified School District No. 1	Education	6,790	6,525	7,134	6,770	1.1%
Banner - University Medicine (2)	Health Services	6,099	6,329	6,542	6,272	1.0%
U.S. Customs and Border Protection	Federal Government	6,500	4,135	6,470	5,739	0.9%
Freeport-McMoRan nc.	Mining	5,463	5,600	5,800	5,530	0.9%
Wal-Mart Stores, Inc.	Retail	7,450	5,200	5,400	5,500	0.9%
U.S. Army Intelligence Center, Fort Huachuca	Military	5,096	5,717	5,314	5,477	0.9%
City of Tucson	Local Government	4,585	4,845	4,882	4,595	0.7%
Tohono O'odham Nation	Local Government	4,350	4,350	4,350	4,350	0.7%
Carondelet Health Network	Health Services	3,668	3,476	3,943	3,860	0.6%
TMC HealthCare	Health Services	2,977	2,954	2,976	3,162	0.5%
Southern Arizona V.A. Health Care System	Health Services	2,182	2,450	2,255	2,464	0.4%
Corrections Corporation of America	Government Services	2,314	2,146	2,300	2,413	0.4%
Fry's Food Stores	Retail	2,700	2,024	2,136	2,346	0.4%
Pima Community College	Education	2,384	2,177	2,207	2,235	0.4%
Asarco	Mining	2,297	2,366	2,427	2,200	0.4%
Sunnyside Unified School District	Education	2,083	2,000	2,200	2,100	0.3%
Afni, Inc.	Call Center	2,199	1,950	2,220	1,900	0.3%
APAC Customer Services Inc.	Call Center	1,777	1,904	1,904	1,889	0.3%
Pinal County	Local Government	1,993	1,931	1,917	1,852	0.3%
Amphitheater Unified School District	Education	1,833	1,814	1,789	1,739	0.3%
Vail Unified School District	Education	1,469	1,578	1,625	1,705	0.3%
Target Corp.	Retail	1,640	1,640	1,640	1,640	0.3%
Citi	Call Center	2,000	1,900	1,800	1,600	0.3%
Circle K Stores Inc.	Retail	(1)	(1)	(1)	1,600	0.3%
Casino Del Sol Resort Spa and Casino	Entertainment	1,300	1,500	1,600	1,592	0.3%
Northwest Medical Center	Health Services	1,757	1,722	1,651	1,585	0.3%
U.S. Postal Service	Federal Government	1,558	1,226	1,496	1,531	0.2%
Walgreen Co.	Retail	1,420	1,420	1,459	1,419	0.2%
GEICO	Insurance	(1)	(1)	(1)	1,411	0.2%
Marana Unified School District	Education	1,657	1,706	1,754	1,404	0.2%
University Physicians Healthcare (2)	Health Services	(2)	(2)	(2)	(2)	0.0%

Source: Arizona Daily Star, Star 200 survey. Participation in the survey is voluntary. Includes employers in the Authority's primary and secondary service areas.

(1) Data not provided and/or not a major employer.

(2) University Physicians merged with the University Medical Center in 2011 and was purchased by Banner Health in 2015.

(3) The Star200 survey was discontinued after 2016. No comparable data available.

Not Available

2017 (3)	2018 (3)	2019 (3)	2020 (3)	2021 (3)	2022 (3)	2023 (3)

TAA Employees

Authorized Full-Time Equivalent Positions

As of September 30

	2014	2015	2016	2017
Management	4.00	3.00	3.00	3.00
Legal	3.00	3.00	3.00	4.00
Administration/Properties	8.00	7.00	7.00	8.00
Information Technology and Telecommu	9.00	9.00	9.00	9.00
Team Member Services and Developmer	5.00	4.00	4.00	4.00
Procurement	7.00	6.00	6.00	6.00
Business Development	4.00	4.00	4.00	4.00
Office, Records, and Warehouse Manage	-	9.00	10.00	8.00
Finance	8.00	7.00	7.00	7.00
Projects	29.00	24.50	24.50	24.50
Operations Management	3.00	2.00	2.00	2.00
Airside Operations	7.25	8.00	8.00	8.00
Police	46.00	44.00	44.00	44.00
Fire	17.00	17.00	17.00	17.00
Communications/Dispatch	12.00	13.00	12.00	12.00
Custodial	42.00	42.00	42.00	42.00
Flight Line Services	2.00	-	-	-
Maintenance	38.50	37.00	37.00	38.00
Total	244.75	239.50	239.50	240.50

Source: TAA records

2018	2019	2020	2021	2022	2023
3.00	3.00	3.00	2.00	2.00	2.00
3.00	3.00	3.00	4.00	4.00	4.00
8.00	8.00	8.00	5.00	5.00	6.00
9.00	9.00	9.00	11.00	12.00	13.00
5.00	5.00	5.00	6.00	5.00	6.00
5.00	5.00	5.00	4.00	3.00	4.00
4.00	4.00	5.00	7.00	7.00	5.00
10.00	9.00	9.00	3.00	3.00	3.00
7.00	7.00	8.00	11.00	11.00	11.00
23.50	21.50	20.00	21.00	19.00	28.00
4.00	4.00	4.00	2.00	2.00	3.00
8.00	11.00	11.00	11.00	12.00	11.00
43.50	43.50	44.00	43.00	42.00	41.00
17.00	17.00	17.00	17.00	19.00	20.00
12.00	11.00	11.00	12.00	10.00	12.00
42.00	42.00	43.00	38.00	33.00	33.00
-	-	-	-	-	
39.00	39.00	42.00	41.00	42.00	41.00
243.00	242.00	247.00	238.00	231.00	243.00

Airport Information
Tucson International Airport

As of September 30

Airport code:	TUS
FAA category:	Commercial service, small hub (2)
Location:	8 miles south of downtown Tucson, Arizona
Elevation:	2,643.2 feet above sea level
International:	24/7 U.S. Customs Federal Inspection Station
Tower:	FAA-staffed 24/7

		2014	2015	2016	2017
Land area (acres):		8,343	8,282	8,282	8,282
Runways:	11L-29R (main)	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.
	3-21 (crosswind)	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.
	11R-29L (GA & commuter)	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.
Main terminal:	Airlines (sq. ft.)	202,451	202,451	202,451	202,451
	Concessions	35,067	35,067	35,067	35,067
	TSA & security checkpoints	10,401	10,401	10,401	10,401
	Public/common	115,300	115,300	115,300	115,300
	Authority use	23,862	23,862	23,862	23,862
	Mechanical	76,730	76,730	76,730	76,730
	Total (sq. ft.)	463,811	463,811	463,811	463,811
	Number of gate positions	19	19	19	19
	Number of active gates	18	18	18	19
	Apron (sq. ft.)	1,941,985	1,941,985	1,941,985	1,941,985
Consolidated rental car facility:	Number of companies	7	7	7	7
	Quick turnaround facilities	7	7	7	7
	Customer service building (sq. ft.)	18,000	18,000	18,000	18,000
	3-level parking structure (spaces)				
	Rental car use	697	697	697	697
	Airport employee use	661	661	661	661
	Public parking	605	605	605	605
Public parking lots (surface spaces):	Hourly	469	469	469	469
	Daily	908	908	908	908
	Covered economy	308	308	308	308
	Uncovered economy	5,337	5,337	5,337	5,337
	Total	7,022	7,022	7,022	7,022
Air cargo:	Number of buildings	3	3	3	3
	Total sq. ft.	69,156	69,156	69,156	69,156
	Apron (sq. ft.)	819,000	819,000	819,000	819,000
General aviation:	Number of FBOs (1)	5	4	4	4
	Apron (sq. ft.)	1,301,767	1,301,767	1,301,767	1,301,767

(1) Includes a limited service FBO (fueling, tie-downs and pilot facilities) owned and operated by the TAA. Fueling services ended 1/31/2014.

(2) Effective 10/01/2012 TAA's FAA category changed to, commercial services, small hub.

Source: TAA records

Information in this format was not available for periods prior to fiscal year 2007.

2018	2019	2020	2021	2022	2023
8,282	8,282	7,985	7,985	7,985	7,985
10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.
7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.
8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.
197,268	197,268	197,268	197,268	197,268	197,268
30,309	30,309	30,309	30,309	30,309	30,309
22,531	22,531	22,531	22,531	22,531	22,531
132,070	132,070	132,070	132,070	132,070	132,070
28,904	28,904	28,904	28,904	28,904	28,904
56,333	56,333	56,333	56,333	56,333	56,333
467,415	467,415	467,415	467,415	467,415	467,415
19	19	19	19	19	21
19	19	19	19	19	19
1,941,985	1,941,985	1,941,985	1,941,985	1,941,985	1,941,985
7	7	7	7	7	7
7	7	7	7	7	7
18,000	18,000	18,000	18,000	18,000	18,000
697	697	697	697	697	697
661	661	661	661	661	661
605	605	605	605	605	605
469	469	469	469	469	469
908	908	908	908	908	908
308	308	308	308	308	308
5,337	5,337	5,337	5,337	5,337	5,337
7,022	7,022	7,022	7,022	7,022	7,022
3	3	3	3	3	3
69,156	69,156	69,156	69,156	69,156	69,156
819,000	819,000	819,000	819,000	819,000	819,000
4	4	4	4	3	3
1,301,767	1,301,767	1,301,767	1,301,767	1,301,767	1,301,767

Airport Information
Ryan Airfield

As of September 30

Airport code:	RYN
FAA category:	General aviation
Location:	12 miles southwest of downtown Tucson, Arizona
Elevation:	2,418.9 feet above sea level
International:	No international facilities
Tower:	Contract - staffed 6:00 A.M. - 8:00 P.M. daily

		2014	2015	2016	2017
Land area (acres):		1,804	1,804	1,799	1,799
Runways:	6R-24L	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.
	6L-24R	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.
	15-33 (crosswind)	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.
Terminal:		None	None	None	None
FBO services:	Number of FBOs (1)	1	1	1	1
	Apron (sq. ft.)	436,000	436,000	436,000	436,000

(1) Includes a limited service FBO (fueling, tie-downs and pilot facilities) owned and operated by the TAA. Fueling services ended 12/31/2013.

Aircraft maintenance services are offered by various private businesses on the airport.

Source: TAA records

2018	2019	2020	2021	2022	2023
1,799	1,904	1,904	1,904	1,904	1,904
5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.
4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.
4,000 x 75 ft.	4,000 x 75 ft.	4,010 x 75 ft.	4,010 x 75 ft.	4,010 x 75 ft.	4,010 x 75 ft.
None	None	None	None	None	None
1	1	1	1	1	1
436,000	436,000	436,000	436,000	436,000	436,000

Passenger, Cargo and Mail Summary
Tucson International Airport

Fiscal Years Ended September 30

	2014	2015	2016	2017
Passengers				
Enplaned	1,621,231	1,590,321	1,618,304	1,711,518
Deplaned	1,618,618	1,591,580	1,610,085	1,701,933
Total	3,239,849	3,181,901	3,228,389	3,413,451
Annual % change	-2.1%	-1.8%	1.5%	5.7%
Air Freight (pounds)				
All-cargo carriers				
Enplaned	29,713,492	27,929,293	25,854,899	26,062,422
Deplaned	33,480,907	36,302,965	34,188,437	30,312,564
Total	63,194,399	64,232,258	60,043,336	56,374,986
Annual % change	-4.7%	1.6%	-6.5%	-6.1%
Passenger carriers				
Enplaned	581,698	812,252	690,595	542,651
Deplaned	1,020,436	1,140,052	1,103,759	801,217
Total	1,602,134	1,952,304	1,794,354	1,343,868
Annual % change	-21.7%	21.9%	-8.1%	-25.1%
Mail (pounds)				
Enplaned	5,419	3,041	2,160	3,120
Deplaned	10,979	25,485	83,158	42,992
Total	16,398	28,526	85,318	46,112
Annual % change	12.4%	74.0%	199.1%	-46.0%

Source: Authority records based on airline reporting.

2018	2019	2020	2021	2022	2023
1,782,050	1,897,590	1,144,018	1,137,279	1,686,183	1,879,913
1,769,109	1,885,945	1,139,759	1,120,302	1,631,311	1,773,320
3,551,159	3,783,535	2,283,777	2,257,581	3,317,494	3,653,233
4.0%	6.5%	-39.6%	-1.1%	46.9%	10.1%
29,920,833	32,183,334	30,490,801	31,104,323	31,492,620	30,899,669
33,436,313	33,732,819	32,756,102	36,539,145	35,589,384	32,512,266
63,357,146	65,916,153	63,246,903	67,643,468	67,082,004	63,411,935
12.4%	4.0%	-4.0%	7.0%	-0.8%	-5.5%
616,836	662,604	401,959	374,786	626,095	476,042
683,861	793,904	591,803	660,588	906,445	718,075
1,300,697	1,456,508	993,762	1,035,374	1,532,540	1,194,117
-3.2%	12.0%	-31.8%	4.2%	48.0%	-22.1%
882	1,285	1,559	172	4,453	277
29,183	21,002	10,390	79,330	2,814	291
30,065	22,287	11,949	79,502	7,267	568
-34.8%	-25.9%	-46.4%	565.3%	-90.9%	-92.2%

Aircraft Operations Summary

Fiscal Years Ended September 30

	2014	2015	2016	2017
Tucson International Airport				
Air carrier	30,527	28,624	32,888	35,625
Air taxi	19,308	20,126	17,541	13,767
Military	24,693	28,050	26,974	27,734
General aviation	64,892	64,622	62,152	55,741
Total	139,420	141,422	139,555	132,867
Annual % change	0.8%	1.4%	-1.3%	-4.8%
Ryan Airfield (1)				
Air carrier	-	2	-	-
Air taxi	-	-	-	-
Military	14,675	20,464	16,483	13,602
General aviation	103,135	97,017	94,376	90,808
Total	117,810	117,483	110,859	104,410
Annual % change	-3.1%	-0.3%	-5.6%	-5.8%

(1) Data collected during Ryan UNICOM regular hours of operation (6:00 a.m. - 8:00 p.m.).

Source: FAA "Air Traffic Activity" reports, Tucson International Airport air traffic control tower records, and Ryan air traffic control tower records.

Enplaned Passengers By Scheduled Carrier

Fiscal Year Ended September 30

Carrier	2014	2015	2016	2017
American Airlines	638,006	628,962	616,346	661,910
Southwest Airlines	530,680	506,260	497,687	493,566
Delta Air Lines	179,842	181,236	216,432	240,113
United Airlines	198,926	203,459	215,208	234,805
Alaska Airlines	73,777	70,404	72,631	77,694
Aeromar	-	-	-	3,430
Avelo	-	-	-	-
Flair	-	-	-	-
Frontier Airlines	-	-	-	-
Sun Country Airlines	-	-	-	-
Via Air	-	-	-	-
Allegiant	-	-	-	-
Total	1,621,231	1,590,321	1,618,304	1,711,518

Note: Where available, information for regional affiliate carriers is included with the associated major carriers.
Predecessor airline information is included in the current carrier totals.

Source: TAA records based on airline reports

2018	2019	2020	2021	2022	2023
36,059	38,681	28,680	27,686	31,991	35,730
13,753	14,557	14,553	17,337	18,087	33,343
21,181	18,658	16,844	20,401	25,783	30,354
60,176	59,520	62,554	74,758	61,512	56,227
131,169	131,416	122,631	140,182	137,373	155,654
-1.3%	0.2%	-6.7%	14.3%	-2.0%	13.3%
-	-	-	-	-	-
4	5	27	-	11	21
13,862	12,913	9,036	9,729	6,022	4,726
80,759	92,178	103,242	97,131	115,658	99,005
94,625	105,096	112,305	106,860	121,691	103,752
-9.4%	11.1%	6.9%	-4.8%	13.9%	-14.7%

2018	2019	2020	2021	2022	2023	% of Total
677,895	693,686	418,268	409,360	619,819	692,247	36.8%
482,524	508,820	295,328	269,352	424,258	462,402	24.6%
258,946	274,970	167,583	204,827	309,215	330,303	17.6%
257,997	267,808	162,945	158,903	216,441	293,664	15.6%
97,314	115,511	68,336	76,038	106,314	86,056	4.6%
-	-	-	-	-	-	0.0%
-	-	-	-	906	-	0.0%
-	-	-	-	-	5,617	0.3%
-	15,280	9,252	5,987	3,534	-	0.0%
5,598	7,503	5,282	3,645	5,166	9,624	0.5%
1,776	695	-	-	-		0.0%
-	13,317	17,024	9,167	530		0.0%
1,782,050	1,897,590	1,144,018	1,137,279	1,686,183	1,879,913	100.0%

Scheduled Carrier Landed Weights (1,000 lbs. Units)

Fiscal Years Ended September 30

Carrier	2014	2015	2016	2017
Passenger carriers				
American Airlines	704,729	682,507	696,297	706,789
Southwest Airlines	600,950	582,838	575,400	543,476
Delta Air Lines	188,555	185,116	243,961	264,562
United Airlines	215,279	217,723	241,336	269,875
Alaska Airlines	76,872	71,231	71,857	76,197
Aeromar	-	-	-	7,109
Flair	-	-	-	-
Frontier Airlines	-	-	-	-
Avelo	-	-	-	-
Sun Country Airlines	-	-	-	-
Via Air	-	-	-	-
Allegiant	-	-	-	-
Total	1,786,385	1,739,415	1,828,851	1,868,008
Cargo carriers				
Federal Express	146,110	149,500	158,676	138,292
Ameriflight	9,323	8,211	7,955	19,256
Air Cargo	-	-	-	-
UPS	-	-	-	-
DHL	-		-	-
Total	155,433	157,711	166,631	157,548
Grand total	1,941,818	1,897,126	1,995,482	2,025,556

Note: Where available, information for regional affiliate carriers is included with the associated major carriers.
Predecessor airline information is included in the current carrier totals.

Source: TAA records based on airline reports.

2018	2019	2020	2021	2022	2023	% of Total
717,591	741,559	508,479	498,697	657,490	738,248	36.4%
523,176	570,286	415,488	321,528	445,768	510,686	25.1%
276,239	296,347	231,215	318,569	339,584	356,381	17.5%
290,204	303,460	230,195	199,846	233,071	312,535	15.4%
100,332	127,475	85,560	100,472	112,336	86,573	4.3%
-	-	-	-	-	-	0.0%
-	-	-	-	-	16,503	0.8%
-	13,651	11,645	9,239	5,972	-	0.0%
-	-	-	-	2,048	-	0.0%
6,948	9,701	7,022	5,267	5,559	9,948	0.5%
4,085	1,149	-	-	-	-	0.0%
-	19,198	25,471	17,102	721	-	0.0%
1,918,575	2,082,826	1,515,076	1,470,720	1,802,549	2,030,874	100.0%
152,203	152,225	153,727	153,599	150,810	149,273	94.5%
1,960	1,643	2,396	1,889	2,125	2,124	1.3%
6,708	6,864	6,760	6,838	6,734	6,498	4.1%
						0.0%
						0.0%
160,871	160,732	162,882	162,326	159,669	157,895	100.0%
2,079,446	2,243,558	1,677,958	1,633,045	1,962,218	2,188,769	100.0%

Scheduled Air Service Information
Tucson International Airport

Month of September

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of daily nonstop destinations	14	13	13	14	15	14	10	14	14	17
Number of nonstop flights per day										
Albuquerque	-	-	-	-	-	-	-	-	-	
Atlanta	2	2	2	2	2	2	1	2	2	2
Chicago Midway	1	1	1	1	1	1	-	1	0	0
Chicago O'Hare	1	1	1	3	3	2	-	3	1	3
Dallas/Fort Worth	7	6	6	6	6	7	5	6	6	6
Dallas Love Field	-	-	-	-	-	-	-	-	-	0
Denver	5	5	5	6	6	5	4	6	6	7
Everett	-	-	-	-	-	-	-	-	-	1
Houston Hobby	-	-	-		-	-	-	1	1	1
Houston Bush	4	3	3	2	3	2	1	3	2	2
Las Vegas	4	3	3	3	4	4	2	2	3	4
Los Angeles International	8	8	10	9	8	8	1	7	6	7
Portland	1	-	-	-	-	-	-	-	-	1
Phoenix	9	10	9	7	6	7	4	5	4	8
Salt Lake City	3	3	2	2	3	3	3	3	3	3
San Diego	3	3	3	2	2	2	-	1	1	2
San Francisco	1	1	2	2	2	3	2	2	2	2
Seattle	1	1	1	1	1	1	1	2	3	3
Total	50	47	48	47	49	49	24	43	39	51
Average scheduled seats per day	5,041	4,634	4,892	4,934	5,145	5,267	2,544	4,788	4,914	6,331

Source: Official Airline Guide.

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PASSENGER FACILITY CHARGE PROGRAM REPORT

2023

Year Ended
September 30, 2023

Tucson Airport Authority
Tucson, Arizona

Passenger Facility Charge Program Report

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Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance

Board of Directors and Management
Tucson Airport Authority, Inc.
Tucson, Arizona

Report on Compliance

We have audited Tucson Airport Authority, Inc.'s (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended September 30, 2023.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations and contracts applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards established by the AICPA Auditing Standards Board; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended September 30, 2023.

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Report on Internal Control over Compliance

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

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

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

Report on Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of the Authority as of and for the year ended September 30, 2023, and have issued our report thereon dated May 28, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as required by the Federal Aviation Administration and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards established by the AICPA Auditing Standards Board. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects in relation to the financial statements taken as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

BeachFleischman PLLC

Tucson, Arizona
May 28, 2025

Tucson Airport Authority, Inc.

Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2023

	PFC charges received	Interest earned	Total received	Expenditures on approved projects	Net per financial statements
Beginning balance, as previously reported	$ 148,479,114	$ 4,912,358	$ 153,391,472	$ 132,142,023	$ 21,249,449
Quarter ended					
December 31, 2022	1,729,542	32,365	1,761,907	993,945	767,962
March 31, 2023	1,789,955	65,390	1,855,345	993,945	861,400
June 30, 2023	1,849,320	92,998	1,942,318	1,005,892	936,426
September 30, 2023	1,668,272	107,388	1,775,660	1,005,892	769,768
Total received for the year ended September 30, 2023	7,037,089	298,141	7,335,230	3,999,674	3,335,556
Add adjustment for fair market value and allocation of premiums and discounts	-	496,448	496,448	-	496,448
Add receivables at September 30, 2023	1,158,773	-	1,158,773	-	1,158,773
Less receivables at September 30, 2022	(982,305)	-	(982,305)	-	(982,305)
Total for the year ended September 30, 2023	7,213,557	794,589	8,008,146	3,999,674	4,008,472
Total program to date	$ 155,692,671	$ 5,706,947	$ 161,399,618	$ 136,141,697	$ 25,257,921

See accompanying summary of significant accounting policies.

Tucson Airport Authority, Inc.

Summary of Significant Accounting Policies

Year Ended September 30, 2023

1. Basis of presentation:

The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Scope of audit pursuant to September 2000 Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies:

The Schedule of Passenger Facility Charges Collected and Expended includes all the Passenger Facility Charges and the investment earnings thereon collected by the Tucson Airport Authority, Inc. between February 1, 1998 and September 30, 2023 pursuant to Federal Aviation Administration approved applications, including all amendments, to impose $179,290,016 (including bond interest debt service of $51,490,848) to be collected through February 1, 2027.

Tucson Airport Authority, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

Summary of Auditor's Results

1. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance.

2. No material weaknesses were identified during the audit of the passenger facility charge program.

3. The auditors' report on compliance for the passenger facility charge program expresses an unmodified opinion.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2023

Findings - Compliance

None

Tucson Airport Authority, Inc.

Summary Schedule of Prior Year Findings

Year Ended September 30, 2023

None

TAA

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TAA

SINGLE AUDIT REPORT

2023

Year Ended
September 30, 2023

Tucson Airport Authority
Tucson, Arizona

Single Audit Reports

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

Board of Directors and Management
Tucson Airport Authority, Inc.
Tucson, Arizona

We have audited, 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, the financial statements of Tucson Airport Authority, Inc. (the Authority) which comprise the statement of net position as of September 30, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

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

The Authority's Response to Findings

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

Purpose of this Report

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

BeachFleischman PLLC

Tucson, Arizona
May 28, 2025

Independent Auditors' Report on Compliance for Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors and Management
Tucson Airport Authority, Inc.
Tucson, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tucson Airport Authority, Inc.'s (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended September 30, 2023, and have issued our report thereon dated May 28, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BeachFleischman PLLC

Tucson, Arizona
May 28, 2025

Tucson Airport Authority, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal Grant/Pass-Through Grantor/ Program or Cluster Title	Federal assistance listing number	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401			
Direct Program		W912L2-19-2-2102	$ -	$ 79,666
Direct Program		W912L2-20-2-2104	-	1,695,988
Direct Program		W912L2-20-2-2105	-	2,852,654
Total National Guard Military Operations and Maintenance (O&M) Projects			-	4,628,308
Total U.S. Department of Defense			-	4,628,308
U.S. Department of Transportation				
Airport Improvement Program	20.106			
COVID-19 Direct Program		AIP-3-04-0044-33-2021	-	39,847
COVID-19 Direct Program		AIP-3-04-0044-34-2022	-	59,000
Direct Program		AIP-3-04-0045-35-2023	-	105,989
Direct Program		AIP-3-04-0045-79-2019	-	130,319
Direct Program		AIP-3-04-0045-80-2020	-	306,618
Direct Program		AIP-3-04-0045-82-2021	-	1,967,386
Direct Program		AIP-3-04-0045-85-2021	-	576,993
COVID-19 Direct Program		AIP-3-04-0045-87-2021	-	611,133
Direct Program		AIP-3-04-0045-88-2021	-	16,394,706
Direct Program		AIP-3-04-0045-89-2022	-	1,695,678
Direct Program		AIP-3-04-0045-90-2022	-	3,123
Direct Program		AIP-3-04-0045-91-2023	-	576,934
Direct Program		AIP-3-04-0045-92-2023	-	789
Direct Program		AIP-3-04-0045-93-2023	-	1,431,811
Direct Program		AIP-3-04-0045-94-2023	-	1,118,198
Total Airport Improvement Program			-	25,018,524
Total U.S. Department of Transportation			-	25,018,524
Total expenditures of federal awards			$ -	$ 29,646,832

See accompanying notes to schedule of expenditures of federal awards.

Tucson Airport Authority, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

1. Basis of presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tucson Airport Authority, Inc. (the Authority) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Authority.

2. Summary of significant accounting policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Federal Assistance Listing Numbers (ALN):

The program titles and ALN or federal identification numbers were obtained from the federal or pass-through grantor or the update to the *Catalog of Federal Domestic Assistance*.

Tucson Airport Authority, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

Summary of Auditors' Results

Financial Statements

The auditors’ report expressed an unmodified opinion on the financial statements of Tucson Airport Authority, Inc.

Internal control over financial reporting:

Material weakness(es) identified?	__X__ Yes	_____ No
Significant deficiency(ies) identified?	_____ Yes	__X__ None reported

Noncompliance material to financial statements noted?	_____ Yes	__X__ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	__X__ No
Significant deficiency(ies) identified?	_____ Yes	__X__ None reported

The auditors’ report on compliance for the major federal awards program of Tucson Airport Authority, Inc. expressed an unmodified opinion on its major program.

Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) are reported in the Schedule.

Identification of major federal program:

ALN 20.106 Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: $889,405

Auditee qualified as a low-risk auditee?	_____ Yes	__X__ No

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2023

Findings - Financial Statement Audit

Material Weaknesses:

2023-001

Condition and criteria:

Supporting schedules were not reconciled to the general ledger in a timely manner.

Effect:

Significant delays in getting the annual financial statement and compliance audit completed in addition to filing the data collection form late.

Cause:

Turnover in the accounting department created a significant backlog on the accounting staff.

Recommendation:

We recommend management fill vacant accounting positions and enhance procedures over year-end close process including reconciling supporting schedules to the trial balance in a timely manner.

Auditee response:

We are in agreement with the finding and are in the process of updating our procedures to mitigate issues in the future.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2023

Findings and Questioned Costs - Major Federal Award Programs Audit

None

Tucson Airport Authority, Inc.

Summary Schedule of Prior Year Findings

Year Ended September 30, 2023

Financial Statement Audit Findings

Finding 2022-001: Material Weakness

Condition:

Grant revenue was recorded in the incorrect period.

Recommendation:

We recommend the Authority evaluate any new revenue funding stream to ensure revenue is properly reported.

Current status:

Non recurring.

TAA

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