TUCSON AIRPORT AUTHORITY | Board of Directors Special Meeting and Personnel Appeals Board Meeting
Monday, November 13, 2023 | 2:30 p.m. | Microsoft Teams

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Board of Directors, as itself, and in its capacity as the TAA Personnel Appeals Board**, will hold meetings open to the public on **Monday, November 13, 2023, beginning at 2:30 p.m.** Directors and the public may attend virtually or telephonically.

Members of the public interested in observing the proceedings may do so through Microsoft Teams. Click **HERE** to be taken to the registration form. Upon registering, you will receive an email confirmation containing the hyperlink, telephone number, and access code to join the meeting online or by phone.

The agenda for the meeting is as follows:

1. **CALL TO ORDER | ROLL CALL**

- ❑ Keri Silvyn, Chair
- ❑ Phil Swaim, Secretary
- ❑ Bruce Dusenberry, Immediate Past Chair
- ❑ Todd Jackson, Director
- ❑ Calline Sanchez, Director
- ❑ Rhonda Piña, Director
- ❑ Mike Hammond, Vice Chair
- ❑ Vance Falbaum, Treasurer
- ❑ Judy Rich, Director
- ❑ Sally Fernandez, Director
- ❑ Fran Katz, Director

2. **RECESS OF THE BOARD OF DIRECTORS MEETING AND CONVENE AS THE TAA PERSONNEL APPEALS BOARD**

Upon a motion and a majority vote, the Board of Directors meeting will be recessed, and the Board of Directors will convene as the Personnel Appeals Board pursuant to the Tucson Airport Authority's Termination Appeals Process (Policy No. 2021-38, effective January 25, 2021) to consider and to take appropriate action regarding the appeal of termination filed by A. Barzar.

TAA PERSONNEL APPEALS BOARD

a. **Call to Order | Roll Call**

b. **Possible Executive Session**
The Personnel Appeals Board may vote to move into executive session to discuss and consider records exempt by law from public inspection and consult with its attorneys for legal advice on the Termination Appeals Process Policy, applicable state statutes, and their application to the TAA employment decision on A. Barzar for the purposes as provided in A.R.S. §§ 38-431(A)(2) and (3).

c. Reconvene to the public session of the Personnel Appeals Board meeting

d. Action Item

Deliberation and Board Action
The Personnel Appeals Board will consider and may adopt Resolution No. PAB 2023-01 **[affirming/modifying/reversing**] the disciplinary action by TAA regarding Adam Barzar.

3. ADJOURNMENT OF THE PERSONNEL APPEALS BOARD HEARING

4. RECONVENING OF THE BOARD OF DIRECTORS MEETING

5. ACTION ITEM

Restated FY 2021 Financial Statement
FY 2022 Financial Statement and Audit Opinion
The Board will consider and may adopt Resolution No. 2023-19 accepting both the restated FY 2021 financial statements and the FY 2022 financial statements and related audit opinion as expressed by BeachFleishman, PLLC.

6. NEXT MEETING

Wednesday, December 6, 2023, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

7. ADJOURN

A RESOLUTION OF THE PERSONNEL APPEALS BOARD OF THE TUCSON AIRPORT AUTHORITY, INC. [AFFIRMING/MODIFYING/REVERSING] THE DISCIPLINARY ACTION BY TAA REGARDING ADAM BARZAR.

WHEREAS the Tucson Airport Authority is a non-profit corporation and political subdivision of the State of Arizona which has authority under Arizona Revised Statutes §28-8426 to employ airport police officers fully certified as Arizona peace officers having the minimum qualifications established by the Arizona peace officer standards and training board for peace officers and police officers pursuant to Arizona Revised Statutes § 41-1822; and

WHEREAS the Tucson Airport Authority Termination Appeals Process Policy No. 2021-38 (the "TAA Policy") provides the process by which TAA employees who benefit from the policy may appeal a TAA employment termination decision, and Arizona Revised Statutes §38-1101 et seq, and in particular, Arizona Revised Statutes § 38-1106 provides for an Arizona state certified police officer to appeal disciplinary actions; and

WHEREAS following the process provided in the TAA Policy and state statute referenced above, TAA took action to terminate the employment of a TAA police officer, Adam Barzar; and

WHEREAS the police officer appealed the termination decision, and following the TAA Policy and process requirements of the state statute, TAA engaged a hearing officer to conduct a hearing, and make findings of fact and a recommendation to the TAA Personnel Appeals Board to take final action on the former employee's appeal; and

WHEREAS, the Hearing Officer has submitted her findings of fact and recommendations to the TAA Personnel Appeals Board for consideration under the TAA Policy and applicable state law.

NOW, THEREFORE, THE TAA PERSONNEL APPEALS BOARD RESOLVES AS FOLLOWS:

1. The TAA Personnel Appeals Board has reviewed the Hearing Officer's Findings and Recommendations and the complete record in the matter.

2. The TAA Personnel Appeals Board finds that all required due process under both the TAA Policy and applicable state statutes has been provided to Adam Barzar.

3. The TAA Personnel Appeals Board hereby ***adopts/modifies/reverses***, the Findings and Recommendations **as if set forth herein in full and attached hereto as Exhibit A**, and ***adopts*/modifies/reverses** the recommendation of the Hearing Officer on the decision of the three (3) member TAA panel regarding Adam Barzar's disciplinary action, ***upholding the termination of Adam Barzar, [or]*** **[as follows]:**

4. The TAA Personnel Appeals Board finds that the Tucson Airport Authority has ***fulfilled/not fulfilled*** its burden of proof and finds ***just cause as it is defined in Arizona Revised Statutes § 38-1101(7)/no just cause*** for the termination of the former TAA employee Adam Barzar that is the subject of the disciplinary action and the appeal.

5. *[In a finding of "no just cause" and modifying/reversing the disciplinary action]* ***The TAA Personnel Appeals Board directs the following remedy for Adam Barzar: ____________.***

6. The TAA Personnel Appeals Board directs the TAA Vice President/General Counsel to prepare the Final Disposition Report, which shall be this final fully executed Resolution and its Exhibit(s) pursuant to the action of the TAA Personnel Appeals Board, to the TAA Police Department, in accordance with Arizona Revised Statutes § 38-1106(N).

PASSED AND ADOPTED by the TAA Personnel Appeals Board this thirteenth day of November, 2023.

____
Keri Silvyn, Chair of the Personnel Appeals Board

ATTEST:

____
Phil Swaim, Secretary

APPROVED AS TO FORM:

____
Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

HEARING OFFICER'S FINDINGS AND RECOMMENDATIONS RE: ADAM BARZAR APPEAL

[TO BE ATTACHED UPON FINAL ACTION BY THE TAA PERSONNEL APPEALS BOARD]

Date: November 13, 2023

To: Board of Directors

From: Kim Allison, VP Finance/CFO

Re: 2021 ACFR Restatement and 2022 ACFR

Background:

This memo provides an update of the year-end financial statement audits for the Tucson Airport Authority's (TAA) fiscal years ended September 30, 2021 (FY2021) and September 30, 2022 (DRAFT FY2022). The audits for these periods were performed by the public accounting firm Beach Fleishman. Eric Maneval, CPA, Principal, the audit engagement partner for the TAA's FY2021/2022 audits, will present a summary of the restatement of FY2021 and a report of the FY2022 audit as well as the firm's opinion on the financial statements prepared by management.

The audit results presented for FY2021 pertain to a restatement of the TAA's initial FY2021 financial statements. The TAA management elected to reissue the financial statements for this period due to material expense and related revenue recognition items that were discovered as our auditors were finalizing the audit fieldwork. This was due to the TAA receiving invoices untimely from certain contractors and other entities. These invoices should have been recorded in FY2021, but due to untimely receipt, were recorded in FY2022. The TAA has taken steps to prevent this from happening in the future.

The audit results presented for FY2022 have been delayed due to numerous extenuating circumstances including staff turnover of the Finance Team leadership and new accounting pronouncement implementations related to leases (GASB 87). As the audit fieldwork was underway, our auditors questioned our method of fixed asset capitalization as it relates to substantial completion of projects. This took a considerable amount of research time from the Finance Team to ensure proper handling of these items.

Strategic Plan | Analysis:

In support of the effort to create centers of excellence, the TAA has instituted new, more effective internal control processes and procedures as well as enhanced staff training on reporting requirements of the Schedule of Expenditure of Federal Awards (SEFA) to ensure accurate and timely completion of future reporting. The TAA has also made a concerted effort to bring awareness to outside vendors on the importance of presenting invoices in a timely fashion.

Recommendation:

Adopt Resolution No. 2023-19 accepting both the restated FY2021 financial statements and the FY2022 financial statements and related audit opinions as expressed by Beach Fleishman, CPAs.

Attachments:

Resolution No. 2023-19

1. Exhibit A: Restated FY 2021 Annual Comprehensive Financial Report (ACFR)
2. Exhibit B: Reissued FY 2021 A-133 Single Audit Reports
3. Exhibit C: FY 2022 Annual Comprehensive Financial Report (ACFR)
4. Exhibit D: FY 2022 A-133 Single Audit Reports
5. Exhibit E: FY 2022 Passenger Facility Charge (PFC) Program Report

AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ACCEPTING BOTH THE RESTATED FY 2021 FINANCIAL STATEMENTS AND THE FY 2022 FINANCIAL STATEMENTS AND RELATED AUDIT OPINION AS EXPRESSED BY BEACHFLEISHMAN, PLLC.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

1. The Board of Directors hereby accepts the restated financial statements and the independent auditor's reports for the fiscal year ending September 30, 2021 (FY 2021), and the financial statements and the independent auditor's reports for the fiscal year ending September 30, 2022 (FY 2022), as prepared by BeachFleishman, PLLC.

2. The restated FY 2021 Audited Financial Statements (Exhibit A) and A-133 Single Audit Reports and Schedules (Exhibit B) are incorporated herein by reference and made a part hereof.

3. The FY 2022 Audited Financial Statements (Exhibit C), A-133 Single Audit Reports and Schedules (Exhibit D), and Passenger Facility Charge Program Report (Exhibit E), are incorporated herein by reference and made a part hereof.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this thirteenth day of November, 2023.

____
Keri Silvyn, Chair of the Board

ATTEST:

____
Phil Swaim, Secretary

APPROVED AS TO FORM:

____
Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

RESTATED FY 2021 AUDITED FINANCIAL STATEMENTS

2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Years Ended September 30, 2021 and 2020

Tucson Airport Authority

Tucson, Arizona

TUCSON
AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

2021

TUCSON AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the Finance Department
Years Ended September 30, 2021 and 2020

Tucson, Arizona

Mission Statement

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

Vision

Landing Prosperity in Southern Arizona

2021 Board of Directors and Members

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David T.C. Wright
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* Past President / Chairman

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INTRODUCTION

November 1, 2023

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, 2021. 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).

This document in its entirety is to serve as a re-statement of the Authority's original Annual Report for the fiscal year ended September 30, 2021. To address additional information that was brought to the Authority's attention after the initial submission of the ACFR, management elected to issue this re-statement to fully comply with GAAP. Please see footnote 14 of the financial statements contained herein for additional details on the revisions made in this re-statement.

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of 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, 2021, 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 program.

BeachFleischman has rendered an unmodified opinion regarding both the federal single audit and the Passenger Facility Charge program in separate reports.

Organization

The TAA was established on April 12, 1948, as a quasi-governmental non-profit corporation, political subdivision of the State of Arizona, as provided for 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 the TUS 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 no more than eleven and no less than seven 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 Chief Executive Officer (CEO), who serves at its pleasure. The Office of the CEO includes the departments of Air Service Development, Marketing and Strategic Communications and the Executive Division. The remaining TAA staff is organized into divisions, each managed by a Vice President appointed by and reporting directly to the CEO. These divisions are Operations, Finance, Legal Services, Planning and Engineering, Business and Commercial Development, and People Operations. The organizational chart that follows this letter reflects the operational structure as of September 30, 2021.

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 7,986 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 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 1,904 acres of land and accommodates a wide variety of general aviation and military activity.

Economic Conditions
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, passenger and visitor 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 1,058,318 as of July 1, 2021, which represents an increase of 0.6% from July 1, 2020. The Tucson metro area consists of about 495 square miles that contain more than 95% of the County's population, including the incorporated municipalities of Tucson, Marana, Oro Valley, Sahuarita and South Tucson. Thirty-five percent 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. Raytheon, Davis-Monthan Air Force Base in Tucson and Fort Huachuca Army Intelligence Center southeast of Tucson 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 a May 26, 2022 report by Dr. George W. Hammond, Director of the Economic and Business Research Center at the University of Arizona, the Arizona economy maintained a strong yet uneven recovery from the recession brought on by the COVID-19 pandemic.

The job count in Arizona as of April 2022 was 48,700 more than its February 2020 peak; however, jobs in the Tucson, Sierra Vista-Douglas, and Flagstaff metropolitan areas remain below pre-pandemic levels. Furthermore, the national inflation rate was estimated to be 4.7% for calendar year 2021 with an additional increase of 6.8% projected for calendar year 2022. Growth projections for Arizona jobs, personal income, and population, however, remain positive through at least 2024.

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 as 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

Air Service at Tucson International Airport (continued)

organization, the Metropolitan Tucson Chamber of Commerce, 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.

The effects of the COVID-19 pandemic continued to impact TUS's passenger volumes in 2021; however, annual traffic stabilized compared to the prior year. TUS experienced large decreases in passenger traffic (compared to pre-pandemic periods) for the first few months of the fiscal year with a marked recovery in the second half of the year. Total annual passenger traffic fell from 2,283,777 in FY 2020 to 2,257,581 in FY 2021, a decrease of 1.15%. This compares to 3,783,535 annual passengers in FY 2019 – a decrease of 40.3%. Total scheduled inbound/outbound seat capacity in FY 2021 decreased 7.4% from FY 2020, after a decrease of 25.1% in FY 2020 compared to FY 2019.

Nineteen destination airports were served nonstop from TUS in FY 2021, which was three less than in FY 2020. The nonstop destinations served in FY 2021 were:

- Atlanta (ATL)
- Chicago-Midway (MDW)
- Chicago O'Hare (ORD)
- Dallas/Ft. Worth (DFW)
- Denver (DEN)
- Houston Bush (IAH)
- Houston Hobby (HOU)
- Indianapolis (IND)
- Las Vegas (LAS)
- Los Angeles (LAX)
- Minneapolis/St. Paul (MSP)
- Oakland (OAK)
- Phoenix (PHX)
- Portland (PDX)
- Provo (PVU)
- Salt Lake City (SLC)
- San Diego (SAN)
- San Francisco (SFO)
- Seattle (SEA)

Air service at TUS improved during the second half of FY 2021 from the decline brought on by the COVID-19 pandemic. As health safety restrictions loosened in the later months of the fiscal year, passengers returned to the airport in increasing numbers. Airlines struggled in that time to return to full capacity because of staffing reductions and decisions to temporarily decommission aircraft during the initial stages of the pandemic. Airlines continue to deal with staffing shortages and global inflationary pressures. The timing and pace of a recovery in demand for air service in the U.S. and worldwide is not yet predictable with any degree of certainty. However, assuming demand for air service does return to levels that existed.

Air Service at Tucson International Airport (continued)

prior to the COVID-19 pandemic, the TAA is confident that most, if not all, routes will be restored to previous service levels and that sufficient demand exists for year-round daily service to a myriad of domestic destinations. Less than daily year-round service to a limited number of destinations in Mexico and seasonal service from one or more Canadian cities are also considered viable. Additionally, strong performance of certain existing seasonal routes such as Minneapolis and Portland suggest opportunities to maintain these routes year-round.

Financial Impact on the TAA of Reduced Travel Related To COVID-19

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. The continued effects of the COVID-19 pandemic were felt in FY 2021 as revenues remained below pre-pandemic levels. The TAA has made plans to withstand continued negative conditions in FY 2022.

In FY 2021, the TAA completed its draw down of the funds it was awarded by the Federal Aviation Administration (FAA) from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided relief in the form of grants to reimburse airport operating and capital expenditures, to maintain employment levels, and help offset the impact of revenue losses from the dramatic reduction in air travel. The TAA received $22.6 million in CARES Act grants. The TAA initiated its draw down of the funds it was 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 received $6.0 million in CRRSAA grants. In March 2021, the federal government enacted the American Rescue Plan Act (ARPA), which authorized additional grant funding to airports for similar purposes as the CARES Act and CRRSAA. The TAA has been awarded $15.8 million in ARPA grants. One of the significant conditions for airports accepting these grants is that they must maintain employment levels at a minimum of 90% of pre-pandemic levels through September 30, 2021. The TAA maintained the required minimum employment levels as defined by the three relief acts.

The federal relief funds provided through the three programs described above, position the TAA to continue operating TUS and RYN in a manner like the pre-COVID period. The total dollars awarded are expected to provide for ongoing relief and continuity of operations for multiple years, even if air travel recovery continues at its currently reduced pace.

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 2013 and RYN in 2020, respectively, 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

Major Initiatives (continued)

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 entail 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. By approving the CIP, the Board sets a strategy and schedule for budgeting and constructing facilities at TUS and RYN.

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

FY 2021 COMPLETED CIP CONSTRUCTION AND PROJECTS AT TUS (GREATER THAN $75,000)

10112255 EIS for Relocated Runway 11R and Associated Taxiways | Cost: $3,370,192
Scope: Environmental Impact Study (EIS) for relocation of Runway 11R and associated taxiway enhancements. Included inventory of environmental resources within the project area, an assessment of alternatives, an analysis of impacts, and the identification of potential mitigation measures and/or findings of no significant impact.
Consultant: Landrum and Brown.

10113364 Reconstruct HIDTA, Universal and Helicopter Pad Pavement Areas | Cost: $540,196
Scope: Reconstruction of approximately 114,600 square feet of asphalt apron pavement in General Aviation Area B1 that serves multiple hangars. Included marking and re-striping.
Consultant: Ninyo & Moore Geotech. Contractor: Granite Construction

10119021 Jet Bridge Replacement | Cost: $563,753
Scope: Installed and commissioned a replacement passenger boarding bridge at Gate B1.
Contractor: John Bean Technologies Corporation

10119202 Runway 11L/29R Shoulder Widening | Cost: $925,939
Scope: Widened the runway shoulders on Runway 11L to 50’ to mitigate the issue with Foreign Object Debris (FOD) created and associated with cleanup caused by wide body four engine aircraft.
Consultant: AECOM. Contractor: Granite Construction.

Major Initiatives (Continued)

FY 2021 COMPLETED CIP CONSTRUCTION AND PROJECTS AT RYN (GREATER THAN $75,000)

20112259 Ryan Master Plan Update | Cost: $706,688
Scope: Updated the existing 20-year Master Plan for Ryan Airfield. Aviation activity forecasts, development alternatives, financial plan, strategic plan, and security assessment elements were included in the update.
Consultant: Mead & Hunt.

FY 2021 CIP AT TUS – ONGOING AND NEW PROJECTS (GREATER THAN $500,000)

U.S. Customs and Border Protection (CBP) Relocation | Cost: $1.8 million
Scope: Renovations to the first floor of the former Executive Terminal building to relocate general aviation customs processing facilities, CBP offices and Global Entry enrollment office.
Consultant: DLR Group Architecture Contractor: Canyon Building and Design

Reconstruct Taxiway D, Shoulders & Connectors | Cost: $12.8 million
Scope: Reconstruct (mill and overlay) Taxiway D Shoulders and Connectors. Consultant: Dibble Engineering
Contractor: Granite Construction

Airfield Safety Enhancement (ASE) Program | Cost: $400 million
Scope: The ASE Program includes improvements to the Tucson International Airport (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

Electronic Video Information Display System (EVIDS)/Audio Paging Replacement | Cost: $2.8 million
Scope: Replace EVIDS and Audio Paging System for the TUS terminal complex.
Contractor: Arizona Sound and Light, Inc.

FY 2021 CIP AT RYN – ONGOING AND NEW PROJECTS (GREATER THAN $500,000)

On-Airport Sanitary Sewer Collection System | Cost: $1,023,783
Scope: Install piping and connect to a new trunk sewer line from the existing connection point at the northeast corner of RYN's property to the Administration Office area.
Consultant: Crown West Land Group Contractor: KE&G

Major Initiatives (continued)

APMS-Pavement Preservation-Runway 6R/24L | Cost: $947,379
Scope: Crack seal and apply rubberized asphalt emulsion seal coat to RW 6R/24L. Re-stripe pavement markings.
Consultant: Kimley-Horn Associates

Install Precision Approach Path Indicators (PAPI) at Ryan Airfield (RYN) | Cost: $573,302
Scope: PAPIs will be installed 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.

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, respectively. 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 2021 COMPLETED MM PROJECTS AT TUS (GREATER THAN $75,000)

10214546 GA Valencia Landscaping | Cost: $90,961
Scope: Installed gravel and plant landscaping along Valencia to Millionaire.
Contractor: Northwest Landscaping

10215653 Sealcoat Economy Lot – Phase 1 | Cost: $209,920
Scope: Power-cleaned and seal coated 829,660 square feet of asphalt payment at the Economy Parking Lot
Contractor: Sunland Asphalt

10216850 New IDF-17 Concourse B | Cost: $640,804
Scope: Designed and built 500 sq. ft. of existing space on the Concourse B operations level to provide new space for IDF Room #17. Project includes ITT IDF equipment, grounding, racks, cabinets, emergency UPS power/panel, outlets, dedicated/redundant in-rack air conditioning, AEMCS connection, TAB, fire protection, modifications to lighting, fire alarm, telecom, and ACS (Access Control System).
Consultant: DWL Architects. Contractor: Core Construction

10217934 Air Handler Unit (AHU) 1 and 2 Replacement | Cost: $666,933
Scope: Replaced the existing AHU 1 and 2 air handlers in Bag Alley with new Trane AHU's. Demolition of existing AHU-1 and 2 and associated VFDs.
Consultant: Adams & Associates Engineering. Contractor: Sun Mechanical

Major Initiatives (continued)

10217954 RAC Expansion and Joint Sealer Repair | Cost: $845,896
Scope: Replaced the expansion joints on the second and third levels of the parking garage.
Consultant: Kimley-Horn and Associates, Inc.
Contractor: Granite Construction

10217978 Update Family Restrooms on A and B Concourses | Cost: $933,962
Scope: Added family restrooms pre- and post-security and on Concourses A and B.
Consultant: Herzog Associates
Contractor: Marsh Development

10219001 Pavement Management System Update | Cost: $400,673
Scope: Pavement Condition Inspection (PCI) and updated TAA's Pavement Management System for all airside and landside pavements at TUS and landside pavements at RYN.
Consultant: Kimley-Horn Associates, Inc.

10219024 Concourse A and B Service Hallway and Elevator Upgrades | Cost: $163,339
Scope: Upgraded finishes in service hallways with galvanized wainscot panels and vinyl flooring. Also updated finishes in elevator interiors.
Contractor: Chase Building Team and KONE, Inc.

10219075 RAC Building Air Conditioning (AC) Replacements | Cost: $419,035
Scope: Redesigned the existing central cooling system and installed a new complete system with two 32-ton systems that work in unison.
Contractor: EMCOR Services Arizona

10219079 Jet Bridge Repairs (A3, B1, B9) | Cost: $76,613
Scope: Upgraded and repaired Jet Bridges A3, A4, B1 and B9.
Contractor: John Bean Technologies Corporation

10219246 Bridge Inspections | Cost: $78,500
Scope: Safety inspection and evaluation of two bridges, three box culverts and the main departure vehicular deck bridge.
Consultant: Dibble & Associates Consulting

10219250 Pullouts and RIP RAP Along Los Reales Road | Cost: $126,339
Scope: Placement of pavement and concrete curb for pullouts along Los Reales Road and place RIP RAP to control drainage areas.
Contractor: Granite Construction and Northwest Landscaping

10220259 Outbound Baggage Belt Overhaul | Cost: $445,019
Scope: Complete overhaul of the Southwest Airlines outbound baggage belt system by relacing all critical components such as conveyor belts, bearings, tensioning rollers, main drive motors and programmable logic controllers.
Contractor: ERMC Aviation, Inc.

Major Initiatives (continued)

<u>10220339 Jet Bridge Improvements (A4 & B4) | Cost: $151,028</u>
<u>Scope</u>: Upgraded and repaired Jet Bridges A4 and B4.
Contractor: John Bean Technologies Corporation

<u>10220415 Replace Core Switches for Enterprise Network| Cost: $144,080</u>
<u>Scope:</u> Upgraded two existing Cisco 6880 core network switches to a set of four new Catalyst 9500 switches configured as two separate and connected Stackwise Virtual cluster pairs of Catalyst 9500 switches.
Contractor: Sentinel Technologies

FY 2021 COMPLETED MMP PROJECTS AT RYN (GREATER THAN $75,000)

<u>20215735 Replace IATA Building HVAC Roof Top Units | Cost: $253,342</u>
<u>Scope</u>: Replaced existing HVAC units for IATA building.
Contractor: Pueblo Mechanical and Controls

FEDERAL AND STATE FUNDING

The TAA participates in the FAA's Airport Improvement Program (AIP), which provides Airport and Airway Trust Fund funds 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 2021 totaled $32,799,824. The FAA has awarded $183,065,140 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 2021 totaled $1,338,930. ADOT has awarded $14,898,877 million 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 or 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.

PASSENGER FACILITY CHARGE PROGRAM (continued)

TUS, extending through February 1, 2027. As of September 30, 2020, the TAA had earned $141,100,560 in PFCs since the inception of the program, plus associated 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 in 2001, land acquisitions completed in 2005 and a concourse renovation project completed in 2008.

Financial Policies and Practices

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, 2024, 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 approved by the Board prior to its implementation and, in accordance with the Airport Use Agreement, is presented to the Airline and Airport Affairs Committee (AAAC) for review.

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.

BUDGETARY CONTROLS (Continued)

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

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 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 require 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 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 was prepared with the input of TAA staff, the signatory airlines and other key tenants and stakeholders. The Master Plan projects airport growth and then 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 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: 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 the best information available of 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 using either 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 2021 were financed through a combination of federal and state grants, internal financing from unrestricted reserve funds, and funds generated through the Airport System Income Requirement formula.

INTERNAL CONTROLS

Management of the TAA 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

INTERNAL CONTROLS (continue)

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 GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The TAA works to ensure that its internal control processes are sufficiently documented and that the performers of the controls are trained to perform them.

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 Finance Department

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 Report for the fiscal year ended September 30, 2021. This was the 27th 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 Annual Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We are confident that the current Annual Report continues to meet the Certificate of Achievement Program's requirements; it will be submitted to the GFOA to determine its eligibility for another Certificate of Achievement.

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 Annual Report 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 Annual Report and the accomplishments that we are privileged to report.

Thank you for your continuing interest and support of the 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, CPA
President/Chief Executive Officer	Vice President and Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tucson Airport Authority
Arizona

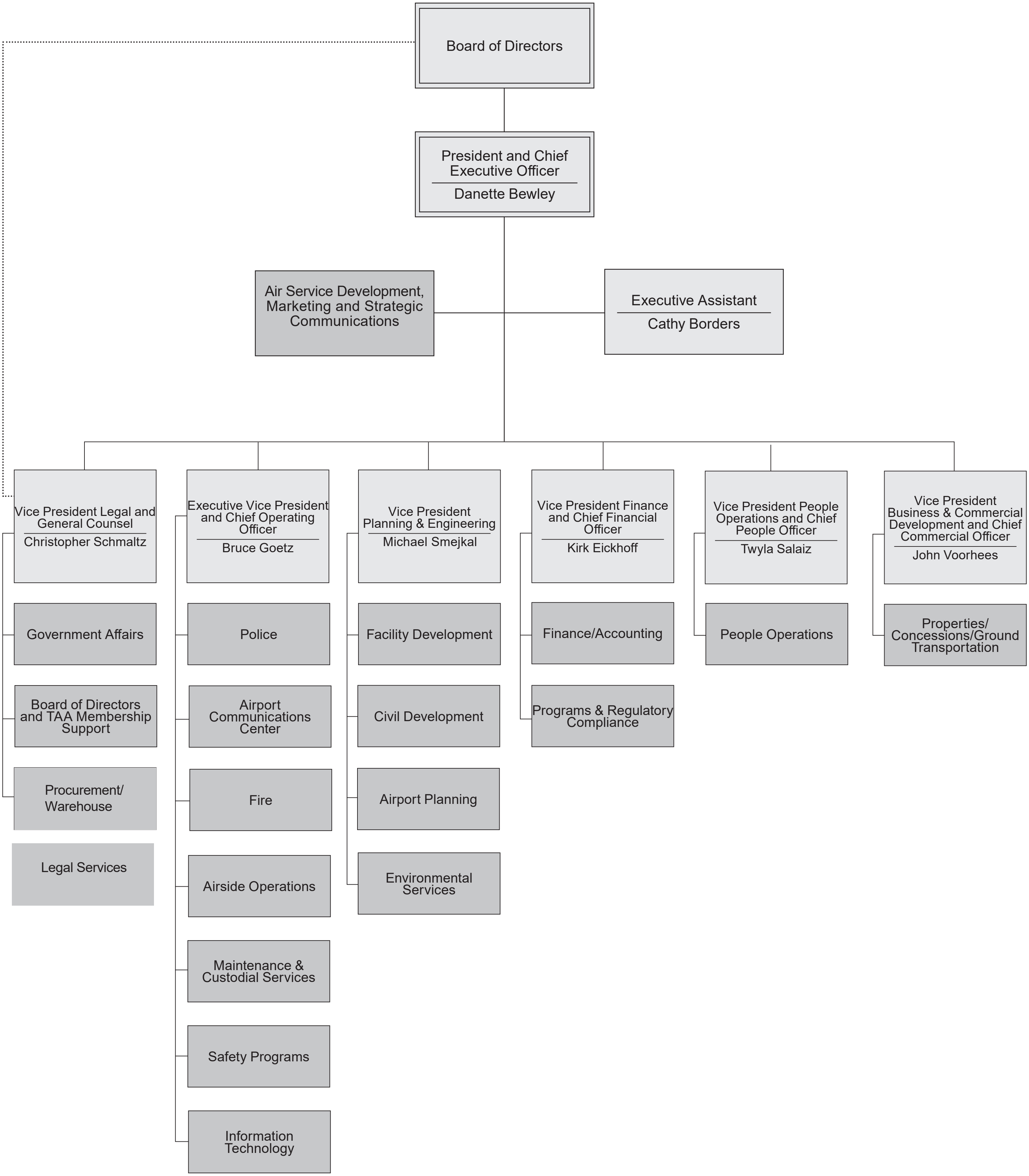
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

Organizational Structure



Airlines and Tenants As Of September 30, 2021

PASSENGER AIRLINES

Alaska Airlines

American Airlines

Delta Air Lines

Frontier Airlines

Mesa Airlines

Sierra Pacific

SkyWest Airlines

Southwest Airlines

Sun Country Airlines

United Airlines

CARGO AIRLINES

Ameriflight

Federal Express

CAR RENTALS

Alamo

Avis

Budget

Dollar

Enterprise

Hertz

National

RYAN AIRFIELD

Aero Smith

Aero Experts

Air Center West

Aircrafters

Air Ventures Ltd.

Air West, Inc.

Alpha Air, Inc.

Aviation Pursuits

Cherokee Cabañas

Corsair Condos

Dangle Aviation

Double Eagle Aviation

Duncan & Associates

Jim's Aircraft

Kelly's Aviation

Marjet, Inc.

Mobile Aire Hangars

North American Aerial Surveys

Richie's Café

Sonora Avionics

Tucson Upholstery

United Indian Missions

Velocity Air, Inc.

Vistawest Hangars

Serco Inc.

TUCSON INTERNATIONAL AIRPORT

AT&T

A.E. Petsche Company, Inc.

Ace Parking Management, Inc.

AERGO-TUS, LLC

Aerospace Hangar, LLC

Aerovation

Airport Information Centre

Amalong, Terry

Apple Autos

Arizona Aero-Tech

Arizona Air National Guard

Arizona Aviation Associates

Ascent Aviation Services

Arizona Department of Public Safety

Ashton Company

Atlantic Aviation

Bags, Inc.

Bombardier Aerospace/ Learjet Inc.

Broward Aviation

City of Tucson

Civil Air Patrol

Delaware North

Delta Global Logistics

Double Eagle Aviation Flight School

Federal Aviation Administration

FlightSafety International, Inc.

General Services Administration

Granite Construction Company

Handy Hangars

The Hudson Group

Hughes Federal Credit Union

In-Ter-Space Advertising

Jet, LLC

Lan-Dale Co.

Luggage Services & Logistics

Lyft

Matheson Flight Extenders, Inc.

Military Lounge

Million Air

Mitsubishi Heavy Industrial – RJ Aviation

Pima Community College

Pima County Sheriff's Department

PrimeFlight Aviation Services

Prospect International Airport Services, Inc.

Raytheon Missiles and Defense Systems

Real Air Hangar, Inc.

Rolls Royce

Simplicity USA Ground Services

Smarte Carte, Inc.

Southwest Airport Services

SOS Security

Southwest Heliservices

Swissport Fueling Services

Transportation Security Administration

Tucson Aviation, LLC

Tucson Executive Center

Tucson Fuel Facilities, LLC

Tucson Jet Center

Tucson Police Department

Two-Shakes of a Lambs Tail Baggage Delivery Service

Uber

Tucson Stagecoach Express

Universal Avionics

U.S. Customs & Border Protection

U.S. REIF Tucson Commerce Center

VIP Cab

Verizon Wireless

Victor II, Ltd.

Wright Flight, Inc.

Yellow Cab

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FINANCIAL SECTION

FINANCIAL

Independent Auditors' Report

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

We have audited the accompanying financial statements of Tucson Airport Authority, Inc., which comprise the statement of net position as of September 30, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Tucson Airport Authority, Inc. as of September 30, 2021, and the changes in net position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Tucson Airport Authority, Inc. as of September 30, 2020, were audited by other auditors whose report dated June 16, 2022, expressed an unmodified opinion on those statements.

Other Matter

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension plan and other post employment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tucson Airport Authority, Inc.'s basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated 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.

Tucson, Arizona

The following discussion and analysis of the financial performance and activity of the Tucson Airport Authority, Inc. (Authority) provides an introduction to the Authority's financial statements for the fiscal year ended September 30, 2021 (FY 2021). Information for the two preceding fiscal years ended September 30, 2020 and 2019 (FY 2020 and FY 2019, respectively) has been included to provide a better insight into the overall financial position of the Authority.

The Authority is a business-type activity and, as such, the Basic Financial Statements and Required Supplementary Information (RSI) consist 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 Authority's basic financial statements.

AIRPORT ACTIVITIES & HIGHLIGHTS

Passenger and air carrier activity decreased in both FY 2021 and FY 2020 at the Tucson International Airport (TUS) after an increase in FY 2019. Total passengers decreased by 1.1% for FY 2021, which followed a decrease of 39.6% for FY 2020 and an increase of 6.5% for FY 2019. The TAA noted a marked recovery from the impacts of the COVID-19 pandemic when compared to FY 2020. Daily nonstop departures increased to 43 at the end of FY 2021, which is a significant recovery from the count of 24 at the end of FY 2020, though slightly down from the count of 47 daily nonstop departures recorded at the end of FY 2019. In general, average nonstop departures are impacted by a number of factors and vary from day-to-day and month-to-month. The average daily seat capacity in FY 2021 was a 7.6% decrease over FY 2020, which followed a 24.9% decrease over FY 2019, and a 9.6% increase in FY 2019 compared to FY 2018.

Total aircraft operations (take-offs and landings) at TUS increased 14.3% in FY 2021 after decreasing 6.7% in FY 2020 and increasing 0.2% in FY 2019. Total FY 2021 operations comprised 74,758 general aviation operations, 45,023 air carrier and air taxi (passenger airline, cargo airline, and charter) operations and 20,401 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 revenue for the Authority. The increase in operations for FY 2021 was primarily attributed to an increase in military and general aviation of 21.1% and 19.5%, respectively. The decrease in operations for FY 2020 was primarily attributed to a decrease in air carrier and military operations of 25.9% and 9.7%, respectively, which was partially offset by an increase of 5.1% in general aviation.

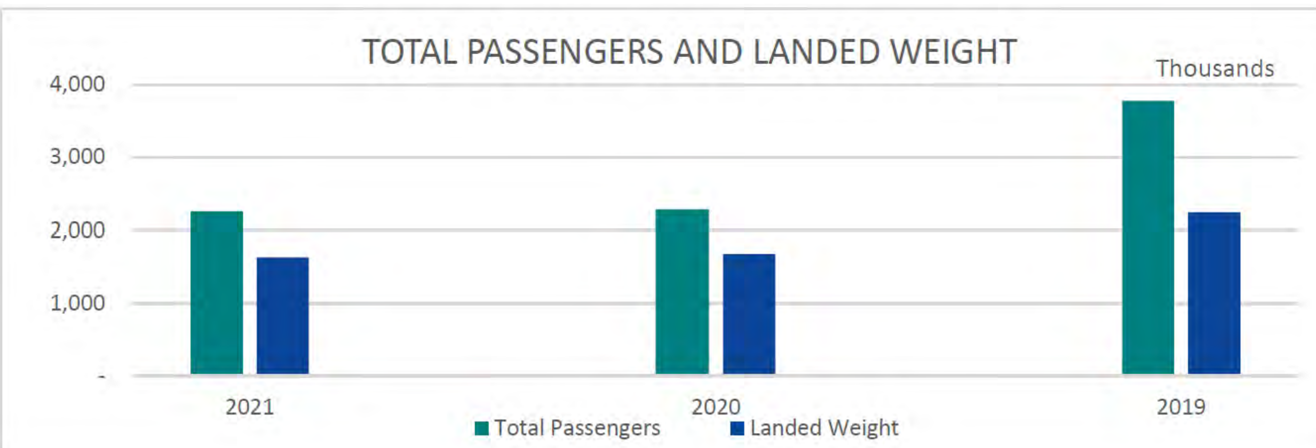
Landed weight decreased by 2.7% in FY 2021 from FY 2020 to 1,633,047 one-thousand pound units, after decreasing by 25.2% in FY 2020 and increasing by 7.9% in FY 2019. In addition to changes in overall air traffic resulting from the COVID-19 pandemic in FY 2021, the changes across all years have been caused by variations in passenger carrier air service through a combination of increases and/or decreases in flights and the size of aircraft used for flights.

Mail and express cargo shipments increased by 7.0% in FY 2021 from FY 2020, following a decrease of 4.0% in FY 2020 and an increase of 4.0% in FY 2019. 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.

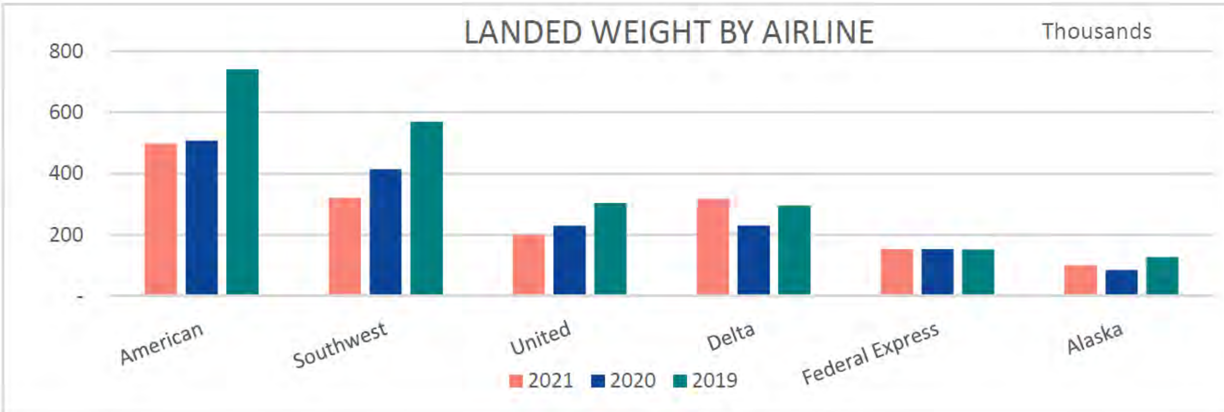
Eight major domestic passenger carriers served TUS as of both September 30, 2021 and September 30, 2020 and six as of September 30, 2019. American Airlines and Southwest Airlines have dominated in both passenger activity and landed weight over the three reporting periods. These two carriers accounted for 59.5% of passenger traffic in FY 2021, 62.1% FY 2020 and 63.5% in FY 2019.

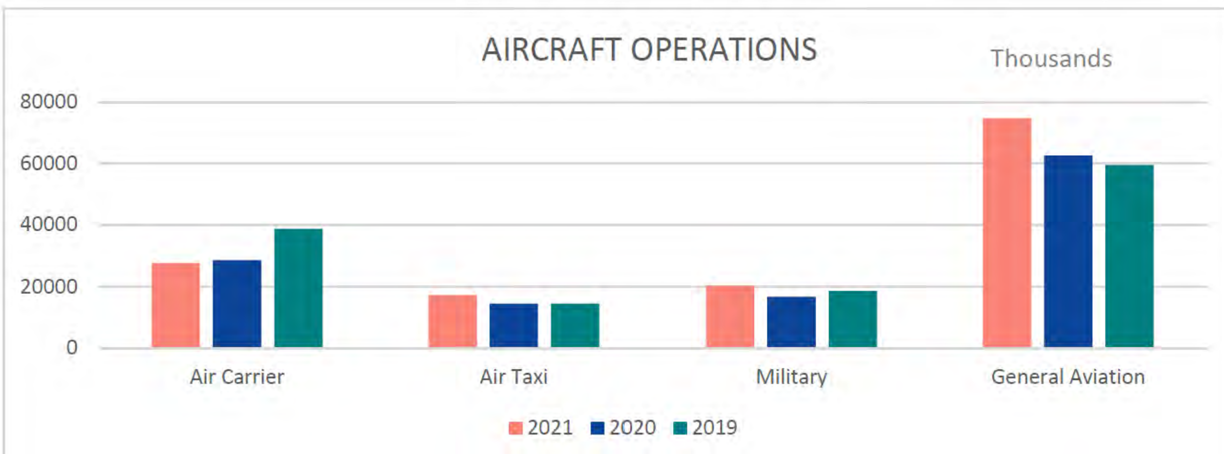
AIRPORT ACTIVITIES AND HIGHLIGHTS – continued

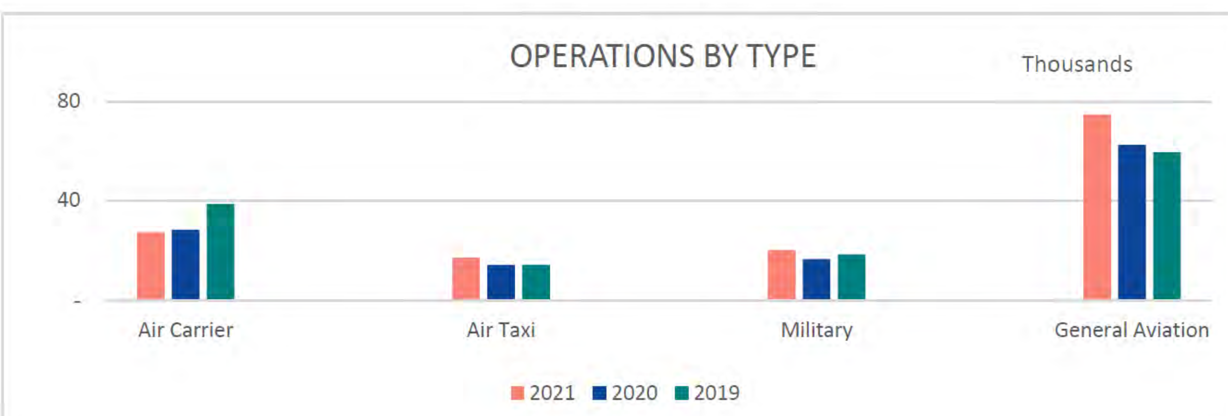
Activities & Highlights	2021	2020	2019
Total passengers	2,257,581	2,283,777	3,783,535
% increase/decrease(-)	-1.1%	-39.6%	6.5%
Average daily seat capacity	4,308	4,663	6,220
% increase/decrease(-)	-7.6%	-25.0%	9.7%
Aircraft operations	140,182	122,631	131,416
% increase/decrease(-)	14.3%	-6.7%	0.2%
Landed weight (1,000 lb. Units)	1,633,047	1,677,958	2,243,559
% increase/decrease(-)	-2.7%	-25.2%	7.9%
Mail & express cargo (pounds)	67,643,468	63,246,903	65,916,153
% increase/decrease(-)	7.0%	-4.0%	4.0%



AIRPORT ACTIVITIES AND HIGHLIGHTS – continued







FINANCIAL HIGHLIGHTS

The Authority's assets and deferred outflows exceeded liabilities and deferred inflows at the end of FY 2021 by $440.2 million, compared to $423.9 million and $396.0 million at the end of FY 2020 and FY 2019, respectively. Unrestricted net position for fiscal years 2021, 2020 and 2019 was $106.1 million, $99.6 million and $86.2 million, respectively. The Authority experienced increases in net position of $16.4 million, $27.8 million and $9.0 million for FY 2021, FY 2020 and FY 2019, respectively, compared to the previous years. The FY 2021 decrease is largely attributable to a decrease in both non-operating revenues of $6.1 million due to a large gain on disposed fixed assets in FY 2020 and a decrease in capital contributions of $3.9 million due to large draws on federal grant funding in FY 2020. The FY 2020 increase is largely attributable to capital contributions of $13.4 million and other nonoperating grants-in-aid of $14.0 million, offset by an $8.4 million decrease in operating revenues due to the global response to the COVID-19 pandemic.

The Authority's total noncurrent liabilities decreased by $38.8 million in FY 2021 over FY 2020 and decreased by $0.05 million in FY2020 over FY 2019. These decreases reflect changes in the net pension liability, long-term debt and noncurrent environmental liabilities. Particular to FY 2021, the Authority made a lump sum contribution payment of $27.2 million to the Public Safety Personnel Retirement System (PSPRS) during the year for its fire department and police department pension plans to reduce the associated net pension liabilities for each.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

		2021		2020		2019
Operating revenues	$	36,288,096	$	38,869,374	$	47,261,051
Operating expenses		30,504,785		33,313,961		32,907,346
Operating income before depreciation and amortization		5,783,311		5,555,413		14,353,705
Depreciation and amortization		20,308,305		19,514,629		18,393,628
Operating income (loss)		(14,524,994)		(13,959,216)		(4,039,923)
Non-operating revenues		20,299,776		26,394,334		12,364,497
Non-operating expenses		(2,205,762)		(1,354,548)		(2,664,201)
Income (loss) before capital contributions		3,569,020		11,080,570		5,660,373
Capital contributions		12,818,224		16,763,540		3,386,455
Increase in net position		16,387,244		27,844,110		9,046,828
Net position, beginning of year		423,861,783		396,017,673		386,970,845
Net position, end of year	$	440,249,027	$	423,861,783	$	396,017,673

Total operating revenues decreased $2.6 million (6.6%) in FY 2021 over FY 2020 and decreased $8.4 million (17.8%) in FY 2020 over FY 2019. Decreases in operating revenues in FY 2020 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 FY2021. Decreases in operating revenues in FY 2020 were primarily related to decreases in concessions and landing fees due to travel restrictions during the pandemic.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION-Continued

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. Total operating expenses in FY 2020 increased by $0.4 million (1.2%) over FY 2019, with increases in personnel and other operating expenses partially offset by a decrease in contractual services.

Non-operating revenues in FY 2021 decreased by $6.1 million (23.1%) compared to FY 2020. This was mainly due to a decrease gain on disposition of fixed assets in FY 2021 compared to FY 2020. FY 2020 increased $14.0 million (113.5%) compared to FY 2019. This was primarily attributable to an increase in the gain on disposition of capital assets resulting from a one-time land sale and other non-operating revenue, which includes federal assistance related to the pandemic. Non-operating expenses increased by $0.9 million (62.8%) in FY 2021 due to increased environmental expenses. This follows a decrease in FY 2020 by $1.3 million (49.2%) compared to FY 2019, which was primarily due to decreases in environmental expense and interest expense in that year.

Capital contributions in FY 2021 decreased by $3.9 million (23.5%) from FY 2020 and FY 2020 increased by $13.4 million (395.0%) over FY 2019. Year-to-year variances in capital contributions are determined by factors such as grant availability and project timing and are not generally expected to be consistent between years.

FINANCIAL POSITION

Summary of net position	2021	2020	Increase (decrease)	% Increase decrease (-)
Assets				
Current (unrestricted)	$ 155,401,341	$ 176,314,340	$ (20,913,000)	-13.2%
Current (restricted)	23,678,719	23,014,065	664,654	2.9%
Net capital assets	337,524,478	331,407,192	6,117,286	1.8%
Other noncurrent assets	1,800,557	298,252	1,502,306	503.7%
Total assets	518,405,094	531,033,849	(12,628,754)	-2.4%
Deferred outflows of resources	4,180,444	6,091,332	(1,910,888)	-31.4%
Total assets and deferred outflows of resources	522,585,539	537,125,181	(14,539,642)	-2.7%
Liabilities				
Current (payable from unrestricted assets)	18,843,058	17,556,125	1,286,933	7.3%
Current (payable from restricted assets)	392,447	402,420	(9,973)	-2.5%
Noncurrent	55,643,245	94,435,684	(38,792,439)	-41.1%
Total liabilities	74,878,750	112,394,229	(37,515,479)	-33.4%
Deferred inflows of resources	7,457,762	869,169	6,588,593	758.0%
Total liabilities and deferred inflows of resources	82,336,512	113,263,398	(30,926,886)	724.7%
Net position				
Net investment in capital assets	310,897,029	301,652,819	9,244,210	3.1%
Restricted	23,286,272	22,611,645	674,627	3.0%
Unrestricted	106,065,727	99,597,319	6,468,408	6.5%
Net position	$ 440,249,027	$ 423,861,783	$ 16,387,244	3.9%

FINANCIAL POSITION – continued

Summary of net position	2020	2019	Increase (decrease)	% Increase decrease (-)
Assets				
Current (unrestricted)	$ 176,314,340	$ 158,585,935	$ 17,728,405	11.2%
Current (restricted)	23,014,065	21,646,775	1,367,290	6.3%
Net capital assets	331,407,192	321,124,814	10,282,378	3.2%
Other noncurrent assets	298,252	501,534	(203,282)	-40.5%
Total assets	531,033,849	501,859,059	29,174,790	5.8%
Deferred outflows of resources	6,091,332	3,992,003	2,099,329	52.6%
Total assets & deferred outflows of resources	537,125,182	505,851,062	31,274,119	6.2%
Liabilities				
Current (payable from unrestricted assets)	17,556,125	13,853,564	3,702,561	26.7%
Current (payable from restricted assets)	402,420	149,762	252,658	168.7%
Noncurrent	94,435,684	94,486,891	(51,207)	-0.1%
Total liabilities	112,394,229	108,490,217	3,904,012	3.6%
Deferred inflows of resources	869,169	1,343,173	(474,004)	-35.3%
Total liabilities & deferred inflows of resources	113,263,398	109,833,390	3,430,008	3.1%
Net position				
Net investment in capital assets	301,652,819	288,319,668	13,333,151	4.6%
Restricted	22,611,645	21,497,013	1,114,632	5.2%
Unrestricted	99,597,319	86,200,991	13,396,328	15.5%
Net position	$ 423,861,783	$ 396,017,672	$ 27,844,111	7.0%

Current unrestricted assets decreased in FY 2021 over FY 2020 $20.9 million and increased in FY 2020 over FY 2019 by $17.7 million. The FY 2021 decrease 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. The FY 2020 increase was due mainly to an increase in cash and cash equivalents of $43.5 million and grants receivable of $16.5 million, partially offset by a $40.8 million decrease in investments. Current restricted assets increased by $0.7 million in FY 2021 following an increase of $1.4 million in FY 2020. The increase in FY 2021 resulted from an increase in investments in both the Passenger Facility Charge (PFC) fund and Land Acquisition fund, offset by a decrease in cash in both funds. The increase in FY 2020 resulted from an increase in cash, offset by a decrease in investments. Net capital assets increased by $4.4 million in FY 2021 over FY 2020 and increased by $10.3 million in FY 2020 over FY 2019, both years being impacted by projects in the Authority's capital improvement program.

Current liabilities payable from unrestricted assets in FY 2021 increased $1.29 million compared to FY 2020. There was little change in current liabilities payable from restricted assets in FY 2021 compared to FY 2020, with both years totaling $1.28 million. Current liabilities payable from unrestricted assets in FY 2020 increased $3.7 million compared to FY 2019. Current liabilities payable from restricted assets in FY 2020 increased $0.3 million compared to FY 2019. Total noncurrent liabilities decreased by $38.8 million in FY 2021 compared to FY 2020 and decreased by $0.05 million in FY 2020 compared to FY 2019. The decrease in FY 2021 was primarily due to a decrease in the net pension liability of $36.9 million. The Authority made a lump sum payment during FY 2021 to PSPRS of $27.2 million to reduce the net pension liability for both its fire department and police department pension programs. The decrease in FY 2020 was primarily due to normal debt service, offset by an increase in net pension/other post-employment benefits (OPEB) liability.

FINANCIAL POSITION – continued

The largest portion of the Authority's net position, 70.6% for FY 2021, 71.2% for FY 2020 and 72.8% for FY 2019, represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less outstanding debt used to acquire those assets. The Authority uses these assets to provide services to its passengers, visitors and tenants that generate future revenue streams. Although the Authority's investment in its capital assets are 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 the Authority's net position, 5.3% for both FY 2021 and FY 2020 and 5.4% for FY 2019, 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 $106.1 million for FY 2021, $99.6 million for FY 2020 and $86.2 million for FY 2019 may be used for any lawful purpose of the Authority.

REVENUES

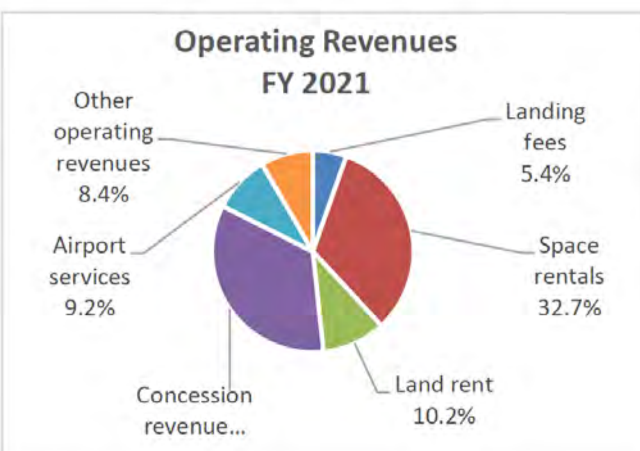
In FY 2021, total revenues of $69.4 million were less than the prior fiscal year by 12.6%, whereas FY 2020 revenues of $82.0 million were more than FY 2019 by 30.2%.

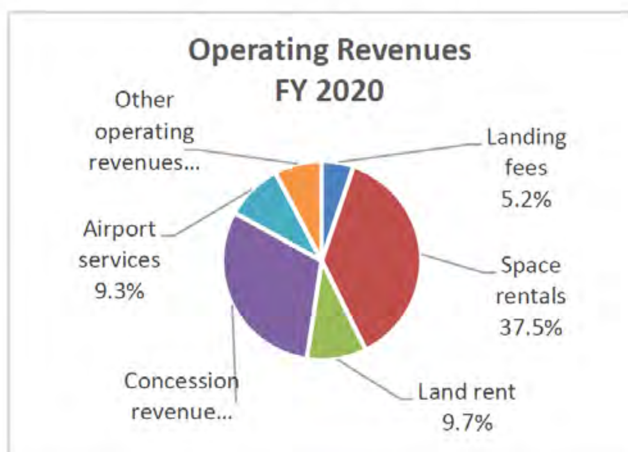
Operating revenues decreased in FY 2021 over FY 2020 by $2.5 million (6.6%). Revenue category changes included decreases in space rentals of $2.7 million, landing fees of $0.1 million, airport services of $0.3 million, and land rent of $0.1 million and an increase in concession revenue of $0.5 million. The largest decrease over prior year was for space rentals (18.5%) and it is generally attributable to rent relief that was provided to airport tenants during FY 2021 due to the COVID-19 pandemic.

REVENUES - continued

Revenues by major source		2021		2020		Increase (decrease)	% Increase decrease (-)
Landing fees	$	1,973,618	$	2,037,041	$	(63,423)	-3.1%
Space rentals		11,866,353		14,560,223		(2,693,870)	-18.5%
Land rent		3,705,607		3,789,349		(83,742)	-2.2%
Concession revenue		12,386,429		11,878,384		508,045	4.3%
Airport services		3,354,818		3,611,852		(257,034)	-7.1%
Other operating revenues		3,001,271		2,992,525		8,746	0.3%
Total operating revenues		36,288,096		38,869,374		(2,581,278)	-6.6%
Interest income		485,673		2,330,044		(1,844,371)	-79.2%
Net increase (decrease) in fair value of investments		(169,672)		47,394		(217,066)	-458.0%
Passenger facility charges		4,628,663		4,265,140		363,523	8.5%
Gain/(loss) on disposition of fixed assets		(22,866)		5,538,871		(5,561,737)	-100.4%
Nonoperating grants-in-aid		15,378,375		14,153,997		1,224,378	8.7%
Other nonoperating revenue		(397)		58,888		(59,285)	0.0%
Total nonoperating revenues		20,299,776		26,394,334		(6,094,558)	-23.1%
Capital contributions		12,818,224		16,763,541		(3,945,317)	-23.5%
Total revenues	$	69,406,096	$	82,027,249	$	(12,621,153)	-15.4%

The following charts show the major sources and the percentage of operating revenues for fiscal years 2021 and 2020:



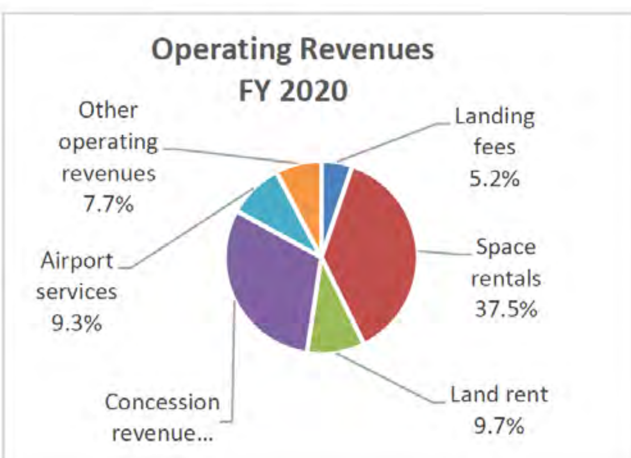


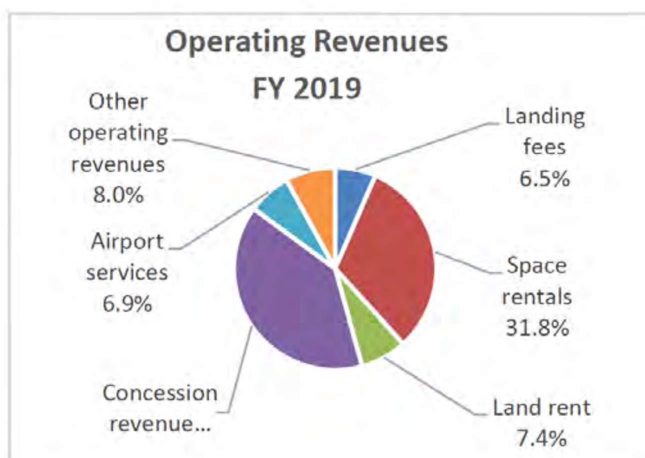
REVENUES - continued

Operating revenues decreased in FY 2020 over FY 2019 by $8.4 million (17.8%). Revenue category changes included decreases in landing fees of $1.0 million, concession revenue decreases of $6.7 million, and other operating revenue decreases of $0.7 million. The landing fees decreased from the prior year (33.7%), concession revenues (36.2%) and other operating revenue decreases (19.7%) are generally attributable to the declining traffic at the airport due to restrictions in domestic and international travel due to COVID-19 pandemic.

Revenues by major source	2020	2019	Increase (decrease)	% Increase decrease (-)
Landing fees	2,037,041 $	3,070,839	(1,033,798)	-33.7%
Space rentals	14,560,223	15,046,170	(485,947)	-3.2%
Land rent	3,789,349	3,515,665	273,684	7.8%
Concession revenue	11,878,384	18,624,434	(6,746,050)	-36.2%
Airport services	3,611,852	3,278,715	333,137	10.2%
Other operating revenues	2,992,525	3,725,228	(732,703)	-19.7%
Total operating revenues	38,869,374	47,261,051	(8,391,677)	-17.8%
Interest income	2,330,044	3,079,094	(749,050)	-24.3%
Net increase (decrease) in fair value of investments	47,394	1,753,938	(1,706,544)	-97.3%
Passenger facility charges	4,265,140	7,229,199	(2,964,059)	-41.0%
Gain on disposition of fixed assets	5,538,871	45,589	5,493,282	12049.6%
Nonoperating grants-in-aid	14,153,997	256,676	13,897,321	5414.3%
Other non-operating revenues	58,888	-	58,888	0.0%
Total nonoperating revenues	26,394,334	12,364,496	14,029,838	113.5%
Capital contributions	16,763,541	3,386,455	13,377,086	395.0%
Total revenues	82,027,249 $	63,012,002	19,015,247	30.2%

The following charts show the major sources and the percentage of operating revenues for fiscal years 2020 and 2019:





NONOPERATING REVENUES

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 2021 nonoperating revenues decreased $6.1 million (23.1%) over FY 2020 because of one-time gain on disposition of capital assets of $5.6 million in FY 2020 and a decrease in interest income of $1.8 million due to various factors in the larger economy, offset by an increase in federal grant assistance by $1.2 million. FY 2020 nonoperating revenues increased $14.0 million (113.5%) over FY 2019 due to gain on disposition of capital assets of $5.5 million attributable to a one-time land sale and an increase in federal grant assistance by $13.9 million, offset by a decrease in PFC revenue of $3.0 million and lower interest income and net increase in fair value of investments that combined represented a decrease of $2.5 million from FY 2019.

CAPITAL CONTRIBUTIONS

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

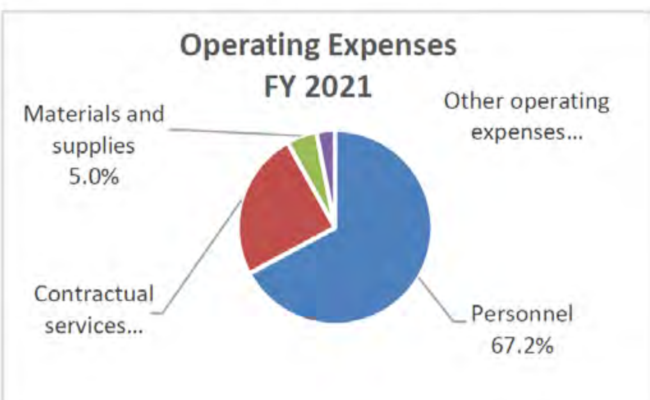
EXPENSES

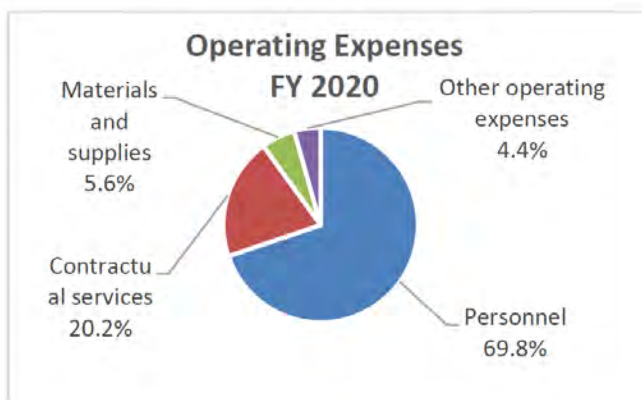
Total expenses for FY 2021 decreased 2.1% from FY 2020 due primarily to decreases in most operating expenses, offset by increases in nonoperating expenses. Operating expenses decreased $2.8 million (8.4%). The increase in operating expenses was a result of decreases across all operating expense categories except contractual services. Nonoperating expenses were $0.9 million (62.8%) higher in FY 2021 than FY 2020, caused primarily by an increase in environmental expenses of $0.9 million.

EXPENSES – Continued

Expenses by major category	2021	2020	Increase (decrease)	% Increase decrease (-)
Personnel	$ 20,489,377	$ 23,272,979	$ (2,783,602)	-12.0%
Contractual services	7,537,219	6,726,582	810,637	12.1%
Materials and supplies	1,533,550	1,859,050	(325,500)	-17.5%
Other operating expenses	944,639	1,455,350	(510,711)	-35.1%
Total operating expenses	30,504,785	33,313,961	(2,809,176)	-8.4%
Depreciation and amortization	20,308,305	19,514,629	793,676	4.1%
Interest expense	871,573	960,095	(88,522)	-9.2%
Environmental expenses	1,334,189	394,453	939,736	238.2%
Loss on disposition of capital assets	-	-	-	
Other nonoperating expenses	-	-	-	100.0%
Total nonoperating expenses	2,205,762	1,354,548	851,214	62.8%
Total expenses	$ 53,018,852	$ 54,183,138	$ (1,164,286)	-2.1%

The following charts show the major operating expense categories for the Authority for FY 2021 and FY 2020:



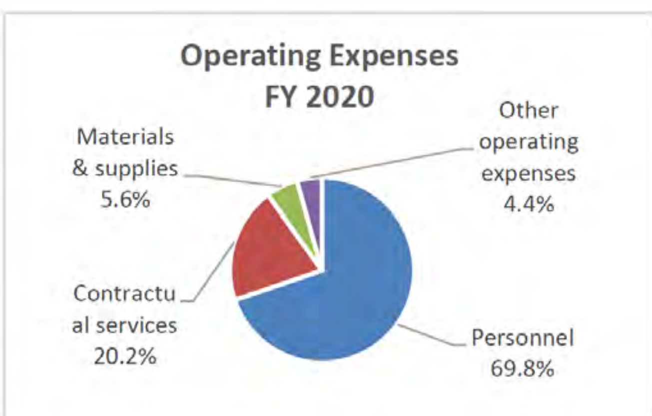


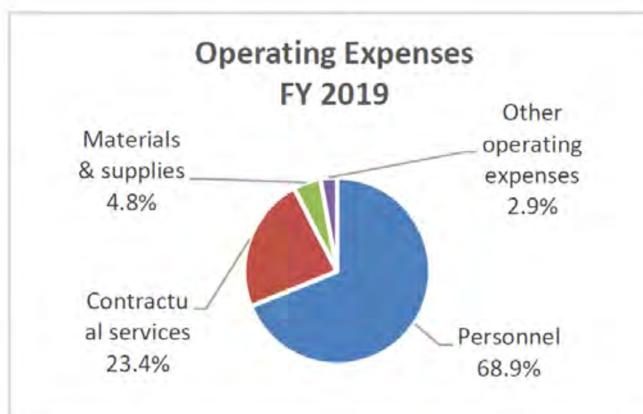
Total expenses for FY 2020 increased 0.4% from FY 2019 due primarily to increases in most operating expenses, offset by decreases in nonoperating expenses. Operating expenses increased $0.4 million (1.2%). The increase in operating expenses was a result of increases across all operating expense categories except contractual services. Nonoperating expenses were $1.3 million (49.2%) lower in FY 2020 than FY 2019, caused mainly by decreases in interest expense of $0.1 million and environmental expense of $1.2 million.

EXPENSES - continued

Expenses by major category		2020		2019		Increase (decrease)	% Increase decrease (-)
Personnel	$	23,272,979	$	22,646,456	$	626,523	2.8%
Contractual services		6,726,582		7,710,016		(983,434)	-12.8%
Materials & supplies		1,859,050		1,595,222		263,828	16.5%
Other operating expenses		1,455,350		955,652		499,698	52.3%
Total operating expenses		33,313,961		32,907,346		406,615	1.2%
Depreciation and amortization		19,514,629		18,393,628		1,121,001	6.1%
Interest expense		960,095		1,077,162		(117,067)	-10.9%
Environmental expenses		394,453		1,587,039		(1,192,586)	-75.1%
Loss on disposition of capital assets		-		-		-	
Other nonoperating expenses		-		-		-	
Total nonoperating expenses		1,354,548		2,664,201		(1,309,653)	-49.2%
Total expenses	$	54,183,138	$	53,965,175	$	217,963	0.4%

The following charts show the major operating expense categories for the Authority for FY 2020 and FY 2019:





CAPITAL ASSETS

Net capital assets increased $6.1 million (1.8%) in FY 2021 over FY 2020. The increase resulted from spending on capital improvement program projects. The most significant FY 2021 CIP projects were undertaken on the airfield and included taxiway construction and a continuation of the multi-year airfield safety enhancement project (ASE).

CAPITAL ASSETS - Continued

Net capital assets		2021		2020		Increase (decrease)	% Increase decrease (-)
Land	$	51,786,544	$	51,555,292	$	231,253	0.4%
Air avigation easements		29,990,090		29,990,090		-	0.0%
Land improvements		224,572,634		203,936,506		20,636,128	10.1%
Buildings and improvements		269,243,354		266,982,123		2,261,231	0.8%
Utilities		5,951,108		5,951,108		(0)	0.0%
Computer software		7,088,492		6,421,357		667,135	10.4%
Furniture, fixtures, machinery and equipment		49,984,905		47,836,856		2,148,049	4.5%
Artwork		493,188		481,798		11,390	2.4%
Construction in progress		34,785,953		34,708,397		77,556	0.2%
Gross capital assets		673,896,268		647,863,527		26,032,741	4.0%
Less accumulated depreciation		336,371,790		316,456,335		19,915,455	6.3%
Net capital assets	$	337,524,478	$	331,407,192	$	6,117,286	1.8%

Net capital assets increased $10.3 million (3.2%) in FY 2020 over FY 2019. The increase resulted from spending on capital improvement program projects. The most significant FY 2020 CIP projects were undertaken on the airfield and included taxiway construction and design and groundbreaking for the multi-year airfield safety enhancement project (ASE). Land assets decreased in FY 2020 due to a one-time disposition.

Net capital assets		2020		2019		Increase (decrease)	% Increase decrease (-)
Land	$	51,555,292	$	52,751,886	$	(1,196,594)	-2.3%
Air avigation easements		29,990,090		29,990,090		-	0.0%
Land improvements		203,936,506		199,468,904		4,467,602	2.2%
Buildings and improvements		266,982,123		263,382,099		3,600,025	1.4%
Utilities		5,951,108		5,951,108		0	0.0%
Computer software		6,421,357		6,345,878		75,479	1.2%
Furniture, fixtures, machinery and equipment		47,836,856		46,849,972		986,884	2.1%
Artwork		481,798		481,798		-	0.0%
Construction in progress		34,708,397		13,505,421		21,202,976	157.0%
Gross capital assets		647,863,527		618,727,156		29,136,371	4.7%
Less accumulated depreciation		316,456,335		297,602,341		18,853,994	6.3%
Net capital assets	$	331,407,192	$	321,124,815	$	10,282,377	3.2%

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

DEBT ACTIVITY

At the end of FY 2021, the Authority had total long-term debt outstanding of $26.6 million. The debt consists of bonds that are secured by a pledge of passenger facility charge revenues and general airport revenues, and unamortized premium. The decrease of $3.1 million (10.5%) from FY 2020 is a result of normal debt service and amortization of the bond premium.

Outstanding long-term debt	2021	2020	Increase (decrease)	% Increase decrease (-)
Authority revenue bonds -				
Series 2018 subordinate lien	26,475,000	29,540,000	(3,065,000)	-10.4%
Unamortized premium	152,449	214,373	(61,924)	-28.9%
Total long-term debt	26,627,449	29,754,373	(3,126,924)	-10.5%

At the end of FY 2020, the Authority had total long-term debt outstanding of $29.8 million. The debt consists of bonds that are secured by a pledge of passenger facility charge revenues and general airport revenues, and unamortized premium. The decrease of $3.1 million (9.3%) from FY 2019 is a result of normal debt service and amortization of the bond premium.

Outstanding long-term debt	2020	2019	Increase (decrease)	% Increase decrease (-)
Authority revenue bonds -				
Series 2018 subordinate lien	29,540,000	32,520,000	(2,980,000)	-9.2%
Unamortized premium	214,373	285,147	(70,774)	-24.8%
Total long-term debt	29,754,373	32,805,147	(3,050,774)	-9.3%

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 Authority'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 Authority and its signatory airlines and includes several additions to and subtractions from revenue and expense amounts reported in the basic financial statements.

In FY 2021, net airport system revenues available for subordinate lien bond debt service was 2.57 times subordinate lien debt service, compared to 2.77 and 3.98 for FY 2020 and FY 2019, respectively. The Authority had no senior lien debt outstanding during fiscal years 2021, 2020 and 2019. 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

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

AIRLINE RATES AND CHARGES-continued

Signatory airline rates and charges			2021		2020		2019
Ticketing	per sq. ft.	$	65.21	$	83.42	$	83.42
Hold room	per gate		95,080.52		121,640.78		121,640.78
Baggage claim	per sq. ft.		61.84		79.11		79.11
Baggage makeup	per sq. ft.		21.73		27.80		27.80
Into plane hydrant flowage	per gallon		N/A		N/A		N/A
Landing fee	per 1,000 lbs.		1.15		1.15		1.32

During FY 2020, the Authority negotiated an extension of the previously expired airline use agreement with the signatory airlines. That extension expired and has been extended again through September 30, 2024 at which time a new airline use agreement will be negotiated.

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 FY 2021 over FY 2020 by $1.78 per enplanement and increased in FY 2020 over FY 2019 by $4.28 per enplanement. The FY 2021 decrease was mainly a result of revised rates provided to the airlines in the airline use agreement amendment in response to the COVID-19 pandemic. The FY 2020 increase was mainly a result of decreased passenger volumes.

Airline cost per enplanement		2021		2020		2019
Passenger airline revenues	$	11,418,180	$	13,519,451	$	14,299,579
Enplaned passengers		1,137,279		1,144,018		1,897,590
Cost per enplanement	$	10.04	$	11.82	$	7.54

TUCSON AIRPORT AUTHORITY, INC.

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2021 AND 2020

	2021	2020
Assets:		
Current assets, unrestricted		
Cash and cash equivalents	$ 15,279,421	$ 71,520,407
Investments	125,667,536	83,278,353
Accounts receivable, net of allowance for doubtful accounts of ($257,121, 2021; $313,380, 2020)	2,229,151	1,976,854
Accrued interest receivable	163,925	185,231
Grants receivable	10,687,314	18,303,874
Notes receivable	88,995	298,252
Inventories	395,531	328,256
Prepaid expenses and other assets	978,463	721,365
Total unrestricted current assets	155,490,336	176,612,592
Current assets, restricted		
Cash and cash equivalents	1,835,653	10,132,836
Investments	20,923,339	12,423,496
Accounts receivable	876,384	410,268
Accrued interest receivable	43,342	47,465
Total restricted current assets	23,678,718	23,014,065
Total current assets	179,169,054	199,626,657
Noncurrent assets:		
Capital assets, not depreciated	117,055,775	116,735,577
Capital assets, depreciated, net	220,468,703	214,671,615
Total capital assets	337,524,478	331,407,192
Net pension/OPEB asset	1,711,563	-
Total noncurrent assets	339,236,041	331,407,192
Total assets	518,405,095	531,033,849
Deferred outflows of resources:		
Deferred outflows related to pensions/OPEB	4,180,444	6,091,332
	$ 522,585,539	$ 537,125,181

TUCSON AIRPORT AUTHORITY, INC.

STATEMENTS OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2021 AND 2020

	2021	2020
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 970,307	$ 1,263,230
Accrued expenses	1,707,255	1,855,990
Unearned revenues	2,903,183	2,733,808
Construction contracts payable	6,018,784	5,205,743
Current portion of bonds payable	1,565,000	1,510,000
Current portion of environmental remediation payable, restricted	5,678,529	4,987,354
Total payable from unrestricted assets	18,843,058	17,556,125
Payable from restricted assets:		
Current portion of environmental remediation payable, restricted	392,447	402,420
Total payable from unrestricted assets	392,447	402,420
Total current liabilities	19,235,505	17,958,545
Noncurrent liabilities:		
Payable from unrestricted assets:		
Bonds payable, net of current portion	25,062,449	28,244,373
Net pension/OPEB liability	12,730,870	47,884,399
Environmental remediation payable, net of current portion	17,849,926	18,306,912
Total payable from unrestricted assets	55,643,245	94,435,684
Total liabilities	74,878,750	112,394,229
Deferred inflows of resources:		
Deferred inflows related to pensions/OPEB	7,457,762	869,169
Total deferred inflows of resources	7,457,762	869,169
Commitments and contingencies		
Net position:		
Net investment in capital assets	310,897,029	301,652,819
Restricted	23,286,271	22,611,645
Unrestricted	106,065,727	99,597,319
Total net position	$ 440,249,027	$ 423,861,783

TUCSON AIRPORT AUTHORITY, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Operating revenues:		
Landing fees	$ 1,973,618	$ 2,037,041
Space rentals	11,866,353	14,560,223
Land rent	3,705,607	3,789,349
Concession	12,386,429	11,878,384
Airport services	3,354,818	3,611,852
Other operating	3,001,271	2,992,525
Total operating revenues	36,288,096	38,869,374
Operating expenses:		
Personnel	20,489,377	23,272,979
Contractual	7,537,219	6,726,582
Materials and supplies	1,533,550	1,859,050
Other	944,639	1,455,350
Total operating	30,504,785	33,313,961
Depreciation and amortization	20,308,305	19,514,629
Operating loss	(14,524,994)	(13,959,216)
Nonoperating revenues (expenses):		
Interest income	485,673	2,330,044
Net increase (decrease) in the fair value of investments	(169,672)	47,394
Passenger facility charges	4,628,663	4,265,140
Interest expense and fiscal charges	(871,573)	(960,095)
Gain (loss) on disposition of capital assets	(22,866)	5,538,871
Environmental remediation expenses	(1,334,189)	(394,453)
Nonoperating grants-in-aid	15,378,375	14,153,997
Other nonoperating revenue	(397)	58,888
	18,094,014	25,039,786
Income before capital contributions	3,569,020	11,080,570
Capital contributions:		
Federal	11,868,127	15,808,720
State	950,097	954,821
	12,818,224	16,763,541
Change in net position	16,387,244	27,844,111
Net position, beginning of year	423,861,783	396,017,672
Net position, end of year	$ 440,249,027	$ 423,861,783

TUCSON AIRPORT AUTHORITY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Receipts from airlines and tenants	$ 36,000,911	$ 41,072,196
Federal and state grants-in-aid	450,465	360,737
Payments to suppliers	(10,774,260)	(10,237,179)
Payments for personnel services	(48,862,167)	(21,799,749)
Payments for environmental remediation	(1,112,484)	(1,276,064)
Net cash provided by (used in) operating activities	(24,297,535)	8,119,941
Cash flows from capital and related federal financing activities:		
Federal and state capital contribution receipts	11,189,949	13,226,314
Acquisition of capital assets	(25,645,540)	(28,386,427)
Proceeds from sale of capital assets	13,860	6,885,682
Principal paid on long-term debt	(3,065,000)	(2,980,000)
Passenger facility charge receipts	4,162,547	4,480,982
Interest paid on long-term debt	(933,894)	(971,981)
Nonoperating grants-in-aid receipts	24,586,265	1,196,887
Net cash provided by (used in) investing activities	10,308,187	(6,548,543)
Cash flows from investing activities:		
Interest on investment	809,329	3,129,849
Maturity and calls of investments	113,751,261	275,531,926
Purchase of investments	(165,109,411)	(229,225,886)
Net cash provided by (used in) financing activities	(50,548,821)	49,435,889
Net increase (decrease) in cash and cash equivalents	(64,538,169)	51,007,287
Cash and cash equivalents, beginning	81,653,243	30,645,956
Cash and cash equivalents, ending	$ 17,115,074	$ 81,653,243

TUCSON AIRPORT AUTHORITY, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$ (14,524,994)	$ (13,959,216)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	20,308,305	19,514,629
Payments for environmental remediation	(1,112,484)	(1,276,064)
Changes in operating assets and liabilities:		
Accounts receivable	(6,095)	1,519,059
Inventories	(67,275)	(16,952)
Prepaid expenses	(257,098)	(164,668)
Accounts payable	(292,925)	383,699
Accrued expenses	(148,735)	(109,114)
Unearned revenues	169,375	1,044,500
Net pension liability and related changes in deferred outflows and inflows of resources	(28,365,609)	1,184,068
Total adjustments	(9,772,541)	22,079,157
Net cash provided by (used in) operating activities	$ (24,297,535)	$ 8,119,941
Noncash nonoperating, capital, financing and investing activities:		
Grants receivable included in capital contributions	$ 5,723,101	$ 5,288,086
Additions to capital assets included in accounts payable	$ 6,018,784	$ 5,205,743
Net appreciation (depreciation) in fair value of investments	$ (169,672)	$ 47,394
Increase in estimate of environmental remediation liability	$ (1,334,189)	$ (394,453)

1. Description of organization:

Tucson Airport Authority, Inc. (TAA or the Airport), a civic, 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 power and presently operates two airports: Tucson International Airport (Airport) and Ryan Airfield.

The land and improvements composing the Airport 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 expires on September 30, 2024.

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, expensed 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.

On 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 utilized a budget process for planning purposes with adoption by the Board of Directors. Pursuant to the Airport Lease, the TAA prepares an annual budget that is presented to the Mayor and Council of the City for informational purposes. The budget is also reviewed by representatives of the Signatory Airlines.and 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 made 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):

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, includes 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.

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.

2. Summary of significant accounting policies (continued):

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.

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/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.

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 their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. Summary of significant accounting policies (continued):

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.

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 $0.11 per passenger administration fee charged by the airlines for processing, are 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 are accounted for on the accrual basis.

At the present time, GASB has not released authoritative guidance on the accounting treatment of PFCs.

Environment 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.

New accounting standards:

Implementation of the following GASB statements was effective for fiscal year 2021:

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. The TAA implemented this Statement in fiscal year 2021 with no effect.

GASB Statement No. 93, Replacement of Interbank Offered Rates. The requirements of this Statement have multiple effective dates that are applicable based on specific identified paragraphs of the statement. The dates range from June 15, 2020 to June 15, 2021. The TAA implemented this Statement in fiscal year 2021 with no effect.

2. Summary of significant accounting policies (continued):

New accounting standards (continued):

Implementation of the following GASB statements was effective for fiscal year 2021:

GASB Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The TAA implemented this Statement in fiscal year 2021.

Implementation of the following GASB statements was effective for fiscal year 2020:

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. The TAA implemented this Statement, and the clarifying guidance in the related Implementation Guide 2019-2, Fiduciary Activities, in fiscal year 2020 with no effect.

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No, 61. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. The TAA implemented this Statement in fiscal year 2020 with no effect.

Implementation of the following GASB statements was effective for fiscal year 2021:Implementation Guide No. 2018-1, Implementation Guidance Update – 2018 provides clarifying guidance for various previously issued GASB Statements and implementation guides and was effective for years beginning after June 15, 2019. The TAA implemented this Guide in fiscal year 2020 with no effect.

Implementation Guide No. 2019-1, Implementation Guidance Update – 2019 provides clarifying guidance for various previously issued GASB Statements and was effective for years beginning after June 15, 2019. The TAA implemented this Guide in fiscal year 2020 with no effect.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance postponed effective dates by one year for Statements originally applicable to periods beginning after June 15, 2018 and later. The statement was effective upon issuance in May 2020 and was implemented by the TAA in fiscal 2020 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. 87, Leases, provides new guidance for recognition of operating leases and the related assets. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

2. Summary of significant accounting policies (continued):

New accounting standards (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 requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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 will implement the requirements in fiscal year 2022.

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 will implement this Statement in fiscal year 2023.

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 will implement this Statement in fiscal year 2023.

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 December 15, 2023.

3. Cash 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, 2021 and 2020, deposits with financial institutions had a carrying value of $6,598,116 and $6,272,871 and a bank balance of $7,642,106 and $6,360,697. The difference represents deposits in transit, outstanding checks and other reconciling items at September 30, 2021 and 2020.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the TAA's deposits may not be collateral securities in possession of an outside party.

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 below 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:

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 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%

3. Cash and investments (continued):

The TAA's investments at September 30, 2021 and 2020 were as follows:

	2021		2020		Rating
Pooled investment fund:					
U.S. Agency securities:					
Federal Farm Credit Bank	$ 7,457,775	5%	$ 33,498,705	35%	AAA
Federal Agricultural Mortgage Corp.	19,465,290	13%	2,062,720	2%	AAA
Federal Home Loan Bank	44,177,925	30%	12,457,550	13%	AAA
Federal Home Loan Mortgage Corp.	27,488,965	19%	22,507,975	24%	AAA
Federal National Mortgage Association	10,015,700	7%	10,000,000	10%	AAA
U.S. Treasury Bills	37,985,220	26%	15,174,899	16%	AAA
	$ 146,590,875	100	$ 95,701,849	100	

The TAA measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a three-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.

3. Cash and investments (continued):

At September 30, 2021, 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	$ 7,457,775	$ -	$ 7,457,775	$ -
Federal Agricultural Mortgage Corp.	19,465,290	-	19,465,290	-
Federal Home Loan Bank	44,177,925	-	44,177,925	-
Federal Home Loan Mortgage Corp.	27,488,965	-	27,488,965	-
Federal National Mortgage Association	10,015,700	-	10,015,700	-
U.S. Treasury Bills	37,985,220	-	37,985,220	-
	$ 146,590,875	$ -	$ 146,590,875	$ -

At September 30, 2020, 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	$ 33,498,705	$ -	$ 33,498,705	$ -
Federal Agricultural Mortgage Corp.	2,062,720	-	2,062,720	-
Federal Home Loan Bank	12,457,550	-	12,457,550	-
Federal Home Loan Mortgage Corp.	22,507,975	-	22,507,975	-
Federal National Mortgage Association	10,000,000	-	10,000,000	-
U.S. Treasury Bills	15,174,899	-	15,174,899	-
	$ 95,701,849	$ -	$ 95,701,849	$ -

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.

3. Cash and investments (continued):

Cash, cash equivalents and investments are classified on the statements of net position at September 30, 2021 and 2020 as follows:

	Cash and cash equivalents		Investments	
	2021	2020	2021	2020
Unrestricted	$ 15,279,421	$ 71,520,407	$ 125,667,536	$ 83,278,353
Restricted:				
Environmental remediation trust	392,447	402,420		
Capital acquisition:				
Passenger facility charge fund	1,205,441	8,116,940	17,480,382	10,367,630
Capital projects fund	237,765	1,613,476	3,442,957	2,055,866
Total restricted	1,835,653	10,132,836	20,923,339	12,423,496
	$ 17,115,074	$ 81,653,243	$ 146,590,875	$ 95,701,849

Cash and cash equivalents comprised the following at September 30, 2021 and 2020:

	2021	2020	Ratings
Deposits at financial institutions	$ 6,598,116	$ 6,272,871	N/A
Treasury obligation funds	10,507,037	75,370,922	AAA
Cash on hand	9,921	9,450	N/A
Total cash and cash equivalents	$ 17,115,074	$ 81,653,243	

At September 30, 2021, 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	$ 146,590,875	$ 22,240,140	$ 27,968,010	$ 81,516,133	$ 14,866,592

In order to address the projected cash flow needs of major airfield projects in progress as of September 30, 2021, management has structured its investments to mature over a period of not more than three years from the date of the statement of net position.

4. Capital assets:

Net investment in capital assets as of September 30, 2021 and 2020 was as follows:

	2021	2020
Capital assets	$ 673,896,268	$ 647,863,527
Less accumulated depreciation	(336,371,790)	(316,456,335)
Less outstanding debt	(26,627,449)	(29,754,373)
	$ 310,897,029	$ 301,652,819

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning	Increases	Decreases	Ending
Capital assets, not depreciated:				
Land	$ 51,555,292	$ 231,252	$ -	$ 51,786,544
Air aviation easements	29,990,090	-	-	29,990,090
Artwork	481,798	11,390	-	493,188
Construction in progress	34,708,397	77,556	-	34,785,953
Total capital assets, not depreciated	116,735,577	320,198	-	117,055,775
Capital assets, depreciated:				
Land improvements	203,936,506	20,636,128	-	224,572,634
Building and improvements	266,982,123	2,261,231	-	269,243,354
Utilities	5,951,108	-	-	5,951,108
Computer software	6,421,357	667,135	-	7,088,492
Furniture, fixtures, machinery and equipment	47,836,856	2,563,766	(415,717)	49,984,905
Total capital assets, depreciated	$ 531,127,950	$ 26,128,260	$ (415,717)	$ 556,840,493
Less accumulated depreciation for:				
Land improvements	$(113,662,328)	$ (9,227,779)	$ -	$(122,890,107)
Building and improvements	(159,987,045)	(7,844,704)	-	(167,831,749)
Utilities	(5,939,586)	(1,921)	-	(5,941,507)
Computer software	(6,064,186)	(162,664)	-	(6,226,850)
Furniture, fixtures, machinery and equipment	(30,803,190)	(3,071,238)	392,851	(33,481,577)
Total accumulated depreciation	(316,456,335)	(20,308,306)	392,851	(336,371,790)
Total capital assets, depreciated, net	214,671,615	5,819,954	(22,866)	220,468,703
Total capital assets, net	$ 331,407,192	$ 6,140,152	$ (22,866)	$ 337,524,478

4. Capital assets (continued):

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning	Increases	Decreases	Ending
Capital assets, not depreciated:				
Land	$ 52,751,886	$ 117,831	$ (1,314,425)	$ 51,555,292
Air aviation easements	29,990,090	-	-	29,990,090
Artwork	481,798	-	-	481,798
Construction in progress	13,505,421	26,653,413	(5,450,437)	34,708,397
Total capital assets, not depreciated	96,729,195	26,771,244	(6,764,862)	116,735,577
Capital assets, depreciated:				
Land improvements	199,468,904	4,467,602	-	203,936,506
Building and improvements	263,382,099	3,600,024	-	266,982,123
Utilities	5,951,108	-	-	5,951,108
Computer software	6,345,878	75,479	-	6,421,357
Furniture, fixtures, machinery and equipment	46,849,972	1,679,906	(693,022)	47,836,856
Total capital assets, depreciated	$ 521,997,961	$ 9,823,011	$ (693,022)	$ 531,127,950
Less accumulated depreciation for:				
Land improvements	$(104,882,775)	$ (8,779,553)	$ -	$(113,662,328)
Building and improvements	(152,319,803)	(7,678,318)	11,076	(159,987,045)
Utilities	(5,935,226)	(4,360)	-	(5,939,586)
Computer software	(5,964,166)	(100,020)	-	(6,064,186)
Furniture, fixtures, machinery and equipment	(28,500,372)	(2,963,453)	660,635	(30,803,190)
Total accumulated depreciation	(297,602,342)	(19,525,704)	671,711	(316,456,335)
Total capital assets, depreciated, net	224,395,619	(9,702,693)	(21,311)	214,671,615
Total capital assets, net	$ 321,124,814	$ 17,068,551	$ (6,786,173)	$ 331,407,192

5. 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, 2021 and 2020, the TAA has 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, 2021 and 2020 follows:

	2021	2020
Forfeiture funds	$ 36,030	$ 35,765
Marketing/refurbishment funds	696,425	562,242
Tenant rent payments	2,170,728	2,135,801
	$ 2,903,183	$ 2,733,808

6. Bonds payable:

	2021	2020
$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%.	$ 26,475,000	$ 29,540,000
Unamortized premium - Series 2018 bonds	152,449	214,373
	26,627,449	29,754,373
Less current portion	1,565,000	1,510,000
	$ 25,062,449	$ 28,244,373

6. Bonds payable (continued):

Bonds payable, business type activities for the year ended September 30, 2021:

	Beginning	Increases	Decreases	Ending
2018 subordinate lien airport revenue bonds	$ 29,540,000	$ -	$ (3,065,000)	$ 26,475,000
Plus unamortized premium	214,373	-	(61,924)	152,449
Less current portion	(1,510,000)	-	(55,000)	(1,565,000)
	$ 28,244,373	$ -	$ (3,181,924)	$ 25,062,449

Bonds payable, business type activities for the year ended September 30, 2020:

	Beginning	Increases	Decreases	Ending
2018 subordinate lien airport revenue bonds	$ 32,520,000	$ -	$ (2,980,000)	$ 29,540,000
Plus unamortized premium	285,147	-	(70,774)	214,373
Less current portion	(1,465,000)	-	(45,000)	(1,510,000)
	$ 31,340,147	$ -	$ (3,095,774)	$ 28,244,373

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

Year ending September 30,	Principal	Interest	Total
2022	$ 1,565,000	$ 429,292	$ 1,994,292
2023	3,215,000	781,806	3,996,806
2024	3,320,000	676,652	3,996,652
2025	3,430,000	568,172	3,998,172
2026	3,540,000	455,966	3,995,966
2027 - 2031	11,405,000	915,256	12,320,256
	$ 26,475,000	$ 3,827,144	$ 30,302,144

6. 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. At September 30, 2021 and 2020, 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, 2021 and 2020.

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

7. 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.

7. Pension and other postemployment benefits (continued):

At September 30, 2021, 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	$12,730,870	$ (426,421)	$(1,285,142)	
Deferred outflows of resources:				
Difference between projected and actual investment earnings	$ -	$ -	$ -	$ -
Difference between actual and expected experience	207,432	502,061	870,104	1,579,597
Changes of assumptions related to pensions	1,750,759	142,723	218,467	2,111,949
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,223	1,004	6,799	9,026
Contributions subsequent to the measurement date	327,803	63,259	88,810	479,872
Total deferred outflows	$ 2,287,217	$ 709,047	$ 1,184,180	$ 4,180,444
Deferred inflows of resources:				
Difference between actual and expected resources	$ 4,384,922	$ 1,046,783	$ 1,144,741	$ 6,576,446
Changes in proportion and differences between employer contributions and proportionate share of contributions	322,614	1,748	6,782	331,144
Difference between actual and expected experience	174,884	13,232	315,071	503,187
Changes of assumptions related to pensions	46,667	318	-	46,985
Total deferred inflows	4,929,087	1,062,081	1,466,594	7,457,762
Net deferred outflows and (inflows)	$(2,641,870)	$ (353,034)	$ (282,414)	$(3,277,318)
Pension/OPEB expense	$ 914,249	$ 1,575,044	$ 1,546,657	$ 4,035,950

7. Pension and other postemployment benefits (continued):

At September 30, 2020, 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	$17,506,107	$13,515,076	$16,863,216	
Deferred outflows of resources:				
Difference between projected and actual investment earnings	$ 1,771,150	$ 308,846	$ 310,699	$ 2,390,695
Other deferred outflows:				
Difference between actual and expected experience	165,074	480,717	1,264,662	1,910,453
Changes of assumptions related to pensions	48,757	326,892	345,579	721,228
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,409	-	-	1,409
Contributions subsequent to the measurement date	314,268	305,542	447,737	1,067,547
Total other deferred outflows	529,508	1,113,151	2,057,978	3,700,637
Total deferred outflows	$ 2,300,658	$ 1,421,997	$ 2,368,677	$ 6,091,332
Deferred inflows of resources:				
Difference between actual and expected resources	$ 145,617	$ 17,801	$ 65,083	$ 228,501
Changes of assumptions related to pensions	-	1,898	470	2,368
Changes in proportion and differences between employer contributions and proportionate share of contributions	638,300	-	-	638,300
Total deferred inflows	783,917	19,699	65,553	869,169
Pension/OPEB expense	$ 1,512,597	$ 1,681,898	$ 2,067,798	$ 5,262,293

7. 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.

7. 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, 2021 and 2020, active ASRS members and the TAA were required by Statute to contribute at the following actuarially determined rates on members' annual payroll:

	2021	2020
Employee contribution rates:		
Retirement	12.04%	11.94%
Long-term disability	0.18%	0.17%
	12.22%	12.11%
Employer contribution rates:		
Retirement	11.65%	11.45%
Health benefit supplement	0.39%	0.49%
Long-term disability	0.18%	0.17%
	12.22%	12.11%

The TAA's contributions to the pension/OPEB plan for the years ended September 30, 2021 and 2020 were $1,380,826 and $1,336,711.

Pension liability - At September 30, 2021 and 2020, the TAA reported a liability of $12,730,870 and $17,506,107 for its proportionate share of the ASRS' net pension/OPEB liability. The net pension/OPEB liability was measured as of June 30, 2021 and 2020 (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, 2020, to the measurement date of June 30, 2021.) 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, 2021 and 2020. The TAA's proportions, measured as of June 30, 2021 and 2020 were as follows:

	2021	2020	Decrease
Pension	0.10053%	0.10101%	(0.00048)%
Health benefit supplement	0.10249%	0.10295%	(0.00046)%
Long-term disability	0.10180%	0.10213%	(0.00033)%

7. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

For the years ended September 30, 2021 and 2020, the TAA recognized pension/OPEB expense (income) for ASRS of $1,045,978 and $1,512,597. At September 30, 2021 and 2020, the TAA reported deferred outflows of resources and deferred inflows of resources related to pension/OPEBs from the following sources:

	2021		2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 207,432	$ 174,884	$ 165,074	$ 145,617
Net difference between projected and actual earnings on pension plan investments	-	4,384,922	1,771,150	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,223	322,614	1,409	638,300
Changes in assumptions	1,750,759	46,667	48,757	-
Contributions subsequent to the measurement date	327,803	-	314,268	-
	$ 2,287,217	$ 4,929,087	$ 2,300,658	$ 783,917

The $327,803 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, 2022. 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:

7. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Year ending September 30,	
2022	$ (330,564)
2023	(59,604)
2024	(1,014,251)
2025	(1,545,299)
2026	(10,637)
Thereafter	(9,318)
	$ (2,969,673)

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
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, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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 and by adding expected inflation.

7. 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	50%	2.45%
Fixed income - credit	20%	1.04%
Fixed income - interest rate sensitive	10%	0.07%
Real estate	20%	1.14%
	100%	4.70%

Discount rate - The discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which is more than the long-term expected rate of return of 4.7%. The discount rate decreased by 0.5% form 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	$ 20,473,706	$ 12,730,870	$ 6,271,834

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

7. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS):

Plan description - Employees of the TAA who are employed in either police of 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%	

7. 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
Accidental disability retirement	50% or normal retirement, whichever is greater		
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 $100 per month to $260 per month depending on the age of the member and dependents.

At September 30, 2021, the number of employees covered by the PSPRS agent pension plan benefit terms was as follows:

	Fire Department	Police Department
Retirees and beneficiaries	19	27
Inactive, non-retired members	2	5
Active members	15	19
	36	51

7. 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, 2021 and 2020, 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	
	2021	2020	2021	2020
Employer contribution rates (Tier 1 & 2):	95.19%	99.85%	97.55%	95.30%
Employer health contribution rates	0.00%	0.00%	0.02%	0.22%
Employer pension contributions rates	95.19%	99.85%	95.53%	95.08%
Employer contributions	$13,031,387	$1,227,825	$16,507,129	$1,554,910
Employer contributions rates Tier 3	89.39%	94.91%	92.43%	89.25%
Employer pension legacy cost rates	79.45%	84.97%	82.49%	79.31%
Employer health contributions rates	0.26%	0.26%	0.26%	0.26%
Employer pension contributions rates	9.68%	9.68%	9.68%	9.68%
Employee contribution rates:				
Tier 1	7.65%	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, 2021 and 2020, the TAA reported the following net pension/OPEB liabilities (assets) for its PSPRS pension/OPEB plans:

	Fire		Police	
	2021	2020	2021	2020
Net pension/OPEB liability (asset)	$ (426,421)	$ 13,515,076	$ (1,285,142)	$ 16,863,216

The net pension/OPEB liabilities were measured as of June 30, 2021 and 2020, 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.

7. 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:

Asset valuation method	Fair value of assets
Actuarial cost method	Entry age normal
Investment rate of return	7.3%, net of investment and administrative expenses
Payroll growth	3.5%
Inflation	2.22%
Salary increases	3.50%-7.50%, including inflation
Mortality rates	RP-2014 mortality table projected 1 year backwards to 2013 with MP-2014 (110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016
Permanent benefit increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published in the Unites States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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

7. Pension and other postemployment benefits (continued):

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

For each major asset class that is included in the pension/OPEB plan's target asset allocation as of June 30, 2021, estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	(0.31)%
	100%	

Discount rate - At June 30, 2020, the discount rate used to measure the total pension/OPEB liability was 7.30%. 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).

7. Pension and other postemployment benefits (continued):

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

Changes in the net pension liability - Tucson Airport Authority Fire Department 2021

Measurement date June 30, 2021

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2020	$ 19,446,317	$ 5,931,241	$ 13,515,076
Adjustment to beginning of year	-	(32,139)	32,139
Changes for the year:			
Service cost	265,461	-	265,461
Interest on the total pension liability	1,397,401	-	1,397,401
Differences between expected and actual experience in the measurement of the pension liability	212,178	-	212,178
Contributions - employer	-	13,262,977	(13,262,977)
Contributions - employee	-	91,288	(91,288)
Net investment income	-	2,493,309	(2,493,309)
Benefit payments, including refunds of employee contributions	(1,138,617)	(1,138,617)	-
Administrative expense	-	(11,137)	11,137
Effect of tier 3 plans	-	-	(11,139)
Other changes	-	1,100	(1,100)
Net changes	736,423	14,698,920	(13,973,636)
Balances at June 30, 2021	$ 20,182,740	$ 20,598,022	$ (426,421)

7. Pension and other postemployment benefits (continued):

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

Changes in the net pension liability - Tucson Airport Authority Fire Department 2020

Measurement date June 30, 2020

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
Balances at June 30, 2020	$ 18,713,814	$ 5,689,191	$ 13,024,623
Changes for the year:			
Service cost	272,170	-	272,170
Interest on the total pension liability	1,362,911	-	1,362,911
Differences between expected and actual experience in the measurement of the pension liability	233,963	-	233,963
Contributions - employer	-	1,216,474	(1,216,474)
Contributions - employee	-	94,483	(94,483)
Net investment income	-	73,638	(73,638)
Benefit payments, including refunds of employee contributions	(1,136,541)	(1,136,541)	-
Administrative expense	-	(6,004)	6,004
Net changes	732,503	242,050	490,453
Balances at June 30, 2021	$ 19,446,317	$ 5,931,241	$ 13,515,076

7. Pension and other postemployment benefits (continued):

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

Changes in the net pension liability - Tucson Airport Authority Police Department 2021

Measurement date June 30, 2021

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2020	$ 22,558,814	$ 5,695,600	$ 16,863,214
Adjustment to beginning of year	-	(46,872)	46,872
Changes for the year:			
Service cost	368,844	-	368,844
Interest on the total pension liability	1,626,662	-	1,626,662
Differences between expected and actual experience in the measurement of the pension liability	(357,523)	-	(357,523)
Contributions - employer	-	16,845,168	(16,845,168)
Contributions - employee	-	261,526	(261,526)
Net investment income	-	2,727,376	(2,727,376)
Benefit payments, including refunds of employee contributions	(1,289,241)	(1,289,241)	-
Effect of Tier 3 plans	-	-	(11,197)
Administrative expense	-	(12,056)	12,056
Net changes	348,742	18,532,773	(18,195,228)
Balances at June 30, 2021	$ 22,907,556	$ 24,181,501	$ (1,285,142)

7. Pension and other postemployment benefits (continued):

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

Changes in the net pension liability - Tucson Airport Authority Police Department 2020

Measurement date June 30, 2020

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
Balances at June 30, 2020	$ 21,440,143	$ 5,910,060	$ 15,530,083
Changes for the year:			
Service cost	279,588	-	279,588
Interest on the total pension liability	1,538,437	-	1,538,437
Differences between expected and actual experience in the measurement of the pension liability	1,160,712	-	1,160,712
Contributions - employer	-	1,452,764	(1,452,764)
Contributions - employee	-	123,872	(123,872)
Net investment income	-	75,091	(75,091)
Benefit payments, including refunds of employee contributions	(1,860,066)	(1,860,066)	-
Administrative expense	-	(6,121)	6,121
Net changes	1,118,671	(214,460)	1,333,131
Balances at June 30, 2021	$ 22,558,814	$ 5,695,600	$ 16,863,214

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 7.30%, 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 (6.30%) or 1 percentage point higher (8.30%) than the current rate:

	1% decrease (6.30%)	Current discount rate (7.30%)	1% increase (8.30%)
TAA's net pension/OPEB liability (asset) - Fire Department	$ 2,130,062	$ (426,421)	$ (2,513,761)
TAA's net pension/OPEB liability (asset) - Police Department	$ 1,557,641	$ (1,285,142)	$ (3,617,412)

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

7. Pension and other postemployment benefits (continued):

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

Fire Department Pension/OPEB expense and deferred outflows/inflows of resource - For the years ended September 30, 2021 and 2020, the TAA recognized pension expense for PSPRS Fire of $1,575,044 and $1,681,898. At September 30, 2021 and 2020, the TAA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	2021		2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 502,061	$ 13,232	$ 480,717	$ 17,801
Changes in assumptions	142,723	318	326,892	1,898
Net difference between projected and actual earnings on plan investments	-	1,046,783	308,846	-
Contributions subsequent to the measurement date	63,259	-	305,542	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,004	1,748	-	-
	$ 709,047	$ 1,062,081	$ 1,421,997	$ 19,699

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, 2022. 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
2023	$ 43,863
2024	14,753
2025	(156,256)
2026	(318,653)
	$ (416,293)

Police Department Pension/OPEB expense and deferred outflows/inflows of resource - For the years ended September 30, 2021 and 2020, the TAA recognized pension expense for PSPRS Police of $1,546,657 and $2,067,798. At September 30, 2021 and 2020, the TAA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

7. Pension and other postemployment benefits (continued):

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

	2021		2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 870,104	$ 315,071	$ 1,264,662	$ 65,083
Changes in assumptions	218,467	-	345,579	470
Net difference between projected and actual earnings on plan investments	-	1,144,741	310,699	-
Contributions subsequent to the measurement date	88,810	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,799	6,782	447,737	-
	$ 1,184,180	$ 1,466,594	$ 2,368,677	$ 65,553

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, 2022. 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
2023	$ 181,530
2024	175,103
2025	(372,676)
2026	(355,181)
	$ (371,224)

8. 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 results in total aggregate collection authority of $179,290,015. During the years ended September 30, 2021 and 2020, the TAA earned PFCs of $4,628,663 and $4,265,140.

9. 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 11, the financial statements do not include any liability for uninsured claims at September 30, 2021 and 2020.

10. Commitments:

Commitments for contractual services for federally funded and other construction projects at September 30, 2021 totaled approximately $56,174,000. These commitments will be funded in whole or in part by federal and state grants of $32,310,000 and the TAA’s previously issued revenue bonds and TAA funds, as necessary, of $23,864,000.

10. Commitments (continued):

Operating leases:

The TAA is the lessor of various land, facilities and equipment within the Airport System. Lease contracts are generally written with noncancelable terms of up to 30 years. Costs and related accumulated depreciation of property under leases are not practically determinable as the majority of the leases relate only to portions of buildings. A summary of minimum noncancelable rentals under operating leases at September 30, 2021 follows:

The future minimum lease payments under the operating leases are as follows:

Year ending September 30,	
2022	$ 8,617,397
2023	7,047,178
2024	5,437,532
2025	5,052,670
2026	4,883,939
Thereafter	53,303,616
	$ 84,342,332

Several lease agreements have provisions for contingent rentals calculated on the tenant's gross revenue in excess of contractual minimum annual guarantees (MAGs). In response to travel restrictions related to the COVID-19 pandemic, the TAA waived the MAGs for lessees beginning in April 2020. Because contingent rental revenue represents amounts in excess of guaranteed minimums, with no minimums in effect, all concessions revenue recognized after the waiver was classified as contingent revenue. The amount of contingent rental revenue under these leases totaled $1,343,485 and $407,189 for the years ended September 30, 2021 and 2020, and is included in concession revenues.

11. 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.

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.

11. 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 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, 2020 and 2019 follow:

	2021	2020
Environmental remediation liability, beginning of year	$ 23,696,686	$ 24,575,777
Current year expense	1,334,189	394,453
Investment earnings on environmental remediation trust assets	2,511	2,520
Current year payments	(1,112,484)	(1,276,064)
Environmental remediation liability, end of year	$ 23,920,902	$ 23,696,686
Environmental remediation liability:		
Current - payable from unrestricted assets	$ 5,678,529	$ 4,987,354
Current - payable from restricted assets	392,447	402,420
Long-term - payable from unrestricted assets	17,849,926	18,306,912
	$ 23,920,902	$ 23,696,686

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

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 may have been transported 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.

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.

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.

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

Other contingencies (continued):

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

12. Concentrations:

Concession fees from the airport rental car operations amounted to approximately 16% and 12% of total operating revenues for the years ended September 30, 2021 and 2020. Net revenues from the airport parking lot operations amounted to approximately 13% and 12% of total operating revenues in the years ended September 30, 2021 and 2020.

13. 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, 2021 and 2020, restricted net position is as follows:

September 30, 2021	Environmental trust	Debt service	Capital projects	Total restricted
Assets:				
Cash and cash equivalents	$ 392,447	$ -	$ 1,443,206	$ 1,835,653
Investments	-	-	20,923,339	20,923,339
Accounts receivable	-	-	876,384	876,384
Accrued interest receivable	-	-	43,342	43,342
Total restricted assets	$ 392,447	$ -	$ 23,286,271	$ 23,678,718
Liabilities:				
Environmental remediation payable	$ 392,447	$ -	$ -	$ 392,447
Total restricted net position	$ -	$ -	$ 23,286,271	$ 23,286,271

13. Restricted net position (continued):

September 30, 2020	Environmental trust	Debt service	Capital projects	Total restricted
Assets:				
Cash and cash equivalents	$ 402,420	$ -	$ 9,730,416	$ 10,132,836
Investments	-	-	12,423,496	12,423,496
Accounts receivable	-	-	410,268	410,268
Accrued interest receivable	-	-	47,465	47,465
Total restricted assets	$ 402,420	$ -	$ 22,611,645	$ 23,014,065
Liabilities:				
Environmental remediation payable	$ 402,420	$ -	$ -	$ 402,420
Total restricted net position	$ -	$ -	$ 22,611,645	$ 22,611,645

14. Restatement:

Subsequent to issuance of the fiscal year 2021 ACFR on September 21, 2022, it was discovered that certain federal grant revenues were omitted from the Schedule of Expenditures of Federal Awards (SEFA). Certain material invoices were also received after the original ACFR was issued. These items have been included in the restated ACFR for fiscal year 2021.

15. Subsequent Events:

The TAA's management has evaluated the events that have occurred subsequent to September 30, 2021 through November 13, 2023, the date that the restated 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.

REQUIRED SUPPLEMENTARY INFORMATION –Unaudited

1. Budgetary basis of accounting:

The TAA prepares its annual budget on the modified accrual basis of accounting. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

2. 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; 80%/120% 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%.

2. 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)

(2013 -- 2012 information not available)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA’s proportion of the net pension liability	0.10053%	0.10101%	0.10674%	0.10814%
TAA's proportionate share of the net pension liability	13,209,196	17,501,518	15,531,912	15,081,724
TAA’s covered payroll	11,255,969	10,979,377	11,198,483	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	117.35%	159.40%	138.70%	140.32%
Plan fiduciary net position as a percentage of total pension liability	78.58%	69.33%	73.24%	73.00%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
0.10506%	0.11064%	0.11626%	0.12027%	-%	-%
16,366,300	17,858,407	18,108,646	17,795,379	-	-
10,234,127	10,309,250	10,708,240	10,840,726	-	-
159.92%	173.23%	169.11%	164.15%	-%	-%
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 -- 2012 information not available)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA’s proportion of the net pension liability	0.10249%	0.10295%	0.10888%	0.10989%
TAA's proportionate share of the net pension liability	(499,340)	(72,888)	(30,089)	(39,570)
TAA’s covered payroll	11,255,969	10,979,377	11,198,483	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.44%	-0.66%	-0.27%	-0.37%
Plan fiduciary net position as a percentage of total pension liability	130.24%	104.33%	101.62%	102.00%

Long-term Disability (LTD)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA’s proportion of the net pension liability	0.10180%	0.10213%	0.10817%	0.10862%
TAA's proportionate share of the net pension liability	21,014	77,477	70,467	56,754
TAA’s covered payroll	11,255,969	10,979,377	10,748,407	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	0.19%	0.71%	0.66%	0.53%
Plan fiduciary net position as a percentage of total pension liability	90.38%	68.01%	72.85%	78.00%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
0.10652%	-%	-%	-%	-%	-%
(57,989)	-	-	-	-	-
10,234,127	-	-	-	-	-
-0.57%	-%	-%	-%	-%	-%
103.57%	-%	-%	-%	-%	-%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
0.10559%	-%	-%	-%	-%	-%
38,274	-	-	-	-	-
10,234,127	-	-	-	-	-
0.37%	-%	-%	-%	-%	-%
84.44%	-%	-%	-%	-%	-%

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

(2013 -- 2012 information not available)

	2021	2020	2019	2018
Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
Total pension liability				
Service cost	$ 260,136	$ 266,691	$ 156,487	$ 237,359
Interest on total pension liability	1,378,221	1,345,422	1,263,139	1,221,934
Benefit changes	-	-	-	-
Difference between expected and actual experience	186,264	212,900	394,075	127,803
Assumption changes	-	-	354,435	-
Benefit payments, including refunds of employee contributions	(1,120,205)	(1,119,994)	(1,212,840)	(923,319)
Net change in total pension liability	704,416	705,019	955,296	663,777
Total pension liability, beginning	19,179,700	18,474,681	17,519,385	16,855,608
Total pension liability, ending (a)	$ 19,884,116	$ 19,179,700	$ 18,474,681	$ 17,519,385
Plan fiduciary net position				
Contributions employer	$ 13,262,977	$ 1,216,474	$ 1,006,544	$ 862,196
Contributions employee	91,288	94,483	92,740	89,302
Pension plan net investment income	2,405,826	69,458	279,715	346,270
Benefit payments, including refunds of employee contributions	(1,120,205)	(1,119,994)	(1,212,840)	(923,319)
Hall/Parker Settlement	-	-	-	(207,683)
Pension plan administrative expense	(10,777)	(5,664)	(5,860)	(5,970)
Other	1,100	-	-	59
Net change in fiduciary net position	14,630,209	254,757	160,299	160,855
Plan fiduciary net position, beginning	5,575,724	5,353,106	5,192,807	5,031,952
Adjustment to Beginning of Year	-	(32,139)		-
Plan fiduciary net position, ending (b)	$ 20,205,933	$ 5,575,724	$ 5,353,106	$ 5,192,807
Net pension liability (asset), ending (a)–(b)	$ (321,817)	$ 13,603,976	$ 13,121,575	$ 12,326,578
Plan fiduciary net position as a percentage of total pension liability	101.62%	29.07%	28.98%	2964.00%
Covered valuation payroll	$ 1,054,218	$ 1,120,421	$ 1,140,342	$ 1,051,655
Net pension liability as a percentage of covered valuation payroll	-30.53%	1214.18%	1150.67%	1172.11%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
$ 288,240	$ 226,588	$ 214,614	$ 217,088	$ -	$ -
1,144,049	1,114,931	1,113,123	926,805	-	-
189,346	237,906	-	362,124	-	-
(1,002)	(88,660)	(347,529)	(59,196)	-	-
608,287	563,682	-	1,746,767	-	-
(966,355)	(1,102,101)	(824,231)	(813,515)	-	-
1,262,565	952,346	155,977	2,380,073	-	-
15,593,043	14,640,697	14,484,720	12,104,647	-	-
$ 16,855,608	$ 15,593,043	$ 14,640,697	$ 14,484,720	$ -	$ -
$ 850,516	$ 839,895	$ 527,805	$ 497,883	$ -	$ -
132,556	133,036	120,005	111,010	-	-
529,903	26,592	164,399	570,917	-	-
(966,355)	(1,102,101)	(824,231)	(813,515)	-	-
-	-	-	-	-	-
(5,089)	(4,227)	(4,385)	-	-	-
57,028	58,877	(115,462)	(261,027)	-	-
598,559	(47,928)	(131,869)	105,268	-	-
4,433,393	4,481,321	4,613,190	4,507,922	-	-
-	-	-	-	-	-
$ 5,031,952	$ 4,433,393	$ 4,481,321	$ 4,613,190	$ -	$ -
$ 11,823,656	$ 11,159,650	$ 10,159,376	$ 9,871,530	$ -	$ -
29.85%	28.43%	30.61%	31.85%	0.00%	0.00%
$ 1,229,168	$ 1,174,641	$ 1,098,649	$ 1,013,577	$ -	$ -
961.92%	950.05%	924.72%	973.93%	0.00%	0.00%

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

(2016 -- 2012 information not available)

	2021	2020	2019	2018
Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
Service cost	$ 5,325	$ 5,479	$ 3,470	$ 3,365
Interest on total OPEB liability	19,180	17,489	18,965	18,546
Benefit changes	-	-	-	-
Difference between expected and actual experience	25,914	21,063	(26,260)	(248)
Assumption changes	-	-	1,739	-
Benefit payments, including refunds of employee contributions	(18,412)	(16,547)	(23,179)	(12,415)
Net change in total OPEB liability	32,007	27,484	(25,265)	9,248
Total OPEB liability, beginning	266,617	239,133	264,398	255,150
Total OPEB liability, ending (a)	$ 298,624	$ 266,617	$ 239,133	$ 264,398
Contributions employer	$ -	$ -	$ -	$ -
Contributions employee	-	-	-	-
OPEB plan net investment income	87,483	4,180	17,948	22,786
Benefit payments, including refunds of employee contributions	(18,412)	(16,547)	(23,179)	(12,415)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(360)	(340)	(310)	(347)
Other	-	-	-	-
Net change in fiduciary net position	68,711	(12,707)	(5,541)	10,024
Plan fiduciary net position, beginning	$ 323,378	$ 336,085	$ 341,626	$ 331,602
Adjustment to beginning of year	-	-	-	-
Plan fiduciary net position, ending (b)	392,089	323,378	336,085	341,626
Net OPEB liability (asset), ending (a)–(b)	$ (93,465)	$ (56,761)	$ (96,952)	$ (77,228)
Plan fiduciary net position as a percentage of total OPEB liability	131.30%	121.29%	140.54%	129.21%
Covered valuation payroll	$ 1,054,218	$ 1,120,421	$ 1,140,342	$ 1,051,655
Net OPEB liability as a percentage of covered valuation payroll	-8.87%	-5.07%	-8.50%	-7.34%

	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
	$ 4,302	$ -	$ -	$ -	$ -	$ -
	16,689	-	-	-	-	-
	-	-	-	-	-	-
	30,351	-	-	-	-	-
	(8,218)	-	-	-	-	-
	(16,675)	-	-	-	-	-
	26,449	-	-	-	-	-
	228,701	-	-	-	-	-
	$ 255,150	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-
	35,872	-	-	-	-	-
	(16,675)	-	-	-	-	-
	-	-	-	-	-	-
	(318)	-	-	-	-	-
	-	-	-	-	-	-
	18,879	-	-	-	-	-
	$ 312,723	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-
	331,602	-	-	-	-	-
	$ (76,452)	$ -	$ -	$ -	$ -	$ -
	129.96%	0.00%	0.00%	0.00%	0.00%	0.00%
	$ 1,229,168	$ -	$ -	$ -	$ -	$ -
	-6.22%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(2013 -- 2012 information not available)

	2021	2020	2019	2018
Reporting date (September 30) / Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
Total pension liability				
Service cost	$ 362,628	$ 273,444	$ 180,206	$ 281,283
Interest on total pension liability	1,608,573	1,518,631	1,412,577	1,369,937
Benefit changes	-	-	-	-
Difference between expected and actual experience	(322,419)	1,190,195	608,502	(2,801)
Assumption changes	-	-	572,330	-
Benefit payments, including refunds of employee contributions	(1,272,921)	(1,843,580)	(1,023,805)	(1,199,709)
Net change in total pension liability	375,861	1,138,690	1,749,810	448,710
Total pension liability, beginning	22,309,081	21,170,391	19,420,581	18,971,871
Total pension liability, ending (a)	$ 22,684,942	$ 22,309,081	$ 21,170,391	$ 19,420,581
Plan fiduciary net position				
Contributions employer	$ 16,841,672	$ 1,446,138	$ 1,323,808	$ 1,032,770
Contributions employee	261,526	123,872	162,627	120,133
Pension plan net investment income	2,647,896	71,363	273,290	323,004
Benefit payments, including refunds of employee contributions	(1,272,921)	(1,843,580)	(1,023,805)	(1,199,709)
Hall/Parker Settlement	-	-	-	(237,532)
Pension plan administrative expense	(11,729)	(5,818)	(5,745)	(5,616)
Other	-	-	34,779	81,265
Net change in fiduciary net position	18,466,444	(208,025)	764,954	114,315
Plan fiduciary net position, beginning	5,354,296	5,609,193	4,847,914	4,733,599
Adjustment to Beginning of Year	-	(46,872)	(3,675)	-
Plan fiduciary net position, ending (b)	$ 23,820,740	$ 5,354,296	$ 5,609,193	$ 4,847,914
Net pension liability (asset), ending (a)–(b)	$ (1,135,798)	$ 16,954,785	$ 15,561,198	$ 14,572,667
Plan fiduciary net position as a percentage of total pension liability	105.01%	24.00%	26.50%	24.96%
Covered valuation payroll	$ 1,527,913	$ 1,481,859	$ 1,351,250	$ 1,329,942
Net pension liability as a percentage of covered valuation payroll	-74.34%	1144.16%	1151.62%	1095.74%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
$ 313,234	$ 253,073	$ 258,524	$ 256,981	$ -	$ -
1,267,411	1,213,721	1,171,149	965,854	-	-
230,905	212,521	-	342,709	-	-
213,612	163,868	195,045	178,695	-	-
672,391	607,290	-	1,778,168	-	-
(935,761)	(1,150,547)	(1,008,807)	(807,083)	-	-
1,761,792	1,299,926	615,911	2,715,324	-	-
17,210,079	15,910,153	15,294,242	12,578,918	-	-
$ 18,971,871	$ 17,210,079	$ 15,910,153	$ 15,294,242	$ -	$ -
$ 871,881	$ 860,997	$ 614,539	$ 576,148	$ -	$ -
164,792	172,693	280,628	150,551	-	-
497,677	24,385	154,668	511,958	-	-
(935,761)	(1,150,547)	(1,008,807)	(807,083)	-	-
-	-	-	-	-	-
(4,804)	(3,909)	(4,150)	-	-	-
46	1,450	(3,035)	(209,036)	-	-
593,831	(94,931)	33,843	222,538	-	-
4,139,768	4,234,699	4,200,856	3,978,318	-	-
-	-	-	-	-	-
$ 4,733,599	$ 4,139,768	$ 4,234,699	$ 4,200,856	$ -	$ -
$ 14,238,272	$ 13,070,311	$ 11,675,454	$ 11,093,386	$ -	$ -
24.95%	24.05%	26.62%	24.47%	0.00%	0.00%
$ 1,395,872	$ 1,309,901	$ 1,364,568	$ 1,305,875	$ -	$ -
1020.03%	997.81%	855.62%	849.50%	0.00%	0.00%

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

(2016 -- 2012 information not available)

	2021	2020	2019	2018
Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
Service cost	$ 6,216	$ 6,144	$ 4,655	$ 4,389
Interest on total OPEB liability	18,089	19,806	23,538	21,564
Benefit changes	-	-	-	-
Difference between expected and actual experience	(35,104)	(29,483)	(67,403)	14,339
Assumption changes	-	-	3,635	-
Benefit payments, including refunds of employee contributions	(16,320)	(16,486)	(16,186)	(15,983)
Net change in total OPEB liability	(27,119)	(20,019)	(51,761)	24,309
Total OPEB liability, beginning	249,733	269,752	321,513	297,204
Total OPEB liability, ending (a)	$ 222,614	$ 249,733	$ 269,752	$ 321,513
Contributions employer	$ 3,496	$ 6,626	$ 4,763	$ 862
Contributions employee	-	-	-	-
OPEB plan net investment income	79,480	3,728	15,633	19,711
Benefit payments, including refunds of employee contributions	(16,320)	(16,486)	(16,186)	(15,983)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(327)	(303)	(270)	(300)
Other	-	-	-	1
Net change in fiduciary net position	66,329	(6,435)	3,940	4,291
Plan fiduciary net position, beginning	$ 294,432	$ 300,867	$ 293,252	$ 288,961
Adjustment to beginning of year	-	-	3,675	-
Plan fiduciary net position, ending (b)	360,761	294,432	300,867	293,252
Net OPEB liability (asset), ending (a)–(b)	$ (138,147)	$ (44,699)	$ (31,115)	$ 28,261
Plan fiduciary net position as a percentage of total OPEB liability	162.06%	117.90%	111.53%	91.21%
Covered valuation payroll	$ 1,527,913	$ 1,481,859	$ 1,351,250	$ 1,329,942
Net OPEB liability as a percentage of covered valuation payroll	-9.04%	-3.02%	-2.30%	2.12%

	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
	$ 4,886	$ -	$ -	$ -	$ -	$ -
	19,898	-	-	-	-	-
	847	-	-	-	-	-
	26,034	-	-	-	-	-
	(10,834)	-	-	-	-	-
	(12,972)	-	-	-	-	-
	27,859	-	-	-	-	-
	269,345	-	-	-	-	-
	$ 297,204	$ -	$ -	$ -	$ -	$ -
	$ 5,655	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-
	30,966	-	-	-	-	-
	(12,972)	-	-	-	-	-
	-	-	-	-	-	-
	(275)	-	-	-	-	-
	-	-	-	-	-	-
	23,374	-	-	-	-	-
	$ 265,587	-	-	-	-	-
	-	-	-	-	-	-
	288,961	$ -	$ -	$ -	$ -	$ -
	$ 8,243	$ -	$ -	$ -	$ -	$ -
	97.23%	0.00%	0.00%	0.00%	0.00%	0.00%
	$ 1,395,872	$ -	$ -	$ -	$ -	$ -
	0.59%	0.00%	0.00%	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)

(2018 -- 2012 information not available)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA’s proportion of the net pension liability	0.110241%	0.093337%	0.116867%	-%
TAA's proportionate share of the net pension liability	(10,207)	280	(1,678)	-
TAA’s covered payroll	113,754	67,859	47,036	-
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-8.97%	0.41%	-3.57%	-%
Plan fiduciary net position as a percentage of total pension liability	121.67%	98.82%	118.05%	-%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

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

(2018 -- 2012 information not available)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA's proportion of the net pension liability	0.095456%	0.081212%	0.102787%	-%
TAA's proportionate share of the net pension liability	(926)	(284)	(151)	-
TAA's covered payroll	113,754	67,859	47,036	-
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-0.81%	-0.42%	-0.32%	-%
Plan fiduciary net position as a percentage of total pension liability	242.50%	198.90%	207.50%	-%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

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

(2018 -- 2013 information not available)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA's proportion of the net pension liability	0.108661%	0.175550%	0.017544%	-%
TAA's proportionate share of the net pension liability	(10,061)	526	(252)	-
TAA's covered payroll	112,124	121,595	7,061	-
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-8.97%	0.43%	-3.57%	-%
Plan fiduciary net position as a percentage of total pension liability	121.67%	98.82%	118.05%	-%

2017	2016	2015	2014	2013	2012
(2017)	(2016)	(2015)	(2014)	(2013)	(2012)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

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

(2018 -- 2013 information not available)

Reporting date (September 30) Measurement date (June 30)	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA’s proportion of the net pension liability	0.116441%	0.187635%	0.015431%	-%
TAA's proportionate share of the net pension liability	(1,130)	(656)	(23)	-
TAA’s covered payroll	112,124	121,595	7,061	-
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-1.01%	-0.54%	-0.33%	-%
Plan fiduciary net position as a percentage of total pension liability	242.50%	198.90%	207.50%	-%

2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

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STATISTICAL SECTION

STATISTICAL

Statistical Section

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Net Position and Changes in Net Position

Fiscal Years Ended September 30

	2012	2013	2014	2015
Operating revenues				
Landing fees	$ 3,065,212	$ 2,727,682	$ 2,677,840	$ 2,638,511
Space rentals	14,404,808	14,541,598	14,712,712	15,516,879
Land rent	2,639,679	2,684,589	2,663,514	2,767,584
Concession revenue	16,717,118	14,234,828	14,442,602	14,458,462
Product sales	2,624,936	1,000,111	-	-
Airport services	3,626,002	3,069,561	3,813,682	3,787,935
Other operating revenues	4,764,771	4,336,606	3,040,508	2,817,414
Total operating revenues	47,842,526	42,594,975	41,350,858	41,986,785
Nonoperating revenues				
Interest income	757,378	733,777	1,003,767	1,383,045
Passenger facility charges	6,884,959	6,193,285	6,135,127	6,010,676
Other nonoperating revenues	7,813	(466,024)	655,988	576,808
Total nonoperating revenues	7,650,150	6,461,038	7,794,882	7,970,529
Total revenues	55,492,676	49,056,013	49,145,740	49,957,314
Operating expenses				
Personnel expenses	18,813,878	18,855,823	21,271,873	19,945,414
Contractual services	5,759,286	6,321,777	5,843,202	6,064,007
Materials and supplies	1,405,494	1,348,952	1,764,994	1,465,876
Cost of product sales	2,063,364	851,930	-	-
Other operating expenses	1,244,705	1,177,404	2,632,370	914,491
Depreciation and amortization	15,386,500	16,472,711	15,860,805	16,577,216
Total operating expenses	44,673,227	45,028,597	47,373,244	44,967,004
Nonoperating expenses				
Interest expense and fiscal charges	3,373,283	3,048,133	2,787,713	2,667,488
Environmental remediation expenses	1,420,602	1,469,875	1,120,109	421,500
Other nonoperating expenses	13,216	15,714	-	280
Total non-operating expenses	4,807,101	4,533,722	3,907,822	3,089,268
Total expenses	49,480,328	49,562,319	51,281,066	48,056,272
Capital contributions	12,633,202	13,542,280	26,622,392	15,074,095
Special item - Loss on asset impairment	-	-	-	-
Increase in net position	$ 18,645,550	$ 13,035,974	$ 24,487,065	$ 16,975,137
Net position at year-end				
Net investment in capital assets	$ 208,795,492	$ 220,212,684	$ 236,631,507	$ 247,391,638
Restricted	33,221,914	32,995,119	34,237,052	36,710,371
Unrestricted	82,711,507	84,557,084	54,786,190	58,527,877
Total net position	$ 324,728,913	$ 337,764,887	$ 325,654,749	$ 342,629,886
Prior period adjustment	-	-	-	-
Total net position, as restated	$ 324,728,913	$ 337,764,887	$ 325,654,749	$ 342,629,886

Source: TAA audited financial statements.

2016	2017	2018	2019	2020	2021
$ 2,793,333	$ 2,761,273	$ 2,242,036	$ 3,070,839	$ 2,037,041	$ 1,973,618
15,563,025	14,983,380	14,443,728	15,046,170	14,560,223	11,866,353
2,754,715	2,963,840	3,510,909	3,515,665	3,789,349	3,705,607
15,146,036	16,014,764	17,153,120	18,624,434	11,878,384	12,386,429
-	-		-	-	-
3,239,181	3,451,629	3,799,364	3,278,715	3,611,852	3,354,818
2,624,624	2,733,868	2,876,372	3,725,228	2,992,525	3,001,271
42,120,914	42,908,754	44,025,529	47,261,051	38,869,374	36,288,096
1,533,109	1,757,178	2,252,824	3,079,094	2,330,044	485,673
6,071,068	6,477,205	6,754,513	7,229,199	4,265,140	4,628,663
(47,097)	(866,155)	(1,164,745)	2,056,203	19,799,150	15,378,375
7,557,080	7,368,228	7,842,592	12,364,496	26,394,334	20,492,711
49,677,994	50,276,982	51,868,121	59,625,547	65,263,708	56,780,807
19,887,460	20,124,552	20,323,973	22,646,456	23,272,979	20,489,377
6,165,827	6,120,706	6,089,002	7,710,016	6,726,582	7,537,219
1,311,559	1,422,945	1,544,793	1,595,222	1,859,050	1,533,550
-	-	-		-	
884,209	853,019	1,047,945	955,652	1,455,350	944,639
14,534,836	17,404,890	18,255,710	18,393,628	19,514,629	20,308,305
42,783,891	45,926,112	47,261,423	51,300,974	52,828,590	50,813,090
2,542,271	2,408,925	2,249,588	1,077,162	960,095	871,573
440,980	1,405,893	2,964,165	1,587,039	394,453	1,334,189
17,250	752	8,928	-	-	192,935
3,000,501	3,815,570	5,222,681	2,664,201	1,354,548	2,398,697
45,784,392	49,741,682	52,484,104	53,965,175	54,183,138	53,211,787
7,812,027	12,881,611	19,822,884	3,386,455	16,763,540	12,818,224
-	-				
$ 11,705,629	$ 13,416,911	$ 19,206,901	$ 9,046,827	$ 27,844,110	$ 16,387,244
$ 251,798,899	$ 269,064,332	$ 290,739,199	$ 288,319,668	$ 301,652,819	$ 310,897,029
38,342,080	37,881,459	19,754,254	21,497,013	22,611,645	23,286,271
64,194,536	60,818,153	76,477,392	86,200,991	99,597,319	106,065,727
$ 354,335,515	$ 367,763,944	$ 386,970,845	$ 396,017,672	$ 423,861,783	$ 440,249,027
11,518	-	-	-	-	-
$ 354,347,033	$ 367,763,944	$ 386,970,845	$ 396,017,672	$ 423,861,783	$ 440,249,027

Principal Revenue Sources

Fiscal Years Ended September 30

	2012	2013	2014	2015
Passenger airline rates and charges				
Landing fees	$ 2,787,533	$ 2,442,338	$ 2,374,308	$ 2,276,000
Terminal rentals	8,604,629	8,718,422	8,526,226	9,031,797
Security fees	1,673,772	1,620,612	1,683,084	2,168,184
Terminal use fees	-	-	-	-
Custodial, equipment and parking	295,335	281,127	290,848	266,689
Total passenger airline rates and charges	13,361,269	13,062,499	12,874,466	13,742,670
Concession revenues				
Parking lots	6,299,860	5,889,802	6,091,415	6,192,931
Rental cars	7,941,530	5,883,762	5,909,460	5,733,134
News and gift	677,861	675,724	711,183	708,067
Food and beverage	1,118,681	1,111,483	1,095,263	1,165,119
Other	679,186	674,057	635,281	659,211
Total concession revenues	16,717,118	14,234,828	14,442,602	14,458,462
Other operating revenues				
Space rental	5,315,138	5,305,856	5,724,956	6,030,053
Land rent	2,639,679	2,684,589	2,663,514	2,767,584
Tenant finishes	226,888	224,858	224,858	224,858
Cargo airline landing fees	203,776	208,659	207,482	206,601
Air cargo space rentals	258,153	292,462	236,672	230,171
Fuel flowage	1,949,201	2,042,185	897,339	405,135
TSA reimbursements	527,436	413,479	423,100	425,099
Rental car customer facility charges	1,168,421	1,106,892	1,105,439	1,173,263
General aviation product sales	2,624,936	1,000,111	475,582	223,161
Other	2,850,511	2,018,557	2,074,848	2,099,728
Total other operating revenues	17,764,139	15,297,648	14,033,790	13,785,653
Total operating revenues	47,842,526	42,594,975	41,350,858	41,986,785
Nonoperating revenues				
Interest income	757,378	733,777	1,003,767	1,383,045
Passenger facility charges	6,884,959	6,193,285	6,135,127	6,010,676
Other nonoperating revenues	7,813	(466,024)	655,988	576,808
Total nonoperating revenues	7,650,150	6,461,038	7,794,882	7,970,529
Total revenues	$ 55,492,676	$ 49,056,013	$ 49,145,740	$ 49,957,314

Source: TAA audited financial statements and records.

	2016		2017		2018		2019		2020		2021
$	2,377,507	$	2,358,611	$	1,932,402	$	2,588,507	$	1,699,499	$	1,580,914
	9,012,994		8,998,645		8,962,562		9,445,182		9,279,470		7,274,870
	2,010,660		2,039,015		2,388,206		2,087,021		2,348,792		2,400,220
	-		-		-		-		-		-
	268,989		168,086		30,870		178,869		191,321		162,175
	13,670,150		13,564,357		13,314,040		14,299,579		13,519,082		11,418,180
	6,392,766		6,900,338		7,342,654		7,829,129		4,676,532		4,708,206
	6,114,720		6,417,509		6,193,649		6,832,969		4,673,326		5,662,859
	679,767		492,237		1,308,953		1,400,778		841,794		665,940
	1,242,012		1,241,351		1,137,726		1,247,586		792,004		677,545
	716,771		963,329		1,170,139		1,313,972		894,728		671,878
	15,146,036		16,014,764		17,153,120		18,624,434		11,878,384		12,386,429
	6,059,773		5,818,658		5,343,938		5,287,792		4,907,920		4,247,528
	2,754,715		2,963,840		3,483,678		3,488,464		3,761,964		3,678,279
	224,858		92,715		95,850		95,850		95,850		95,850
	216,621		203,237		160,329		203,104		313,543		330,064
	265,400		267,005		273,105		296,329		300,983		310,744
	422,306		438,212		454,743		480,470		444,718		548,390
	390,311		388,385		348,645		423,015		360,770		413,520
	1,197,810		1,209,425		1,239,323		1,327,100		863,955		784,247
	195,554		203,969		218,176		226,769		145,445		164,881
	1,577,380		1,744,187		1,940,583		2,508,145		2,276,759		1,909,985
	13,304,728		13,329,633		13,558,369		14,337,038		13,471,908		12,483,488
	42,120,914		42,908,754		44,025,529		47,261,051		38,869,374		36,288,096
	1,533,109		1,757,178		2,252,824		3,079,094		2,330,044		485,673
	6,071,068		6,477,205		6,754,513		7,229,199		4,265,140		4,628,663
	(47,097)		(866,155)		(1,164,745)		2,056,203		19,799,150		15,378,375
	7,557,080		7,368,228		7,842,592		12,364,496		26,394,334		20,492,711
$	49,677,994	$	50,276,982	$	51,868,121	$	59,625,546	$	65,263,708	$	56,780,807

Principal Revenue Source Ratios

Fiscal Years Ended September 30

	2012	2013	2014	2015
Passenger airline rates and charges as a percentage of total operating revenues	27.9%	30.7%	31.1%	32.7%
Concession revenues as a percentage of total operating revenues	34.9%	33.4%	34.9%	34.4%
Non-passenger airline revenues as a percentage of total operating revenues	72.1%	69.3%	68.9%	67.3%
Enplaned passengers	1,826,046	1,655,617	1,621,231	1,590,321
Airline cost per enplaned passenger	$ 7.32	$ 7.89	$ 7.94	$ 8.64
Concession revenues per enplaned passenger	$ 9.15	$ 8.60	$ 8.91	$ 9.09
Operating revenues per enplaned passenger	$ 26.20	$ 25.73	$ 25.51	$ 26.40
Total revenues per enplaned passenger	$ 30.39	$ 29.63	$ 30.31	$ 31.41

Source: Enplaned passengers as reported by airlines.

Rates and Charges

Fiscal Years Ended September 30

	2012	2013	2014	2015
Signatory airlines				
Landing fee (per 1,000 lbs.)	$ 1.32	$ 1.31	$ 1.41	$ 1.31
Ticketing space (per sq. ft. per year)	$ 73.86	$ 76.30	$ 76.30	$ 78.81
Baggage claim (per sq. ft. per year)	$ 70.04	$ 72.36	$ 72.36	$ 74.74
Baggage makeup (per sq. ft. per year)	$ 24.61	$ 25.42	$ 25.42	$ 26.26
Baggage claim office (per sq. ft. per year)	$ 73.86	$ 76.30	$ 76.30	$ 78.81
Operations space (per sq. ft. per year)	$ 62.76	$ 64.84	$ 64.84	$ 66.97
Hold room (per gate per year)	$ 107,700.75	$ 111,263.62	$ 111,265.62	$ 114,926.26
Aircraft parking position (per gate per year)	$ 7,726.84	$ 7,982.45	$ 7,982.60	$ 8,245.20
Parking				
Hourly lot (per hour)	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Daily lot (per day)	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Garage	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Economy uncovered (per day)	$ 4.00	$ 4.00	$ 4.00	$ 4.00
Economy covered	$ 5.00	$ 5.00	$ 5.00	$ 5.00
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

N.A.: Not applicable

Source: TAA records

2016	2017	2018	2019	2020	2021
32.5%	31.6%	30.2%	30.3%	34.8%	31.5%
36.0%	37.3%	39.0%	39.4%	30.6%	34.1%
67.5%	68.4%	69.8%	69.7%	65.2%	68.5%
1,618,304	1,711,518	1,782,050	1,897,590	1,144,018	1,137,279
$ 8.45	$ 7.93	$ 7.47	$ 7.54	$ 11.82	$ 10.04
$ 9.36	$ 9.36	$ 9.63	$ 9.81	$ 10.38	$ 10.89
$ 26.03	$ 25.07	$ 24.70	$ 24.91	$ 33.98	$ 31.91
$ 30.70	$ 29.38	$ 29.11	$ 31.42	$ 57.05	$ 49.93

2016	2017	2018	2019	2020	2021
$ 1.30	$ 1.29	$ 1.04	$ 1.32	$ 1.15	$ 1.15
$ 78.81	$ 80.91	$ 80.91	$ 83.42	$ 83.42	$ 65.21
$ 74.74	$ 76.73	$ 76.73	$ 79.11	$ 79.11	$ 61.84
$ 26.26	$ 26.96	$ 26.96	$ 27.80	$ 27.80	$ 21.73
$ 78.81	$ 80.91	$ 80.91	$ 83.42	$ 83.42	$ 65.21
$ 66.97	$ 68.75	$ 68.75	$ 70.88	$ 70.88	$ 55.40
$ 114,926.26	$ 117,983.30	$ 117,983.30	$ 121,640.78	$ 121,640.78	$ 95,080.52
$ 8,245.23	$ 8,464.55	$ 8,464.55	$ 8,726.95	$ 8,726.95	$ 9,095.23
$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
$ 9.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
$ 9.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
$ 4.00	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
$ 5.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00
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

	2012	2013	2014	2015
Outstanding Debt Ratios				
Outstanding debt by type				
Senior lien revenue bonds	$ 4,510,000	$ -	$ -	$ -
Subordinate lien revenue bonds	60,730,000	58,385,000	55,930,000	53,345,000
Junior subordinate lien revenue bonds	-	-	-	-
Notes payable	-	-	-	-
Total outstanding debt	$ 65,240,000	$ 58,385,000	$ 55,930,000	$ 53,345,000
Enplaned passengers	1,826,046	1,655,617	1,621,231	1,590,321
Outstanding debt per enplaned passenger	$ 35.73	$ 35.26	$ 34.50	$ 33.54
Operating revenues	$ 47,842,526	$ 42,594,975	$ 41,350,858	$ 41,986,785
Ratio of outstanding debt to operating revenues	1.36	1.37	1.35	1.27
Total revenues	$ 55,492,676	$ 49,056,013	$ 49,145,740	$ 49,957,314
Ratio of outstanding debt to total revenues	1.18	1.19	1.14	1.07
Debt Service Ratios				
Debt service				
Principal (1)	$ 6,530,000	$ 6,855,000	$ 2,455,000	$ 2,585,000
Interest	3,621,515	3,288,317	2,944,190	2,819,690
Total debt service	$ 10,151,515	$ 10,143,317	$ 5,399,190	$ 5,404,690
Debt service per enplaned passenger	$ 5.56	$ 6.13	$ 3.33	$ 3.40
Total expenses	$ 49,480,328	$ 49,562,319	$ 51,281,066	$ 48,056,272
Ratio of debt service to total expenses	0.21	0.20	0.11	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.

2016	2017	2018	2019	2020	2021
$ -	$ -	$ -	$ -	$ -	$ -
50,635,000	47,785,000	37,330,000	32,520,000	29,540,000	26,475,000
-	-				
-	-				
$ 50,635,000	$ 47,785,000	$ 37,330,000	$ 32,520,000	$ 29,540,000	$ 26,475,000
1,618,304	1,711,518	1,782,050	1,897,590	1,144,018	1,137,279
$ 31.29	$ 27.92	$ 20.95	$ 17.14	$ 25.82	$ 23.28
$ 42,120,914	$ 42,908,754	$ 44,025,529	$ 47,261,051	$ 38,869,374	$ 36,288,096
1.20	1.11	0.85	0.69	0.76	0.73
$ 49,677,994	$ 50,276,982	$ 51,868,121	$ 59,625,547	$ 65,263,708	$ 56,780,807
1.02	0.95	0.72	0.55	0.45	0.47
$ 2,710,000	$ 2,850,000	$ 2,990,000	$ 4,810,000	$ 2,980,000	$ 3,065,000
2,688,815	2,551,315	3,089,878	1,216,903	1,030,869	933,498
$ 5,398,815	$ 5,401,315	$ 6,079,878	$ 6,026,903	$ 4,010,869	$ 3,998,498
$ 3.34	$ 3.16	$ 3.41	$ 3.18	$ 3.51	$ 3.52
$ 45,784,392	$ 49,741,682	$ 52,484,104	$ 53,965,175	$ 54,183,138	$ 53,211,787
0.12	0.11	0.12	0.11	0.07	0.08
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Airport Revenue Bond Coverage Per Bond Resolutions

Fiscal Years Ended September 30

	2012	2013	2014	2015
Senior Lien Revenue Bond Debt Service Coverage				
Operating revenues	$ 47,842,526	$ 42,594,975	$ 41,350,858	$ 41,986,785
Interest income (1)	423,027	408,225	558,471	783,869
Transfer from airline reserve fund (2)	1,867,127	1,828,523	170,566	4,015,500
Total revenues	50,132,680	44,831,723	42,079,895	46,786,154
Operation and maintenance expenses	(29,286,727)	(28,555,886)	(31,512,439)	(28,389,788)
Net revenues	20,845,953	16,275,837	10,567,456	18,396,366
Senior lien debt service requirement				
Series 2001A,B,C	-	-	-	-
Series 2003 refunding	4,738,833	3,157,000	-	-
Total senior lien debt service	$ 4,738,833	$ 3,157,000	$ -	$ -
Senior lien revenue bond debt service coverage	4.40	5.16	-	-
Required minimum coverage	1.25	1.25	1.25	1.25
Subordinate Lien Revenue Bond Debt Service Coverage				
Net revenues	$ 20,845,953	$ 16,275,837	$ 10,567,456	$ 18,396,366
PFC revenues transferred for subordinate lien debt service	4,897,807	4,836,868	4,805,218	4,763,643
Subtotal	25,743,760	21,112,705	15,372,674	23,160,009
Senior lien debt service	(4,738,833)	(3,157,000)	-	-
Net revenues available for subordinate lien debt service	21,004,927	17,955,705	15,372,674	23,160,009
Subordinate lien debt service requirement				
Series 2001	2,882,873	2,826,757	2,843,423	2,844,923
Series 2006	2,576,642	2,570,475	2,573,183	2,516,683
Series 2018	-	-	-	-
Total subordinate lien debt service	$ 5,459,515	$ 5,397,232	$ 5,416,606	$ 5,361,606
Subordinate lien revenue bond debt service coverage	3.85	3.33	2.84	4.32
Required minimum coverage	1.10	1.10	1.10	1.10
Total Revenue Bond Debt Service Coverage				
Net revenues	$ 20,845,953	$ 16,275,837	$ 10,567,456	$ 18,396,366
PFC revenues transferred for subordinate lien debt service	4,897,807	4,836,868	4,805,218	4,763,643
Subtotal	25,743,760	21,112,705	15,372,674	23,160,009
Total revenue bond debt service requirement				
Senior lien bonds	4,738,833	3,157,000	-	-
Subordinate lien bonds	5,459,515	5,397,232	5,416,606	5,361,606
Junior subordinate lien bonds	-	-	-	-
Total revenue bond debt service	$ 10,198,348	$ 8,554,232	$ 5,416,606	$ 5,361,606
Total revenue bond debt service coverage	2.52	2.47	2.84	4.32
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.

	2016		2017		2018		2019		2020		2021
$	42,120,914	$	42,908,754	$	44,025,529	$	47,261,051	$	38,869,374	$	36,288,096
	897,339		1,022,053		1,517,699		2,067,717		1,534,472		1,621,638
	-		-		1,100,000		-		-		-
	43,018,253		43,930,807		46,643,228		49,328,768		40,403,846		37,909,734
	(28,249,055)		(28,521,222)		(29,005,713)		(32,907,346)		(33,313,961)		(30,504,785)
	14,769,198		15,409,585		17,637,515		16,421,422		7,089,885		7,404,949
	-		-		-		-		-		-
	-		-		-		-		-		-
$	-	$	-	$	-	$	-	$	-	$	-
	-		-		-		-		-		-
	1.25		1.25		1.25		1.25		1.25		1.25
$	14,769,198	$	15,409,585	$	17,637,515	$	16,421,422	$	7,089,885	$	7,404,949
	4,656,554		4,823,054		5,096,988		7,229,199		4,265,140		4,628,663
	19,425,752		20,232,639		22,734,503		23,650,621		11,355,025		12,033,612
	-		-								
	19,425,752		20,232,639		22,734,503		23,650,621		11,355,025		12,033,612
	2,792,315		2,862,257		2,814,230		-		-		-
	2,445,225		2,573,225		2,540,043		-		-		-
	-		-		347,245		6,026,903		4,010,869		3,998,498
$	5,237,540	$	5,435,482	$	5,701,518	$	6,026,903	$	4,010,869	$	3,998,498
	3.71		3.72		3.99		3.92		2.83		3.01
	1.10		1.10		1.10		1.10		1.10		1.10
$	14,769,198	$	15,409,585	$	17,637,515	$	16,421,422	$	7,089,885	$	7,404,949
	4,656,554		4,823,054		5,096,988		7,229,199		4,265,140		4,628,663
	19,425,752		20,232,639		22,734,503		23,650,621		11,355,025		12,033,612
	-		-		-		-		-		
	5,237,540		5,435,482		5,701,518		6,026,903		4,010,869		3,998,498
	-		-		-		-		-		-
$	5,237,540	$	5,435,482	$	5,701,518	$	6,026,903	$	4,010,869	$	3,998,498
	3.71		3.72		3.99		3.92		2.83		3.01
	1.00		1.00		1.00		1.00		1.00		1.00

Population in the Air Service Area

As of July 1

	2012	2013	2014	2015
Primary service area				
Pima County, Arizona	990,380	996,046	1,007,162	1,009,371
Annual % change	0.4%	0.6%	1.1%	0.2%
Secondary service area				
Cochise County, Arizona	130,752	130,906	129,628	129,112
Graham County, Arizona	37,314	37,872	38,315	38,475
Greenlee County, Arizona	8,599	10,913	10,476	10,555
Pinal County, Arizona	389,192	393,813	396,237	406,468
Santa Cruz County, Arizona	48,724	49,218	49,554	50,270
Total secondary service area	614,581	622,722	624,210	634,880
Annual % change	0.9%	1.3%	0.2%	1.7%
Total primary and secondary service areas	1,604,961	1,618,768	1,631,372	1,644,251
Annual % change	0.6%	0.9%	0.8%	0.8%
State of Arizona	6,498,569	6,581,054	6,667,241	6,758,251
Annual % change	0.9%	1.3%	1.3%	1.4%
United States	313,873,685	316,128,839	317,297,938	321,422,019
Annual % change	0.7%	0.7%	0.4%	1.3%

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

	2012	2013	2014	2015
Primary service area				
Pima County, Arizona	7.3%	6.9%	6.3%	5.7%
Secondary service area				
Cochise County, Arizona	8.2%	8.5%	8.3%	7.6%
Graham County, Arizona	8.9%	8.1%	6.9%	7.7%
Greenlee County, Arizona	6.0%	6.7%	6.5%	8.5%
Pinal County, Arizona	8.9%	8.4%	7.4%	6.6%
Santa Cruz County, Arizona	17.2%	18.0%	16.2%	14.6%
Total secondary service area	9.3%	9.1%	8.2%	7.6%
Total primary and secondary service areas	7.9%	7.7%	6.9%	6.4%
State of Arizona	8.3%	8.0%	8.0%	6.0%
United States	8.1%	7.4%	6.2%	5.1%

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.

	2016	2017	2018	2019	2020	2021
	1,013,103	1,026,099	1,034,201	1,044,675	1,052,375	1,058,318
	0.4%	1.3%	0.8%	1.0%	0.7%	0.6%
	128,343	128,383	130,319	129,778	131,694	126,463
	38,303	38,275	38,126	38,476	38,666	39,025
	10,433	10,961	10,506	10,375	10,558	9,593
	413,312	427,603	440,591	455,210	467,932	439,128
	50,581	51,507	52,390	53,161	53,731	48,468
	640,972	656,729	671,932	687,000	702,581	662,677
	1.0%	2.5%	2.3%	2.2%	2.3%	-5.7%
	1,654,075	1,682,828	1,706,133	1,731,675	1,754,956	1,720,995
	0.6%	1.7%	1.4%	1.5%	1.3%	-1.9%
	6,835,518	6,965,897	7,076,199	7,187,990	7,294,587	7,285,370
	1.1%	1.9%	1.6%	1.6%	1.5%	-0.1%
	323,127,513	325,507,602	327,167,434	328,239,523	331,449,281	331,893,745
	0.5%	0.7%	0.5%	0.3%	1.0%	0.1%

	2016	2017	2018	2019	2020	2021
	5.0%	4.5%	4.4%	4.6%	7.7%	5.0%
	6.3%	5.4%	5.6%	5.8%	7.0%	4.8%
	6.7%	5.7%	5.1%	4.9%	6.3%	4.1%
	7.7%	5.5%	4.6%	4.2%	5.5%	4.0%
	5.6%	4.9%	4.9%	5.0%	7.5%	4.7%
	10.1%	9.6%	9.3%	8.7%	11.4%	8.7%
	6.2%	5.4%	5.4%	5.4%	7.6%	5.0%
	5.4%	4.8%	4.7%	4.9%	7.7%	5.0%
	5.4%	4.8%	4.8%	4.6%	7.9%	4.9%
	4.9%	4.4%	4.0%	3.5%	8.1%	3.9%

Major Employers in the Air Service Area

Full-time Equivalent Employees

Employer	Industry Sector	2012	2013	2014	2015
University of Arizona	Education	10,681	10,846	11,047	11,235
Raytheon Missile Systems	Manufacturing	10,500	10,300	9,933	9,600
State of Arizona	State Government	9,061	8,807	9,439	8,524
Davis-Monthan Air Force Base	Military	8,566	9,100	8,933	8,335
Pima County	Local Government	6,170	6,076	7,328	7,023
Tucson Unified School District No. 1	Education	6,674	6,790	6,525	7,134
Banner - University Medicine (2)	Health Services	5,594	6,099	6,329	6,542
U.S. Customs and Border Protection	Federal Government	6,000	6,500	4,135	6,470
Freeport-McMoRan nc.	Mining	5,068	5,463	5,600	5,800
Wal-Mart Stores, Inc.	Retail	7,300	7,450	5,200	5,400
U.S. Army Intelligence Center, Fort Huachuca	Military	6,198	5,096	5,717	5,314
City of Tucson	Local Government	4,541	4,585	4,845	4,882
Tohono O'odham Nation	Local Government	4,350	4,350	4,350	4,350
Carondelet Health Network	Health Services	4,635	3,668	3,476	3,943
TMC HealthCare	Health Services	2,904	2,977	2,954	2,976
Southern Arizona V.A. Health Care System	Health Services	2,151	2,182	2,450	2,255
Corrections Corporation of America	Government Services	2,482	2,314	2,146	2,300
Fry's Food Stores	Retail	3,100	2,700	2,024	2,136
Pima Community College	Education	2,386	2,384	2,177	2,207
Asarco	Mining	2,348	2,297	2,366	2,427
Sunnyside Unified School District	Education	2,125	2,083	2,000	2,200
Afni, Inc.	Call Center	2,198	2,199	1,950	2,220
APAC Customer Services Inc.	Call Center	1,650	1,777	1,904	1,904
Pinal County	Local Government	1,952	1,993	1,931	1,917
Amphitheater Unified School District	Education	1,920	1,833	1,814	1,789
Vail Unified School District	Education	1,442	1,469	1,578	1,625
Target Corp.	Retail	1,639	1,640	1,640	1,640
Citi	Call Center	2,000	2,000	1,900	1,800
Circle K Stores Inc.	Retail	(1)	(1)	(1)	(1)
Casino Del Sol Resort Spa and Casino	Entertainment	(1)	1,300	1,500	1,600
Northwest Medical Center	Health Services	1,532	1,757	1,722	1,651
U.S. Postal Service	Federal Government	1,562	1,558	1,226	1,496
Walgreen Co.	Retail	1,399	1,420	1,420	1,459
GEICO	Insurance	(1)	(1)	(1)	(1)
Marana Unified School District	Education	1,600	1,657	1,706	1,754
University Physicians Healthcare (2)	Health Services	(2)	(2)	(2)	(2)

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.

2016	Percentage of Total Employment	2017 (3)	2018 (3)	2019 (3)	2020 (3)	2021 (3)
11,251	1.8%					
9,600	1.5%					
8,580	1.4%					
8,406	1.3%					
7,060	1.1%					
6,770	1.1%					
6,272	1.0%					
5,739	0.9%					
5,530	0.9%					
5,500	0.9%					
5,477	0.9%					
4,595	0.7%					
4,350	0.7%					
3,860	0.6%					
3,162	0.5%					
2,464	0.4%					
2,413	0.4%					
2,346	0.4%					
2,235	0.4%					
2,200	0.4%					
2,100	0.3%					
1,900	0.3%					
1,889	0.3%					
1,852	0.3%					
1,739	0.3%					
1,705	0.3%					
1,640	0.3%					
1,600	0.3%					
1,600	0.3%					
1,592	0.3%					
1,585	0.3%					
1,531	0.2%					
1,419	0.2%					
1,411	0.2%					
1,404	0.2%					
(2)	0.0%					

TAA Employees

Authorized Full-Time Equivalent Positions
As of September 30

	2012	2013	2014	2015
Management	4.00	4.00	4.00	3.00
Legal	3.00	3.00	3.00	3.00
Administration/Properties	7.00	7.00	8.00	7.00
Information Technology and Telecommunications	9.00	9.00	9.00	9.00
Team Member Services and Development	5.00	5.00	5.00	4.00
Procurement	9.00	8.00	7.00	6.00
Business Development	5.00	4.00	4.00	4.00
Office, Records, and Warehouse Management	-	-	-	9.00
Finance	9.00	9.00	8.00	7.00
Projects	22.00	21.00	29.00	24.50
Operations Management	7.00	9.00	3.00	2.00
Airside Operations	-	-	7.25	8.00
Police	48.50	47.50	46.00	44.00
Fire	16.50	17.00	17.00	17.00
Communications/Dispatch	12.00	12.00	12.00	13.00
Custodial	44.00	43.00	42.00	42.00
Flight Line Services	23.00	16.00	2.00	-
Maintenance	40.00	40.00	38.50	37.00
Total	264.00	254.50	244.75	239.50

Source: TAA records

2016	2017	2018	2019	2020	2021
3.00	3.00	3.00	3.00	3.00	2.00
3.00	4.00	3.00	3.00	3.00	4.00
7.00	8.00	8.00	8.00	8.00	5.00
9.00	9.00	9.00	9.00	9.00	11.00
4.00	4.00	5.00	5.00	5.00	6.00
6.00	6.00	5.00	5.00	5.00	4.00
4.00	4.00	4.00	4.00	5.00	7.00
10.00	8.00	10.00	9.00	9.00	3.00
7.00	7.00	7.00	7.00	8.00	11.00
24.50	24.50	23.50	21.50	20.00	21.00
2.00	2.00	4.00	4.00	4.00	2.00
8.00	8.00	8.00	11.00	11.00	11.00
44.00	44.00	43.50	43.50	44.00	43.00
17.00	17.00	17.00	17.00	17.00	17.00
12.00	12.00	12.00	11.00	11.00	12.00
42.00	42.00	42.00	42.00	43.00	38.00
-	-	-	-	-	-
37.00	38.00	39.00	39.00	42.00	41.00
239.50	240.50	243.00	242.00	247.00	238.00

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

		2012	2013	2014	2015
Land area (acres):		8,343	8,343	8,343	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	12,076	12,076	23,862	23,862
	Mechanical	76,730	76,730	76,730	76,730
	Total (sq. ft.)	452,025	452,025	463,811	463,811
	Number of gate positions	19	19	19	19
	Number of active gates	18	18	18	18
	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	5	5	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

2016	2017	2018	2019	2020	2021
8,282	8,282	8,282	8,282	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.
202,451	202,451	197,268	197,268	197,268	197,268
35,067	35,067	30,309	30,309	30,309	30,309
10,401	10,401	22,531	22,531	22,531	22,531
115,300	115,300	132,070	132,070	132,070	132,070
23,862	23,862	28,904	28,904	28,904	28,904
76,730	76,730	56,333	56,333	56,333	56,333
463,811	463,811	467,415	467,415	467,415	467,415
19	19	19	19	19	19
18	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	4	4
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

		2012	2013	2014	2015
Land area (acres):		1,804	1,804	1,804	1,804
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.)	465,000	465,000	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

2016	2017	2018	2019	2020	2021
1,799	1,799	1,799	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.	4,000 x 75 ft.	4,000 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

	2012	2013	2014	2015
Passengers				
Enplaned	1,826,046	1,655,617	1,621,231	1,590,321
Deplaned	1,823,737	1,653,003	1,618,618	1,591,580
Total	3,649,783	3,308,620	3,239,849	3,181,901
Annual % change	-0.7%	-9.3%	-2.1%	-1.8%
Air Freight (pounds)				
All-cargo carriers				
Enplaned	26,487,591	29,923,629	29,713,492	27,929,293
Deplaned	42,433,770	36,390,827	33,480,907	36,302,965
Total	68,921,361	66,314,456	63,194,399	64,232,258
Annual % change	16.9%	-3.8%	-4.7%	1.6%
Passenger carriers				
Enplaned	915,005	671,255	581,698	812,252
Deplaned	1,595,464	1,374,109	1,020,436	1,140,052
Total	2,510,469	2,045,364	1,602,134	1,952,304
Annual % change	-4.9%	-18.5%	-21.7%	21.9%
Mail (pounds)				
Enplaned	5,391	5,291	5,419	3,041
Deplaned	6,991	9,301	10,979	25,485
Total	12,382	14,592	16,398	28,526
Annual % change	-4.7%	17.8%	12.4%	74.0%

Source: Authority records based on airline reporting.

2016	2017	2018	2019	2020	2021
1,618,304	1,711,518	1,782,050	1,897,590	1,144,018	1,137,279
1,610,085	1,701,933	1,769,109	1,885,945	1,139,759	1,120,302
3,228,389	3,413,451	3,551,159	3,783,535	2,283,777	2,257,581
1.5%	5.7%	4.0%	6.5%	-39.6%	-1.1%
25,854,899	26,062,422	29,920,833	32,183,334	30,490,801	31,104,323
34,188,437	30,312,564	33,436,313	33,732,819	32,756,102	36,539,145
60,043,336	56,374,986	63,357,146	65,916,153	63,246,903	67,643,468
-6.5%	-6.1%	12.4%	4.0%	-4.0%	7.0%
690,595	542,651	616,836	662,604	401,959	374,786
1,103,759	801,217	683,861	793,904	591,803	660,588
1,794,354	1,343,868	1,300,697	1,456,508	993,762	1,035,374
-8.1%	-25.1%	-3.2%	12.0%	-31.8%	4.2%
2,160	3,120	882	1,285	1,559	172
83,158	42,992	29,183	21,002	10,390	79,330
85,318	46,112	30,065	22,287	11,949	79,502
199.1%	-46.0%	-34.8%	-25.9%	-46.4%	565.3%

Aircraft Operations Summary

Fiscal Years Ended September 30

	2012	2013	2014	2015
Tucson International Airport				
Air carrier	34,423	30,593	30,527	28,624
Air taxi	20,309	20,417	19,308	20,126
Military	24,887	25,133	24,693	28,050
General aviation	65,545	62,120	64,892	64,622
Total	145,164	138,263	139,420	141,422
Annual % change	-8.3%	-4.8%	0.8%	1.4%
Ryan Airfield (1)				
Air carrier	-	-	-	2
Air taxi	-	2	-	-
Military	9,744	14,914	14,675	20,464
General aviation	107,531	106,658	103,135	97,017
Total	117,275	121,574	117,810	117,483
Annual % change	4.7%	3.7%	-3.1%	-0.3%

(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	2012	2013	2014	2015
American Airlines	638,794	605,261	638,006	628,962
Southwest Airlines	623,484	592,375	530,680	506,260
Delta Air Lines	199,117	181,950	179,842	181,236
United Airlines	262,245	222,485	198,926	203,459
Alaska Airlines	57,391	53,546	73,777	70,404
Aeromar	-	-	-	-
Avelo		-	-	-
Frontier Airlines	45,015	-	-	-
Sun Country Airlines	-	-	-	-
Via Air	-	-	-	-
Allegiant	-	-	-	-
Total	1,826,046	1,655,617	1,621,231	1,590,321

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

2016	2017	2018	2019	2020	2021
32,888	35,625	36,059	38,681	28,680	27,686
17,541	13,767	13,753	14,557	14,553	17,337
26,974	27,734	21,181	18,658	16,844	20,401
62,152	55,741	60,176	59,520	62,554	74,758
139,555	132,867	131,169	131,416	122,631	140,182
-1.3%	-4.8%	-1.3%	0.2%	-6.7%	14.3%
-	-	-	-	-	-
-	-	4	5	27	-
16,483	13,602	13,862	12,913	9,036	9,729
94,376	90,808	80,759	92,178	103,242	97,131
110,859	104,410	94,625	105,096	112,305	106,860
-5.6%	-5.8%	-9.4%	11.1%	6.9%	-4.8%

2016	2017	2018	2019	2020	2021	% of Total
616,346	661,910	677,895	693,686	418,268	409,360	36.0%
497,687	493,566	482,524	508,820	295,328	269,352	23.7%
216,432	240,113	258,946	274,970	167,583	204,827	18.0%
215,208	234,805	257,997	267,808	162,945	158,903	14.0%
72,631	77,694	97,314	115,511	68,336	76,038	6.7%
-	3,430	-	-	-	-	0.0%
-	-	-	-	-	-	0.0%
-	-	-	15,280	9,252	5,987	0.5%
-	-	5,598	7,503	5,282	3,645	0.3%
-	-	1,776	695	-	-	0.0%
-	-	-	13,317	17,024	9,167	0.8%
1,618,304	1,711,518	1,782,050	1,897,590	1,144,018	1,137,279	100.0%

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

Fiscal Years Ended September 30

Carrier	2012	2013	2014	2015
Passenger carriers				
American Airlines	683,765	668,463	704,729	682,507
Southwest Airlines	810,352	708,544	600,950	582,838
Delta Air Lines	213,304	191,419	188,555	185,116
United Airlines	299,888	242,435	215,279	217,723
Alaska Airlines	58,787	53,504	76,872	71,231
Aeromar	-	-	-	-
Frontier Airlines	46,009	-	-	-
Avelo		-	-	-
Sun Country Airlines	-	-	-	-
Via Air		-	-	-
Allegiant	-	-	-	-
Total	2,112,104	1,864,365	1,786,385	1,739,415
Cargo carriers				
Federal Express	145,331	149,664	146,110	149,500
Ameriflight	9,044	9,617	9,323	8,211
Air Cargo		-	-	-
Total	154,374	159,281	155,433	157,711
Grand total	2,266,479	2,023,646	1,941,818	1,897,126

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.

2016	2017	2018	2019	2020	2021	% of Total
696,297	706,789	717,591	741,559	508,479	498,697	33.9%
575,400	543,476	523,176	570,286	415,488	321,528	21.9%
243,961	264,562	276,239	296,347	231,215	318,569	21.7%
241,336	269,875	290,204	303,460	230,195	199,846	13.6%
71,857	76,197	100,332	127,475	85,560	100,472	6.8%
-	7,109	-	-	-	-	0.0%
-	-	-	13,651	11,645	9,239	0.6%
-	-	-	-	-	-	0.0%
-	-	6,948	9,701	7,022	5,267	0.4%
-	-	4,085	1,149	-	-	0.0%
-	-	-	19,198	25,471	17,102	1.2%
1,828,851	1,868,008	1,918,575	2,082,826	1,515,076	1,470,720	100.0%
158,676	138,292	152,203	152,225	153,727	153,599	94.6%
7,955	19,256	1,960	1,643	2,396	1,889	1.2%
-	-	6,708	6,864	6,760	6,838	4.2%
166,631	157,548	160,871	160,732	162,882	162,326	100.0%
1,995,482	2,025,556	2,079,446	2,243,558	1,677,958	1,633,045	100.0%

Scheduled Air Service Information
Tucson International Airport

Month of September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of daily nonstop destinations	14	14	14	13	13	14	15	14	10	14
Number of nonstop flights per day										
Atlanta	2	2	2	2	2	2	2	2	1	2
Charlotte	-	-	-	-	-	-	1	-	-	-
Chicago Midway	2	2	1	1	1	1	1	1	-	1
Chicago O'Hare	2	1	1	1	1	3	3	2	-	3
Dallas/Fort Worth	7	7	7	6	6	6	6	7	5	6
Denver	4	4	5	5	5	6	6	5	4	6
Houston Hobby	-	-	-	-	-		-	-	-	1
Houston Bush	4	4	4	3	3	2	3	2	1	3
Las Vegas	4	4	4	3	3	3	4	4	2	2
Los Angeles International	9	9	8	8	10	9	8	8	1	7
Portland	-	-	1	-	-	-	-	-	-	-
Phoenix	8	9	9	10	9	7	6	7	4	5
Salt Lake City	3	3	3	3	2	2	3	3	3	3
San Diego	3	3	3	3	3	2	2	2	-	1
San Francisco	1	1	1	1	2	2	2	3	2	2
San Jose	-	-	-	-	-	1	1	2	-	-
Seattle	1	1	1	1	1	1	1	1	1	2
Total	52	50	50	47	48	47	49	49	24	43
Average scheduled seats per day	5,518	4,990	5,041	4,634	4,892	4,934	5,145	5,267	2,544	4,788

Source: Official Airline Guide.

7250 South Tucson Blvd
Suite 300
Tucson, AZ 85756
520.573.8100

EXHIBIT B

RESTATED FY 2021 A-133 SINGLE AUDIT REPORTS AND SCHEDULES

2021

Single Audit Report

Year Ended September 30, 2021

Tucson Airport Authority

Tucson, Arizona

TUCSON AIRPORT AUTHORITY, INC.

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2021

CONTENTS

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, 2021, 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 .

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 weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

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.

Tucson, Arizona

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

We have audited Tucson Airport Authority, Inc.'s (the Authority) compliance with the types of compliance requirements described 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, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal 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 each of its major federal programs for the year ended September 30, 2021.

Other Matters

Subsequent to September 21, 2022, the original date of the auditors' report for the year ended September 30, 2021, additional facts became known that indicated that the Schedule of Expenditures of Federal awards (Schedule) as originally released was not fairly stated in all material respects in accordance with U.S. GAAP, and management determined that it was appropriate to restate the Schedule. As more fully described in Note 4, expenditures reimbursable under a federal award had not been reported as grant revenue or grants receivable.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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 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 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, 2021, and have issued our report thereon dated , 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 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.

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.

Tucson, Arizona

TUCSON AIRPORT AUTHORITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

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		W912L2-19-2-2002	$ -	$ 443,716
Direct Program		W912L2-20-2105	-	10,507
Total U.S. Department of Defense			-	454,223
U.S. Department of Transportation				
Airport Improvement Program	20.106			
Direct Program		AIP-3-04-0044-29	-	32,277
Direct Program		AIP-3-04-0044-31-2020	-	405,709
COVID-19 - Direct Program		AIP-3-04-0044-32-2021	-	31,545
Direct Program		AIP-3-04-0045-77-2019	-	1,901,604
Direct Program		AIP-3-04-0045-78-2019	-	753,446
Direct Program		AIP-3-04-0045-79-2019	-	3,501,210
Direct Program		AIP-3-04-0045-80-2020	-	4,994,187
COVID-19 - Direct Program		AIP-3-04-0045-81-2020	-	8,909,172
Direct Program		AIP-3-04-0045-82-2021	-	285,158
COVID-19 Direct Program		AIP-3-04-0045-83-2021	-	5,564,424
COVID-19 Direct Program		AIP-3-04-0045-84-2021	-	396,025
Direct Program		AIP-3-04-0045-85-2021	-	14,235
Total Airport Improvement Program			-	26,788,992
Total U.S. Department of Transportation			-	26,788,992
Total expenditures of federal awards			$ -	$ 27,243,215

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021. 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 2021 *Catalog of Federal Domestic Assistance*.

4. Restatement of the Schedule of Expenditures of Federal Awards

Subsequent to September 21, 2022, the original date of the auditors' report for the year ended September 30, 2021, additional facts became known that indicated that the Schedule of Expenditures of Federal awards (Schedule) as originally issued was not fairly stated in all material respects in accordance with U.S. GAAP, and management determined that it was appropriate to restate the Schedule. Specifically, expenditures reimbursable under a federal award had not been reported as grants revenue or grants receivable as of or for the year ended September 30, 2021. Additionally, other expenditures reimbursable under a federal award were also adjusted to properly reflect the correct amounts. The table below summarizes the Schedule as originally issued and the changes incorporated in this restated Schedule.

	Airport improvement Program ALN 20.106	National Guard Military Operations and Maintenance (O&M) Projects ALN 12.401	Total expenditures of federal awards
Expenditures for the year ended September 30, 2021, as originally issued	$ 25,608,617	$ 577,129	$ 26,185,746
	-	-	-
Understatement of expenditures for grant 3-04-0045-031-2020	1,939	-	1,939
Understatement of expenditures for grant 3-04-0045-077-2019	1,644,019	-	1,644,019
Understatement of expenditures for grant 3-04-0045-078-2019	24,716	-	24,716
Overstatement of expenditures for grant 3-04-0045-079-2019	(328,429)	-	(328,429)
Understatement of expenditures for grant 3-04-0045-080-2020	3,614	-	3,614
Overstatement of expenditures for grant 3-04-0045-082-2021	(165,484)	-	(165,484)
Overstatement of expenditures for grant W912L2-19-2-2002	-	(96,743)	(96,743)
Overstatement of expenditures for grant W912L2-20-2104	-	(36,670)	(36,670)
Understatement of expenditures for grant W912L2-20-2105	-	10,507	10,507
Expenditures for the year ended September 30, 2021, as restated	$ 26,788,992	$ 454,223	$ 27,243,215

TUCSON AIRPORT AUTHORITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

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: $817,296

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

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weaknesses:

2021-001

Condition and criteria:

We noted that grant revenue was reported in the incorrect period.

Effect:

Without proper application of revenue recognition as it relates to grant funding, funding received could be reported incorrectly.

Cause:

Grant revenue was reported when drawdowns occurred and, therefore, causing it to be reported in the incorrect period on both the financial statement and on the schedule of expenditures of federal awards. Additionally, certain grant revenue was reported in the incorrect period due to improper determination of period of performance.

Recommendation:

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

Auditee response:

While management concurs with the finding as presented by the auditor, it should be noted that professional judgment was exercised by the Tucson Airport Authority (TAA) to best comply with the guidance provided by FAA for recognizing revenue associated with grant funding provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). At the time of the initial issuance of the TAA's FY 2020 financial statements, there was significant confusion surrounding the proper treatment of CARES Act funding. Furthermore, the CARES Act grant funding was unlike the other Federal grant reimbursements which the TAA processes in the normal course of business, in that it permitted expenses to be reimbursed from prior periods. TAA Management worked in concert with the previous auditor to arrive at a reasonable method of grant revenue recognition under the CARES Act program. TAA management elected to take a conservative approach and only recognize grant revenue in FY 2020 for which it had identified expenses to be reimbursed under the CARES Act provisions at the time of issuance.

Auditee response (continued):

This finding indicates that this approach conflicts with the established accounting rules governing the Statement of Federal Expenditures of Federal Awards (SEFA). By later electing to reimburse FY 2020 operating expenses in FY 2021, the TAA was required to amend the FY 2020 SEFA and Single Audit and re-issue the FY 2020 financial statements. Ultimately, the effect of this re-statement was to accelerate the recognition of grant revenue in FY 2020 and increase the amount of grants receivable presented on the FY 2020 Statement of Net Position.

Management believes that all internal controls at TAA are sufficient to ensure a fair representation of our financial position and views this finding as a result of subsequent clarification of standards provided after the issuance of the FY 2020 financial statements. As always, we will incorporate this finding into TAA's internal control structure to avoid future deviations from accounting standards.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

TUCSON AIRPORT AUTHORITY, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED SEPTEMBER 30, 2021

None

TAA

7250 South Tucson Blvd
Suite 300
Tucson, AZ 85756
520.573.8100

EXHIBIT C

FY 2022 AUDITED FINANCIAL STATEMENTS

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Years Ended September 30, 2022 and 2021
Tucson Airport Authority
Tucson, Arizona

TUCSON
AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

2022

TUCSON AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the Finance Department Years
Ended September 30, 2022 and 2021

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

2022 Board of Directors and Members

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* Past President / Chairman

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INTRODUCTION

November 1, 2023

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, 2022. 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, 2022, 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 on April 12, 1948, as a political subdivision of the state of Arizona, non-profit corporation, as provided for 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 no more than eleven and no less than seven 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 Chief Executive Officer (CEO), who serves at its pleasure. The Office of the CEO includes the departments of Air Service Development and Marketing, Communications and External Relations. The remaining TAA staff is organized into six divisions, each managed by a Vice President appointed by and reporting directly to the CEO. These six divisions are Operations, Finance, Legal Services, Planning and Engineering, Business and Commercial Development, and People Operations. The organizational chart that follows this letter reflects the operational structure as of September 30, 2022.

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 more than 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 about 2,000 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 1,072,298 as of July 1, 2022, which represents an increase of 1.3% from July 1, 2021. The Tucson metro area consists of about 495 square miles that contain more than 95% of the County's population, including the incorporated municipalities of Tucson, Marana, Oro Valley, Sahuarita and South Tucson. Thirty-five percent 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 in Tucson and Fort Huachuca Army Intelligence Center southeast of Tucson are also two 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 a March 19, 2023 report by Dr. George W. Hammond, Director of the Economic and Business Research Center at the University of Arizona, the Arizona economy remains resilient despite some slowing at the end of 2022. Inflation in the Phoenix market decreased to 8.5% in February, down from a peak of 13.0% in August 2022.

The seasonally adjusted unemployment rate in Arizona decreased to 3.8% in January 2023 from 4.0% in December 2022. The report estimates that virtually all industries in Arizona are exceeding their pre-pandemic employment levels, the exception being the local government sector. The baseline economic forecast for the first half of 2023 indicates that Arizona is well-positioned to outpace the U.S. economy.

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 as 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 Chamber of Commerce, 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 2022 compared to the COVID pandemic period in the prior two years. Total annual passenger traffic increased from 2,257,581 in FY 2021 to 3,317,494 in 2022, an increase of 46.9%.

Twenty destination airports were served nonstop from TUS in FY 2022, which was one more than in FY 2021. The nonstop destinations served in FY 2022 were:

- Atlanta (ATL)
- Hollywood Burbank (BUR)
- Chicago-Midway (MDW)
- Chicago O'Hare (ORD)
- Dallas/Ft. Worth (DFW)
- Denver (DEN)
- Everett, WA (PAE)
- Houston Bush (IAH)
- Houston Hobby (HOU)
- Indianapolis (IND)

Air Service at Tucson International Airport-continued

- Las Vegas (LAS)
- Los Angeles (LAX)
- Minneapolis/St. Paul (MSP)
- Oakland (OAK)
- Phoenix (PHX)
- Portland (PDX)
- Salt Lake City (SLC)
- San Diego (SAN)
- San Francisco (SFO)
- Seattle (SEA)

As calendar year 2022 ended, TUS served more than 3.4 million passengers, and returned to 90%, as compared to pre-pandemic 2019 traffic, which was 27% more than noted in 2021. As a percentage increase, TUS outperformed the national average every month in 2022.

Although 2022 started with an air travel downturn nationally, due to the Omicron COVID variant, the impact was comparatively short-lived for TUS as travel recovered rapidly after February 6, 2022. 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 pilot shortage and training challenge is expected to continue well into 2023.

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 2022. 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 both the COVID-19 pandemic and other economic pressures felt globally in 2022. The TAA continues to monitor economic conditions into FY 2023 and to 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, the TAA completed its draw down of the funds it was awarded by the Federal Aviation Administration (FAA) from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided relief in the form of grants to reimburse airport operating and capital expenditures, to maintain employment levels, and help offset the impact of revenue losses from the dramatic reduction in air travel. The TAA received $22.6 million in CARES Act grants. In FY 2022, the TAA continued its draw down of the funds it was 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 received $6.0 million in CRRSAA grants. Also, in FY 2022, the TAA initiated its draw down of the funds it was awarded under the American Rescue Plan Act (ARPA), which authorized additional grant funding to airports for similar purposes as the CARES Act and CRRSAA. The TAA has been awarded $15.8 million in ARPA grants. Through the end of FY 2022, the TAA has received 98% of the total $44.4 million in federal relief funds from these programs. The TAA continues to draw down the remaining funds.

The federal relief funds provided through the three programs described above position the TAA for future success at both TUS and RYN as it emerges from the COVID period. The total dollars awarded are expected to provide for ongoing relief and enhancements to operations through capital projects.

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 2013 and RYN in 2020, respectively, 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 entail 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 Federal Aviation Administration (FAA), the Arizona Department of Transportation (ADOT) and other governmental agencies, or from Passenger Facility Charges (PFCs) and TAA operating revenues.

Major Initiatives-continued

FY 2022 COMPLETED CIP CONSTRUCTION AND PROJECTS AT TUS (GREATER THAN $75,000)

10113362 Reconstruct Taxiway D, Shoulders & Connectors | Cost: $12.8 million

Scope: Reconstructed the full length (75 X 7,000 feet) of Taxiway D, shoulders and connectors Taxiway D1 and Taxiway D3, and adjust taxiway lighting, signage and pull boxes. Work also included the realignment of Taxiway D service road and extension of a 9-barrel box culvert at Airport Wash. Consultant: Dibble Engineering. Contractor: Granite Construction.

10119007 CBP Relocation | Cost: $1.6 million

Scope: Renovated the first floor of the former Executive Terminal building to relocate general aviation customs processing facilities, CBP offices and Global Entry enrollment office.
Consultant: DLR Group Architecture. Contractor: Canyon Building and Design.

FY 2022 COMPLETED CIP CONSTRUCTION AND PROJECTS AT RYN (GREATER THAN $75,000)

20114631 Replace AWOS at Ryan Airfield| Cost: $433,300

Scope: Replaced Ryan Airfield AWOS 3 Papa Tango Lightning with new equipment.
Consultant: CR Engineers Inc. Contractor: Pavex Corporation.

20116874 Ryan Airfield (RYN) On-Airport Sanitary Sewer Collection System| Cost: $910,800

Scope: Installed piping and connect to a new trunk sewer line from the existing connection point at the northeast corner of RYN's property to the Tucson Airport Authority Administration Office area.
Consultant: Crown West Land Group. Contractor: KE&G Construction.

FY 2022 CIP AT TUS – ONGOING AND NEW PROJECTS (GREATER THAN $500,000)

10119102/10119125/10119126 Airfield Safety Enhancement (ASE) Program | Cost: $400 million

Scope: The ASE Program includes safety and standards improvements to the Tucson International Airport (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.

Major Initiatives-continued

Consultant(s): WSP USA, Jacobs Engineering Group, Garver LLC, RS&H, Inc., HDR Engineering. Contractor: Granite Construction

<u>10117967 Electronic Video Information Display System (EVIDS)/Audio Paging Replacement | Cost: $2.8 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 l Cost: 10.2 million</u>

Scope: Design and construct 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.

<u>10120274 Executive Ramp Improvements – Phase 1 l Cost: $3.2 million</u>

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 and A20's. Project will also relocate the perimeter road and utilities to accommodate new parking positions.
Consultant: Trace Consulting, LLC

<u>10120275 Seal Coat Runway 3/21 l Cost: $2.1 million</u>

Scope: Crack repair and seal coating of Runway 3/21 and shoulders.
Consultant: Trace Consulting, LLC. Contractor: J. Banicki Construction, Inc.

<u>10120281 Joint Sealing Air Freight Apron – Phase 1 l Cost: $500,000</u>

Scope: Phase 1 - Repair and joint seal concrete at air freight apron.

<u>10120379 Rehabilitate G Service Road l Cost: $1.3 million</u>

Scope: Rehabilitate G Service Road (DROAD-01, GROAD2-01, 02 & GROAD-02, 02A,03,04,05,06)

<u>10120448 Furnish & Install Jet bridge for Gate B6 l Cost: $812,300</u>

Scope: Purchase and install new jet bridge for Gate B6.
Contractor: John Bean Technologies Corporation.

Major Initiatives-continued

10120449 MRO Aeropark Entrance Taxiway l Cost: $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) l Cost: $1.8 million

Scope: Replace PARCS throughout TUS parking system (commercial roadway, surface lots, garage). The current equipment has experienced failures which resulted in unrecorded commercial revenue.
Contractor: WPS-US

10122484 Environmental Assessment and Supporting Work for Sonora East l Cost: $925,000

Scope: Preparation of biological and cultural reports, preliminary civil and development plans, outreach and public meetings, and other documentation identified by the FAA for the development of the Sonora East site.

FY 2022 CIP AT RYN – ONGOING AND NEW PROJECTS (GREATER THAN $500,000)

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.

20117966 Install Precision Approach Path Indicators (PAPI) at Ryan Airfield (RYN) | Cost: $573,300

Scope: PAPIs will be installed 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.

20120435 APMS-Pavement Preservation-Overlay Taxiway B l 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 2022 COMPLETED MAJOR MAINTENANCE PROJECTS AT TUS (GREATER THAN $75,000)

10219045 ASO (Badging) Reconfigurations l Cost: $220,800

Scope: Reconfigured the Airport Security Office (ASO) by providing more efficient work and storage space related to staff interaction for customer service and processes within the office area by moving designated staff to address their daily assigned duties, customers, and their related requests more readily.
Consultant: SDG Architecture LLC. Contractor: Chasse Building Team

10219157 Rehabilitate Aeropark 01-02 l Cost: $799,400

Scope: Seal coat, mill and replaced, and crack repair of large and small width cracking, pavement striping, geotechnical, temporary pavement, traffic control on Aeropark sections 01 and 02. Consultant: Stantec Consulting. Contractor: Southern Arizona Paving & Construction Company.

10219158 Reconstruction of Airport 19-20 Air Cargo Parking-Los Reales l Cost: $1.2 million

Scope: Reconstruction and rehabilitation of a portion of Airport Drive (APT-19 and 20) totaling 4,000 square yards. Reconstructed Los Reales Road from South Country Club Road to the entrance into Air Cargo Terminal 1 totaling 9,000 square yards. Reconstructed cargo loading pavement at Air Cargo Terminal 1 totaling 5,500 square yards. All new pavements constructed in asphalt concrete material using specifications provided by the City of Tucson. Adjusted maintenance hole and water valve covers as required. Installed new pavement and roadway markings in accordance with the Manual on Uniform Traffic Control Devices (MUTCD).
Consultant: Kimley-Horn Associates. Contractor: Markham Contracting Company, Inc.

10219168 Replace Failed Pavement Outside of Ascent Aviation l Cost: $294,900

Scope: Reconstructed a 5,625 sq. ft. section of concrete pavement located outside of Ascent's leasehold near TWY A1 and Taxi Lane B.
Consultant: Brown & White. Contractor: Granite Construction.

Major Maintenance Program-continued

10219188 TUS Arch Flash & Shock Study l Cost: $146,500

Scope: Arch Flash & Shock Study of Multiple Buildings, RAC Facilities at TUS & RYN.
Consultant: Bob Herzig & Associates

10219236 Ground Transportation Consolidation L Cost: $205,600

Scope: Commercial roadway modifications to optimize the TNC to accommodate the addition of App Ride, Sun Transportation (City Bus), and Economy Lot Shuttle services. Work includes removal of and installation of new pavement markings, traffic directional and wayfinding signage, rumble stripes and tactile warning surfacing tiles, (ADA Truncated Dome Mats) and cast-in-place detectable warning tiles, and new gate operators and License Plate Reader (GT Traffic), and security cameras.
Contractor: Granite Construction

10220276 Terminal Apron PCC Repairs l Cost: $190,500

Scope: Crack and concrete repairs on apron under jet bridges.
Contractor: Granite Construction

10220425 Land Improvements l Cost: $87,500

Scope: Landscape along Plumer at Airport Wash, near Atlantic, West of Elvira, at Hertz building, Plumer bridge, TSA building, app-based ride waiting area.
Contractor: Northwest Landscaping

10220453 Install Tint to Terminal Windows l Cost $87,700

Scope: The installation of 95% glare reduction / 70% total solar energy rejection dual-reflective film to the bottom two panes of the front windows across the whole of the Terminal. Existing door stickers will be removed and re-installed.
Contractor: Blue Moon Glass Services LLC

FY 2022 COMPLETED MMP PROJECTS AT RYN (GREATER THAN $75,000)
None

FEDERAL AND STATE FUNDING

The TAA participates in the FAA's Airport Improvement Program (AIP), which provides Airport funds via 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

FEDERAL AND STATE FUNDING-continued

this program in FY 2022 totaled $48,953,237. The FAA has awarded $187,905,251 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 2022 totaled $1,625,434. ADOT has awarded $13,533,737 million 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 or 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, 2022, the TAA had earned $147,496,813 in PFCs since the inception of the program, plus associated 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 in 2001, land acquisitions completed in 2005 and a concourse renovation project completed in 2008.

Financial Policies and Practices

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, 2023, 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 approved by the Board prior to its implementation and, in accordance with the Airport Use Agreement, is presented to the Airline and Airport Affairs Committee (AAAC) for review.

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 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 was prepared with the input of TAA staff, the signatory airlines, and other key tenants and stakeholders. The Master Plan projects airport growth and then 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 funds for the construction of capital improvements proposed in the plan.

LONG-TERM FINANCIAL PLANNING-continued

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 the best information available of 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 using either 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 2021 were financed through a combination of federal and state grants, internal financing from unrestricted reserve funds, and funds generated through the Airport System Income Requirement formula.

INTERNAL CONTROLS

Management of the TAA 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

INTERNAL CONTROLS-continued

records are kept, allowing for the preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The TAA works to ensure that its internal control processes are sufficiently documented and that the performers of the controls are trained to perform them.

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 Finance Department
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 ACFR for the fiscal year ended September 30, 2021. This was the 28th 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 only. We are confident that the current ACFR continues to meet the Certificate of Achievement Program's requirements; it will be submitted to the GFOA to determine its eligibility for another Certificate of Achievement.

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 continuing interest and support of the 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.
President/Chief Executive Officer

Kim Allison, CPA
Vice President and Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tucson Airport Authority
Arizona

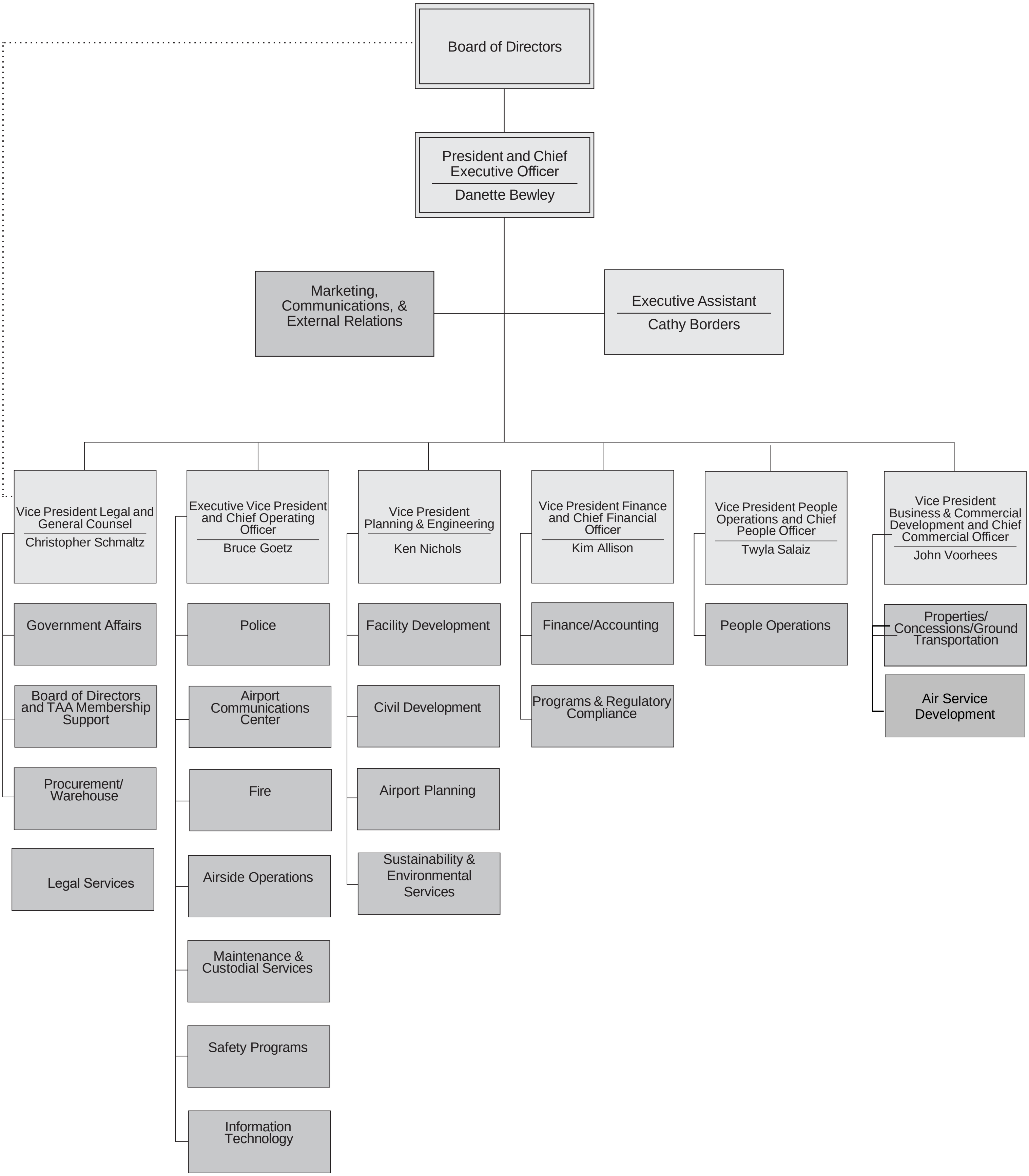
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

Organizational Structure



Airlines and Tenants As Of September 30, 2022

PASSENGER AIRLINES

Alaska Airlines

American Airlines

Delta Air Lines

Mesa Airlines

Sierra Pacific

SkyWest Airlines

Southwest Airlines

Sun Country Airlines

United Airlines

CARGO AIRLINES

Ameriflight

Federal Express

CAR RENTALS

Alamo

Avis

Budget

Dollar

Enterprise

Hertz

National

RYAN AIRFIELD

Aero Smith

Aero Experts

Air Center West

Aircrafters

Air Ventures Ltd.

Air West, Inc.

Alpha Air, Inc.

Aviation Pursuits

Cherokee Cabañas

Corsair Condos

Dangle Aviation

Double Eagle Aviation

Duncan & Associates

Jim's Aircraft

Kelly's Aviation

Marjet, Inc.

Mobile Aire Hangars

North American Aerial Surveys

Richie's Café

Sonora Avionics

Tucson Upholstery

United Indian Missions

Velocity Air, Inc.

Vistawest Hangars

Serco Inc.

TUCSON INTERNATIONAL AIRPORT

AT&T

A.E. Petsche Company, Inc.

Ace Parking Management, Inc.

AERGO-TUS, LLC

Aerospace Hangar, LLC

Aerovation

Airport Information Centre

Amalong, Terry

Apple Autos

Morris Air National Guard

Arizona Aviation Associates

Ascent Aviation Services

Arizona Department of Public Safety

Atlantic Aviation

Bags, Inc.

Bombardier Aerospace/ Learjet Inc.

City of Tucson

Civil Air Patrol

Delaware North

Delta Global Logistics

Diana Madaras Galleries

Federal Aviation Administration

FlightSafety International, Inc.

General Services Administration

Granite Construction Company

Handy Hangars

The Hudson Group

Hughes Federal Credit Union

Jet, LLC

Lamar Advertising

Lan-Dale Co.

Lyft

Matheson Flight Extenders, Inc.

Military Lounge

Million Air

Mitsubishi Heavy Industrial – RJ Aviation

Pima Community College

Pima County Sheriff's Department

PrimeFlight Aviation Services

Prospect International Airport Services, Inc.

Raytheon Missiles & Defense

Real Air Hangar, Inc.

Rolls Royce

Simplicity USA Ground Services

Smarte Carte, Inc.

Southwest Airport Services

SOS Security

Southwest Heliservices

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

Two-Shakes of a Lambs Tail Baggage Delivery Service

Uber

Tucson Stagecoach Express

Universal Avionics

U.S. Customs & Border Protection

VIP Cab

Verizon Wireless

Victor II, Ltd.

Wright Flight, Inc.

Yellow Cab

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FINANCIAL SECTION

FINANCIAL

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, 2022 and 2021, 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, 2022 and 2021, 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 Opinions

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 opinions.

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 opinions 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 , 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.

Tucson, Arizona

Management's Discussion and Analysis (MD&A)

September 30, 2022

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

The Authority is a business-type activity and, as such, the Basic Financial Statements and Required Supplementary Information (RSI) consist 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 Authority's basic financial statements.

AIRPORT ACTIVITIES & HIGHLIGHTS

Passenger and air carrier activity increased in fiscal year 2022 at the Tucson International Airport (TUS) after a decrease in fiscal year 2021. Total passengers increased by 46.9% for fiscal year 2022, which followed a decrease of 1.1% in prior fiscal year. Daily nonstop departures decreased by 4 to 39 at the end of fiscal year 2022 from 43 at the end of the prior fiscal year. Daily nonstop departures are impacted by seasonal conditions, airline route changes, changes to airline business model, or flight cancellations causing it to vary from month-to-month. Flair Airline started non-stop TUS to various locations in Canada during fiscal year 2022, which were stopped due to economic reasons after a few months of operating, adding to the decrease in non-stop departures. The average daily seat capacity in fiscal year 2022 was a 24.5% increase over prior fiscal year. The increase in passengers during fiscal year 2022 is largely attributed to increase in airline seat capacity.

Total aircraft operations (take-offs and landings) at TUS decreased 2.0% in fiscal year 2022 after increasing 14.3% in fiscal year 2021. Change is mainly related to upgauged aircraft replacing smaller aircraft. Authority's total operations current fiscal year comprised 61,512 general aviation operations, 50,078 air carrier and air taxi (passenger airline, cargo airline, and charter) operations and 25,783 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 revenue for the Authority. The primary changes in total aircraft operations in fiscal year 2022 and the prior fiscal year were in air carrier and air taxi operations, which increased 11.2% and general aviation operations, which decreased by 17.7%. The increase in air carrier and air taxi operations corelates directly to increase in

AIRPORT ACTIVITIES AND HIGHLIGHTS – continued

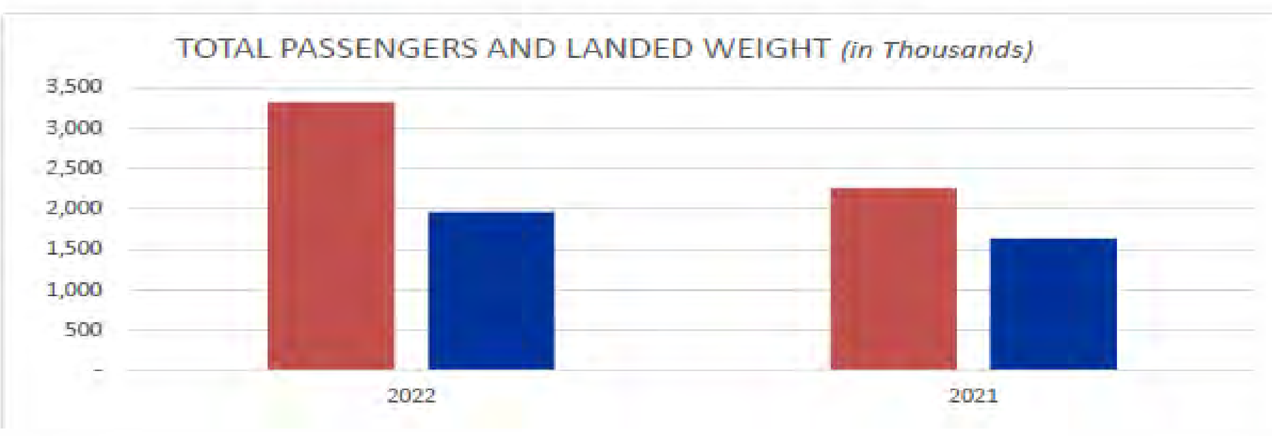
passenger traffic as discussed above. The decrease in general aviation is likely associated to decline in the overall economy.

Landed weight increased by 20.2% in fiscal year 2022 from fiscal year 2021 to 1,962,217 one-thousand-pound units, after decreasing by 2.7% in prior fiscal year. Increase was noted mainly with American, Southwest, and United airlines. This increase in landed weight is consistent with upgauged aircraft and air taxi operations during fiscal year 2022.

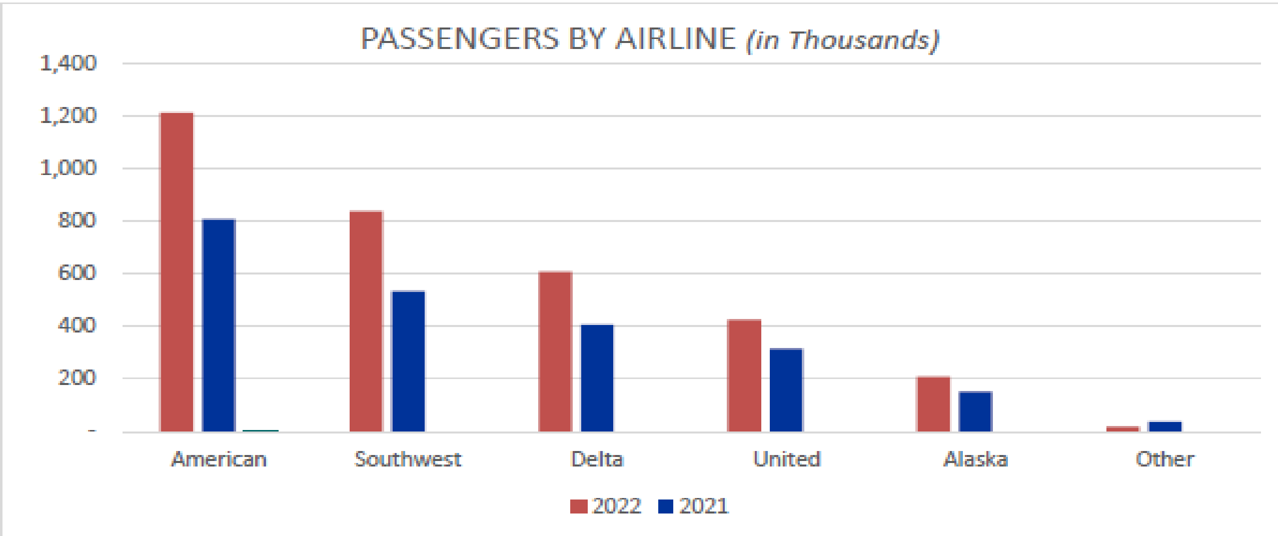
Mail and express cargo shipments decreased by 0.9% in fiscal year 2022 from fiscal year 2021, following an increase of 7.1% in fiscal year 2021. The changes in mail and express cargo shipments in each of these years were primarily a result of changes experienced by Federal Express, the single major cargo carrier operating scheduled flights at TUS.

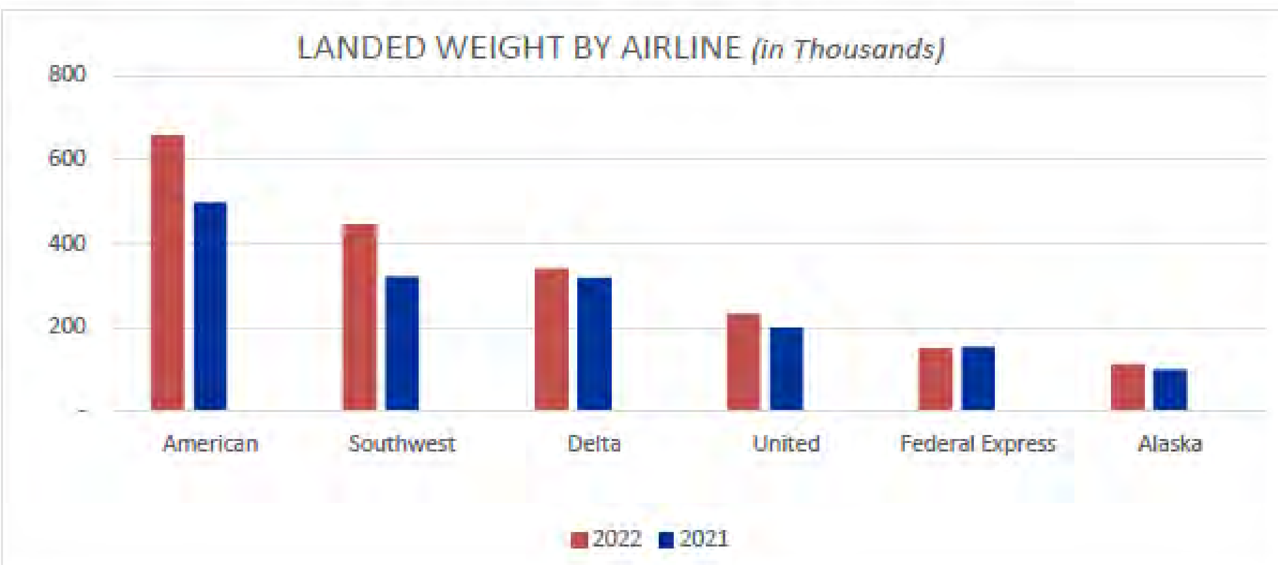
Six major domestic passenger carriers served TUS as of September 30, 2022, compared to eight as of both September 30, 2021. American Airlines and Southwest Airlines have dominated in both passenger activity and landed weight over the two reporting periods. These two carriers accounted for 61.9% of passenger traffic in FY 2022, 59.5% in fiscal year 2021.

Activities & Highlights	2022	2021	Increase/ Decrease	% Increase/ Decrease
Total passengers	3,317,494	2,257,581	1,059,913	47%
Average daily seat capacity	5,362	4,308	1,054	24%
Aircraft operations	137,373	140,182	(2,809)	-2%
Landed weight (1,000 lb. Units)	1,962,217	1,633,047	329,170	20%
Mail & express cargo (pounds)	67,089,271	67,722,970	(633,699)	-1%

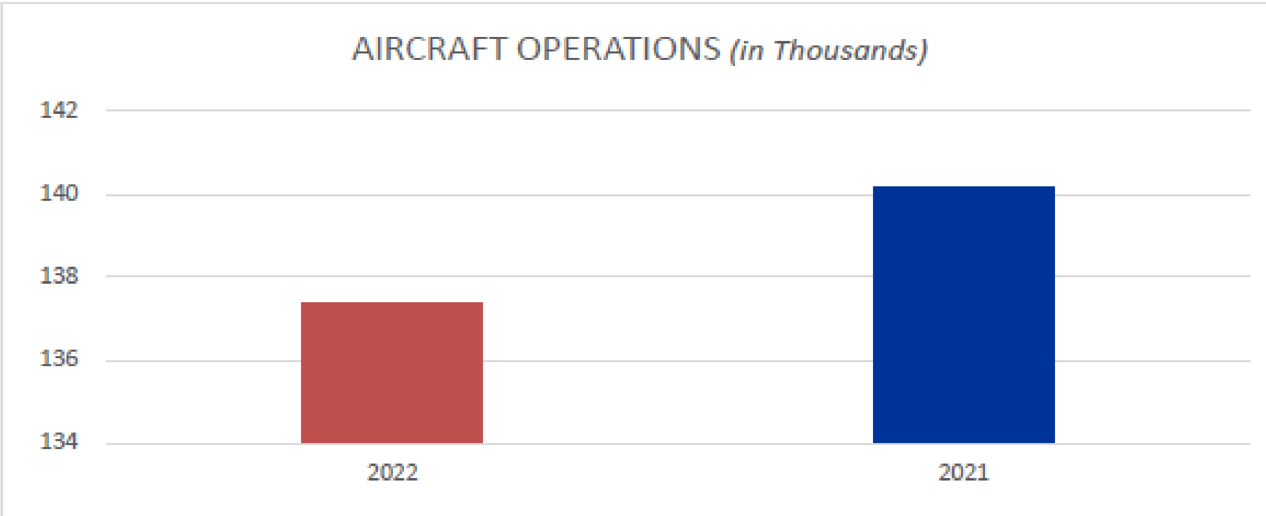


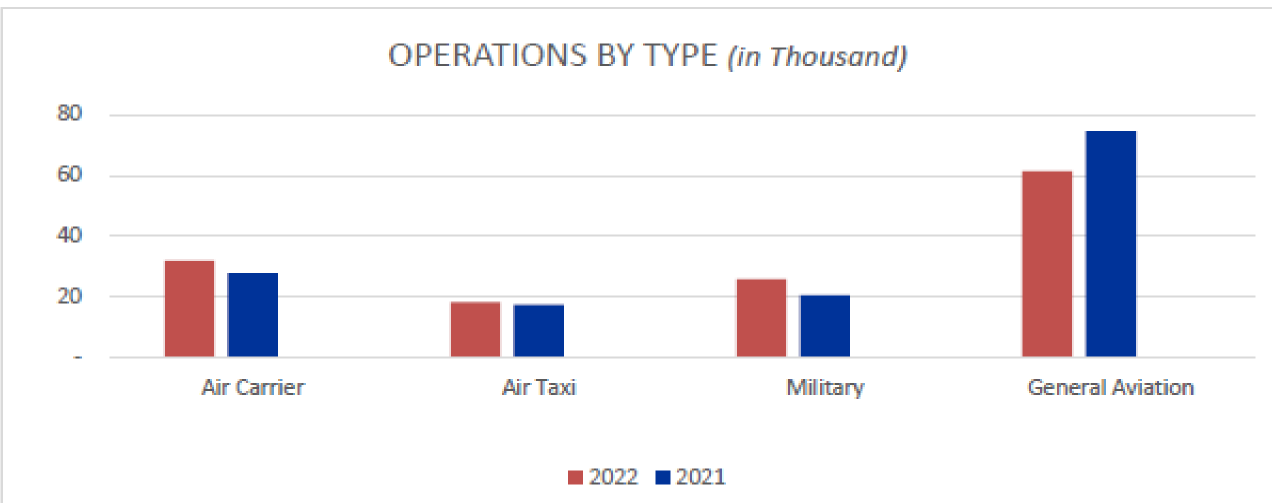
AIRPORT ACTIVITIES AND HIGHLIGHTS – continued





AIRPORT ACTIVITIES AND HIGHLIGHTS – continued





FINANCIAL HIGHLIGHTS

Total net position for the Authority at September 30, 2022 was $471.8 million, an increase of $28.8 million or 6.5% from the prior fiscal year.

Total revenues increased $16.1 million in fiscal year 2022 or 22.3%. The increase is due in part to Federal and State grants, including the Federal COVID grants received by the Airport.

Total expenses for fiscal year 2022 increased $6.5 million from fiscal year 2021 due to filling many vacant staff positions as well as increase in inflation resulting in higher costs in all categories.

The Authority's assets and deferred outflows exceeded liabilities and deferred inflows at the end of FY 2022 by $471.8 million, compared to $443.0 million at the end of fiscal year 2021. Unrestricted net position for fiscal years 2022 and 2021 was $110.3 million and $108.8 million respectively.

Note: Fiscal year 2021 ACFR was not restated to conform to GASB 87 standards for lease reporting. Fiscal year 2022 ACFR represents restated fiscal year 2021 balances. For details of the effects of the implementation of GASB 87, 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, 2022.

Summary of net position		2022		2021		Increase (decrease)	% Increase decrease (-)
Assets							
Current (unrestricted)	$	165,659,038	$	160,616,140	$	5,042,898	3.1%
Current (restricted)		25,347,116		23,678,718		1,668,398	
Net capital assets		360,115,470		337,524,478		22,590,991	6.7%
Other noncurrent assets		80,137,980		87,132,795		(6,994,814)	-8.0%
Total assets		631,259,604		608,952,131		22,307,473	3.7%
Deferred outflows of resources		5,599,775		4,180,444		1,419,330	34.0%
Total assets and deferred outflows of resources		636,859,379		613,132,575		23,726,804	3.9%
Liabilities							
Current (payable from unrestricted assets)		21,085,667		17,199,537		3,886,130	22.6%
Current (payable from restricted assets)		572,412		392,447		179,965	45.9%
Noncurrent		58,355,718		55,643,245		2,712,473	4.9%
Total liabilities		80,013,797		73,235,229		6,778,568	9.3%
Deferred inflows of resources		85,071,557		96,896,848		(11,825,291)	-12.2%
Total liabilities and deferred inflows of resources		165,085,354		170,132,078		(5,046,723)	-2.9%
Net position							
Net investment in capital assets		336,710,644		310,897,029		25,813,615	8.3%
Restricted		24,774,705		23,286,271		1,488,434	6.4%
Unrestricted		110,288,676		108,817,198		1,471,479	1.4%
Net position	$	471,774,025	$	443,000,498	$	28,773,528	6.5%

Total assets and deferred outflows of resources was $636.9 million, an increase of $23.7 million or 3.9% from the prior fiscal year. Current unrestricted assets increased $5.04 million during the year. The increase was primarily due to an increase in net accounts receivables of $4.2 million, then cash and cash equivalents of $24.6 million partially offset by a decrease in investments of $22.1 million. Current restricted assets increased in fiscal year 2022 by $1.7 million mainly due to an increase in cash and cash equivalents, maturing investments were converted to cash. The increase in FY 2022 resulted from an increase in cash and investments in the Passenger Facility Charge (PFC) fund, partially offset by a decrease in investments in the Land Acquisition fund. Net capital assets increased by $22.6 million in fiscal year 2022 compared to the prior fiscal year, both years being impacted by projects in the Authority's capital improvement program.

Total liabilities and deferred inflows of resources was $165.1 million, a decrease of $5.05 million or 2.9% from the prior fiscal year. Current liabilities payable from unrestricted assets in fiscal year 2022 increased by $3.9 million over FY 2021. Current liabilities payable from restricted assets increased by $0.2 million compared to FY 2021. Total noncurrent liabilities increased by $2.7 million during the year. The increase was primarily due to an increase in net pension liability of $7.3 million, offset by a

NET POSITION – continued

decrease in the outstanding subordinate lien revenue bonds and the noncurrent portion of the environmental remediation liability. The Authority made a lump sum payment during FY 2021 to PSPRS of $27.2 million to reduce the net pension liability for both its fire department and police department pension programs.

The largest portion of the Authority's net position, 71.4% for FY 2022, and 70.2% for FY 2021, represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less outstanding debt used to acquire those assets. The Authority uses these assets to provide services to its passengers, visitors and tenants that generate future revenue streams. Although the Authority'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 the Authority's net position, 5.3% for fiscal year 2022 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 $110.3 million for fiscal year 2022, $108.8 million for fiscal year 2021 may be used for any lawful purpose of the Authority.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	2022	2021	Increase (decrease)	% Increase decrease (-)
Operating revenues	$ 41,525,665	$ 37,747,404	3,778,261	10.0%
Operating expenses	36,123,097	30,504,785	5,618,312	18.4%
Operating income before depreciation and amortization	5,402,568	7,242,619	(1,840,051)	-25.4%
Depreciation and amortization	21,261,572	20,308,305	953,267	4.7%
Operating income (loss)	(15,859,004)	(13,065,686)	(2,793,318)	21.4%
Non-operating revenues	22,530,887	21,592,335	938,552	4.3%
Non-operating expenses	(2,098,835)	(2,206,159)	107,324	-4.9%
Income (loss) before capital contributions	4,573,048	6,320,490	(1,747,441)	-27.6%
Capital contributions	24,200,479	12,818,224	11,382,255	88.8%
Increase in net position	28,773,527	19,138,714	9,634,814	50.3%
Net position, beginning of year	443,000,498	423,861,784	19,138,714	4.5%
Net position, end of year	$ 471,774,025	$ 443,000,498	28,773,527	6.5%

Total operating revenues increased by $3.8 million or 10.0% in fiscal year 2022. Increases in operating revenues during the fiscal year were primarily due to increases in concession revenues as a return of passenger traffic positively impacted dollars spent at airport tenants. Decreases in operating revenues during the prior fiscal year 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 that year.

Total operating expenses in fiscal year 2022 increased by $5.6 million or 18.4%. The increase was largely attributable to increases in personnel and contractual services.

Non-operating revenues in fiscal year 2022 increased by 4.3% primarily due to an increase in federal and state grant fundings.

Non-operating expenses decreased by 4.9% in fiscal year 2022 was primarily related to a decrease due to the fair value adjustment of investments.

Capital contributions in fiscal year 2022 increased by 88.8% from fiscal year 2021. The increase in capital contributions of $11.4 million is attributed to federal and state grant funding. Year-to-year variances in capital contributions are determined by factors such as grant availability and project timing and are not generally expected to be consistent between years.

REVENUES

Total revenues of $88.3 million in fiscal year 2022 were 22.3% greater than the prior fiscal year.

Operating revenues increased by $3.8 million or 10.0%. Changes included increases in concession revenues of $4.3 million, and a decrease in space rentals revenue of $1.3 million. The largest decrease over prior fiscal year was for space rentals of $1.4 million or 11.4% which is generally attributable to rent relief that was provided to airport tenants during the year due to the COVID-19 pandemic.

Revenues by major source	2022	2021	Increase (decrease)	% Increase decrease (-)
Landing fees	$ 2,494,007	$ 1,973,618	$ 520,389	26.4%
Space rentals	10,553,073	11,914,716	(1,361,643)	-11.4%
Land rent	3,242,232	3,170,479	71,753	2.3%
Concession revenue	18,652,486	14,350,682	4,301,804	30.0%
Airport services	3,154,925	3,354,818	(199,893)	-6.0%
Other operating revenues	3,428,942	2,983,091	445,851	14.9%
Total operating revenues	41,525,665	37,747,404	3,778,261	10.0%
Interest income	1,726,195	1,777,835	(51,640)	-2.9%
Net increase (decrease) in fair value of investments	(6,324,662)	(169,672)	(6,154,990)	3627.6%
Passenger facility charges	6,502,174	4,628,663	1,873,511	40.5%
Gain/(loss) on disposition of fixed assets	8,188	(22,866)	31,054	-135.8%
Nonoperating grants-in-aid	20,618,992	15,378,375	5,240,617	34.1%
Total nonoperating revenues	22,530,887	21,592,335	938,552	4.3%
Capital contributions	24,200,479	12,818,224	11,382,255	88.8%
Total revenues	$ 88,257,031	$ 72,157,963	$ 16,099,068	22.3%

REVENUES– continued

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

NONOPERATING REVENUES

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 (4.3%) over FY 2021 due to increases in federal grant assistance of $5.2 million and PFC revenue of $1.9 million.

CAPITAL CONTRIBUTIONS

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

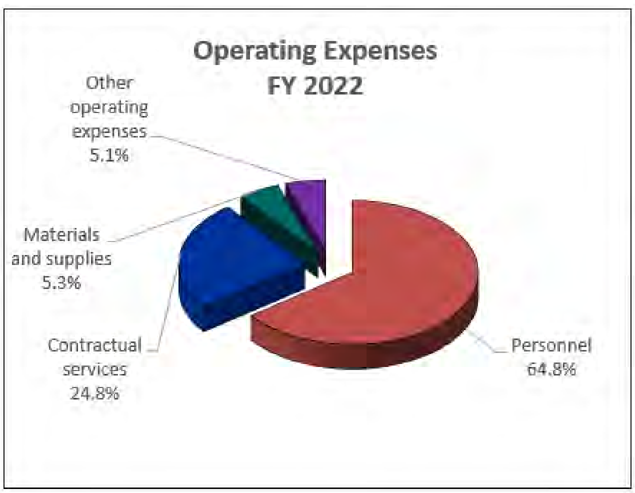
EXPENSES

Total expenses for fiscal year 2022 increased $6.5 million from the prior fiscal year due to increases in all operating expense categories. Operating expenses increased $5.6 million or 18.4%. Nonoperating expenses were $0.1 million or 4.9% lower during the year than last fiscal year, primarily due to a decrease in interest expenses of $0.1 million.

EXPENSES– continued

Expenses by major category	2022	2021	Increase (decrease)	% Increase decrease (-)
Personnel	$ 23,398,275	$ 20,489,377	$ 2,908,898	14.2%
Contractual services	8,954,187	7,537,219	1,416,968	18.8%
Materials and supplies	1,912,266	1,533,550	378,716	24.7%
Other operating expenses	1,858,369	944,639	913,730	96.7%
Total operating expenses	36,123,097	30,504,785	5,618,312	18.4%
Depreciation and amortization	21,261,572	20,308,305	953,267	4.7%
Interest expense	780,585	871,573	(90,988)	-10.4%
Environmental expenses	1,315,930	1,334,189	(18,259)	-1.4%
Other nonoperating expenses	2,320	397	1,924	100.0%
Total nonoperating expenses	2,098,835	2,206,159	(107,323)	-4.9%
Total expenses	$ 59,483,504	$ 53,019,249	$ 6,464,256	12.2%

The following charts show the major operating expense categories for the Authority for fiscal year 2022 and fiscal year 2021:



CAPITAL ASSETS

Net capital assets increased $22.6 million or 6.7% in fiscal year 2022 compared to fiscal year 2021. The increase resulted from spending on capital improvement program projects. The most significant CIP projects undertaken on the airfield during fiscal year 2022 included a continuation of the multi-

CAPITAL ASSETS– continued

year airfield safety enhancement project (ASE), as well as airfield maintenance and safety equipment. Significant projects were undertaken in the terminal complex related to infrastructure upgrades.

Net capital assets	2022	2021	Increase (decrease)	% Increase decrease (-)
Land	$ 51,805,394	$ 51,786,544	$ 18,850	0.0%
Air avigation easements	29,990,090	29,990,090	-	0.0%
Land improvements	229,595,629	224,572,634	5,022,995	2.2%
Buildings and improvements	272,060,494	269,243,354	2,817,140	1.0%
Utilities	6,834,578	5,951,108	883,470	14.8%
Computer software	7,281,747	7,088,492	193,255	2.7%
Furniture, fixtures, machinery and equipment	63,694,481	49,984,904	13,709,577	27.4%
Artwork	650,881	493,188	157,693	32.0%
Construction in progress	55,799,583	34,785,953	21,013,630	60.4%
Gross capital assets	717,712,876	673,896,267	43,816,609	6.5%
Less accumulated depreciation	357,597,407	336,371,789	21,225,618	6.3%
Net capital assets	$ 360,115,470	$ 337,524,478	$ 22,590,991	6.7%

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

DEBT ACTIVITY

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

Outstanding long-term debt	2022	2021	Increase (decrease)	% Increase decrease (-)
Authority revenue bonds -				
Series 2018 subordinate lien	23,305,000	26,475,000	(3,170,000)	-12.0%
Unamortized premium	99,826	152,449	(52,623)	
Total long-term debt	23,404,826	26,627,449	(3,222,623)	-12.1%

At the end of fiscal year 2021, the Authority had total long-term debt outstanding of $26.6 million. The debt consists of bonds that are secured by a pledge of passenger facility charge revenues and general airport revenues, and unamortized premium.

DEBT ACTIVITY– continued

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 Authority'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 Authority 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 2022, net airport system revenues available for subordinate lien bond debt service was 3.87 times subordinate lien debt service, compared to 3.13 for fiscal year 2021. The Authority had no senior lien debt outstanding during fiscal years 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

The Authority has a long-term residual cost airport use agreement with the major passenger airlines (signatory airlines). This agreement provides a method for securing the financial stability of the Authority 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		2022	2021
Ticketing	per sq. ft.	$ 65.21	$ 65.21
Hold room	per gate	95,081	95,081
Baggage claim	per sq. ft.	61.84	61.84
Baggage makeup	per sq. ft.	21.73	21.73
Landing fee	per 1,000 lbs.	1.15	1.15

During fiscal year 2022, the Authority negotiated an extension of the previously expired airline use agreement with the signatory airlines. The new extension will expire on September 30, 2024.

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 2022 by $3.94 per enplanement compared to the prior fiscal year 2021. The decrease was mainly a result of revised rates provided to the airlines in the airline use agreement amendment in response to the COVID-19 pandemic.

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

Tucson Airport Authority, Inc.

Statements of Net Position

September 30, 2022 and 2021

	2022	(Restated) 2021
Assets:		
Current assets, unrestricted		
Cash and cash equivalents	$ 39,885,789	$ 15,279,421
Investments	103,606,567	125,667,536
Accounts receivable, net	6,407,843	2,229,151
Accrued interest receivable	95,606	163,925
Grants receivable	9,057,179	10,687,314
Notes receivable	-	88,995
Short-term lease receivable	5,040,303	5,125,804
Inventories	414,637	395,531
Prepaid expenses and other assets	1,151,114	978,463
Total unrestricted current assets	165,659,038	160,616,140
Current assets, restricted		
Cash and cash equivalents	2,800,884	1,835,653
Investments	21,534,922	20,923,339
Accounts receivable	982,305	876,384
Accrued interest receivable	29,005	43,342
Total restricted current assets	25,347,116	23,678,718
Total current assets	191,006,154	184,294,858
Noncurrent assets:		
Capital assets, not depreciated	138,245,948	117,055,775
Capital assets, depreciated, net	221,869,522	220,468,703
Total capital assets	360,115,470	337,524,478
Long-term lease receivable	80,137,980	85,421,232
Net pension/OPEB asset	-	1,711,563
Total noncurrent assets	440,253,450	424,657,273
Total assets	631,259,604	608,952,131
Deferred outflows of resources:		
Deferred outflows related to pensions/OPEB	5,599,775	4,180,444
Total assets and deferred outflows of resources	$ 636,859,379	$ 613,132,575

Tucson Airport Authority, Inc.

Statements of Net Position-continued

September 30, 2022 and 2021

	2022	(Restated) 2021
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 1,565,623	$ 970,307
Accrued expenses	2,709,857	1,707,254
Unearned revenues	1,396,005	1,259,663
Construction contracts payable	9,330,235	6,018,784
Current portion of bonds payable	1,610,000	1,565,000
Current portion of environmental remediation payable, restricted	4,473,947	5,678,529
Total payable from unrestricted assets	21,085,667	17,199,537
Payable from restricted assets:		
Current portion of environmental remediation payable, restricted	572,412	392,447
Total payable from restricted assets	572,412	392,447
Total current liabilities	21,658,079	17,591,984
Noncurrent liabilities:		
Payable from unrestricted assets:		
Bonds payable, net of current portion	21,794,826	25,062,449
Net pension/OPEB liability	20,039,902	12,730,870
Environmental remediation payable, net of current portion	16,520,990	17,849,926
Total payable from unrestricted assets	58,355,718	55,643,245
Total liabilities	80,013,797	73,235,229
Deferred inflows of resources:		
Deferred inflows related to pensions/OPEB	1,192,679	7,457,762
Deferred inflows related to leases	83,878,878	89,439,086
Total deferred inflows of resources	85,071,557	96,896,848
Commitments and contingencies		
Net position:		
Net investment in capital assets	336,710,644	310,897,029
Restricted	24,774,705	23,286,271
Unrestricted	110,288,676	108,817,198
Total net position	$ 471,774,025	$ 443,000,498

Tucson Airport Authority, Inc.

Statements of Revenues, Expenses and Changes in Net Position

Years Ended September 30, 2022 and 2021

	2022	(Restated) 2021
Operating revenues:		
Landing fees	$ 2,494,007	$ 1,973,618
Space rentals	10,553,073	11,914,716
Land rent	3,242,232	3,170,479
Concession	18,652,486	14,350,682
Airport services	3,154,925	3,354,818
Other operating	3,428,942	2,983,091
Total operating revenues	41,525,665	37,747,404
Operating expenses:		
Personnel	23,398,275	20,489,377
Contractual	8,954,187	7,537,219
Materials and supplies	1,912,266	1,533,550
Other	1,858,369	944,639
Total operating	36,123,097	30,504,785
Depreciation and amortization	21,261,572	20,308,305
Operating loss	(15,859,004)	(13,065,686)
Nonoperating revenues (expenses):		
Interest income	1,726,195	1,777,835
Net decrease in the fair value of investments	(6,324,662)	(169,672)
Passenger facility charges	6,502,174	4,628,663
Interest expense and fiscal charges	(780,585)	(871,573)
Gain (loss) on disposition of capital assets	8,188	(22,866)
Environmental remediation expenses	(1,315,930)	(1,334,189)
Nonoperating grants-in-aid	20,618,992	15,378,375
Other nonoperating expense	(2,320)	(397)
	20,432,052	19,386,176
Income before capital contributions	4,573,048	6,320,490
Capital contributions:		
Federal	23,080,389	11,868,127
State	1,120,090	950,097
	24,200,479	12,818,224
Change in net position	28,773,527	19,138,714
Net position, beginning of year, restated	443,000,498	423,861,784
Net position, end of year	$ 471,774,025	$ 443,000,498

Tucson Airport Authority, Inc.

Statements of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	(Restated) 2021
Cash flows from operating activities:		
Receipts from airlines and tenants	$ 36,903,703	$ 34,689,840
Federal and state grants-in-aid	349,740	450,464
Payments to suppliers	(11,421,782)	(10,774,260)
Payments for personnel services	(21,958,972)	(48,862,167)
Payments for environmental remediation	(3,670,022)	(1,112,484)
Net cash provided by (used in) operating activities	202,667	(25,608,607)
Cash flows from capital and related federal financing activities:		
Federal and state capital contribution receipts	25,239,610	11,208,859
Acquisition of capital assets	(40,541,111)	(25,645,540)
Proceeds from sale of capital assets	8,188	13,860
Principal paid on long-term debt	(3,170,000)	(3,065,000)
Passenger facility charge receipts	6,396,253	4,162,547
Interest paid on long-term debt	(835,528)	(933,894)
Nonoperating grants-in-aid receipts	21,248,413	24,586,265
Net cash provided by capital and related Federal financing activities	8,345,825	10,327,097
Cash flows from investing activities:		
Interest on investments	1,481,293	2,101,491
Maturity and calls of investments	25,608,681	113,751,261
Purchase of investments	(10,155,862)	(165,109,411)
Collections of notes receivable	88,995	-
Net cash provided by (used in) investing activities	17,023,107	(49,256,659)
Net increase (decrease) in cash and cash equivalents	25,571,599	(64,538,169)
Cash and cash equivalents, beginning	17,115,074	81,653,243
Cash and cash equivalents, ending	$ 42,686,673	$ 17,115,074

Tucson Airport Authority, Inc.

Statements of Cash Flows-continued

Years Ended September 30, 2022 and 2021

	2022	(Restated) 2021
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$ (15,859,004)	$ (13,065,686)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	21,261,572	20,308,305
Payments for environmental remediation	(3,670,022)	(1,112,484)
Changes in operating assets and liabilities:		
Accounts receivable	1,151,640	(90,572,048)
Inventories	(19,106)	(67,275)
Prepaid expenses	(172,651)	(257,099)
Accounts payable	595,321	(292,924)
Accrued expenses	1,002,603	(148,735)
Unearned revenues	136,342	(1,474,145)
Net pension liability and related changes in deferred outflows and inflows of resources	(4,224,028)	61,073,484
Total adjustments	16,061,671	(12,542,921)
Net cash provided by (used in) operating activities	$ 202,667	$ (25,608,607)
Noncash nonoperating, capital, financing and investing activities:		
Additions to capital assets included in accounts payable	$ 9,330,235	$ 6,018,784
Net appreciation (depreciation) in fair value of investments	$ (6,324,662)	$ (169,672)
Increase in estimate of environmental remediation liability	$ (1,315,930)	$ (1,334,189)

Tucson Airport Authority, Inc.

Notes to Financial Statements

Years Ended September 30, 2022 and 2021

1. Description of organization:

Tucson Airport Authority, Inc. (TAA or the Airport), 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 power and presently operates two airports: Tucson International Airport and Ryan Airfield.

The land and improvements composing the Airport 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, in 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, 2024.

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.

On 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 of 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):

Receivables and payables (continued):

Accounts receivable at September 30 is as follows:

	2022	2021
Accounts receivable	$ 6,814,193	$ 2,486,272
Less allowance for doubtful accounts	406,350	257,121
Accounts Receivable, net	$ 6,407,843	$ 2,229,151

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 includes 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 initially 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 initially 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.

2. Summary of significant accounting policies (continued):

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.

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/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.

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 their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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.

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 $0.11 per passenger administration fee 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 are accounted for on the accrual basis.

At the present time, 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.

New accounting standards:

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.

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.

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

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.

Implementation of the following GASB statements was effective for fiscal year 2021:
GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. The TAA implemented this Statement in fiscal year 2021 with no effect.

GASB Statement No. 93, Replacement of Interbank Offered Rates. The requirements of this Statement have multiple effective dates that are applicable based on specific identified paragraphs of the statement. The dates range from June 15, 2020 to June 15, 2021. The TAA implemented this Statement in fiscal year 2021 with no effect.

GASB Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The TAA implemented this Statement in fiscal year 2021.

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. 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 will implement this Statement in fiscal year 2023.

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 will implement this Statement in fiscal year 2023.

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

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

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 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, 2022 and 2021, deposits with financial institutions had a carrying value of $29,136,811 and $6,598,116 and a bank balance of $29,246,517 and $7,642,106 respectively. The difference represents deposits in transit, outstanding checks and other reconciling items at September 30, 2022 and 2021.

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the TAA will 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.

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

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 below 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.

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.
3. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.

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

Credit risk (continued):

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, 2022 and 2021 were as follows:

	2022		2021		Rating
Pooled investment fund:					
U.S. Agency securities:					
Federal Farm Credit Bank	$ 7,097,175	6%	$ 7,457,775	5%	AAA
Federal Agricultural Mortgage Corp.	16,553,375	13%	19,465,290	13%	AAA
Federal Home Loan Bank	31,385,728	25%	44,177,925	30%	AAA
Federal Home Loan Mortgage Corp.	23,529,255	19%	27,488,965	19%	AAA
Federal National Mortgage Association	9,538,000	7%	10,015,700	7%	AAA
U.S. Treasury Bills	37,037,956	30%	37,985,220	26%	AAA
	$ 125,141,489	100	$ 146,590,875	100	

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

The TAA measures and categorizes its investments using fair value measurement guidelines established by 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, 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	$ -

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

At September 30, 2021, 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	$ 7,457,775	$ -	$ 7,457,775	$ -
Federal Agricultural Mortgage Corp.	19,465,290	-	19,465,290	-
Federal Home Loan Bank	44,177,925	-	44,177,925	-
Federal Home Loan Mortgage Corp.	27,488,965	-	27,488,965	-
Federal National Mortgage Association	10,015,700	-	10,015,700	-
U.S. Treasury Bills	37,985,220	-	37,985,220	-
	$ 146,590,875	$ -	$ 146,590,875	$ -

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, 2022 and 2021 as follows:

	Cash and cash equivalents		Investments	
	2022	2021	2022	2021
Unrestricted	$ 39,885,789	$ 15,279,421	$ 103,606,567	$ 125,667,536
Restricted:				
Environmental remediation trust	572,412	392,447	-	-
Capital acquisition:				
Passenger facility charge fund	1,896,412	1,205,441	18,330,612	17,480,382
Capital projects fund	332,060	237,765	3,204,310	3,442,957
Total restricted	2,800,884	1,835,653	21,534,922	20,923,339
	$ 42,686,673	$ 17,115,074	$ 125,141,489	$ 146,590,875

Cash and cash equivalents comprised the following at September 30, 2022 and 2021:

	2022	2021	Ratings
Deposits at financial institutions	$ 29,136,811	$ 6,598,116	N/A
Treasury obligation funds	13,531,852	10,507,037	AAA
Cash on hand	18,010	9,921	N/A
Total cash and cash equivalents	$ 42,686,673	$ 17,115,074	

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

At September 30, 2022, 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	$ 125,141,489	$ 34,425,790	$ 77,065,284	$ 13,650,415	$

To address the projected cash flow needs of major airfield projects in progress as of September 30, 2022, management has structured its investments to mature over a period of not more than three years from the date of the statement of net position.

4. Capital assets:

Net investment in capital assets as of September 30, 2022 and 2021 was as follows:

	2022	2021
Capital assets	$ 717,712,877	$ 673,896,267
Less accumulated depreciation	(357,597,407)	(336,371,789)
Less outstanding debt	(23,404,826)	(26,627,449)
	$ 336,710,644	$ 310,897,029

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:				
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
Total capital assets, depreciated	556,840,492	23,226,145	(599,708)	579,466,929
Less accumulated depreciation 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)
Total accumulated depreciation	(336,371,789)	(21,323,408)	97,790	(357,597,407)
Total capital assets, depreciated, net	220,468,703	1,902,737	(501,918)	221,869,522
Total capital assets, net	$ 337,524,478	$ 23,092,910	$ (501,918)	$ 360,115,470

4. Capital assets (continued):

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning	Increases	Decreases	Ending
Capital assets, not depreciated:				
Land	$ 51,555,292	$ 231,252	$ -	$ 51,786,544
Air aviation easements	29,990,090	-	-	29,990,090
Artwork	481,798	11,390	-	493,188
Construction in progress	34,708,397	77,556	-	34,785,953
Total capital assets, not depreciated	116,735,577	320,198	-	117,055,775
Capital assets, depreciated:				
Land improvements	203,936,506	20,636,128	-	224,572,634
Building and improvements	266,982,123	2,261,231	-	269,243,354
Utilities	5,951,108	-	-	5,951,108
Computer software	6,421,357	667,135	-	7,088,492
Furniture, fixtures, machinery and equipment	47,836,856	2,573,888	(425,840)	49,984,904
Total capital assets, depreciated	531,127,950	26,138,382	(425,840)	556,840,492
Less accumulated depreciation for:				
Land improvements	(113,662,328)	(9,227,779)	-	(122,890,107)
Building and improvements	(159,987,045)	(7,844,704)	-	(167,831,749)
Utilities	(5,939,586)	(1,921)	-	(5,941,507)
Computer software	(6,064,186)	(162,664)	-	(6,226,850)
Furniture, fixtures, machinery and equipment	(30,803,190)	(3,071,237)	392,851	(33,481,576)
Total accumulated depreciation	(316,456,335)	(20,308,305)	392,851	(336,371,789)
Total capital assets, depreciated, net	214,671,615	5,830,077	(32,989)	220,468,703
Total capital assets, net	$ 331,407,192	$ 6,150,275	$ (32,989)	$ 337,524,478

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 relates 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 non-regulated. For these leases, 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 a Lessor Lease Receivable of $90.5 million and an ending remaining amortization of deferred inflows of resources of $89.4 million as of September 30, 2021. TAA reported lease revenue of $20.5 million and interest revenue of $1.4 million related to these leases for the fiscal year ended September 30, 2022. The TAA reported lease revenue of $19.4 million and interest revenue of $1.4 million related to these leases for the fiscal year ended September 30, 2021.

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 $1.0 million for both FY 2022 and FY 2021.

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 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 $0.4 million for FY 2022 and FY 2021, respectively. The variable revenue received was not included in the measurement of lease receivable.

Space rent:

The TAA leases buildings and space on non-airfield 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 non-interest revenue of $0.8 million and interest revenue of $0.1 million for both FY 2022 and FY 2021. There are no variable revenue components in the TAA's space rent lease agreements.

Concession rent:

The TAA leases space for 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 COVID-19 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 2022, which resulted in reduced concession revenues. The TAA recognized non-interest revenue of $2.0 million and interest revenue of $0.2 million during both FY 2022 and FY 2021.

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 MAG totaled $0.3 million for FY 2022. Variable revenue received in excess of MAG totaled $1.5 million for FY 2021. As TAA waived the MAG for its food and beverage and news and gift concessionaires during FY 2021, such concession revenue was considered variable for that reporting period. The variable revenue received was not included in the measurement of lease receivable.

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 non-interest revenue of $0.9 million and interest revenue of less than $0.1 million for FY 2022 for rental car space and land rentals. The TAA recognized non-interest revenue of $1.1 million and interest revenue of less than $0.1 million FY 2021 for rental car space and land rentals. TAA waived the MAG requirement for the rental car tenants for both FY 2021 and FY 2022 in response to the economic effects of the COVID-19 pandemic.

5. Leases (continued):

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

Rental Car (continued):

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 2021 and FY 2022, TAA waived the MAG requirement, as mentioned previously. Variable revenue received totaled $8.6 million and $6.0 million for FY 2022 and FY 2021, 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
2023	$ 5,040,303	$ 1,160,541	$ 6,200,844
2024	4,012,524	1,098,459	5,110,983
2025	3,964,818	1,042,390	5,007,208
2026	4,001,239	986,260	4,987,499
2027	3,649,242	931,502	4,580,744
2028 - 2032	8,134,591	4,195,229	12,329,820
2033 - 2037	4,684,851	3,802,041	8,486,892
2038 - 2042	5,023,673	3,459,673	8,483,346
2043 - 2047	5,381,363	3,092,904	8,474,267
2048 - 2052	5,774,203	2,699,603	8,473,806
2053 - 2057	6,195,721	2,277,590	8,473,311
2058 - 2062	6,648,009	1,824,769	8,472,778
2063 - 2067	7,133,315	1,338,894	8,472,209
2068 - 2072	7,654,048	817,549	8,471,597
2073 - 2077	7,880,383	259,142	8,139,525
	$ 85,178,283	$ 28,986,546	$ 114,164,829

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.

5. Leases (continued):

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, 2023. The TAA recognized total lease revenue of $3.0 million during both FY 2022 and FY 2021.

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 2022 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	12,069
Delta Air Lines	8,890
Southwest Airlines	10,904
United Airlines	8,378
	43,460

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 tenants 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 2022 and FY 2021.

5. Leases (continued):

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

Year ending September 30,	Total
2023	$ 6,111,827
2024	2,998,697
2025	2,684,540
2026	2,539,136
2027	2,182,542
2028 - 2032	9,503,909
2033 - 2037	8,670,807
2038 - 2042	7,196,813
2043 - 2047	3,972,287
2048 - 2052	1,652,814
2053 - 2057	663,305
2058 - 2062	663,305
2063 - 2067	663,305
2068 - 2072	663,305
2073 - 2077	630,140
	$ 50,796,732

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 2022 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 Centers West Ltd Partnership	227,480
Air Ventures, Ltd	431,776
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	124,432
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
Mesa Airlines	10,590
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 Company	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	11,304
Victor II TUS, LLC	18,750
Grand Total	14,888,486

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, 2022 and 2021, the TAA has 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, 2022 and 2021 follows:

	2022	2021
Forfeiture funds	$ 36,225	$ 36,030
Marketing/refurbishment funds	925,601	696,425
Tenant rent payments	434,179	527,208
	$ 1,396,005	$ 1,259,663

7. Bonds payable:

	2022	2021
$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%.	$ 23,305,000	$ 26,475,000
Unamortized premium - Series 2018 bonds	99,826	152,449
	23,404,826	26,627,449
Less current portion	1,610,000	1,565,000
	$ 21,794,826	$ 25,062,449

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)
	$ 25,062,449	$ -	$ (3,267,623)	$ 21,794,826

7. Bonds payable (continued):

Bonds payable, business type activities for the year ended September 30, 2021:

	Beginning	Increases	Decreases	Ending
2018 subordinate lien airport revenue bonds	$ 29,540,000	$ -	$ (3,065,000)	$ 26,475,000
Plus unamortized premium	214,373	-	(61,924)	152,449
Less current portion	(1,510,000)	-	(55,000)	(1,565,000)
	$ 28,244,373	$ -	$ (3,181,924)	$ 25,062,449

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

Year ending September 30,	Principal	Interest	Total
2023	$ 3,270,000	$ 729,675	$ 3,999,675
2024	3,370,000	622,818	3,992,818
2025	3,490,000	512,556	4,002,556
2026	3,600,000	398,565	3,998,565
2027	2,755,000	280,844	3,035,844
2028 - 2032	6,820,000	449,480	7,269,480
	$ 23,305,000	$ 2,993,938	$ 26,298,938

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. At September 30, 2022 and 2021, 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, 2022 and 2021.

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, 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 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
Contributions subsequent to the measurement date	359,339	79,808	124,621	563,768
Difference between actual and expected earnings on pension plans	-	999,785	1,250,889	2,250,674
Changes in proportion and differences between employer contributions and proportionate share of contributions	302,417	913	16,667	319,997
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):

At September 30, 2021, 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	$ 12,730,870	$ (426,421)	$(1,285,142)	$ 11,019,307
Deferred outflows of resources:				
Other deferred outflows:				
Difference between actual and expected experience	207,432	502,061	870,104	1,579,597
Changes of assumptions related to pensions	1,750,759	142,723	218,467	2,111,949
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,223	1,004	6,799	9,026
Contributions subsequent to the measurement date	327,803	63,259	88,810	479,872
Total deferred outflows	$ 2,287,217	$ 709,047	$ 1,184,180	$ 4,180,444
Deferred inflows of resources:				
Difference between actual and expected resources	$ 4,384,922	$ 1,046,783	$ 1,144,741	$ 6,576,446
Changes in proportion and differences between employer contributions and proportionate share of contributions	322,614	1,748	6,782	331,144
Changes of assumptions related to pensions	174,884	13,232	315,071	503,187
Changes of assumptions related to pensions	46,667	318	-	46,985
Total deferred inflows	4,929,087	1,062,081	1,466,594	7,457,762
Net deferred outflows (inflows)	(2,641,870)	(353,034)	(282,414)	(3,277,318)
Pension/OPEB expense	$ 914,249	$ 1,575,044	$ 1,546,657	$ 4,035,950

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, 2022 and 2021, active ASRS members and the TAA were required by Statute to contribute at the following actuarially determined rates on members' annual payroll:

	2022	2021
Employee contribution rates:		
Retirement	12.22%	12.04%
Long-term disability	0.19%	0.18%
	12.41%	12.22%
Employer contribution rates:		
Retirement	12.01%	11.65%
Health benefit supplement	0.21%	0.39%
Long-term disability	0.19%	0.18%
	12.41%	12.22%

The TAA's contributions to the pension/OPEB plan for the years ended September 30, 2022 and 2021 were $1,529,231 and $1,380,826, respectively.

Pension liability - At September 30, 2022 and 2021, the TAA reported a liability of $16,317,589 and $12,730,870 for its proportionate share of the ASRS' net pension/OPEB liability. The net pension/OPEB liability was measured as of June 30, 2022 and 2021 (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, 2021, to the measurement date of June 30, 2022.) 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, 2022 and 2021. The TAA's proportions, measured as of June 30, 2022 and 2021 were as follows:

	2022	2021	Decrease
Pension	0.10352%	0.10053%	0.00299%
Health benefit supplement	0.10551%	0.10249%	0.00302%
Long-term disability	0.10469%	0.10180%	0.00289%

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

For the years ended September 30, 2022 and 2021, the TAA recognized pension/OPEB expense (income) for ASRS of $1,711,411 and $1,066,838, respectively. At September 30, 2022 and 2021, the TAA reported deferred outflows of resources and deferred inflows of resources related to pension/OPEBs from the following sources:

	2022		2021	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 149,003	$ 309,525	$ 207,432	$ 174,884
Net difference between projected and actual earnings on pension plan investments	-	465,214	-	4,384,922
Changes in proportion and differences between employer contributions and proportionate share of contributions	302,417	29,322	1,223	322,614
Changes in assumptions	853,442	39,659	1,750,759	46,667
Contributions subsequent to the measurement date	359,339	-	327,803	-
	$ 1,664,201	$ 843,720	$ 2,287,217	$ 4,929,087

The $359,339 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, 2023. 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,	
2023	$ 842,112
2024	(161,345)
2025	(885,643)
2026	694,639
2027	(21,013)
Thereafter	(7,608)
	$ 461,142

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	September 30, 2022
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, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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 and by adding expected inflation.

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	50%	1.95%
Fixed income - credit	20%	1.06%
Fixed income - interest rate sensitive	10%	(0.02)%
Real estate	20%	1.20%
	100%	4.19%

Discount rate - The discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which is more than the long-term expected rate of return of 4.7%. The discount rate decreased by 0.5% 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	$ 24,523,286	$ 16,317,589	$ 9,472,028

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%	

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
Accidental disability retirement	50% or normal retirement, whichever is greater		
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 $100 per month to $260 per month depending on the age of the member and dependents.

At September 30, 2022, the number of employees covered by the PSPRS agent pension plan benefit terms was as follows:

	Fire Department	Police Department
Retirees and beneficiaries	19	27
Inactive, non-retired members	5	7
Active members	14	21
	38	55

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, 2022 and 2021, 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	
	2022	2021	2022	2021
Employer contribution rates (Tier 1 & 2):	101.46%	95.19%	97.55%	97.55%
Employer health contribution rates	0.00%	0.00%	0.02%	0.02%
Employer pension contributions rates	101.46%	95.19%	97.53%	95.53%
Employer contributions	$157,153	$13,262,977	$230,363	$16,845,168
Employer contributions rates Tier 3	96.80%	89.39%	91.57%	92.43%
Employer pension legacy cost rates	86.86%	79.45%	81.63%	82.49%
Employer health contributions rates	0.26%	0.26%	0.26%	0.26%
Employer pension contributions rates	9.68%	9.68%	9.68%	9.68%
Employee contribution rates:				
Tier 1	7.65%	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, 2022 and 2021, the TAA reported the following net pension/OPEB liabilities (assets) for its PSPRS pension/OPEB plans:

	Fire		Police	
	2022	2021	2022	2021
Net pension/OPEB liability (asset)	$ 2,133,305	$ (426,421)	$ -	$ (1,285,142)

The net pension/OPEB liabilities were measured as of June 30, 2022 and 2021, 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:

Asset valuation method	Fair value of assets
Actuarial cost method	Entry age normal
Investment rate of return	7.2%, net of investment and administrative expenses
Payroll growth	3.5%
Inflation	2.5%
Salary increases	2.75%-15%, including inflation
Mortality rates	RP-2014 mortality table projected 1 year backwards to 2013 with MP-2014 (110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016
Permanent benefit increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published in the Unites States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation
Healthcare cost trend rate	Not applicable

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, 2017.

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.

8. Pension and other postemployment benefits (continued):

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

For each major asset class that is included in the pension/OPEB plan's target asset allocation as of June 30, 2022, estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	1%	(0.35)%
	100%	

Discount rate - At June 30, 2021, 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).

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 (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 (a) - (b)
Balances at June 30, 2021	$ 22,907,556	$ 24,192,696	$ (1,285,140)
Adjustment to beginning of year	-	-	-
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

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 2021

Measurement date June 30, 2021

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (asset) (a) - (b)
Balances at June 30, 2020	$ 19,446,317	$ 5,931,241	$ 13,515,076
Adjustment to beginning of year	-	(32,139)	32,139
Changes for the year:			
Service cost	265,461	-	265,461
Interest on the total pension liability	1,397,401	-	1,397,401
Differences between expected and actual experience in the measurement of the pension liability	212,178	-	212,178
Contributions - employer	-	13,262,977	(13,262,977)
Contributions - employee	-	91,288	(91,288)
Net investment income	-	2,493,309	(2,493,309)
Benefit payments, including refunds of employee contributions	(1,138,617)	(1,138,617)	-
Administrative expense	-	(11,137)	11,137
Effect of tier 3 plans	-	11,139	(11,139)
Other changes	-	1,100	(1,100)
Net changes	736,423	14,710,059	(13,973,636)
Balances at June 30, 2021	$ 20,182,740	$ 20,609,161	$ (426,421)

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 2021

Measurement date June 30, 2021

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (asset) (a) - (b)
Balances at June 30, 2021	$ 22,558,814	$ 5,695,600	$ 16,863,214
Adjustment to beginning of year	-	(46,874)	46,874
Changes for the year:			
Service cost	368,844	-	368,844
Interest on the total pension liability	1,626,662	-	1,626,662
Differences between expected and actual experience in the measurement of the pension liability	(357,523)	-	(357,523)
Contributions - employer	-	16,845,168	(16,845,168)
Contributions - employee	-	261,526	(261,526)
Net investment income	-	2,727,376	(2,727,376)
Benefit payments, including refunds of employee contributions	(1,289,241)	(1,289,241)	-
Effect of tier 3 plans	-	11,197	(11,197)
Administrative expense	-	(12,056)	12,056
Net changes	348,742	18,543,970	(18,195,228)
Balances at June 30, 2022	$ 22,907,556	$ 24,192,696	$ (1,285,140)

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 7.30%, 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 (6.30%) or 1 percentage point higher (8.30%) than the current rate:

	1% decrease (6.20%)	Current discount rate (7.20%)	1% increase (8.20%)
TAA's net pension/OPEB liability Fire Department	$ 4,698,084	$ 2,133,305	$ 13,694
TAA's net pension/OPEB liability (asset) - Police Department	$ 4,501,558	$ -	$ (823,645)

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, 2022 and 2021, the TAA recognized pension expense for PSPRS Fire of $549,543 and $1,575,044. At September 30, 2022 and 2021, the TAA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	2022		2021	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 318,061	$ 38,245	$ 502,061	$ 13,232
Changes in assumptions	345,352	1,546	142,723	318
Net difference between projected and actual earnings on plan investments	999,785	-	-	1,046,783
Contributions subsequent to the measurement date	79,808	-	63,259	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	913	3,877	1,004	1,748
	$ 1,743,919	$ 43,668	$ 709,047	$ 1,062,081

8. Pension and other postemployment benefits (continued):

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

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, 2023. 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
2023	$ 550,852
2024	379,856
2025	217,684
2026	456,455
2027	2,399
Thereafter	13,372
	$ 1,620,618

Police Department Pension/OPEB expense and deferred outflows/inflows of resources - For the years ended September 30, 2022 and 2021, the TAA recognized pension expense for PSPRS Police of $717,167 and $1,546,657. At September 30, 2022 and 2021, the TAA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	2022		2021	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 448,771	$ 298,148	$ 870,104	$ 315,071
Changes in assumptions	350,707	784	218,467	-
Net difference between projected and actual earnings on plan investments	1,250,889	-	-	1,144,741
Contributions subsequent to the measurement date	124,621	-	88,810	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,667	6,359	6,799	6,782
	$ 2,191,655	$ 305,291	$ 1,184,180	$ 1,466,594

8. Pension and other postemployment benefits (continued):

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

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, 2023. 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
2023	$ 761,147
2024	213,375
2025	231,326
2026	540,828
2027	2,130
Thereafter	13,020
	$ 1,761,826

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 results in total aggregate collection authority of $179,290,015. During the years ended September 30, 2022 and 2021, the TAA earned PFCs of $6,502,174 and $4,628,663, 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, 2022 and 2021.

11. Commitments:

Commitments for contractual services for federally funded and other construction projects at September 30, 2022 totaled approximately $1,452,720. These commitments will be funded in whole or in part by federal and state grants of $520,268 and the TAA's previously issued revenue bonds and TAA funds of $932,452 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.

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.

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

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

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, 2022 and 2021 follow:

	2022	2021
Environmental remediation liability, beginning of year	$ 23,920,902	$ 23,696,686
Current year expense	1,315,930	1,334,189
Investment earnings on environmental remediation trust assets	539	2,511
Current year payments	(3,670,022)	(1,112,484)
Environmental remediation liability, end of year	$ 21,567,349	$ 23,920,902
Environmental remediation liability:		
Current - payable from unrestricted assets	$ 4,473,947	$ 5,678,529
Current - payable from restricted assets	572,412	392,447
Long-term - payable from unrestricted assets	16,520,990	17,849,926
	$ 21,567,349	$ 23,920,902

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.

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

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 may have been transported 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.

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.

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 20% and 15% of total operating revenues for the years ended September 30, 2022 and 2021. Net revenues from the airport parking lot operations amounted to approximately 18% and 12% of total operating revenues in the years ended September 30, 2022 and 2021. Facility rent amounted to approximately 25% and 31% of total operating revenues in the years ended September 30, 2022 and 2021.

14. Restatement:

In connection with adopting GASB 87, the TAA restated certain balances at September 30, 2021. The TAA recorded lease receivables totaling $90,547,036 and deferred inflows related to leases totaling $89,439,086 for the year ended September 30, 2021. In addition, net position increased from $440,249,026 to $443,000,498 at September 30, 2021 and the change in net position increased by $2,751,470 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, 2022 and 2021, restricted net position is as follows:

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

15. Restricted net position (continued):

September 30, 2021	Environmental trust	Debt service	Capital projects	Total restricted
Assets:				
Cash and cash equivalents	$ 392,447	$ -	$ 1,443,206	$ 1,835,653
Investments	-	-	20,923,339	20,923,339
Accounts receivable	-	-	876,384	876,384
Accrued interest receivable	-	-	43,342	43,342
Total restricted assets	$ 392,447	$ -	$ 23,286,271	$ 23,678,718
Liabilities:				
Environmental remediation payable	$ 392,447	$ -	$ -	$ 392,447
Total restricted net position	$ -	$ -	$ 23,286,271	$ 23,286,271

16. Subsequent events

The TAA's management has evaluated the events that have occurred subsequent to September 30, 2022 through November 13, 2023, 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.

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REQUIRED SUPPLEMENTARY INFORMATION –Unaudited

Required Supplementary Information - Unaudited

1. Budgetary basis of accoun ng:

The TAA prepares its annual budget on the modifi ed accrual basis of accoun ng. A budgetary comparison schedule for the general fund is included as required supplementary informa on to provide meaningful comparison of actual results to budget on a budget basis.

2.Pension and OPEB plan schedules:

Actuarially determined contribu on rates:

Actuarial determined contribu on rates for PSPRS are calculated as of June 30 two years prior to the end of the fi scal year in which contribu ons are made. The actuarial methods and assump ons used to establish the contribu on 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; 80%/120% 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%.
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 aff ect trends:

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefi t increases and increased employee pension contribu on rates were uncons tu onal or a breach of contract because those provisions apply to individuals who were members as of the law's eff ec ve date. As a result, the PSPRS changed benefi t terms to refl ect the prior mechanism for funding permanent benefi t increases for those members and revised actuarial assump ons to explicitly value future permanent benefi t increases. PSPRS also reduced those members' employee contribu on rates. These changes are refl ected in the plans' pension liabili es for fi scal year 2015 (measurement date 2014) for members who were re red as of the law's eff ec ve date and fi scal year 2018 (measurement date 2017) for members who re red or will re re a er the law's eff ec ve date. These changes also increased the PSPRS required pension contribu ons beginning in fi scal year 2016 for members who were re red as of the law's eff ec ve date. These changes increased the PSPRS required contribu ons beginning in fi scal year 2019 for members who re red or will re re a er the law's eff ec ve date. Also, the TAA refunded excess employee contribu ons to PSPRS members. PSPRS allowed the TAA to reduce its actual employer contribu ons for the refund amounts. As a result, the TAA's pension contribu ons were less than the actuarially or statutorily determined contribu ons for 2018 and 2019.

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

(2013 information not available)

Reporting date (September 30) Measurement date (June 30)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)
TAA's proportion of the net pension liability	0.10352%	0.10053%	0.10101%	0.10674%
TAA's proportionate share of the net pension liability	16,896,763	13,209,196	17,501,518	15,531,912
TAA's covered payroll	12,230,220	11,255,969	10,979,377	11,198,483
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	138.16%	117.35%	159.40%	138.70%
Plan fiduciary net position as a percentage of total pension liability	74.26%	78.58%	69.33%	73.24%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
0.10814%	0.10506%	0.11064%	0.11626%	0.12027%	-%
15,081,724	16,366,300	17,858,407	18,108,646	17,795,379	-
10,748,407	10,234,127	10,309,250	10,708,240	10,840,726	-
140.32%	159.92%	173.23%	169.11%	164.15%	-%
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 -- 2013 information not available)

Reporting date (September 30) Measurement date (June 30)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)
TAA's proportion of the net pension liability	0.10551%	0.10249%	0.10295%	0.10888%
TAA's proportionate share of the net pension liability	(588,849)	(499,340)	(72,888)	(30,089)
TAA's covered payroll	12,230,220	11,255,969	10,979,377	11,198,483
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.81%	-4.44%	-0.66%	-0.27%
Plan fiduciary net position as a percentage of total pension liability	137.79%	130.24%	104.33%	101.62%

Long-term Disability (LTD)

Reporting date (September 30) Measurement date (June 30)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)
TAA's proportion of the net pension liability	0.10469%	0.10180%	0.10213%	0.10817%
TAA's proportionate share of the net pension liability	9,669	21,014	77,477	70,467
TAA's covered payroll	12,230,220	11,255,969	10,979,377	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	0.08%	0.19%	0.71%	0.66%
Plan fiduciary net position as a percentage of total pension liability	95.40%	90.38%	68.01%	72.85%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
0.10989%	0.10652%	-%	-%	-%	-%
(39,570)	(57,989)	-	-	-	-
10,748,407	10,234,127	-	-	-	-
-0.37%	-0.57%	-%	-%	-%	-%
102.00%	103.57%	-%	-%	-%	-%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
0.10862%	0.10559%	-%	-%	-%	-%
56,754	38,274	-	-	-	-
10,748,407	10,234,127	-	-	-	-
0.53%	0.37%	-%	-%	-%	-%
78.00%	84.44%	-%	-%	-%	-%

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

(2013 information not available)

	2022	2021	2020	2019
Reporting date (September 30)	2022	2021	2020	2019
Measurement date (June 30)	(2022)	(2021)	(2020)	(2019)
Total pension liability				
Service cost	$ 246,257	$ 260,136	$ 266,691	$ 156,487
Interest on total pension liability	1,420,747	1,378,221	1,345,422	1,263,139
Benefit changes	-	-	-	-
Difference between expected and actual experience	(35,140)	186,264	212,900	394,075
Assumption changes	358,784	-	-	354,435
Benefit payments, including refunds of employee contributions	(1,336,158)	(1,120,205)	(1,119,994)	(1,212,840)
Net change in total pension liability	654,490	704,416	705,019	955,296
Total pension liability, beginning	19,884,116	19,179,700	18,474,681	17,519,385
Total pension liability, ending (a)	$ 20,538,606	$ 19,884,116	$ 19,179,700	$ 18,474,681
Plan fiduciary net position				
Contributions employer	$ 157,153	$ 13,262,977	$ 1,216,474	$ 1,006,544
Contributions employee	85,731	91,288	94,483	92,740
Pension plan net investment income	(783,738)	2,405,826	69,458	279,715
Benefit payments, including refunds of employee contributions	(1,336,158)	(1,120,205)	(1,119,994)	(1,212,840)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(14,162)	(10,777)	(5,664)	(5,860)
Other	-	1,100	-	-
Net change in fiduciary net position	(1,891,174)	14,630,209	254,757	160,299
Plan fiduciary net position, beginning	20,205,933	5,575,724	5,353,106	5,192,807
Adjustment to Beginning of Year	33,178	-	(32,139)	
Plan fiduciary net position, ending (b)	$ 18,347,937	$ 20,205,933	$ 5,575,724	$ 5,353,106
Net pension liability (asset), ending (a)–(b)	$ 2,190,669	$ (321,817)	$ 13,603,976	$ 13,121,575
Plan fiduciary net position as a percentage of total pension liability	89.33%	101.62%	29.07%	28.98%
Covered valuation payroll	$ 929,423	$ 1,054,218	$ 1,120,421	$ 1,140,342
Net pension liability as a percentage of covered valuation payroll	235.70%	-30.53%	1214.18%	1150.67%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
$ 237,359	$ 288,240	$ 226,588	$ 214,614	$ 217,088	$ -
1,221,934	1,144,049	1,114,931	1,113,123	926,805	-
-	189,346	237,906	-	362,124	-
127,803	(1,002)	(88,660)	(347,529)	(59,196)	-
-	608,287	563,682	-	1,746,767	-
(923,319)	(966,355)	(1,102,101)	(824,231)	(813,515)	-
663,777	1,262,565	952,346	155,977	2,380,073	-
16,855,608	15,593,043	14,640,697	14,484,720	12,104,647	-
$ 17,519,385	$ 16,855,608	$ 15,593,043	$ 14,640,697	$ 14,484,720	$ -
$ 862,196	$ 850,516	$ 839,895	$ 527,805	$ 497,883	$ -
89,302	132,556	133,036	120,005	111,010	-
346,270	529,903	26,592	164,399	570,917	-
(923,319)	(966,355)	(1,102,101)	(824,231)	(813,515)	-
(207,683)	-	-	-	-	-
(5,970)	(5,089)	(4,227)	(4,385)	-	-
59	57,028	58,877	(115,462)	(261,027)	-
160,855	598,559	(47,928)	(131,869)	105,268	-
5,031,952	4,433,393	4,481,321	4,613,190	4,507,922	-
-	-	-	-	-	-
$ 5,192,807	$ 5,031,952	$ 4,433,393	$ 4,481,321	$ 4,613,190	$ -
$ 12,326,578	$ 11,823,656	$ 11,159,650	$ 10,159,376	$ 9,871,530	$ -
2964.00%	29.85%	28.43%	30.61%	31.85%	0.00%
$ 1,051,655	$ 1,229,168	$ 1,174,641	$ 1,098,649	$ 1,013,577	$ -
1172.11%	961.92%	950.05%	924.72%	973.93%	0.00%

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

(2016 -- 2013 information not available)

Reporting date (September 30)	2022	2021	2020	2019
Measurement date (June 30)	(2022)	(2021)	(2020)	(2019)
Service cost	$ 5,095	$ 5,325	$ 5,479	$ 3,470
Interest on total OPEB liability	21,412	19,180	17,489	18,965
Benefit changes	-	-	-	-
Difference between expected and actual experience	(4,009)	25,914	21,063	(26,260)
Assumption changes	6,247	-	-	1,739
Benefit payments, including refunds of employee contributions	(20,813)	(18,412)	(16,547)	(23,179)
Net change in total OPEB liability	7,932	32,007	27,484	(25,265)
Total OPEB liability, beginning	298,624	266,617	239,133	264,398
Total OPEB liability, ending (a)	$ 306,556	$ 298,624	$ 266,617	$ 239,133
Contributions employer	$ -	$ -	$ -	$ -
Contributions employee	-	-	-	-
OPEB plan net investment income	(15,173)	87,483	4,180	17,948
Benefit payments, including refunds of employee contributions	(20,813)	(18,412)	(16,547)	(23,179)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(270)	(360)	(340)	(310)
Other	-	-	-	-
Net change in fiduciary net position	(36,256)	68,711	(12,707)	(5,541)
Plan fiduciary net position, beginning	$ 392,089	$ 323,378	$ 336,085	$ 341,626
Adjustment to beginning of year	-	-	-	-
Plan fiduciary net position, ending (b)	355,833	392,089	323,378	336,085
Net OPEB liability (asset), ending (a)–(b)	$ (49,277)	$ (93,465)	$ (56,761)	$ (96,952)
Plan fiduciary net position as a percentage of total OPEB liability	116.07%	131.30%	121.29%	140.54%
Covered valuation payroll	$ 929,423	$ 1,054,218	$ 1,120,421	$ 1,140,342
Net OPEB liability as a percentage of covered valuation payroll	-5.30%	-8.87%	-5.07%	-8.50%

	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
	$ 3,365	$ 4,302	$ -	$ -	$ -	$ -
	18,546	16,689	-	-	-	-
	-	-	-	-	-	-
	(248)	30,351	-	-	-	-
	-	(8,218)	-	-	-	-
	(12,415)	(16,675)	-	-	-	-
	9,248	26,449	-	-	-	-
	255,150	228,701	-	-	-	-
	$ 264,398	$ 255,150	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-
	22,786	35,872	-	-	-	-
	(12,415)	(16,675)	-	-	-	-
	-	-	-	-	-	-
	(347)	(318)	-	-	-	-
	-	-	-	-	-	-
	10,024	18,879	-	-	-	-
	$ 331,602	$ 312,723	$ -	$ -	$ -	$ -
	-	-	-	-	-	-
	341,626	331,602	-	-	-	-
	$ (77,228)	$ (76,452)	$ -	$ -	$ -	$ -
	129.21%	129.96%	0.00%	0.00%	0.00%	0.00%
	$ 1,051,655	$ 1,229,168	$ -	$ -	$ -	$ -
	-7.34%	-6.22%	0.00%	0.00%	0.00%	0.00%

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

(2013 information not available)

Reporting date (September 30)	2022	2021	2020	2019
Measurement date (June 30)	(2022)	(2021)	(2020)	(2019)
Total pension liability				
Service cost	$ 403,847	$ 362,628	$ 273,444	$ 180,206
Interest on total pension liability	1,633,901	1,608,573	1,518,631	1,412,577
Benefit changes	-	-	-	-
Difference between expected and actual experience	(120,798)	(322,419)	1,190,195	608,502
Assumption changes	305,113	-	-	572,330
Benefit payments, including refunds of employee contributions	(1,413,162)	(1,272,921)	(1,843,580)	(1,023,805)
Net change in total pension liability	808,901	375,861	1,138,690	1,749,810
Total pension liability, beginning	22,684,942	22,309,081	21,170,391	19,420,581
Total pension liability, ending (a)	$ 23,493,843	$ 22,684,942	$ 22,309,081	$ 21,170,391
Plan fiduciary net position				
Contributions employer	$ 230,051	$ 16,841,672	$ 1,446,138	$ 1,323,808
Contributions employee	128,889	261,526	123,872	162,627
Pension plan net investment income	(928,408)	2,647,896	71,363	273,290
Benefit payments, including refunds of employee contributions	(1,413,162)	(1,272,921)	(1,843,580)	(1,023,805)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(16,778)	(11,729)	(5,818)	(5,745)
Other	-	-	-	34,779
Net change in fiduciary net position	(1,999,408)	18,466,444	(208,025)	764,954
Plan fiduciary net position, beginning	23,820,740	5,354,296	5,609,193	4,847,914
Adjustment to Beginning of Year	-	-	(46,872)	(3,675)
Plan fiduciary net position, ending (b)	$ 21,821,332	$ 23,820,740	$ 5,354,296	$ 5,609,193
Net pension liability (asset), ending (a)–(b)	$ 1,672,511	$ (1,135,798)	$ 16,954,785	$ 15,561,198
Plan fiduciary net position as a percentage of total pension liability	92.88%	105.01%	24.00%	26.50%
Covered valuation payroll	$ 1,420,759	$ 1,527,913	$ 1,481,859	$ 1,351,250
Net pension liability as a percentage of covered valuation payroll	117.72%	-74.34%	1144.16%	1151.62%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
$ 281,283	$ 313,234	$ 253,073	$ 258,524	$ 256,981	$ -
1,369,937	1,267,411	1,213,721	1,171,149	965,854	-
-	230,905	212,521	-	342,709	-
(2,801)	213,612	163,868	195,045	178,695	-
-	672,391	607,290	-	1,778,168	-
(1,199,709)	(935,761)	(1,150,547)	(1,008,807)	(807,083)	-
448,710	1,761,792	1,299,926	615,911	2,715,324	-
18,971,871	17,210,079	15,910,153	15,294,242	12,578,918	-
$ 19,420,581	$ 18,971,871	$ 17,210,079	$ 15,910,153	$ 15,294,242	$ -
$ 1,032,770	$ 871,881	$ 860,997	$ 614,539	$ 576,148	$ -
120,133	164,792	172,693	280,628	150,551	-
323,004	497,677	24,385	154,668	511,958	-
(1,199,709)	(935,761)	(1,150,547)	(1,008,807)	(807,083)	-
(237,532)	-	-	-	-	-
(5,616)	(4,804)	(3,909)	(4,150)	-	-
81,265	46	1,450	(3,035)	(209,036)	-
114,315	593,831	(94,931)	33,843	222,538	-
4,733,599	4,139,768	4,234,699	4,200,856	3,978,318	-
-	-	-	-	-	-
$ 4,847,914	$ 4,733,599	$ 4,139,768	$ 4,234,699	$ 4,200,856	$ -
$ 14,572,667	$ 14,238,272	$ 13,070,311	$ 11,675,454	$ 11,093,386	$ -
24.96%	24.95%	24.05%	26.62%	24.47%	0.00%
$ 1,329,942	$ 1,395,872	$ 1,309,901	$ 1,364,568	$ 1,305,875	$ -
1095.74%	1020.03%	997.81%	855.62%	849.50%	0.00%

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

(2016 -- 2013 information not available)

	2022	2021	2020	2019
Reporting date (September 30)	2022	2021	2020	2019
Measurement date (June 30)	(2022)	(2021)	(2020)	(2019)
Service cost	$ 7,036	$ 6,216	$ 6,144	$ 4,655
Interest on total OPEB liability	16,263	18,089	19,806	23,538
Benefit changes	-	-	-	-
Difference between expected and actual experience	12,867	(35,104)	(29,483)	(67,403)
Assumption changes	8,286	-	-	3,635
Benefit payments, including refunds of employee contributions	(13,732)	(16,320)	(16,486)	(16,186)
Net change in total OPEB liability	30,720	(27,119)	(20,019)	(51,761)
Total OPEB liability, beginning	222,614	249,733	269,752	321,513
Total OPEB liability, ending (a)	$ 253,334	$ 222,614	$ 249,733	$ 269,752
Contributions employer	$ 312	$ 3,496	$ 6,626	$ 4,763
Contributions employee	-	-	-	-
OPEB plan net investment income	(14,071)	79,480	3,728	15,633
Benefit payments, including refunds of employee contributions	(13,732)	(16,320)	(16,486)	(16,186)
Hall/Parker Settlement	-	-	-	-
Pension plan administrative expense	(250)	(327)	(303)	(270)
Other	-	-	-	-
Net change in fiduciary net position	(27,741)	66,329	(6,435)	3,940
Plan fiduciary net position, beginning	$ 360,761	$ 294,432	$ 300,867	$ 293,252
Adjustment to beginning of year	-	-	-	3,675
Plan fiduciary net position, ending (b)	333,020	360,761	294,432	300,867
Net OPEB liability (asset), ending (a)–(b)	$ (79,686)	$ (138,147)	$ (44,699)	$ (31,115)
Plan fiduciary net position as a percentage of total OPEB liability	131.45%	162.06%	117.90%	111.53%
Covered valuation payroll	$ 1,420,759	$ 1,527,913	$ 1,481,859	$ 1,351,250
Net OPEB liability as a percentage of covered valuation payroll	-5.61%	-9.04%	-3.02%	-2.30%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
$ 4,389	$ 4,886	$ -	$ -	$ -	$ -
21,564	19,898	-	-	-	-
-	847	-	-	-	-
14,339	26,034	-	-	-	-
-	(10,834)	-	-	-	-
(15,983)	(12,972)	-	-	-	-
24,309	27,859	-	-	-	-
297,204	269,345	-	-	-	-
$ 321,513	$ 297,204	$ -	$ -	$ -	$ -
$ 862	$ 5,655	$ -	$ -	$ -	$ -
-	-	-	-	-	-
19,711	30,966	-	-	-	-
(15,983)	(12,972)	-	-	-	-
-	-	-	-	-	-
(300)	(275)	-	-	-	-
1	-	-	-	-	-
4,291	23,374	-	-	-	-
$ 288,961	$ 265,587	-	-	-	-
-	-	-	-	-	-
293,252	288,961	$ -	$ -	$ -	$ -
$ 28,261	$ 8,243	$ -	$ -	$ -	$ -
91.21%	97.23%	0.00%	0.00%	0.00%	0.00%
$ 1,329,942	$ 1,395,872	$ -	$ -	$ -	$ -
2.12%	0.59%	0.00%	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)
(2018 -- 2013 information not available)

Reporting date (September 30) Measurement date (June 30)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)
TAA's proportion of the net pension liability	0.114996%	0.110241%	0.093337%	0.116867%
TAA's proportionate share of the net pension liability	(6,710)	(10,207)	280	(1,678)
TAA's covered payroll	157,866	113,754	67,859	47,036
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.25%	-8.97%	0.41%	-3.57%
Plan fiduciary net position as a percentage of total pension liability	108.46%	121.67%	98.82%	118.05%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

Schedule of the TAA's Proportionate Share of the
Net OPEB Liability -- Cost Sharing Plan (PSPRS Fire - Tier 3)
(2018 -- 2013 information not available)

Reporting date (September 30) Measurement date (June 30)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)
TAA’s proportion of the net pension liability	0.116044%	0.095456%	0.081212%	0.102787%
TAA's proportionate share of the net pension liability	(1,378)	(926)	(284)	(151)
TAA’s covered payroll	157,866	113,754	67,859	47,036
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-0.87%	-0.81%	-0.42%	-0.32%
Plan fiduciary net position as a percentage of total pension liability	210.39%	242.50%	198.90%	207.50%

2018	2017	2016	2015	2014	2013
(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

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

(2018 -- 2013 information not available)

	2022	2021	2020	2019
Reporting date (September 30) Measurement date (June 30)	2022 (2022)	2021 (2021)	2020 (2020)	2019 (2019)
TAA's proportion of the net pension liability	0.054236%	0.108661%	0.175550%	0.017544%
TAA's proportionate share of the net pension liability	(3,165)	(10,061)	526	(252)
TAA's covered payroll	74,454	112,124	121,595	7,061
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.25%	-8.97%	0.43%	-3.57%
Plan fiduciary net position as a percentage of total pension liability	108.46%	121.67%	98.82%	118.05%

2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
-%	-%	-%	-%	-%	-%
-	-	-	-	-	-
-	-	-	-	-	-
-%	-%	-%	-%	-%	-%
-%	-%	-%	-%	-%	-%

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

(2018 -- 2013 information not available)

Reporting date (September 30)	2022	2021	2020	2019
Measurement date (June 30)	(2022)	(2021)	(2020)	(2019)
TAA’s proportion of the net pension liability	0.054729%	0.116441%	0.187635%	0.015431%
TAA's proportionate share of the net pension liability	(650)	(1,130)	(656)	(23)
TAA’s covered payroll	74,454	112,124	121,595	7,061
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-0.87%	-1.01%	-0.54%	-0.33%
Plan fiduciary net position as a percentage of total pension liability	210.39%	242.50%	198.90%	207.50%

	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)
	-%	-%	-%	-%	-%	-%
	-	-	-	-	-	-
	-	-	-	-	-	-
	-%	-%	-%	-%	-%	-%
	-%	-%	-%	-%	-%	-%

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STATISTICAL SECTION

STATISTICAL

Statistical Section

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Net Position and Changes in Net Position

Fiscal Years Ended September 30

	2013	2014	2015	2016
Operating revenues				
Landing fees	$ 2,727,682	$ 2,677,840	$ 2,638,511	$ 2,793,333
Space rentals	14,541,598	14,712,712	15,516,879	15,563,025
Land rent	2,684,589	2,663,514	2,767,584	2,754,715
Concession revenue	14,234,828	14,442,602	14,458,462	15,146,036
Product sales	1,000,111	-	-	-
Airport services	3,069,561	3,813,682	3,787,935	3,239,181
Other operating revenues	4,336,606	3,040,508	2,817,414	2,624,624
Total operating revenues	42,594,975	41,350,858	41,986,785	42,120,914
Nonoperating revenues				
Interest income	733,777	1,003,767	1,383,045	1,533,109
Passenger facility charges	6,193,285	6,135,127	6,010,676	6,071,068
Other nonoperating revenues	(466,024)	655,988	576,808	(47,097)
Total nonoperating revenues	6,461,038	7,794,882	7,970,529	7,557,080
Total revenues	49,056,013	49,145,740	49,957,314	49,677,994
Operating expenses				
Personnel expenses	18,855,823	21,271,873	19,945,414	19,887,460
Contractual services	6,321,777	5,843,202	6,064,007	6,165,827
Materials and supplies	1,348,952	1,764,994	1,465,876	1,311,559
Cost of product sales	851,930	-	-	-
Other operating expenses	1,177,404	2,632,370	914,491	884,209
Depreciation and amortization	16,472,711	15,860,805	16,577,216	14,534,836
Total operating expenses	45,028,597	47,373,244	44,967,004	42,783,891
Nonoperating expenses				
Interest expense and fiscal charges	3,048,133	2,787,713	2,667,488	2,542,271
Environmental remediation expenses	1,469,875	1,120,109	421,500	440,980
Other nonoperating expenses	15,714	-	280	17,250
Total non-operating expenses	4,533,722	3,907,822	3,089,268	3,000,501
Total expenses	49,562,319	51,281,066	48,056,272	45,784,392
Capital contributions	13,542,280	26,622,392	15,074,095	7,812,027
Special item - Loss on asset impairment	-	-	-	-
Increase in net position	$ 13,035,974	$ 24,487,065	$ 16,975,137	$ 11,705,629
Net position at year-end				
Net investment in capital assets	$ 220,212,684	$ 236,631,507	$ 247,391,638	$ 251,798,899
Restricted	32,995,119	34,237,052	36,710,371	38,342,080
Unrestricted	84,557,084	54,786,190	58,527,877	64,194,536
Total net position	$ 337,764,887	$ 325,654,749	$ 342,629,886	$ 354,335,515
Prior period adjustment	-	-	-	11,518
Total net position, as restated	$ 337,764,887	$ 325,654,749	$ 342,629,886	$ 354,347,033

Source: TAA audited financial statements.

2017	2018	2019	2020	2021	2022
$ 2,761,273	$ 2,242,036	$ 3,070,839	$ 2,037,041	$ 1,973,618	$ 2,494,007
14,983,380	14,443,728	15,046,170	14,560,223	11,914,716	10,553,073
2,963,840	3,510,909	3,515,665	3,789,349	3,170,479	3,242,232
16,014,764	17,153,120	18,624,434	11,878,384	14,350,682	18,652,486
-		-	-		
3,451,629	3,799,364	3,278,715	3,611,852	3,354,818	3,154,925
2,733,868	2,876,372	3,725,228	2,992,525	2,983,091	3,428,942
42,908,754	44,025,529	47,261,051	38,869,374	37,747,404	41,525,665
1,757,178	2,252,824	3,079,094	2,330,044	1,777,835	1,726,195
6,477,205	6,754,513	7,229,199	4,265,140	4,628,663	6,502,174
(866,155)	(1,164,745)	2,056,203	19,799,150	15,378,375	20,627,180
7,368,228	7,842,592	12,364,496	26,394,334	21,784,873	28,855,549
50,276,982	51,868,121	59,625,547	65,263,708	59,532,277	70,381,214
20,124,552	20,323,973	22,646,456	23,272,979	20,489,377	23,398,275
6,120,706	6,089,002	7,710,016	6,726,582	7,537,219	8,954,187
1,422,945	1,544,793	1,595,222	1,859,050	1,533,550	1,912,266
-	-		-		
853,019	1,047,945	955,652	1,455,350	944,639	1,858,369
17,404,890	18,255,710	18,393,628	19,514,629	20,308,305	21,261,572
45,926,112	47,261,423	51,300,974	52,828,590	50,813,090	57,384,669
2,408,925	2,249,588	1,077,162	960,095	871,573	780,585
1,405,893	2,964,165	1,587,039	394,453	1,334,189	1,315,930
752	8,928	-	-	192,935	6,326,982
3,815,570	5,222,681	2,664,201	1,354,548	2,398,697	8,423,497
49,741,682	52,484,104	53,965,175	54,183,138	53,211,787	65,808,166
12,881,611	19,822,884	3,386,455	16,763,540	12,818,224	24,200,479
-					
$ 13,416,911	$ 19,206,901	$ 9,046,827	$ 27,844,110	$ 19,138,714	$ 28,773,527
$ 269,064,332	$ 290,739,199	$ 288,319,668	$ 301,652,819	$ 310,897,029	$ 336,710,644
37,881,459	19,754,254	21,497,013	22,611,645	23,286,271	24,774,705
60,818,153	76,477,392	86,200,991	99,597,319	108,817,198	110,288,676
$ 367,763,944	$ 386,970,845	$ 396,017,672	$ 423,861,783	$ 443,000,498	$ 471,774,025
-	-	-	-	-	-
$ 367,763,944	$ 386,970,845	$ 396,017,672	$ 423,861,783	$ 443,000,498	$ 471,774,025

Principal Revenue Sources

Fiscal Years Ended September 30

	2013	2014	2015	2016
Passenger airline rates and charges				
Landing fees	$ 2,442,338	$ 2,374,308	$ 2,276,000	$ 2,377,507
Terminal rentals	8,718,422	8,526,226	9,031,797	9,012,994
Security fees	1,620,612	1,683,084	2,168,184	2,010,660
Terminal use fees	-	-	-	-
Custodial, equipment and parking	281,127	290,848	266,689	268,989
Total passenger airline rates and charges	13,062,499	12,874,466	13,742,670	13,670,150
Concession revenues				
Parking lots	5,889,802	6,091,415	6,192,931	6,392,766
Rental cars	5,883,762	5,909,460	5,733,134	6,114,720
News and gift	675,724	711,183	708,067	679,767
Food and beverage	1,111,483	1,095,263	1,165,119	1,242,012
Other	674,057	635,281	659,211	716,771
Total concession revenues	14,234,828	14,442,602	14,458,462	15,146,036
Other operating revenues				
Space rental	5,305,856	5,724,956	6,030,053	6,059,773
Land rent	2,684,589	2,663,514	2,767,584	2,754,715
Tenant finishes	224,858	224,858	224,858	224,858
Cargo airline landing fees	208,659	207,482	206,601	216,621
Air cargo space rentals	292,462	236,672	230,171	265,400
Fuel flowage	2,042,185	897,339	405,135	422,306
TSA reimbursements	413,479	423,100	425,099	390,311
Rental car customer facility charges	1,106,892	1,105,439	1,173,263	1,197,810
General aviation product sales	1,000,111	475,582	223,161	195,554
Other	2,018,557	2,074,848	2,099,728	1,577,380
Total other operating revenues	15,297,648	14,033,790	13,785,653	13,304,728
Total operating revenues	42,594,975	41,350,858	41,986,785	42,120,914
Nonoperating revenues				
Interest income	733,777	1,003,767	1,383,045	1,533,109
Passenger facility charges	6,193,285	6,135,127	6,010,676	6,071,068
Other nonoperating revenues	(466,024)	655,988	576,808	(47,097)
Total nonoperating revenues	6,461,038	7,794,882	7,970,529	7,557,080
Total revenues	$ 49,056,013	$ 49,145,740	$ 49,957,314	$ 49,677,994

Source: TAA audited financial statements and records.

2017	2018	2019	2020	2021	2022
$ 2,358,611	$ 1,932,402	$ 2,588,507	$ 1,699,499	$ 1,580,914	$ 2,011,317
8,998,645	8,962,562	9,445,182	9,279,470	7,274,870	5,948,942
2,039,015	2,388,206	2,087,021	2,348,792	2,400,220	2,164,805
-	-	-	-	-	-
168,086	30,870	178,869	191,321	162,175	158,160
13,564,357	13,314,040	14,299,579	13,519,082.13	11,418,180	10,283,225
6,900,338	7,342,654	7,829,129	4,676,532	4,708,206	7,552,018
6,417,509	6,193,649	6,832,969	4,673,326	5,662,859	8,248,009
492,237	1,308,953	1,400,778	841,794	1,802,743	1,020,136
1,241,351	1,137,726	1,247,586	792,004	1,508,250	858,125
963,329	1,170,139	1,313,972	894,728	668,623	974,198
16,014,764	17,153,120	18,624,434	11,878,384	14,350,681	18,652,486
5,818,658	5,343,938	5,287,792	4,907,920	4,295,891	4,219,463
2,963,840	3,483,678	3,488,464	3,761,964	3,143,151	3,215,192
92,715	95,850	95,850	95,850	95,850	45,312
203,237	160,329	203,104	313,543	330,064	473,500
267,005	273,105	296,329	300,983	310,744	348,546
438,212	454,743	480,470	444,718	548,390	655,709
388,385	348,645	423,015	360,770	413,520	388,160
1,209,425	1,239,323	1,327,100	863,955	784,247	1,030,311
203,969	218,176	226,769	145,445	164,881	248,460
1,744,187	1,940,583	2,508,145	2,276,759	1,891,805	1,965,301
13,329,633	13,558,369	14,337,038	13,471,908	11,978,543	12,589,954
42,908,754	44,025,529	47,261,051	38,869,374	37,747,404	41,525,665
1,757,178	2,252,824	3,079,094	2,330,044	1,777,835	1,726,195
6,477,205	6,754,513	7,229,199	4,265,140	4,628,663	6,502,174
(866,155)	(1,164,745)	2,056,203	19,799,150	15,378,375	20,627,180
7,368,228	7,842,592	12,364,496	26,394,334	21,784,873	28,855,549
$ 50,276,982	$ 51,868,121	$ 59,625,546	$ 65,263,708	$ 59,532,277	$ 70,381,214

Principal Revenue Source Ratios

Fiscal Years Ended September 30

	2013	2014	2015	2016
Passenger airline rates and charges as a percentage of total operating revenues	30.7%	31.1%	32.7%	32.5%
Concession revenues as a percentage of total operating revenues	33.4%	34.9%	34.4%	36.0%
Non-passenger airline revenues as a percentage of total operating revenues	69.3%	68.9%	67.3%	67.5%
Enplaned passengers	1,655,617	1,621,231	1,590,321	1,618,304
Airline cost per enplaned passenger	$ 7.89	$ 7.94	$ 8.64	$ 8.45
Concession revenues per enplaned passenger	$ 8.60	$ 8.91	$ 9.09	$ 9.36
Operating revenues per enplaned passenger	$ 25.73	$ 25.51	$ 26.40	$ 26.03
Total revenues per enplaned passenger	$ 29.63	$ 30.31	$ 31.41	$ 30.70

Source: Enplaned passengers as reported by airlines.

Rates and Charges

Fiscal Years Ended September 30

	2013	2014	2015	2016
Signatory airlines				
Landing fee (per 1,000 lbs.)	$ 1.31	$ 1.41	$ 1.31	$ 1.30
Ticketing space (per sq. ft. per year)	$ 76.30	$ 76.30	$ 78.81	$ 78.81
Baggage claim (per sq. ft. per year)	$ 72.36	$ 72.36	$ 74.74	$ 74.74
Baggage makeup (per sq. ft. per year)	$ 25.42	$ 25.42	$ 26.26	$ 26.26
Baggage claim office (per sq. ft. per year)	$ 76.30	$ 76.30	$ 78.81	$ 78.81
Operations space (per sq. ft. per year)	$ 64.84	$ 64.84	$ 66.97	$ 66.97
Hold room (per gate per year)	$ 111,263.62	$ 111,265.62	$ 114,926.26	$ 114,926.26
Aircraft parking position (per gate per year)	$ 7,982.45	$ 7,982.60	$ 8,245.20	$ 8,245.23
Parking				
Hourly lot (per hour)	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Daily lot (per day)	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Garage	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Economy uncovered (per day)	$ 4.00	$ 4.00	$ 4.00	$ 4.00
Economy covered	$ 5.00	$ 5.00	$ 5.00	$ 5.00
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

N.A.: Not applicable

Source: TAA records

2017	2018	2019	2020	2021	2022
31.6%	30.2%	30.3%	34.8%	30.2%	24.8%
37.3%	39.0%	39.4%	30.6%	38.0%	44.9%
68.4%	69.8%	69.7%	65.2%	69.8%	75.2%
1,711,518	1,782,050	1,897,590	1,144,018	1,137,279	1,686,183
$ 7.93	$ 7.47	$ 7.54	$ 11.82	$ 10.04	$ 6.10
$ 9.36	$ 9.63	$ 9.81	$ 10.38	$ 12.62	$ 11.06
$ 25.07	$ 24.70	$ 24.91	$ 33.98	$ 33.19	$ 24.63
$ 29.38	$ 29.11	$ 31.42	$ 57.05	$ 52.35	$ 41.74

2017	2018	2019	2020	2021	2022
$ 1.29	$ 1.04	$ 1.32	$ 1.15	$ 1.15	$ 1.15
$ 80.91	$ 80.91	$ 83.42	$ 83.42	$ 65.21	$ 65.21
$ 76.73	$ 76.73	$ 79.11	$ 79.11	$ 61.84	$ 61.84
$ 26.96	$ 26.96	$ 27.80	$ 27.80	$ 21.73	$ 21.73
$ 80.91	$ 80.91	$ 83.42	$ 83.42	$ 65.21	$ 65.21
$ 68.75	$ 68.75	$ 70.88	$ 70.88	$ 55.40	$ 55.40
$ 117,983.30	$ 117,983.30	$ 121,640.78	$ 121,640.78	$ 95,080.52	$ 95,080.52
$ 8,464.55	$ 8,464.55	$ 8,726.95	$ 8,726.95	$ 9,095.23	$ 9,095.23
$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00	$ 6.00
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

	2013	2014	2015	2016
Outstanding Debt Ratios				
Outstanding debt by type				
Senior lien revenue bonds	$ -	$ -	$ -	$ -
Subordinate lien revenue bonds	58,385,000	55,930,000	53,345,000	50,635,000
Junior subordinate lien revenue bonds	-	-	-	-
Notes payable	-	-	-	-
Total outstanding debt	$ 58,385,000	$ 55,930,000	$ 53,345,000	$ 50,635,000
Enplaned passengers	1,655,617	1,621,231	1,590,321	1,618,304
Outstanding debt per enplaned passenger	$ 35.26	$ 34.50	$ 33.54	$ 31.29
Operating revenues	$ 42,594,975	$ 41,350,858	$ 41,986,785	$ 42,120,914
Ratio of outstanding debt to operating revenues	1.37	1.35	1.27	1.20
Total revenues	$ 49,056,013	$ 49,145,740	$ 49,957,314	$ 49,677,994
Ratio of outstanding debt to total revenues	1.19	1.14	1.07	1.02
Debt Service Ratios				
Debt service				
Principal (1)	$ 6,855,000	$ 2,455,000	$ 2,585,000	$ 2,710,000
Interest	3,288,317	2,944,190	2,819,690	2,688,815
Total debt service	$ 10,143,317	$ 5,399,190	$ 5,404,690	$ 5,398,815
Debt service per enplaned passenger	$ 6.13	$ 3.33	$ 3.40	$ 3.34
Total expenses	$ 49,562,319	$ 51,281,066	$ 48,056,272	$ 45,784,392
Ratio of debt service to total expenses	0.20	0.11	0.11	0.12
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.

2017	2018	2019	2020	2021	2022
$ -	$ -	$ -	$ -	$ -	$ -
47,785,000	37,330,000	32,520,000	29,540,000	26,475,000	23,305,000
-					
-					
$ 47,785,000	$ 37,330,000	$ 32,520,000	$ 29,540,000	$ 26,475,000	$ 23,305,000
1,711,518	1,782,050	1,897,590	1,144,018	1,137,279	1,686,183
$ 27.92	$ 20.95	$ 17.14	$ 25.82	$ 23.28	$ 13.82
$ 42,908,754	$ 44,025,529	$ 47,261,051	$ 38,869,374	$ 37,747,404	$ 41,525,665
1.11	0.85	0.69	0.76	0.70	0.56
$ 50,276,982	$ 51,868,121	$ 59,625,547	$ 65,263,708	$ 59,532,277	$ 70,381,214
0.95	0.72	0.55	0.45	0.44	0.33
$ 2,850,000	$ 2,990,000	$ 4,810,000	$ 2,980,000	$ 3,065,000	$ 3,170,000
2,551,315	3,089,878	1,216,903	1,030,869	933,498	833,208
$ 5,401,315	$ 6,079,878	$ 6,026,903	$ 4,010,869	$ 3,998,498	$ 4,003,208
$ 3.16	$ 3.41	$ 3.18	$ 3.51	$ 3.52	$ 2.37
$ 49,741,682	$ 52,484,104	$ 53,965,175	$ 54,183,138	$ 53,211,787	$ 65,808,166
0.11	0.12	0.11	0.07	0.08	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

	2013	2014	2015	2016
Senior Lien Revenue Bond Debt Service Coverage				
Operating revenues	$ 42,594,975	$ 41,350,858	$ 41,986,785	$ 42,120,914
Interest income (1)	408,225	558,471	783,869	897,339
Transfer from airline reserve fund (2)	1,828,523	170,566	4,015,500	-
Total revenues	44,831,723	42,079,895	46,786,154	43,018,253
Operation and maintenance expenses	(28,555,886)	(31,512,439)	(28,389,788)	(28,249,055)
Net revenues	16,275,837	10,567,456	18,396,366	14,769,198
Senior lien debt service requirement				
Series 2001A,B,C	-	-	-	-
Series 2003 refunding	3,157,000	-	-	-
Total senior lien debt service	$ 3,157,000	$ -	$ -	$ -
Senior lien revenue bond debt service coverage	5.16	-	-	-
Required minimum coverage	1.25	1.25	1.25	1.25
Subordinate Lien Revenue Bond Debt Service Coverage				
Net revenues	$ 16,275,837	$ 10,567,456	$ 18,396,366	$ 14,769,198
PFC revenues transferred for subordinate lien debt service	4,836,868	4,805,218	4,763,643	4,656,554
Subtotal	21,112,705	15,372,674	23,160,009	19,425,752
Senior lien debt service	(3,157,000)	-	-	-
Net revenues available for subordinate lien debt service	17,955,705	15,372,674	23,160,009	19,425,752
Subordinate lien debt service requirement				
Series 2001	2,826,757	2,843,423	2,844,923	2,792,315
Series 2006	2,570,475	2,573,183	2,516,683	2,445,225
Series 2018	-	-	-	-
Total subordinate lien debt service	$ 5,397,232	$ 5,416,606	$ 5,361,606	$ 5,237,540
Subordinate lien revenue bond debt service coverage	3.33	2.84	4.32	3.71
Required minimum coverage	1.10	1.10	1.10	1.10
Total Revenue Bond Debt Service Coverage				
Net revenues	$ 16,275,837	$ 10,567,456	$ 18,396,366	$ 14,769,198
PFC revenues transferred for subordinate lien debt service	4,836,868	4,805,218	4,763,643	4,656,554
Subtotal	21,112,705	15,372,674	23,160,009	19,425,752
Total revenue bond debt service requirement				
Senior lien bonds	3,157,000	-	-	-
Subordinate lien bonds	5,397,232	5,416,606	5,361,606	5,237,540
Junior subordinate lien bonds	-	-	-	-
Total revenue bond debt service	$ 8,554,232	$ 5,416,606	$ 5,361,606	$ 5,237,540
Total revenue bond debt service coverage	2.47	2.84	4.32	3.71
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.

2017	2018	2019	2020	2021	2022
$ 42,908,754	$ 44,025,529	$ 47,261,051	$ 38,869,374	$ 37,747,404	$ 41,525,665
1,022,053	1,517,699	2,067,717	1,534,472	1,621,638	1,545,678
-	1,100,000	-	-	-	-
43,930,807	46,643,228	49,328,768	40,403,846	39,369,042	43,071,343
(28,521,222)	(29,005,713)	(32,907,346)	(33,313,961)	(30,504,785)	(36,123,097)
15,409,585	17,637,515	16,421,422	7,089,885	8,864,257	6,948,246
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
1.25	1.25	1.25	1.25	1.25	1.25
$ 15,409,585	$ 17,637,515	$ 16,421,422	$ 7,089,885	$ 8,864,257	$ 6,948,246
4,823,054	5,096,988	7,229,199	4,265,140	4,628,663	6,502,174
20,232,639	22,734,503	23,650,621	11,355,025	13,492,920	13,450,420
-					
20,232,639	22,734,503	23,650,621	11,355,025	13,492,920	13,450,420
2,862,257	2,814,230	-	-	-	-
2,573,225	2,540,043	-	-	-	-
-	347,245	6,026,903	4,010,869	3,998,498	4,003,208
$ 5,435,482	$ 5,701,518	$ 6,026,903	$ 4,010,869	$ 3,998,498	$ 4,003,208
3.72	3.99	3.92	2.83	3.37	3.36
1.10	1.10	1.10	1.10	1.10	1.10
$ 15,409,585	$ 17,637,515	$ 16,421,422	$ 7,089,885	$ 8,864,257	$ 6,948,246
4,823,054	5,096,988	7,229,199	4,265,140	4,628,663	6,502,174
20,232,639	22,734,503	23,650,621	11,355,025	13,492,920	13,450,420
-	-	-	-		
5,435,482	5,701,518	6,026,903	4,010,869	3,998,498	4,003,208
-	-	-	-	-	-
$ 5,435,482	$ 5,701,518	$ 6,026,903	$ 4,010,869	$ 3,998,498	$ 4,003,208
3.72	3.99	3.92	2.83	3.37	3.36
1.00	1.00	1.00	1.00	1.00	1.00

Population in the Air Service Area

As of July 1

	2013	2014	2015	2016
Primary service area				
Pima County, Arizona	996,046	1,007,162	1,009,371	1,013,103
Annual % change	0.6%	1.1%	0.2%	0.4%
Secondary service area				
Cochise County, Arizona	130,906	129,628	129,112	128,343
Graham County, Arizona	37,872	38,315	38,475	38,303
Greenlee County, Arizona	10,913	10,476	10,555	10,433
Pinal County, Arizona	393,813	396,237	406,468	413,312
Santa Cruz County, Arizona	49,218	49,554	50,270	50,581
Total secondary service area	622,722	624,210	634,880	640,972
Annual % change	1.3%	0.2%	1.7%	1.0%
Total primary and secondary service areas	1,618,768	1,631,372	1,644,251	1,654,075
Annual % change	0.9%	0.8%	0.8%	0.6%
State of Arizona	6,581,054	6,667,241	6,758,251	6,835,518
Annual % change	1.3%	1.3%	1.4%	1.1%
United States	316,128,839	317,297,938	321,422,019	323,127,513
Annual % change	0.7%	0.4%	1.3%	0.5%

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

	2013	2014	2015	2016
Primary service area				
Pima County, Arizona	6.9%	6.3%	5.7%	5.0%
Secondary service area				
Cochise County, Arizona	8.5%	8.3%	7.6%	6.3%
Graham County, Arizona	8.1%	6.9%	7.7%	6.7%
Greenlee County, Arizona	6.7%	6.5%	8.5%	7.7%
Pinal County, Arizona	8.4%	7.4%	6.6%	5.6%
Santa Cruz County, Arizona	18.0%	16.2%	14.6%	10.1%
Total secondary service area	9.1%	8.2%	7.6%	6.2%
Total primary and secondary service areas	7.7%	6.9%	6.4%	5.4%
State of Arizona	8.0%	8.0%	6.0%	5.4%
United States	7.4%	6.2%	5.1%	4.9%

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.

2017	2018	2019	2020	2021	2022
1,026,099	1,034,201	1,044,675	1,052,375	1,058,318	1,072,298
1.3%	0.8%	1.0%	0.7%	0.6%	1.3%
128,383	130,319	129,778	131,694	126,463	126,648
38,275	38,126	38,476	38,666	39,025	39,010
10,961	10,506	10,375	10,558	9,593	9,652
427,603	440,591	455,210	467,932	439,128	453,924
51,507	52,390	53,161	53,731	48,468	49,039
656,729	671,932	687,000	702,581	662,677	678,273
2.5%	2.3%	2.2%	2.3%	-5.7%	2.4%
1,682,828	1,706,133	1,731,675	1,754,956	1,720,995	1,750,571
1.7%	1.4%	1.5%	1.3%	-1.9%	1.7%
6,965,897	7,076,199	7,187,990	7,294,587	7,285,370	7,409,189
1.9%	1.6%	1.6%	1.5%	-0.1%	1.7%
325,507,602	327,167,434	328,239,523	331,449,281	331,893,745	333,287,557
0.7%	0.5%	0.3%	1.0%	0.1%	0.4%

2017	2018	2019	2020	2021	2022
4.5%	4.4%	4.6%	7.7%	5.0%	3.6%
5.4%	5.6%	5.8%	7.0%	4.8%	3.9%
5.7%	5.1%	4.9%	6.3%	4.1%	3.1%
5.5%	4.6%	4.2%	5.5%	4.0%	2.7%
4.9%	4.9%	5.0%	7.5%	4.7%	3.5%
9.6%	9.3%	8.7%	11.4%	8.7%	8.1%
5.4%	5.4%	5.4%	7.6%	5.0%	3.9%
4.8%	4.7%	4.9%	7.7%	5.0%	3.7%
4.8%	4.8%	4.6%	7.9%	4.9%	3.7%
4.4%	4.0%	3.5%	8.1%	3.9%	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.

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

TAA Employees

Authorized Full-Time Equivalent Positions

As of September 30

	2013	2014	2015	2016	2017
Management	4.00	4.00	3.00	3.00	3.00
Legal	3.00	3.00	3.00	3.00	4.00
Administration/Properties	7.00	8.00	7.00	7.00	8.00
Information Technology and Telecomr	9.00	9.00	9.00	9.00	9.00
Team Member Services and Developm	5.00	5.00	4.00	4.00	4.00
Procurement	8.00	7.00	6.00	6.00	6.00
Business Development	4.00	4.00	4.00	4.00	4.00
Office, Records, and Warehouse Mana	-	-	9.00	10.00	8.00
Finance	9.00	8.00	7.00	7.00	7.00
Projects	21.00	29.00	24.50	24.50	24.50
Operations Management	9.00	3.00	2.00	2.00	2.00
Airside Operations	-	7.25	8.00	8.00	8.00
Police	47.50	46.00	44.00	44.00	44.00
Fire	17.00	17.00	17.00	17.00	17.00
Communications/Dispatch	12.00	12.00	13.00	12.00	12.00
Custodial	43.00	42.00	42.00	42.00	42.00
Flight Line Services	16.00	2.00	-	-	-
Maintenance	40.00	38.50	37.00	37.00	38.00
Total	254.50	244.75	239.50	239.50	240.50

Source: TAA records

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

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

		2013	2014	2015	2016
Land area (acres):		8,343	8,343	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	12,076	23,862	23,862	23,862
	Mechanical	76,730	76,730	76,730	76,730
	Total (sq. ft.)	452,025	463,811	463,811	463,811
	Number of gate positions	19	19	19	19
	Number of active gates	18	18	18	18
	Apron (sq. ft.)	1,941,985	1,941,985	1,941,985	1,941,985
Consolidated	Number of companies	7	7	7	7
rental car facility:	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	Hourly	469	469	469	469
(surface spaces):	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	5	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

2017	2018	2019	2020	2021	2022
8,282	8,282	8,282	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.
202,451	197,268	197,268	197,268	197,268	197,268
35,067	30,309	30,309	30,309	30,309	30,309
10,401	22,531	22,531	22,531	22,531	22,531
115,300	132,070	132,070	132,070	132,070	132,070
23,862	28,904	28,904	28,904	28,904	28,904
76,730	56,333	56,333	56,333	56,333	56,333
463,811	467,415	467,415	467,415	467,415	467,415
19	19	19	19	19	19
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	4	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

		2013	2014	2015	2016
Land area (acres):		1,804	1,804	1,804	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.)	465,000	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

2017	2018	2019	2020	2021	2022
1,799	1,799	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.	4,000 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

	2013	2014	2015	2016
Passengers				
Enplaned	1,655,617	1,621,231	1,590,321	1,618,304
Deplaned	1,653,003	1,618,618	1,591,580	1,610,085
Total	3,308,620	3,239,849	3,181,901	3,228,389
Annual % change	-9.3%	-2.1%	-1.8%	1.5%
Air Freight (pounds)				
All-cargo carriers				
Enplaned	29,923,629	29,713,492	27,929,293	25,854,899
Deplaned	36,390,827	33,480,907	36,302,965	34,188,437
Total	66,314,456	63,194,399	64,232,258	60,043,336
Annual % change	-3.8%	-4.7%	1.6%	-6.5%
Passenger carriers				
Enplaned	671,255	581,698	812,252	690,595
Deplaned	1,374,109	1,020,436	1,140,052	1,103,759
Total	2,045,364	1,602,134	1,952,304	1,794,354
Annual % change	-18.5%	-21.7%	21.9%	-8.1%
Mail (pounds)				
Enplaned	5,291	5,419	3,041	2,160
Deplaned	9,301	10,979	25,485	83,158
Total	14,592	16,398	28,526	85,318
Annual % change	17.8%	12.4%	74.0%	199.1%

Source: Authority records based on airline reporting.

2017	2018	2019	2020	2021	2022
1,711,518	1,782,050	1,897,590	1,144,018	1,137,279	1,686,183
1,701,933	1,769,109	1,885,945	1,139,759	1,120,302	1,631,311
3,413,451	3,551,159	3,783,535	2,283,777	2,257,581	3,317,494
5.7%	4.0%	6.5%	-39.6%	-1.1%	46.9%
26,062,422	29,920,833	32,183,334	30,490,801	31,104,323	31,492,620
30,312,564	33,436,313	33,732,819	32,756,102	36,539,145	35,589,384
56,374,986	63,357,146	65,916,153	63,246,903	67,643,468	67,082,004
-6.1%	12.4%	4.0%	-4.0%	7.0%	-0.8%
542,651	616,836	662,604	401,959	374,786	626,095
801,217	683,861	793,904	591,803	660,588	906,445
1,343,868	1,300,697	1,456,508	993,762	1,035,374	1,532,540
-25.1%	-3.2%	12.0%	-31.8%	4.2%	48.0%
3,120	882	1,285	1,559	172	4,453
42,992	29,183	21,002	10,390	79,330	2,814
46,112	30,065	22,287	11,949	79,502	7,267
-46.0%	-34.8%	-25.9%	-46.4%	565.3%	-90.9%

Aircraft Operations Summary

Fiscal Years Ended September 30

	2013	2014	2015	2016	2017
Tucson International Airport					
Air carrier	30,593	30,527	28,624	32,888	35,625
Air taxi	20,417	19,308	20,126	17,541	13,767
Military	25,133	24,693	28,050	26,974	27,734
General aviation	62,120	64,892	64,622	62,152	55,741
Total	138,263	139,420	141,422	139,555	132,867
Annual % change	-4.8%	0.8%	1.4%	-1.3%	-4.8%
Ryan Airfield (1)					
Air carrier	-	-	2	-	-
Air taxi	2	-	-	-	-
Military	14,914	14,675	20,464	16,483	13,602
General aviation	106,658	103,135	97,017	94,376	90,808
Total	121,574	117,810	117,483	110,859	104,410
Annual % change	3.7%	-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	2013	2014	2015	2016	2017
American Airlines	605,261	638,006	628,962	616,346	661,910
Southwest Airlines	592,375	530,680	506,260	497,687	493,566
Delta Air Lines	181,950	179,842	181,236	216,432	240,113
United Airlines	222,485	198,926	203,459	215,208	234,805
Alaska Airlines	53,546	73,777	70,404	72,631	77,694
Aeromar	-	-	-	-	3,430
Avelo	-	-	-	-	-
Frontier Airlines	-	-	-	-	-
Sun Country Airlines	-	-	-	-	-
Via Air	-	-	-	-	-
Allegiant	-	-	-	-	-
Total	1,655,617	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
36,059	38,681	28,680	27,686	31,991
13,753	14,557	14,553	17,337	18,087
21,181	18,658	16,844	20,401	25,783
60,176	59,520	62,554	74,758	61,512
131,169	131,416	122,631	140,182	137,373
-1.3%	0.2%	-6.7%	14.3%	-2.0%
-	-	-	-	-
4	5	27	-	11
13,862	12,913	9,036	9,729	6,022
80,759	92,178	103,242	97,131	115,658
94,625	105,096	112,305	106,860	121,691
-9.4%	11.1%	6.9%	-4.8%	13.9%

2018	2019	2020	2021	2022	% of Total
677,895	693,686	418,268	409,360	619,819	36.8%
482,524	508,820	295,328	269,352	424,258	25.2%
258,946	274,970	167,583	204,827	309,215	18.3%
257,997	267,808	162,945	158,903	216,441	12.8%
97,314	115,511	68,336	76,038	106,314	6.3%
-	-	-	-	-	0.0%
-	-	-	-	906	0.1%
-	15,280	9,252	5,987	3,534	0.2%
5,598	7,503	5,282	3,645	5,166	0.3%
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	100.0%

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

Fiscal Years Ended September 30

Carrier	2013	2014	2015	2016	2017
Passenger carriers					
American Airlines	668,463	704,729	682,507	696,297	706,789
Southwest Airlines	708,544	600,950	582,838	575,400	543,476
Delta Air Lines	191,419	188,555	185,116	243,961	264,562
United Airlines	242,435	215,279	217,723	241,336	269,875
Alaska Airlines	53,504	76,872	71,231	71,857	76,197
Aeromar	-	-	-	-	7,109
Frontier Airlines	-	-	-	-	-
Avelo	-	-	-	-	-
Sun Country Airlines	-	-	-	-	-
Via Air	-	-	-	-	-
Allegiant	-	-	-	-	-
Total	1,864,365	1,786,385	1,739,415	1,828,851	1,868,008
Cargo carriers					
Federal Express	149,664	146,110	149,500	158,676	138,292
Ameriflight	9,617	9,323	8,211	7,955	19,256
Air Cargo	-	-	-	-	-
UPS	-	-	-	-	-
DHL	-	-		-	-
Total	159,281	155,433	157,711	166,631	157,548
Grand total	2,023,646	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	% of Total
717,591	741,559	508,479	498,697	657,490	36.5%
523,176	570,286	415,488	321,528	445,768	24.7%
276,239	296,347	231,215	318,569	339,584	18.8%
290,204	303,460	230,195	199,846	233,071	12.9%
100,332	127,475	85,560	100,472	112,336	6.2%
-	-	-	-	-	0.0%
-	13,651	11,645	9,239	5,972	0.3%
-	-	-	-	2,048	0.1%
6,948	9,701	7,022	5,267	5,559	0.3%
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	100.0%
152,203	152,225	153,727	153,599	150,810	94.5%
1,960	1,643	2,396	1,889	2,125	1.3%
6,708	6,864	6,760	6,838	6,734	4.2%
					0.0%
					0.0%
160,871	160,732	162,882	162,326	159,669	100.0%
2,079,446	2,243,558	1,677,958	1,633,045	1,962,218	100.0%

Scheduled Air Service Information
Tucson International Airport

Month of September

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of daily nonstop destinations	14	14	13	13	14	15	14	10	14	14
Number of nonstop flights per day										
Atlanta	2	2	2	2	2	2	2	1	2	2
Charlotte	-	-	-	-	-	1	-	-	-	-
Chicago Midway	2	1	1	1	1	1	1	-	1	0
Chicago O'Hare	1	1	1	1	3	3	2	-	3	1
Dallas/Fort Worth	7	7	6	6	6	6	7	5	6	6
Denver	4	5	5	5	6	6	5	4	6	6
Houston Hobby	-	-	-	-		-	-	-	1	1
Houston Bush	4	4	3	3	2	3	2	1	3	2
Las Vegas	4	4	3	3	3	4	4	2	2	3
Los Angeles International	9	8	8	10	9	8	8	1	7	6
Portland	-	1	-	-	-	-	-	-	-	-
Phoenix	9	9	10	9	7	6	7	4	5	4
Salt Lake City	3	3	3	2	2	3	3	3	3	3
San Diego	3	3	3	3	2	2	2	-	1	1
San Francisco	1	1	1	2	2	2	3	2	2	2
San Jose	-	-	-	-	1	1	2	-	-	-
Seattle	1	1	1	1	1	1	1	1	2	3
Total	50	50	47	48	47	49	49	24	43	39
Average scheduled seats per day	4,990	5,041	4,634	4,892	4,934	5,145	5,267	2,544	4,788	4,914

Source: Official Airline Guide.

TAA

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EXHIBIT D

FY 2022 A-133 SINGLE AUDIT REPORTS AND SCHEDULES

2022

Single Audit Report

Year Ended September 30, 2022
Tucson Airport Authority
Tucson, Arizona

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AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

Single Audit Report

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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, 2022, 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 .

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 weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

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.

Tucson, Arizona

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 Organization) 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 Organization's major federal programs for the year ended September 30, 2022. The Organization'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 Organization 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, 2022.

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 Organization 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.

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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization as of and for the year ended September 30, 2022, and have issued our report thereon dated , 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.

Tucson, Arizona

Tucson Airport Authority, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

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		W912L-2-19-2002	$ -	$ 199,261
Direct Program		W912L2-20-2104	-	3,275,236
Direct Program		W912L2-20-2105	-	1,599,494
Total National Guard Military Operations and Maintenance (O&M) Projects			-	5,073,991
Total U.S. Department of Defense			-	5,073,991
U.S. Department of Transportation				
Airport Improvement Program	20.106			
Direct Program		AIP-3-04-0044-31-2020	-	286
Direct Program		AIP-3-04-0045-33-2021	-	6,801
Direct Program		AIP-3-04-0045-77-2019	-	5,951
Direct Program		AIP-3-04-0045-78-2019	-	2,357
Direct Program		AIP-3-04-0045-79-2019	-	1,072,750
Direct Program		AIP-3-04-0045-80-2020	-	651,171
Direct Program		AIP-3-04-0045-82-2021	-	20,231,701
Direct Program		AIP-3-04-0045-85-2021	-	206,002
COVID-19 Direct Program		AIP-3-04-0045-86-2021	-	14,194,813
COVID-19 Direct Program		AIP-3-04-0045-87-2021	-	972,967
Direct Program		AIP-3-04-0045-88-2021	-	890,471
Total Airport Improvement Program			-	38,235,270
Total U.S. Department of Transportation			-	38,235,270
Total expenditures of federal awards			$ -	$ 43,309,261

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, 2022

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, 2022. 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, 2022

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
ALN 12.401	National Guard Military Operations and Maintenance (O&M) Projects

Dollar threshold used to distinguish between Type A and Type B programs: $1,299,278

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

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2022

Findings - Financial Statement Audit

Material Weaknesses:

2022-001

Condition and criteria:

We noted that grant revenue was reported in the incorrect period.

Effect:

Without proper application of revenue recognition, funding received could be reported incorrectly.

Cause:

Grant revenue was reported when drawdowns occurred and, therefore, causing it to be reported in the incorrect period on both the financial statement and on the schedule of expenditures of federal awards.

Recommendation:

We recommend the Authority evaluate all federal revenue funding stream to ensure revenue is properly reported when the expenditures are incurred.

Auditee response:

The TAA has instituted more effective processes and procedures to enhance internal controls as well as provided additional staff training to ensure proper recording of revenues and expenditures.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2022

Findings and Questioned Costs - Major Federal Award Programs Audit

None

Summary Schedule of Prior Year Findings

Year Ended September 30, 2022

Financial Statement Audit Findings

Finding 2021-001: 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:

See current year finding 2022-001.

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Suite 300
Tucson, AZ 85756
520.573.8100

EXHIBIT E

FY 2022 PASSENGER FACILITY CHARGE PROGRAM REPORT

2022

PASSENGER FACILITY CHARGE PROGRAM REPORT

Year Ended September 30, 2022
Tucson Airport Authority
Tucson, Arizona

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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, 2022.

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, 2022.

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, 2022, and have issued our report thereon dated , 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.

Tucson, Arizona

Tucson Airport Authority, Inc.

Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2022

	PFC charges received	Interest earned	Total received	Expenditures on approved projects	Net per financial statements
Beginning balance, as previously reported	$ 141,976,940	$ 5,776,449	$ 147,753,389	$ 128,138,815	$ 19,614,574
Quarter ended					
December 31, 2021	1,546,820	14,947	1,561,767	997,146	564,621
March 31, 2022	2,015,591	14,488	2,030,079	997,146	1,032,933
June 30, 2022	1,697,274	15,885	1,713,159	1,004,458	708,701
September 30, 2022	1,136,568	20,831	1,157,399	1,004,458	152,941
Total received for the year ended September 30, 2022	6,396,253	66,151	6,462,404	4,003,208	2,459,196
Add adjustment for fair market value and allocation of premiums and discounts	-	(930,242)	(930,242)	-	(930,242)
Add receivables at September 30, 2022	982,305	-	982,305		982,305
Less receivables at September 30, 2021	(876,384)	-	(876,384)		(876,384)
Total for the year ended September 30, 2022	6,502,174	(864,091)	5,638,083	4,003,208	1,634,875
Total program to date	$ 148,479,114	$ 4,912,358	$ 153,391,472	$ 132,142,023	$ 21,249,449

See accompanying notes to schedule of expenditures of federal awards.

Summary of Significant Accounting Policies

Year Ended September 30, 2022

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, 2022 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, 2022

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, 2022

Findings - Compliance

None

Tucson Airport Authority, Inc.

Summary Schedule of Prior Year Findings

Year Ended September 30, 2022

None

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