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**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting**  
**Wednesday, May 7, 2025 | 3:00 p.m.**  
**7250 S. Tucson Blvd. 85756 | TAA Board Room**

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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** will hold a meeting open to the public on **Wednesday, May 7, 2025, beginning at 3:00 p.m.**

**In-Person:** The TAA Board Room is on the departure level of the Tucson International Airport terminal and is situated on the second level between the Delta and Southwest ticket counters, and behind the Arroyo Trading Post.

The agenda for the meeting is as follows:

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

Mike Hammond, Chair	Fran Katz, Director
Phil Swaim, Vice Chair	Ellen Wheeler, Director
Vance Falbaum, Secretary	Calline Sanchez, Director
Rhonda Piña, Treasurer	Tim Overton, Director
Judy Rich, Director	Keri Silvyn, Director
Todd Jackson, Director	

**2. CONSENT AGENDA**

Matters listed under the Consent Agenda are routine and will be enacted by one motion and one vote. There will be no separate discussion of the items on the Consent Agenda unless removed from the Consent Agenda by the Board Chair after a request of a member of the Board of Directors. If removed from the Consent Agenda, the item(s) will be considered separately and individually.

**a. Approval of Minutes**

Approve the minutes of the Board of Directors Regular Meeting held on March 5, 2025.

**3. BOARD CHAIR REPORT**

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

**4. PRESIDENT/CEO REPORT**

State of the Industry | Update

**5. PRESENTATION/DISCUSSION AND ACTION ITEMS**

The Board will consider and may vote to adopt Resolution No. 2025-07 accepting the FY 2023 financial statements and related audit opinions as expressed by BeachFleischman, PLLC.

- a. TAA FY 2022 and 2023 Annual Comprehensive Financial Report
- b. TAA FY 2023 Passenger Facility Charge Program Report
- c. TAA FY 2023 Single Audit Report

**6. EXECUTIVE SESSION**

**a. Environmental Matters**

The Board of Directors may vote to discuss and to consult with the TAA's Executive Vice President/General Counsel or his designee, for legal advice and to consider its opinion and to instruct its representatives regarding existing litigation and potential litigation related to existing and future environmental liabilities, investigation, and remediation matters including the Tucson Airport Remediation Project, the Soils Remediation Project, and PFAS related matters as provided in [A.R.S. § 38-431.03\(A\)\(3\) and \(4\)](#).

**7. RETURN TO REGULAR SESSION**

**8. NEXT MEETING**

Wednesday, August 6, 2025 at 3:00 p.m. | TAA Board Room

**9. ADJOURN**



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**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
Wednesday, March 5, 2025 | 3:00 p.m. | TAA Board Room**

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**THIS REGULAR MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS WAS HELD IN A HYBRID MANNER. BOARD MEMBERS ATTENDED THE MEETING IN PERSON OR VIRTUALLY VIA MICROSOFT TEAMS. MEMBERS OF THE PUBLIC WERE INVITED TO ATTEND IN PERSON.**

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

Chair Hammond called the meeting to order at 3:00 p.m.

**Directors Present:** Chair Mike Hammond, Vice Chair Phil Swaim, Secretary Vance Falbaum, Treasurer Rhonda Piña, Director Todd Jackson, Director Fran Katz, Director Tim Overton, Director Judy Rich, Director Keri Silvyn

\*Treasurer Falbaum and Director Rich joined the meeting at 3:10 p.m., before any motions or actions items.

**Directors Absent:** Director Calline Sanchez, Director Ellen Wheeler

**Staff Present:** President/CEO Danette Bewley, Executive Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer John Voorhees, Vice President/Chief Financial Officer Kim Allison, Vice President of Operations Chris Deitz, Chief Communications Officer Austin Wright, Chief People Officer Kim DeLaTorre, Deputy General Counsel Kim Outlaw Ryan, IT Customer Support Technicians Hector Lopez and Kris Kmak, and TAA Acting Clerk Jennifer Shields

**2. CONSENT AGENDA**

**Motion by Director Katz, seconded by Vice Chair Swaim, to approve the Consent Agenda. The motion carried by the following vote:**

**Ayes (9)** Hammond, Swaim, Falbaum, Piña, Rich, Jackson, Katz, Overton, and Silvyn

**Nays (0)**

**3. BOARD CHAIR REPORT**

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

No topics were reported in the Board Chair Report.

#### 4. PRESIDENT/CEO REPORT

##### a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ☐ TAA is monitoring and assessing federal funding freezes and uncertainty it creates. The approval of the FAA Reauthorization Act added \$4 billion to Airport Improvement Program, up from \$3.35 billion. TAA will hope to take advantage of that additional funding for ASE. President/CEO Bewley, along with EVP/General Counsel Schmaltz and CCO Wright will be travelling end of March to Washington D.C. to meet with elected officials and present TAA's policy and legislative priorities to members of the AZ delegation later in the month.
- ☐ Southwest Airlines has submitted to TAA and other airports a request to reduce costs across the board. Also, Southwest Airlines has implemented a reduction in staffing levels to reduce its own costs. TAA will continue to monitor and continuously communicate with Southwest Airlines on the evolving Southwest Airlines efforts.

##### b. Overview of Aircraft Incident Investigations

- ☐ President/CEO Bewley recently presented to the Pima County Board of Supervisors, Morris ANG, and Davis Monthan Air Force Base, in response to recent aircraft incidents on FAA Air Traffic Control staffing levels and FAA ADO staffing levels.

##### c. Strategic Plan 3.0 Update

Executive Vice President/General Counsel Chris Schmaltz reported the following, highlighting elements of the memorandum in the Board packet:

- ☐ Delivering Project Excellence – TAA continues to focus on the priority of “All in on ASE”; TSA cyber security audit of the TAA was successful.
- ☐ Expanding Prosperity – BCD leads the continuing negotiations on a solar farm lease; led by the Air Service Development and Finance teams, TAA continues negotiations with the airlines on the new AUA. The current focus is on the development of the new financial model.
- ☐ TAA Champions – Given the current federal uncertainties, the TAA Executive Team will continue to call on the Board and Members to advocate on behalf of the TAA.

**5. ACTION ITEM**

**Mitsubishi Heavy Industries Regional Jet (MHIRJ) Ground Lease**

Vice President/CRO John Voorhees referred the Directors to the memorandum that was included in the agenda packet, which addresses in depth the history and recent events regarding this ground lease and the proposed new lease.

There were no questions from the Board regarding the lease.

**Motion by Director Silvyn, seconded by Director Piña, to approve Resolution No. 2025-05. The motion carried by the following vote:**

**Ayes (9) Hammond, Swaim, Falbaum, Piña, Rich, Jackson, Katz, Overton, and Silvyn**

**Nays (0)**

**6. DIVISION UPDATES**

**Marketing and Air Service Development**

Chief Communications Officer Austin Wright reported the following:

- ☐ The launch of flights aboard Frontier Airlines has commenced and so far business is good for sales to both Denver and Las Vegas.
- ☐ Migrant travel has essentially come to a complete stop and while it has affected the booking of seats on the various airlines, TAA feels it will make up for it during spring break and other upcoming Tucson/Arizona related events. TAA efforts are focused on filling the increased capacity.
- ☐ TAA is collaborating with Visit Tucson to develop inbound and outbound travel and strategize on how to get more knowledge out to the community about the benefits of flying out of Tucson.

The state of the current U.S. political atmosphere and the relationship with our border neighbors to the north and south are affecting Canadian and Mexican carriers and their interest in doing business in the U.S.

\*Director Piña exited the meeting at 3:40

**7. EXECUTIVE SESSION**

**Motion by Director Rich, Seconded by Secretary Falbaum to enter Executive Session. The motion carried the following vote:**

**Ayes (8) Hammond, Swaim, Falbaum, Rich, Jackson, Katz, Overton, and Silvyn**

**Nays (0)**

**8. RETURN FROM EXECUTIVE SESSION**

The Board returned to the Regular meeting and the Chair reconvened the Public Meeting at 4:05 p.m.

**9. ACTION ITEM**

**Motion by Director Silvyn, seconded by Director Katz, to approve Resolution No. 2025-06, the TAA Employee Appeal Rights Policy.**

**Ayes (8)    Hammond, Swaim, Falbaum, Rich, Jackson, Katz, Overton, and Silvyn**

**Nays (0)**

**10. NEXT MEETING**

Wednesday, May 7, 2025 at 3:00 p.m. | TAA Board Room

**11. ADJOURN**

There being no further business to discuss, Chair Hammond adjourned the meeting at 4:15 p.m.

**APPROVED BY:**

**Prepared by:**

\_\_\_\_\_  
Vance Falbaum, Secretary

\_\_\_\_\_  
Jennifer Shields, Acting TAA Clerk

Date: \_\_\_\_\_

Date: \_\_\_\_\_





DON MARTIN



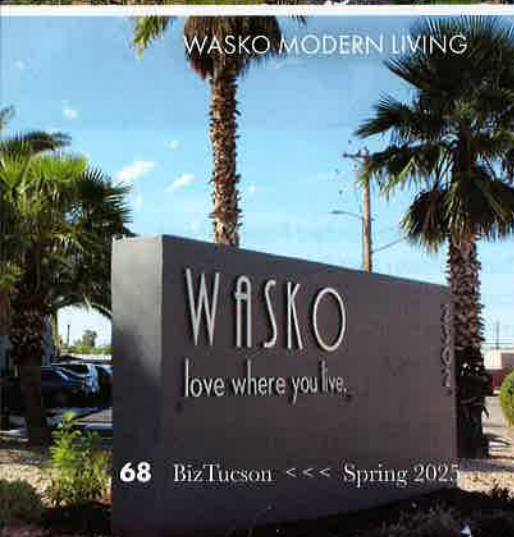
PALOMA VILLAGE



BUTTERFIELD  
LOGISTICS CENTER



EL DORADO HOSPITAL  
PHOTO: COSTAR GROUP, INC



WASKO MODERN LIVING

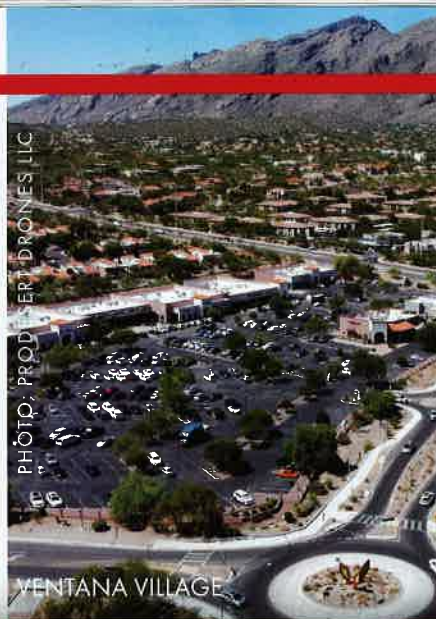


PHOTO: PROUDER DRONES LLC

VENTANA VILLAGE



VANTAGE WEST



5151 E. BROADWAY



Mike Hammond, Founder  
Barbi Reuter, CEO



ROONEY RANCH

PHOTO: COSTAR GROUP, INC



DREXEL COMMERCE CENTER  
SCHNITZER PROPERTIES



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# Transforming Tucson's Economy

## Cushman & Wakefield | PICOR: \$459 Million in Brokerage Sales & Leasing

By Loni Nannini

Over the past 40 years, Cushman & Wakefield | PICOR has evolved into a commercial real estate powerhouse in the region, leveraging local expertise with global reach.

By "building value through service," literally and figuratively, C&W | PICOR has distinguished itself as a market leader – and a civic, economic and philanthropic force throughout the region.

Last year, the full-service company closed more than \$459 million in brokerage sales and leasing and provided property management for about 4.7 million square feet of commercial real estate in Tucson, Southern Arizona and Sonora, Mexico.

"Commercial real estate is inextricably linked to economic development and community prosperity and well-being," said Barbi Reuter, CEO of C&W | PICOR. "Every job is connected to commercial real estate in some way, and jobs are what feed our families. That is why we do what we do. We focus on quality and the quantity happens."

The company's impact on the community has been far-reaching, said Joe Snell, president & CEO of Sun Corridor Inc. He credits C&W | PICOR with facilitating numerous relocations and expansions for businesses, corporations and stakeholders over the past 20 years.

"The depth and expertise of the PICOR team is extremely additive to the

region's economic development efforts," Snell said. "The projects PICOR has been involved with have transformed the Southern Arizona economy."

### Local Ownership, Global Connections

Founded in 1985 by Mike Hammond, a Tucson native with a background in industrial real estate, PICOR is an acronym for "Properties for Industry Corporation." Hammond chose the tech-sounding name for the endless possibilities it presented.

"This was a conscious decision," Hammond said. "If you are trying to build something to last, you don't name a company after yourself. Legally, a company is a living entity. But at the end of the day, it is people."

Early on, Hammond implemented a people-centric philosophy through a unique business model that offers a path toward ownership for employees. The structure encourages personal commitment to the company's success.

"One of the bigger mistakes that small business owners make is to think they will build a company and sell it to someone else and walk away," Hammond said. "If you are going to create wealth for yourself, the best way to do that is to provide an environment for others to do the same."

In 2020, Hammond passed leadership of the company to an all-female team comprised of Reuter, who was

named CEO, Tina Olson, director of property management, and Rebecca Martinez, director of operations.

Today, C&W | PICOR has grown into a market leader with 63 employees – including 24 brokers and 11 property managers. It serves individuals, businesses, corporations, investors and non-profits in a wide range of industries including healthcare, food service, retail, defense, technology, manufacturing and construction.

The company has long-standing relationships with organizations like Tucson Medical Center, Kent Circle Partners, Venture West, Schnitzer Properties and Holualoa Companies. The diverse client roster also includes CODAC, Starbucks, Raytheon, Mister Car Wash, Caliber Collision, and many more.

Since 2008, C&W | PICOR's service to local and new-to-market clients has been elevated by an alliance with Cushman & Wakefield, a global commercial real estate company that operates approximately 400 offices in 60 countries.

"We are rooted in Tucson, but we have global connections," Reuter said. "Through our relationship with Cushman & Wakefield, we have the best of both worlds. We can keep our profits local, invest in the local community, and connect our employees to resources they wouldn't otherwise have."

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## 'A Team Approach'

The coupling of C&W | PICOR's local roots with the global profile of Cushman & Wakefield has changed the commercial landscape in Southern Arizona, said Michael Sarabia, CEO of DSW Commercial Real Estate.

"Whether it is retail, office, industrial or multi-family, PICOR has a strong presence, and they are influencers in each space of the market," he said.

"Our goal is excellence in service," Reuter said. "One of the benefits of having some scale is that we have a large team. That means we have a brain trust – experience, mentorship and a team approach to service. We can match the needs of the client with our talent to make sure we put the best team on the field."

For the past decade, DSW has worked with a C&W | PICOR team led by Greg Furrier and Dave Hammack. Sarabia calls them "best in class" for all things retail.

"Greg and Dave see multiple deals from the same tenant in other centers and thus, we oftentimes have real data on what is a negotiable point and what is a sticking point for the lease or sale negotiations," Sarabia said. "When we are looking at the possibility of purchasing a center somewhere in town, we will almost certainly call them and ask about rental activity in the area as part of our evaluation process."

The data-driven, professional teams are a big win for clients, said Edmund Marquez, CEO of Edmund Marquez Allstate Insurance Agencies and a 15-year C&W | PICOR client.

"PICOR brokers work it. They are well-connected in the community, know their inventory, utilize all the latest technology, and are great communicators," Marquez said. "Beyond showing properties, they crunch the numbers and help you figure out cap rates, NOI, and really evaluate every aspect of the deal as you look forward to purchasing or leasing."

For years, TMC has relied on C&W | PICOR's expertise when buying and selling properties and negotiating new leases and renewals for TMC-owned properties. C&W | PICOR also provides property management for those

buildings and land on 116 parcels city-wide.

"Tucson is a unique town with a lot of big real estate players who don't have a presence here, so we rely on companies like PICOR, who does have a local presence, to get the product and services we need," said James Copley, executive director of real estate operations for TMC. "They can leverage their larger partner, Cushman & Wakefield, when they need it. But mostly we need the local experts. In my mind, they are the best in town for what they offer."



“If you are going to create wealth for yourself, the best way to do that is to provide an environment for others to do the same.”

– Mike Hammond  
Founder  
Cushman & Wakefield | PICOR

The Marshall Foundation contracts with C&W | PICOR for the management of Main Gate Square, 350,000 square feet of retail, office and multi-use space adjacent to the University of Arizona.

Rental revenues from the properties purchased in 1930 by Louise Foucar

Marshall, the first woman professor at UA, have contributed more than \$30 million to local nonprofits and fund \$400,000 in UA scholarships annually.

"PICOR has its own charitable foundation, so they are a really good fit for us. They understand the charitable aspect of our business and our values are aligned," said Kelly Huber, executive director of the Marshall Foundation. "We also love that they are managed by women, given that we were founded by Louise Marshall, who was a trailblazer."

## Civic and Philanthropic Engagement

The PICOR Charitable Foundation, which has gifted more than \$1.6 million to local charities since its inception in 1994, highlights a commitment to the community. That dedication extends beyond dollars.

"There are a lot of great commercial brokerage offices in Tucson and lots of talent, but PICOR has the edge through its involvement in our community," said Marquez, who has served on boards of nonprofits and community agencies with numerous C&W | PICOR employees.

Ted Maxwell, president and CEO of the Southern Arizona Leadership Council, added: "PICOR understands that sound policy leads to sound results and, ultimately, the idea of a strong economy provides the entire region with opportunities to address education, infrastructure, access to affordable health-care, and issues like crime and poverty."

Looking to the future, Reuter said C&W | PICOR plans to continue to recruit talent and nurture leaders who deliver excellence while boosting prosperity and improving quality of life for the entire community.

"PICOR was built to last. We are unique, sustainable and vigilant about protecting the future," Reuter said. "The commercial real estate market in Tucson and Southern Arizona is resilient and nimble, and we have a creative business community that responds to market changes so everyone can thrive. We are proud to be part of that."





# Employees

By Loni Nannini

At Cushman & Wakefield | PICOR, employees can sometimes be the employers.

C&W | PICOR's rare platform for employee ownership – and the company emphasis on collaboration to optimize success – provides unique opportunities for those in commercial real estate to thrive personally and professionally.

"We offer a path to ownership for consistently high producers who represent our values," said Barbi Reuter, CEO of C&W | PICOR, which was named a Tucson Top Workplace in 2023 and 2024 by Tucson Media Partners and AZ Central. "They know they can earn a seat at the table, and that is not possible everywhere. We also take care of tenured employees who participate in profit-sharing. They know that when we win, everyone wins."

Of the 24 brokers and 11 property managers at the company, 14 have advanced along the path to equity and become principals after meeting productivity thresholds for three years. Employees and staff who have been with

C&W | PICOR for at least 10 years are also eligible for profit-sharing.

“We all have the same goal. We want to be successful, and we want to do it together.”

– Joey Martinez  
Principal

Apartment & Investment Sales  
Cushman & Wakefield | PICOR

"This structure gives brokers added incentive to perform and, from PICOR's standpoint, it is good incentive to attract new talent and to keep brokers within the company," said Jesse

Blum, an industrial and logistics broker who started in the industry in 2009. "It allows the brokers stakeholder status so they have a say in the direction of the company and is a great way to get connected within the community."

Blum joined C&W | PICOR four years ago, attracted by the potential for growth in the industrial sector, which encompasses distribution warehousing, manufacturing, e-commerce, data centers, research and development and land development.

"I wanted to be at a place where I could align myself with a wider array of industry experts to leverage my experience," Blum said. "I also wanted a place that has a great community presence where I could continue to learn. It has been a wonderful place to work in a collaborative and very sharing environment, and that is not always the case in predominantly sales-based businesses."

## Collaborative Commercial Real Estate

Camaraderie is a huge benefit to young professionals working to create





# as Employers

## A Path to Ownership for High Producers

successful brands for themselves, said Joey Martinez, a principal in C&W | PICOR's multi-family brokerage team. Since joining the company in 2019, he and Allan Mendelsberg have closed over \$350 million in sales transactions.

"We all have the same goal. We want to be successful, and we want to do it together," Martinez said. "There is a cohesiveness that exists within the company. It is not, 'How much of the pie you can get,' but 'How big can we make the pie at our company?'"

Martinez said the wealth of local experience and knowledge among C&W | PICOR's principals and staff brings added advantages for employees and clients.

"PICOR has lots of benefits that firms with brokers who are independent contractors don't offer," he said. "We have a long history with top-producing brokers, and we all reap the benefits."

Specialists in four divisions – office/medical, retail, industrial and multi-family – provide collaborative guidance to company veterans and to young professionals developing their skills.

"We stay in our lanes," said Rick Kleiner, a principal who specializes in the sale, leasing and investment of office and medical properties. "It is best to know a lot about your area and provide as much quality service as you can and then refer to other specialists within the company. Our focus has always been on meeting clients' requirements."

### Broker Development

Kleiner, who has been recognized as C&W | PICOR's top office division producer for 15 consecutive years, is now paying his experience forward. He is one of multiple shareholders mentoring C&W | PICOR's next generation of successful entrepreneurs and community leaders. He has teamed with Alexis Corona, who joined C&W | PICOR in 2022, to support her goal of becoming a broker, which she achieved earlier this year.

They recently executed a \$38 million transaction between El Rio Health and Meridian, a national developer of healthcare properties, to open a new El Rio Health Center by renovating the

former Tucson Heart Hospital at 4888 N. Stone Ave.

"This is a wonderful example of how we can help facilitate commercial real estate transactions that have a lot of terrific benefits for the community," Kleiner said. "In the short term, the renovation will provide employment for architects, contractors and many others. In the long term, El Rio will expand essential outpatient medical services to a Northwest location."

Ultimately, Kleiner said that C&W | PICOR is dedicated to developing capable, creative brokers to deliver excellent service for clients and investors.

"The element of knowledgeable brokers who can craft transactions and talk with people – and really understand problems and opportunities and figure out how to solve them to everyone's benefit – is a significant part of what we do every day."

PHOTOS COURTESY CUSHMAN & WAKEFIELD | PICOR





PHOTO: SKYPOD IMAGES

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# 'Good Business'

## PICOR Charitable Foundation Gifts More Than \$1.6 Million to Community

By Loni Nannini

Commercial real estate isn't Cushman & Wakefield | PICOR's only area of expertise. The company also is a master at investing in its community.

"Giving back has been part of our DNA since we were founded," said Barbi Reuter, CEO of C&W | PICOR. "On one hand, we owe it to the community to give back to help everyone thrive. On the other, it is good business."

The company has adopted a multi-pronged approach to philanthropy – grants through the PICOR Charitable Foundation, volunteerism and service through the company itself, and leadership in nonprofit, civic and professional associations and organizations.

### A Foundation of Caring

The PICOR Charitable Foundation, founded in 1994, has gifted more than \$1.66 million to more than 125 local organizations that aid disadvantaged children in Southern Arizona.

The goal is to provide modest grants – ranging from \$500 to \$3,000 – that will make a significant impact on charities, many of which receive limited or no public funding. Grant recipients run the gamut, from small grassroots organizations to large nonprofits supporting the arts, education and literacy, mentorship, healthcare, foster care services and more.

Beneficiaries have included Angel Heart Pajama Project, Educational Enrichment Foundation, BICAS, Girl Scouts of Southern Arizona, Ronald McDonald House Charities of Southern Arizona and many more.

"We are strict about spending the funds on immediate need, not on overhead costs or corporate spending. The money goes straight to the kids," said Tina Olson, director of property management at C&W | PICOR and a member of the foundation board of directors.

### Pancakes by C&W | PICOR

The foundation's signature annual fundraiser is C&W | PICOR's Pancake Breakfast, an event where company employees, their families and friends come together to cook and serve the public. The 2024 event raised a record \$188,000 to benefit at-risk youth. Since 2016, proceeds have been matched dollar-for-dollar by a generous match from the Burton Family Foundation, significantly extending the impact.

The YMCA of Southern Arizona is one of many multi-year grant recipients that benefit from the much-loved Tucson tradition. The grants to YMCA fund scholarships for youth to participate in academic enrichment programs, character leadership opportunities and other development activities.

"The innovation of leveraging a breakfast fundraiser by bringing together a blend of clients, vendors, employees and community members to raise funds which are donated to support area youth in need not only impacts the organizations receiving the funds to implement youth programs, but raises awareness with the greater community," said Kurtis Dawson, CEO of YMCA of Southern Arizona.

"This, in turn, can engage additional support for the organizations providing the programs and services for area youth. It's turning talk into action."

That hands-on action can extend directly to disadvantaged youth. Many attend the breakfast through various nonprofits.

"The Pancake Breakfast has become a memorable outing for many of our 'biggs' (mentors) and 'littles' (mentees) and their families," said Veronica Saiz, director of development and corporate engagement for Big Brothers Big Sisters of Southern Arizona, another multi-year grant recipient. "It means a great deal to us to have local businesses actively giving back not just through fi-

nancial investment in programming, but by really engaging with nonprofits in the community."

Dawson said the impact of the foundation's grants on local youth transcends the years.

"PICOR represents a community-development, full-circle model," Dawson said. "The youth benefiting from programs funded by PICOR today will be tomorrow's adult community members."

### Excellence through Volunteerism

C&W | PICOR donates corporate funds to nonprofits, sponsors organizations and invests in community support and education. Additionally, C&W | PICOR leadership and employees funnel personal resources into the community by gifting time and talent to local nonprofits, civic and economic development organizations, and professional/industry associations.

Reuter, who has led the boards of the YMCA, Tucson Metro Chamber and many other organizations, said these experiences allow people to give – and grow – their expertise and are mutually beneficial to everyone involved.

"The opportunity to get leadership training in industry and nonprofit service is huge," Reuter said. "Practicing that in a volunteer environment has been a tremendous education that has helped me and many others in our company advance our careers while making a difference in people's lives in our community."

Ultimately, C&W | PICOR seeks to provide myriad avenues for meaningful community involvement by building on its credo that "better never settles."

"Often as individuals, our hearts are in different places, and we look at these areas as important ways to involve our employees in giving back to something bigger than themselves," said Reuter.

**Biz**





PHOTO: CHRIS MOONEY



# 2024 Greater Tucson Leadership Woman of the Year Calline Sanchez

By Valerie Vinyard

With an already impressive resume, Calline Sanchez has one more accolade to add to the list – Woman of the Year by Greater Tucson Leadership.

“This award reflects not just my accomplishments, but the chance I’ve had to inspire change,” said Sanchez, 48. “If I can encourage others to take action, it’s all been worth it.”

Sanchez began her IBM career as a software engineer intern in 1999 after working at Sandia National Laboratories for several years. Today, she serves as IBM’s VP for technical lifecycle management and Tucson site manager, where she drives innovation, revenue growth and improved user experience by collaborating with clients on solution design and execution.

The 72nd Community Impact Awards, which will honor Sanchez and others, will be held April 11 at Casino Del Sol. Attendees can celebrate the leaders shaping Tucson while supporting GTL’s mission to inspire, develop and promote leadership.

GTL posted a glowing announcement on social media about Sanchez’s nomination. The post included: “From her groundbreaking leadership at IBM to her passionate advocacy for STEM education and workforce development, Calline embodies excellence in community impact. ... Her bold vision, collaborative spirit and unwavering dedication to uplifting others make her the perfect recipient of this award.”

Awards are not new to Sanchez. In 2018, she was named Hispanic Businesswoman of the Year by the Tucson Hispanic Chamber of Commerce.

The Las Cruces, N.M., native earned two bachelor’s degrees – in communications and management information systems – from the University of Arizona, and she later went back to the UA to get an MBA.

Cristie Street, senior VP and COO of the Southern Arizona Leadership Council, has known Sanchez for almost 10 years, first in their roles as technology leaders and later as mothers “trying to balance school-age children, life and careers.”

“She is a rare breed of ambidextrous citizen-scientist – equally adept at complex technical concepts and deeply committed to investing in the people and the community surrounding her,” Street said. “Calline is a catalyst and can often be found in the middle of generative conversations.”

Street went on to say that Sanchez’s “inclusive leadership style has never been bound by the rules of what is expected.”

“She loves brainstorming, starting with ‘yes’ instead of proving why something should not be done,” she said. “Calline is known for soliciting great ideas from certified geniuses and average contributors alike, while never competing with either participant or seeking the spotlight for herself.”

“Calline cares deeply about results and invests her professional and personal time championing data science and technology and the importance of a STEM mindset,” said Ted Maxwell, GTL’s Man of the Year honoree and a retired U.S. Air Force major general.

He is happy to share the stage with Sanchez, whom he has known for years.

“She sets a great example for so many young women and men, both inside IBM and throughout the community,” he said. “Through her accomplishments, she has proven the power of these areas when combined with driven leadership.”

He believes that Sanchez recognizes the importance of developing the region’s future leaders. He noted the time she has spent encouraging students to pursue careers in STEM, as well as serving as a mentor in a program that pairs members of SALC and Tucson Young Professionals.

“Calline serves on numerous boards, including SALC, and her confidence and expertise enable her to be vocal in recommending fresh and visionary ideas on issues affecting the region,” Maxwell said.

Sanchez has a 14-year-old daughter, Helena, with her husband, Chad Driedger. She serves, or has served, as a leader or board member in the following councils and organizations: Arizona-Mexico Commission; Arizona Chamber of Commerce & Industry; Arizona Tech Council; SALC; UA School of Management Information Systems; United Way of Tucson and Southern Arizona; and Angel Charity for Children.

“For me, leadership is about responsibility to those I serve – at work and in the greater Tucson community,” Sanchez said. “This award is a reminder of the trust I’ve worked to earn and the difference I strive to make every day. It’s an honor, and I’m deeply grateful to be surrounded by so many incredible people who make it all possible.” **Biz**

THE **VOICE** OF AIRPORTS®



# The Economic Impact of U.S. Commercial Service Airports in 2024

March 2025

**Image Source:** Anchorage International Airport (ANC).



Image Source: John Glenn Columbus International Airport (CMH) – Columbus Regional Airport Authority.

## Executive Summary

**Commercial service airports in the U.S. are indispensable to the U.S. economy, moving people and products across the country and around the world.**

In addition to the critical role that airports play in the U.S. transportation network, they also behave as significant economic engines on their own, supporting well-paying jobs and generating economic output that benefits the local, regional, and national economy.

This economic impact study quantifies the economic benefits from U.S. commercial service airports<sup>1</sup> in 2024. These impacts are measured in terms of employment, payroll, and economic output associated with on-airport activities and the spending of visitors that arrive by airline. The study relies on inputs from statewide and individual airport economic studies for use in an economic model accepted by the Federal Aviation Administration (FAA) and other government agencies for use in quantifying economic impacts.

The research incorporates more than 80 studies to obtain the data used to show that the 487 commercial service airports in the United States:

- Support 12.8 million jobs.
- Provide \$619 billion in annual payroll.
- Produce \$1.8 trillion of annual output.

These jobs are tied to the on-airport activity, such as airport operations, ground handling operations, ticket agents, security screening, terminal concessionaire services, and rental car operations. The jobs related to spending by visitors using airlines are found in the hospitality industry, such as hotel and restaurant jobs. Jobs connected to capital improvement projects (CIP) at the airport include engineers, architects, consultants, and construction workers.

This strong evidence stresses the economic importance of airports and how they contribute to the economy. This report looks at the economic environment in which the airports operate, details impacts at the state level, and explains how the study obtained these results.

<sup>1</sup> As defined in the *National Plan of Integrated Airport Systems (NPIAS) 2025-2029* published by the FAA in September 2024.

Image Source: Anchorage International Airport (ANC).

## U.S. Commercial Service Airports Economic Impact

This report quantifies the economic impact of the 487 commercial service airports in the U.S. in terms of employment, payroll, and economic output.

The methods used in this study mirror those used in the previous study undertaken by Airports Council International – North America (ACI-NA). The previous study used a base year of 2017 and analyzed the 493 commercial service airports that existed at that time. Before providing the detailed economic impact results and comparing them to the previous study, it is useful to examine the performance of the aviation industry.

The U.S. aviation industry, like any other, follows the business cycle, responding to growth and slowdowns in the economy. Naturally, this is a determining factor for how much economic impact the aviation industry has and provides valuable context for the economic impacts presented later in this report. Looking at how the U.S. economy has performed in the past 10 years helps to frame its performance economically in 2023.

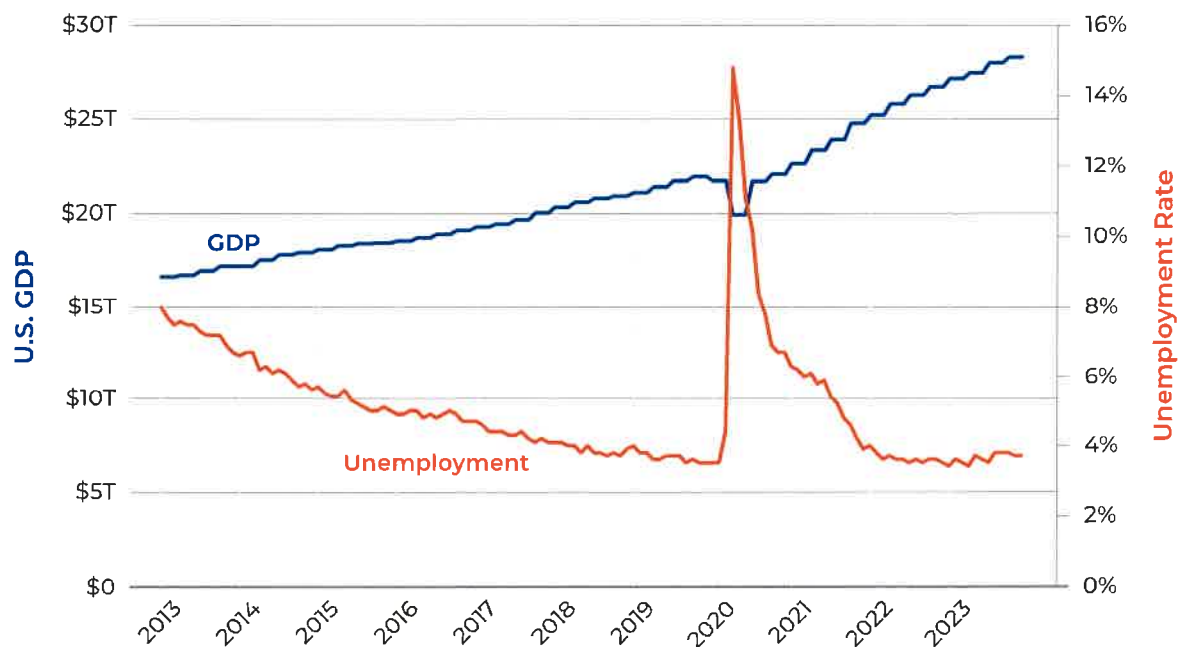
Image Source: Ontario International Airport (ONT).



## U.S. Commercial Service

A look at the past 10 years shows that, with the exception of the COVID-19 pandemic in 2020 and 2021, the U.S. economy has experienced fairly steady growth and development. Gross domestic product (GDP) from 2013 to 2023 increased by \$10.8 trillion dollars, or about 64 percent (**Figure 1**).

**Figure 1**  
**Economic Environment 2013-2023**



**Source:** U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey - Unemployment Rate and U.S. Bureau of Economic Analysis, "Table 1.1.6. Real Gross Domestic Product, Chained Dollars."

During that time, the unemployment rate fell from approximately 8 percent to under 4 percent, demonstrating further that the economy was steadily improving.

The pandemic obviously interrupted that narrative. At its peak, unemployment spiked to nearly 15 percent, and GDP declined by \$2 trillion. While that only amounted to about a 10 percent drop in GDP, the pandemic had a much greater impact on the aviation industry. Additionally, a lingering pilot shortage also slowed the recovery of the airline industry.

**Image Source:** Reno-Tahoe International Airport (RNO) - Ticketing Hall Expansion.

Airports Council International – North America

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## Pandemic Impacts

The COVID-19 pandemic had an unprecedented impact on the U.S. aviation industry. Air traveler fears of the disease combined with government actions to limit travel gutted the U.S. aviation industry. During the first year of the pandemic, airline passenger traffic in 2020 fell by 60 percent compared to 2019.

The U.S. government simultaneously imposed restrictions on the air travel industry while also granting regulatory relief to airlines and airports. At the same time, the FAA provided a wide range of temporary regulatory relief for airlines and airports, such as making operating capital available to airports.

Airports sought to reassure passengers about the safety of air travel through enhanced terminal cleaning protocols and the implementation of touchless technologies for both airline check in and concessionaire purchases.

**Table 1** shows that 2020 activity was down significantly compared to 2019 activity. Revenue passenger miles dropped nearly 64 percent in 2020. Airline efforts to respond to the drop resulted in available seat miles falling by only 48 percent and flights declining by 40 percent, which drove load factors down to 59 percent for 2020, more than a 25-percentage point drop from 2019.

The one bright spot was seen in the cargo statistics. Revenue ton miles increased nearly 7 percent thanks to increased demand from home-confined consumers using e-commerce.

**Table 1**  
**Pandemic Impacts on the U.S. Aviation Industry**

Airline Metric	2019	2020	Percent Change
Enplanements	902.7M	365.3M	-59.5%
Revenue Passenger Miles	1.0B	377.3M	-63.9%
Available Seat Miles	1.2B	644.3M	-47.8%
Passenger Load Factor	85%	59%	-30.6%
Scheduled Passenger Flights	8.4M	5.0M	-40.5%
Revenue Ton Miles	43.5B	46.4B	6.8%
Operating Revenue	\$195.9B	\$77.1B	-60.6%
Net Income	\$14.8B	-\$35.1B	-337.2%
Profit Margin	7.6%	-45.5%	-698.7%

**Source:** Bureau of Transportation Statistics, Transtats (<https://www.transtats.bts.gov/>).

Unfortunately, the improved performance of air cargo was not enough to offset the damage the pandemic wrought on the passenger side, as seen in the industry financial results. The industry as a whole experienced more than a 60 percent drop in operating revenue.

## Overall Economic Impacts of U.S. Commercial Service Airports

The study led to two key findings. First, the 487 U.S. commercial service airports produced more than \$1.8 trillion in economic output in 2024. Additionally, these airports support more than 12.8 million jobs with a total payroll of nearly \$619 billion. The following sections detail these economic benefits by type of impact. Each type of impact – direct, multiplier, and total – is broken down by category of impact (**Table 2**).

### IMPACT CATEGORIES



#### **On-Airport**

Impacts associated with airline, airport, terminal concession, rental car, and parking operations.



#### **Visitor**

Impacts from visitor spending that occurs off the airport, typically at hotels and restaurants.



#### **Capital Improvements**

Impacts taking place both on the airport (construction projects) and off the airport (planning and project design).

### *Direct Impacts*

Direct impacts are the points where initial economic transactions take place. For this study, direct impacts take place on the airport, and off the airport as the result of visitor spending and activities associated with CIP.

### *Multiplier Impacts*

Multiplier impacts occur as a result of the recirculation of direct impacts within the defined economy. Multiplier impacts continue until they leak out beyond the defined economy, ending the multiplier effect.

### *Total Impacts*

Total impacts are the combination of direct and multiplier impacts yielding the total impacts attributable to U.S. commercial service airports and their associated activities.




Image Source: Tucson International Airport (TUS).

Airports Council International – North America

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**Table 2**  
Overall Economic Impacts of Commercial Service  
Airports in the U.S.

	Impacts	On-Airport	Visitor	Capital Improvements	U.S. Total
 Employment	Direct	1,393,300	5,074,000	58,700	6,526,000
	Multiplier	3,414,000	2,739,600	133,800	6,287,400
	Total	4,807,300	7,813,600	192,500	12,813,400
 Payroll	Direct	\$115.4B	\$156.3B	\$4.1B	\$275.8B
	Multiplier	\$188.1B	\$146.9B	\$7.5B	\$342.5B
	Total	\$303.5B	\$303.2B	\$11.6B	\$618.3B
 Output	Direct	\$394.8B	\$321.5B	\$17.3B	\$733.6B
	Multiplier	\$552.7B	\$527.3B	\$30.8B	\$1.1T
	Total	\$947.5B	\$848.9B	\$48.1B	\$1.8T

Source: Mead & Hunt and IMPLAN.

### Direct Impacts

The 487 U.S. commercial service airports produce direct impacts, shown in **Table 2**. In terms of employment, the visitor category makes the largest employment contribution, with more than 5 million jobs. The on-airport category adds another 1.4 million jobs. With the additional 58,700 jobs from the CIP category, the total U.S. direct jobs attributed to commercial service airports amounts to 6.5 million positions, earning nearly \$276 billion in annual payroll.

When looking at output, however, it is the on-airport category that contributes the most economic impact, with more than \$395 billion in annual output. Visitors contribute nearly \$322 billion through their off-airport spending, and CIP expenditures are more than \$17 billion.

### Multiplier Impacts

Multiplier impacts result from the recirculation of direct impacts. For example, as airport employees spend their salary for housing, food, and services, those expenditures circulate through the local and regional economy, resulting in increased spending, payroll, and employment throughout the economy.

Multiplier impacts re-circulate until they eventually leak beyond the geographic region being studied, which, in this case, is the United States. As can be seen, the multiplier impacts generate trillions of dollars of economic output and support millions of jobs.

### Total Impacts

The total impacts for U.S. commercial service airports amount to 12.8 million jobs earning \$618 billion and producing \$1.8 trillion in annual output.

Table 3

## Total Impacts of Commercial Service Airports in the U.S. (by State Output)

	Total Airports (change from 2017)	Employment	Payroll	Output		Total Airports (change from 2017)	Employment	Payroll	Output
FL	21 (+1)	1,744,700	\$79.4B	\$259.6B	OK	4 (+1)	97,400	\$5.6B	\$14.9B
CA	29 (+3)	1,646,200	\$76.5B	\$230.7B	OR	7 (0)	111,000	\$5.1B	\$14.1B
TX	26 (+2)	1,044,400	\$49.5B	\$146.1B	KY	5 (0)	118,300	\$6.9B	\$13.0B
NY	18 (-2)	933,800	\$44.5B	\$110.4B	AK	73 (-14)	112,700	\$4.9B	\$12.6B
GA	8 (+1)	644,900	\$33.0B	\$99.7B	NE	7 (+1)	90,300	\$4.2B	\$10.5B
IL	12 (0)	579,400	\$30.6B	\$87.0B	WI	8 (0)	74,700	\$3.1B	\$10.2B
AZ	9 (-1)	422,600	\$22.2B	\$73.8B	LA	7 (0)	72,500	\$3.1B	\$10.1B
CO	13 (0)	513,900	\$24.7B	\$70.9B	KS	7 (0)	37,300	\$2.3B	\$8.3B
NV	4 (-1)	381,100	\$18.7B	\$60.3B	CT	2 (0)	52,400	\$2.5B	\$7.5B
NC	10 (-1)	464,000	\$25.9B	\$60.2B	AL	7 (+2)	45,800	\$2.4B	\$7.0B
WA	13 (0)	361,100	\$18.0B	\$54.3B	ID	6 (0)	43,000	\$1.7B	\$6.2B
VA	9 (0)	358,600	\$17.6B	\$54.1B	MT	12 (0)	36,400	\$1.7B	\$5.0B
NJ	3 (-1)	325,400	\$17.3B	\$49.7B	RI	3 (0)	34,900	\$1.6B	\$4.7B
PA	13 (0)	321,300	\$14.6B	\$45.2B	AR	7 (0)	34,900	\$1.8B	\$4.7B
TN	6 (+1)	193,500	\$8.9B	\$35.4B	NM	7 (+1)	33,300	\$1.6B	\$4.5B
MN	9 (+1)	166,700	\$8.2B	\$33.5B	MS	7 (+1)	29,100	\$1.5B	\$4.3B
HI	9 (0)	203,900	\$9.8B	\$32.7B	ME	6 (0)	30,600	\$1.3B	\$4.0B
MA	6 (-1)	272,900	\$11.5B	\$30.8B	WY	9 (0)	29,100	\$1.2B	\$3.6B
MI	17 (-2)	210,700	\$10.4B	\$26.4B	IA	8 (+2)	23,600	\$1.1B	\$2.7B
MD	3 (0)	186,500	\$8.9B	\$26.3B	ND	8 (0)	19,100	\$0.8B	\$2.5B
OH	6 (-2)	133,500	\$6.7B	\$25.9B	NH	3 (0)	20,800	\$1.0B	\$2.1B
UT	6 (-1)	169,100	\$7.5B	\$21.0B	SD	5 (+1)	14,700	\$0.7B	\$1.5B
MO	9 (+1)	143,700	\$6.5B	\$20.6B	VT	2 (0)	9,200	\$0.5B	\$1.3B
SC	6 (0)	102,200	\$4.9B	\$17.2B	WV	7 (0)	11,000	\$0.4B	\$0.9B
IN	4 (0)	102,300	\$5.3B	\$16.4B	DE	1 (+1)	4,900	\$0.3B	\$0.6B
					<b>Total</b>	<b>487 (-6)</b>	<b>12,813,400</b>	<b>\$618.3B</b>	<b>\$1.8T</b>

Source: Mead &amp; Hunt and IMPLAN.

## Incremental Aviation Activity

As the aviation industry continues to recover from the pandemic and returns to normal operations, it is useful to understand how incremental changes in aviation activity impact a typical airport's economic impacts.

Based on the information gathered for this study, an increase in enplanements at an airport has two effects. First, additional enplanements, in general, increase the on-airport employment and output. The second effect is an increase in visitor spending, since some of those enplanements are likely to be visitors.

*Every additional*  
**1,000**  
*enplanements results in...*

	Additional Employment	Additional Output
On-Airport	1.2	\$387.2K
Visitor	4.6	\$290.5K
Total	5.8	\$677.7K

On average, 1,000 additional enplanements produce an additional \$387,200 of output and support an additional 1.2 jobs. Those same 1,000 enplanements also lead to an average increase in visitor spending of \$290,500, which supports an additional 4.6 jobs. Note that the on-airport output is greater than the visitor output even though there are fewer jobs associated with the on-airport category compared to the visitor category.

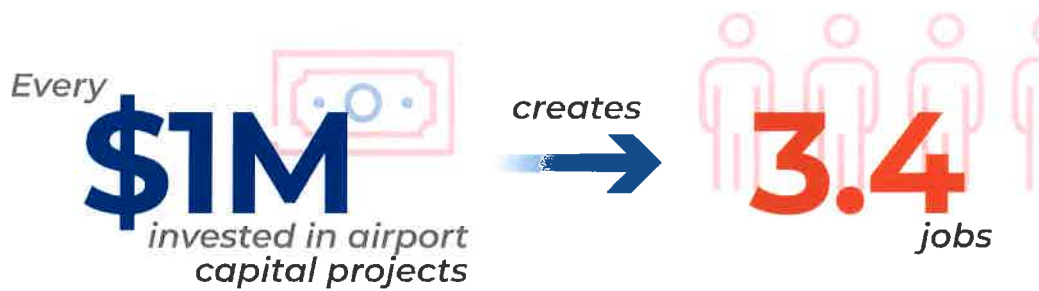
The difference in these impacts illustrates an important trend taking place at airports. Some is attributed to the difference in average pay scale between on-airport jobs and visitor-related jobs, which tend to be in the hospitality industry and are generally lower paying. But some of the difference is attributed to the increase in productivity of airport workers, which translates into a higher output per employee ratio.

Much of this increase in productivity comes from airports implementing technology. This includes everything from FAA technology upgrades for air traffic control (such as the System Wide Information Management Program), to improved baggage sorting systems, or even upgrades to lower cost LED light systems, where longer-lasting bulbs give maintenance workers more time to devote to more productive endeavors. In all of these examples, technology allows workers to accomplish more within the same working hours, boosting productivity and their output.



## Incremental Airport Infrastructure Investment

The infrastructure found at airports is a significant investment that must be maintained to continue providing access to the aviation system. While just keeping up the facilities at a commercial service airport takes substantial funding, that money does produce economic impacts from the engineering, construction, and upkeep of airport infrastructure.



**Image Sources:** Tulsa International Airport (TUL) - ATCT Construction.



Austin-Bergstrom International Airport (AUS) - West Gate Expansion.



*The jobs created by project investment are typically positions in the construction, engineering, architectural, or consulting field. Best of all, if the infrastructure improvement, such as a terminal expansion, leads to more enplanements, that produces even more economic output (as described above) and creates more jobs.*



**Image Source:** Rapid City Regional Airport (RAP) - Terminal Expansion.

## Consequences of Underfunding Airport Infrastructure

The American Society of Civil Engineers (ASCE) publishes a series of studies that looks at the consequences of not maintaining the nation's infrastructure. Entitled *Failure to Act*, these studies have focused on different infrastructure components over the years. In 2021, ASCE published *Failure to Act: Investment in Airports Takes Off, But Bumpy Skies Ahead*, an assessment of the impacts from forecasted airport investment.

The ASCE report explains that a lack of airport infrastructure funding results in airports foregoing expansion projects and deferring maintenance on necessary facilities. Typically, such actions do not result in immediate detrimental impacts. Rather, the result is a loss of future economic impacts that fail to materialize because of lost growth at the airport and less efficient airport operations. These inefficiencies hit both businesses and travelers, resulting in lower productivity throughout the economy, particularly in these areas:

- Aging infrastructure can result in critical failures that hamper airport operations.
- Inadequate facility upkeep shortens infrastructure life spans, with higher costs from the replacement of infrastructure that wears out prematurely.
- Airlines suffer from airport delays, leading to higher fuel, crew, and aircraft maintenance costs.
- Air cargo and affiliated shipping companies experience delays in cargo shipments, which negatively impacts those in need of these goods, especially businesses that rely on lean processes that leverage just-in-time manufacturing practices.
- Travelers incur increased costs from delayed flights and missed connections. Over the long term, travelers may opt out of trips due to uncertainty of delayed and connecting flights, yielding less revenue for airlines. Companies may find that less reliable air travel makes business operations less efficient.



## Lower Infrastructure Spending Results in...



**Aging  
Infrastructure**



**Critical Failures**



**Poor Customer Service**



**Replacement  
(instead of maintenance)**



**Airline Delays**



**Cargo/Shipping Delays**



**Traveller Delays**



**Decreased  
Capacity  
(Delays)**



The ASCE report estimated the cumulative direct costs to these areas. Over the 10-year analysis period (2020 to 2029), direct costs add up to \$442 billion.

**Additional Incurred Costs**  
**Over 10 years of infrastructure spending shortfalls**



**Source:** *Failure to Act: Investment in Airports Takes Off, But Bumpy Skies Ahead* with results converted to current dollars by Mead & Hunt.

**Table 4**  
**Direct Costs per \$1 Million of**  
**Infrastructure Investment Shortfall**

Based on the forecasted accumulated infrastructure investment shortfall of \$136.9 billion through 2029<sup>2</sup>, the study estimated the direct costs per \$1 million of infrastructure investment shortfall (**Table 4**). The data in this table shows the accumulated direct costs over the 10-year analysis period, based on the accumulated funding shortfall of \$136.9 billion over the same time period. In general, these costs are minimal at the start of the period, but grow significantly toward the end.

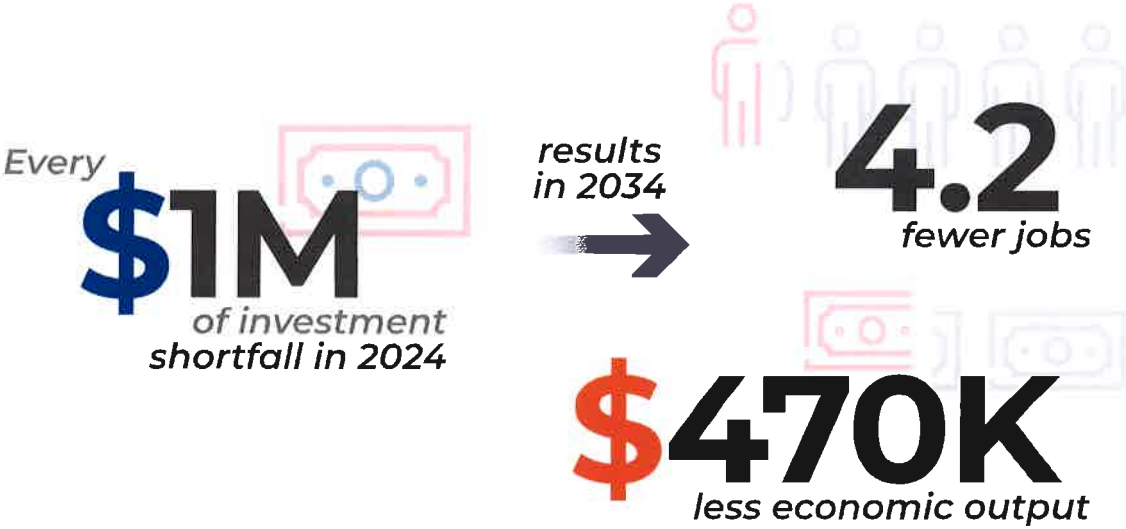
Category	2020-2029 per \$1 Million of Infrastructure Investment Shortfall
Airlines	\$750K
Air Cargo	\$670K
Business Travel	\$530K
Personal Travel	\$1.3M
Totals	\$3.2M

2 From *Failure to Act: Investment in Airports Takes Off, But Bumpy Skies Ahead*, adjusted to current dollars.

**Source:** *Failure to Act: Investment in Airports Takes Off, But Bumpy Skies Ahead*; ASCE and Mead & Hunt.

These direct costs are part of the inefficiency caused by infrastructure that is not improved upon and properly maintained. This inefficiency translates directly into lost economic growth in the form of fewer jobs and reduced economic output.

The study analyzed the ratios of losses in employment and output to each \$1 million in infrastructure investment shortfall. Unlike the previous table, which showed the effects over the entire 10-year period, the below infographic shows the effects only during the tenth (final) year of the analysis period.



The ratios shown above can be used to estimate how the current funding shortfall impacts future economic growth. According to ACI-NA's 2023 *U.S. Airport Infrastructure Needs Report*, U.S. commercial service airports require an annual average of \$30 billion in infrastructure investment from 2023 to 2027. As this 2023 study has shown, CIP expenditures at U.S. airports were less than \$20 billion in 2024, indicating that airport infrastructure is underfunded.

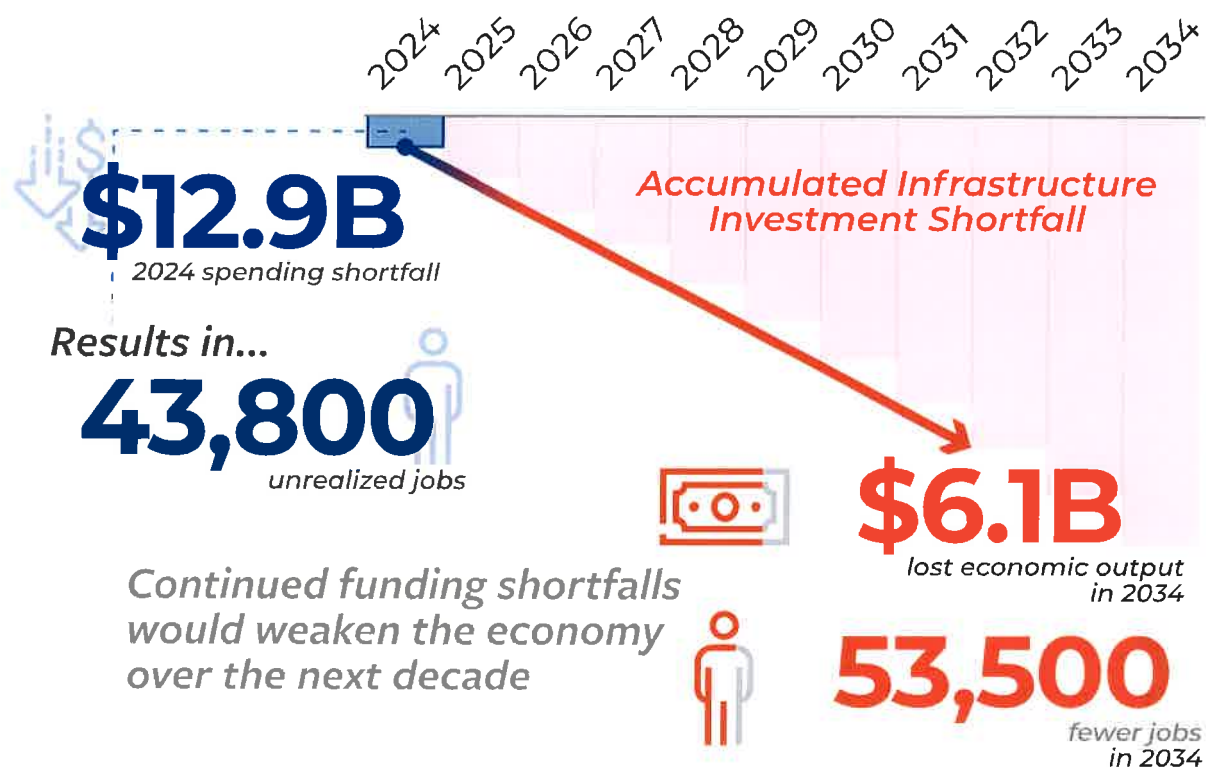
**Table 5** shows that the estimated airport infrastructure investment shortfall in 2024 is \$12.9 billion.

This funding shortfall, based on the historical data of 2024, can be used to assess the impacts from continued infrastructure funding shortfalls. Using this for future years is a conservative estimate, since funding needs are likely to increase over time.

**Table 5**  
**Estimation of Airport Infrastructure Investment Shortfall in 2024**

Category	2024
Infrastructure Needs	\$30.2B
Infrastructure Funding	\$17.3B
<b>Infrastructure Investment Shortfall</b>	<b>\$12.9B</b>

**Source:** 2023 *U.S. Airport Infrastructure Needs Report* for 2023-2027 and Mead & Hunt.



Assuming this shortfall continues for the next 10 years, direct costs to airlines and the traveling public accumulate to a total of \$41.6 billion, as seen in (Table 6).

**Table 6**  
Direct Costs Based on \$12.9 Billion in Annual Airport Infrastructure Investment Shortfalls

Category	Over 10 Years
Airlines	\$9.7B
Air Cargo	\$8.6B
Business Travel	\$6.8B
Personal Travel	\$16.5B
<b>Totals</b>	<b>\$41.6B</b>

**Source:** *Failure to Act: Investment in Airports Takes Off, But Bumpy Skies Ahead* and Mead & Hunt.

In terms of annual economic impact, the \$12.9 billion shortfall in airport infrastructure investment year after year results in a loss of \$6.1 billion in economic output and 53,500 fewer jobs in 2034 (10 years from when the shortfall was first measured).

Clearly, the consequences of not improving and maintaining airport infrastructure are substantial over the long term. Airports can avoid these consequences through sufficient infrastructure investment that addresses efficiency and economic growth.

## Detailed Tables of U.S. National Impacts

This section details the economic impacts of commercial service airports in each of the 50 U.S. states.

These tables show the three measures of economic impacts (employment, payroll, and output) by type (direct, multiplier, and total), broken out into the categories of on-airport, visitor, and capital improvement impacts. A detailed explanation of the methodology used to estimate these impacts follows these tables.

### Employment

**Table 7**  
**Direct Employment of Commercial Service Airports in the U.S.**

State	On-Airport	Visitor	CIP	State Total
AK	13,500	39,100	1,800	54,400
AL	6,800	12,800	800	20,400
AR	5,000	10,100	600	15,700
AZ	60,000	136,200	1,800	198,000
CA	135,700	752,500	5,800	894,000
CO	56,200	203,400	2,100	261,700
CT	4,300	23,800	200	28,300
DE	1,400	200	0	1,600
FL	153,500	777,000	5,700	936,200
GA	79,700	234,800	2,500	317,000
HI	19,700	84,800	1,600	106,100
IA	3,500	6,900	300	10,700
ID	6,700	12,700	100	19,500
IL	81,700	187,300	2,700	271,700
IN	14,200	33,800	400	48,400
KS	8,700	4,300	200	13,200
KY	18,600	33,100	1,000	52,700
LA	6,100	31,200	1,000	38,300
MA	14,900	140,800	1,400	157,100
MD	17,500	80,500	600	98,600
ME	1,700	15,600	200	17,500
MI	23,000	82,800	1,100	106,900
MN	23,600	54,000	700	78,300
MO	13,200	63,200	300	76,700
MS	5,000	6,700	500	12,200
MT	4,600	13,000	200	17,800
NC	78,900	120,100	2,100	201,100
ND	1,700	7,500	500	9,700
NE	6,500	43,700	100	50,300
NH	2,300	8,100	100	10,500
NJ	37,900	123,800	1,200	162,900
NM	3,800	12,600	300	16,700
NV	38,700	156,500	2,000	197,200
NY	123,600	323,300	2,900	449,800
OH	21,500	37,400	500	59,400
OK	18,300	21,100	500	39,900
OR	11,800	44,300	600	56,700
PA	33,500	130,800	1,300	165,600
RI	2,100	17,500	200	19,800
SC	11,300	39,900	600	51,800
SD	2,300	4,200	100	6,600
TN	16,700	85,400	1,400	103,500
TX	111,600	417,800	4,900	534,300
UT	12,800	77,800	1,500	92,100
VA	35,900	148,100	2,000	186,000
VT	1,600	2,400	100	4,100
WA	31,700	160,000	1,600	193,300
WI	6,400	33,700	200	40,300
WV	2,500	1,200	200	3,900
WY	1,100	16,200	200	17,500
<b>Total</b>	<b>1,393,300</b>	<b>5,074,000</b>	<b>58,700</b>	<b>6,526,000</b>

Source: Mead & Hunt and IMPLAN.

**Table 8**  
**Multiplier Employment of Commercial Service Airports in the U.S.**

State	On-Airport	Visitor	CIP	State Total
AK	33,100	21,100	4,100	58,300
AL	16,600	6,900	1,900	25,400
AR	12,200	5,500	1,500	19,200
AZ	147,100	73,500	4,000	224,600
CA	332,600	406,300	13,300	752,200
CO	137,600	109,800	4,800	252,200
CT	10,700	12,900	500	24,100
DE	3,300	0	0	3,300
FL	376,000	419,600	12,900	808,500
GA	195,400	126,800	5,700	327,900
HI	48,200	45,800	3,800	97,800
IA	8,400	3,800	700	12,900
ID	16,500	6,800	200	23,500
IL	200,300	101,100	6,300	307,700
IN	34,800	18,200	900	53,900
KS	21,300	2,300	500	24,100
KY	45,400	17,900	2,300	65,600
LA	15,000	16,900	2,300	34,200
MA	36,400	76,100	3,300	115,800
MD	42,900	43,500	1,500	87,900
ME	4,200	8,400	500	13,100
MI	56,400	44,800	2,600	103,800
MN	57,800	29,100	1,500	88,400
MO	32,200	34,100	700	67,000
MS	12,100	3,600	1,200	16,900
MT	11,300	7,000	300	18,600
NC	193,100	64,900	4,900	262,900
ND	4,200	4,100	1,100	9,400
NE	16,100	23,600	300	40,000
NH	5,700	4,300	300	10,300
NJ	93,000	66,800	2,700	162,500
NM	9,300	6,700	600	16,600
NV	95,000	84,500	4,400	183,900
NY	302,800	174,500	6,700	484,000
OH	52,600	20,300	1,200	74,100
OK	44,800	11,500	1,200	57,500
OR	29,100	23,900	1,300	54,300
PA	82,100	70,600	3,000	155,700
RI	5,200	9,500	400	15,100
SC	27,600	21,500	1,300	50,400
SD	5,600	2,300	200	8,100
TN	40,800	46,100	3,100	90,000
TX	273,600	225,500	11,000	510,100
UT	31,500	42,000	3,500	77,000
VA	88,100	80,000	4,500	172,600
VT	3,800	1,200	100	5,100
WA	77,800	86,400	3,600	167,800
WI	15,800	18,200	400	34,400
WV	6,100	700	300	7,100
WY	2,500	8,700	400	11,600
<b>Total</b>	<b>3,414,000</b>	<b>2,739,600</b>	<b>133,800</b>	<b>6,287,400</b>

Source: Mead & Hunt and IMPLAN.



**Table 9**  
**Total Employment of Commercial Service Airports in the U.S.**

State	On-Airport	Visitor	CIP	State Total
AK	46,600	60,200	5,900	112,700
AL	23,400	19,700	2,700	45,800
AR	17,200	15,600	2,100	34,900
AZ	207,100	209,700	5,800	422,600
CA	468,300	1,158,800	19,100	1,646,200
CO	193,800	313,200	6,900	513,900
CT	15,000	36,700	700	52,400
DE	4,700	200	0	4,900
FL	529,500	1,196,600	18,600	1,744,700
GA	275,100	361,600	8,200	644,900
HI	67,900	130,600	5,400	203,900
IA	11,900	10,700	1,000	23,600
ID	23,200	19,500	300	43,000
IL	282,000	288,400	9,000	579,400
IN	49,000	52,000	1,300	102,300
KS	30,000	6,600	700	37,300
KY	64,000	51,000	3,300	118,300
LA	21,100	48,100	3,300	72,500
MA	51,300	216,900	4,700	272,900
MD	60,400	124,000	2,100	186,500
ME	5,900	24,000	700	30,600
MI	79,400	127,600	3,700	210,700
MN	81,400	83,100	2,200	166,700
MO	45,400	97,300	1,000	143,700
MS	17,100	10,300	1,700	29,100
MT	15,900	20,000	500	36,400
NC	272,000	185,000	7,000	464,000
ND	5,900	11,600	1,600	19,100
NE	22,600	67,300	400	90,300
NH	8,000	12,400	400	20,800
NJ	130,900	190,600	3,900	325,400
NM	13,100	19,300	900	33,300
NV	133,700	241,000	6,400	381,100
NY	426,400	497,800	9,600	933,800
OH	74,100	57,700	1,700	133,500
OK	63,100	32,600	1,700	97,400
OR	40,900	68,200	1,900	111,000
PA	115,600	201,400	4,300	321,300
RI	7,300	27,000	600	34,900
SC	38,900	61,400	1,900	102,200
SD	7,900	6,500	300	14,700
TN	57,500	131,500	4,500	193,500
TX	385,200	643,300	15,900	1,044,400
UT	44,300	119,800	5,000	169,100
VA	124,000	228,100	6,500	358,600
VT	5,400	3,600	200	9,200
WA	109,500	246,400	5,200	361,100
WI	22,200	51,900	600	74,700
WV	8,600	1,900	500	11,000
WY	3,600	24,900	600	29,100
<b>Total</b>	<b>4,807,300</b>	<b>7,813,600</b>	<b>192,500</b>	<b>12,813,400</b>

Source: Mead & Hunt and IMPLAN.

## Payroll

**Table 10**  
**Direct Payroll of Commercial Service Airports in the U.S. (in millions of \$)**

State	On-Airport	Visitor	CIP	State Total
AK	\$833	\$1,205	\$124	\$2,162
AL	\$570	\$395	\$56	\$1,021
AR	\$393	\$312	\$44	\$749
AZ	\$5,212	\$4,194	\$123	\$9,529
CA	\$11,537	\$23,177	\$406	\$35,120
CO	\$4,630	\$6,265	\$146	\$11,041
CT	\$375	\$734	\$14	\$1,123
DE	\$104	\$5	\$1	\$110
FL	\$12,129	\$23,932	\$396	\$36,457
GA	\$7,024	\$7,232	\$173	\$14,429
HI	\$1,664	\$2,612	\$114	\$4,390
IA	\$254	\$213	\$21	\$488
ID	\$358	\$391	\$7	\$756
IL	\$7,162	\$5,768	\$191	\$13,121
IN	\$1,219	\$1,041	\$27	\$2,287
KS	\$754	\$131	\$15	\$900
KY	\$1,809	\$1,019	\$69	\$2,897
LA	\$392	\$962	\$71	\$1,425
MA	\$1,078	\$4,338	\$100	\$5,516
MD	\$1,497	\$2,481	\$44	\$4,022
ME	\$108	\$480	\$14	\$602
MI	\$1,994	\$2,551	\$79	\$4,624
MN	\$1,852	\$1,662	\$46	\$3,560
MO	\$1,024	\$1,946	\$22	\$2,992
MS	\$369	\$206	\$36	\$611
MT	\$322	\$400	\$11	\$733
NC	\$6,940	\$3,700	\$149	\$10,789
ND	\$106	\$232	\$35	\$373
NE	\$576	\$1,347	\$9	\$1,932
NH	\$205	\$248	\$9	\$462
NJ	\$3,691	\$3,812	\$84	\$7,587
NM	\$313	\$387	\$19	\$719
NV	\$3,396	\$4,820	\$136	\$8,352
NY	\$9,351	\$9,956	\$204	\$19,511
OH	\$1,666	\$1,153	\$36	\$2,855
OK	\$1,599	\$651	\$36	\$2,286
OR	\$904	\$1,363	\$40	\$2,307
PA	\$2,482	\$4,028	\$92	\$6,602
RI	\$186	\$540	\$12	\$738
SC	\$909	\$1,229	\$40	\$2,178
SD	\$158	\$129	\$6	\$293
TN	\$1,355	\$2,629	\$96	\$4,080
TX	\$8,973	\$12,867	\$338	\$22,178
UT	\$974	\$2,395	\$105	\$3,474
VA	\$3,163	\$4,561	\$139	\$7,863
VT	\$131	\$73	\$5	\$209
WA	\$3,072	\$4,928	\$111	\$8,111
WI	\$402	\$1,037	\$12	\$1,451
WV	\$117	\$38	\$10	\$165
WY	\$74	\$498	\$13	\$585
<b>Total</b>	<b>\$115,406</b>	<b>\$156,273</b>	<b>\$4,086</b>	<b>\$275,765</b>

Source: Mead & Hunt and IMPLAN.

**Table 11**  
**Multiplier Payroll of Commercial Service Airports in the U.S. (in millions of \$)**

State	On-Airport	Visitor	CIP	State Total
AK	\$1,357	\$1,132	\$228	\$2,717
AL	\$930	\$371	\$103	\$1,404
AR	\$641	\$293	\$81	\$1,015
AZ	\$8,495	\$3,942	\$224	\$12,661
CA	\$18,806	\$21,786	\$743	\$41,335
CO	\$7,546	\$5,889	\$268	\$13,703
CT	\$611	\$690	\$26	\$1,327
DE	\$171	\$4	\$2	\$177
FL	\$19,770	\$22,497	\$723	\$42,990
GA	\$11,450	\$6,798	\$318	\$18,566
HI	\$2,712	\$2,456	\$208	\$5,376
IA	\$415	\$201	\$38	\$654
ID	\$583	\$367	\$12	\$962
IL	\$11,675	\$5,422	\$349	\$17,446
IN	\$1,987	\$978	\$49	\$3,014
KS	\$1,229	\$124	\$29	\$1,382
KY	\$2,949	\$958	\$128	\$4,035
LA	\$639	\$905	\$130	\$1,674
MA	\$1,756	\$4,078	\$182	\$6,016
MD	\$2,439	\$2,332	\$80	\$4,851
ME	\$176	\$451	\$27	\$654
MI	\$3,251	\$2,399	\$145	\$5,795
MN	\$3,018	\$1,563	\$85	\$4,666
MO	\$1,670	\$1,829	\$41	\$3,540
MS	\$602	\$194	\$65	\$861
MT	\$525	\$376	\$21	\$922
NC	\$11,312	\$3,478	\$272	\$15,062
ND	\$173	\$218	\$64	\$455
NE	\$940	\$1,266	\$17	\$2,223
NH	\$333	\$234	\$16	\$583
NJ	\$6,017	\$3,584	\$153	\$9,754
NM	\$509	\$363	\$33	\$905
NV	\$5,535	\$4,530	\$249	\$10,314
NY	\$15,242	\$9,359	\$372	\$24,973
OH	\$2,714	\$1,084	\$66	\$3,864
OK	\$2,606	\$612	\$66	\$3,284
OR	\$1,473	\$1,282	\$74	\$2,829
PA	\$4,045	\$3,786	\$168	\$7,999
RI	\$303	\$507	\$22	\$832
SC	\$1,482	\$1,155	\$73	\$2,710
SD	\$258	\$122	\$12	\$392
TN	\$2,210	\$2,472	\$175	\$4,857
TX	\$14,625	\$12,095	\$620	\$27,340
UT	\$1,588	\$2,252	\$193	\$4,033
VA	\$5,156	\$4,288	\$253	\$9,697
VT	\$215	\$68	\$9	\$292
WA	\$5,006	\$4,633	\$204	\$9,843
WI	\$655	\$975	\$22	\$1,652
WV	\$191	\$36	\$20	\$247
WY	\$120	\$468	\$25	\$613
<b>Total</b>	<b>\$188,111</b>	<b>\$146,902</b>	<b>\$7,483</b>	<b>\$342,496</b>

Source: Mead & Hunt and IMPLAN.



**Table 12**  
**Total Payroll of Commercial Service Airports in the U.S. (in millions of \$)**

State	On-Airport	Visitor	CIP	State Total
AK	\$2,190	\$2,337	\$352	\$4,879
AL	\$1,500	\$766	\$159	\$2,425
AR	\$1,034	\$605	\$125	\$1,764
AZ	\$13,707	\$8,136	\$347	\$22,190
CA	\$30,343	\$44,963	\$1,149	\$76,455
CO	\$12,176	\$12,154	\$414	\$24,744
CT	\$986	\$1,424	\$40	\$2,450
DE	\$275	\$9	\$3	\$287
FL	\$31,899	\$46,429	\$1,119	\$79,447
GA	\$18,474	\$14,030	\$491	\$32,995
HI	\$4,376	\$5,068	\$322	\$9,766
IA	\$669	\$414	\$59	\$1,142
ID	\$941	\$758	\$19	\$1,718
IL	\$18,837	\$11,190	\$540	\$30,567
IN	\$3,206	\$2,019	\$76	\$5,301
KS	\$1,983	\$255	\$44	\$2,282
KY	\$4,758	\$1,977	\$197	\$6,932
LA	\$1,031	\$1,867	\$201	\$3,099
MA	\$2,834	\$8,416	\$282	\$11,532
MD	\$3,936	\$4,813	\$124	\$8,873
ME	\$284	\$931	\$41	\$1,256
MI	\$5,245	\$4,950	\$224	\$10,419
MN	\$4,870	\$3,225	\$131	\$8,226
MO	\$2,694	\$3,775	\$63	\$6,532
MS	\$971	\$400	\$101	\$1,472
MT	\$847	\$776	\$32	\$1,655
NC	\$18,252	\$7,178	\$421	\$25,851
ND	\$279	\$450	\$99	\$828
NE	\$1,516	\$2,613	\$26	\$4,155
NH	\$538	\$482	\$25	\$1,045
NJ	\$9,708	\$7,396	\$237	\$17,341
NM	\$822	\$750	\$52	\$1,624
NV	\$8,931	\$9,350	\$385	\$18,666
NY	\$24,593	\$19,315	\$576	\$44,484
OH	\$4,380	\$2,237	\$102	\$6,719
OK	\$4,205	\$1,263	\$102	\$5,570
OR	\$2,377	\$2,645	\$114	\$5,136
PA	\$6,527	\$7,814	\$260	\$14,601
RI	\$489	\$1,047	\$34	\$1,570
SC	\$2,391	\$2,384	\$113	\$4,888
SD	\$416	\$251	\$18	\$685
TN	\$3,565	\$5,101	\$271	\$8,937
TX	\$23,598	\$24,962	\$958	\$49,518
UT	\$2,562	\$4,647	\$298	\$7,507
VA	\$8,319	\$8,849	\$392	\$17,560
VT	\$346	\$141	\$14	\$501
WA	\$8,078	\$9,561	\$315	\$17,954
WI	\$1,057	\$2,012	\$34	\$3,103
WV	\$308	\$74	\$30	\$412
WY	\$194	\$966	\$38	\$1,198
<b>Total</b>	<b>\$303,517</b>	<b>\$303,175</b>	<b>\$11,569</b>	<b>\$618,261</b>

Source: Mead & Hunt and IMPLAN.

## Output

**Table 13**  
**Direct Output of Commercial Service Airports in the U.S. (in millions of \$)**

State	On-Airport	Visitor	CIP	State Total
AK	\$1,895	\$2,478	\$527	\$4,900
AL	\$1,732	\$813	\$239	\$2,784
AR	\$1,025	\$642	\$187	\$1,854
AZ	\$20,639	\$8,629	\$520	\$29,788
CA	\$41,662	\$47,686	\$1,720	\$91,068
CO	\$14,629	\$12,890	\$621	\$28,140
CT	\$1,389	\$1,510	\$60	\$2,959
DE	\$250	\$10	\$4	\$264
FL	\$52,056	\$49,241	\$1,676	\$102,973
GA	\$24,307	\$14,880	\$735	\$39,922
HI	\$7,160	\$5,375	\$482	\$13,017
IA	\$544	\$439	\$88	\$1,071
ID	\$1,671	\$804	\$29	\$2,504
IL	\$22,246	\$11,868	\$808	\$34,922
IN	\$4,326	\$2,142	\$114	\$6,582
KS	\$3,100	\$270	\$66	\$3,436
KY	\$2,787	\$2,097	\$294	\$5,178
LA	\$1,676	\$1,980	\$301	\$3,957
MA	\$2,525	\$8,926	\$422	\$11,873
MD	\$5,114	\$5,104	\$185	\$10,403
ME	\$510	\$988	\$61	\$1,559
MI	\$4,832	\$5,250	\$335	\$10,417
MN	\$9,971	\$3,420	\$197	\$13,588
MO	\$4,052	\$4,004	\$94	\$8,150
MS	\$1,140	\$425	\$151	\$1,716
MT	\$1,102	\$824	\$48	\$1,974
NC	\$15,972	\$7,613	\$630	\$24,215
ND	\$335	\$477	\$148	\$960
NE	\$1,288	\$2,771	\$39	\$4,098
NH	\$274	\$511	\$38	\$823
NJ	\$11,649	\$7,844	\$354	\$19,847
NM	\$919	\$796	\$79	\$1,794
NV	\$13,536	\$9,916	\$577	\$24,029
NY	\$22,459	\$20,485	\$862	\$43,806
OH	\$8,004	\$2,373	\$152	\$10,529
OK	\$4,571	\$1,339	\$152	\$6,062
OR	\$2,572	\$2,805	\$170	\$5,547
PA	\$9,258	\$8,288	\$389	\$17,935
RI	\$677	\$1,111	\$50	\$1,838
SC	\$4,187	\$2,528	\$169	\$6,884
SD	\$322	\$266	\$26	\$614
TN	\$8,345	\$5,410	\$406	\$14,161
TX	\$30,106	\$26,473	\$1,434	\$58,013
UT	\$2,798	\$4,929	\$447	\$8,174
VA	\$11,520	\$9,385	\$588	\$21,493
VT	\$358	\$149	\$21	\$528
WA	\$10,905	\$10,140	\$472	\$21,517
WI	\$1,858	\$2,134	\$52	\$4,044
WV	\$227	\$79	\$44	\$350
WY	\$293	\$1,024	\$56	\$1,373
<b>Total</b>	<b>\$394,773</b>	<b>\$321,541</b>	<b>\$17,319</b>	<b>\$733,633</b>

Source: Mead & Hunt and IMPLAN.

**Table 14**  
**Multiplier Output of Commercial Service Airports in the U.S. (in millions of \$)**

State	On-Airport	Visitor	CIP	State Total
AK	\$2,654	\$4,065	\$937	\$7,656
AL	\$2,424	\$1,332	\$424	\$4,180
AR	\$1,435	\$1,052	\$332	\$2,819
AZ	\$28,894	\$14,150	\$927	\$43,971
CA	\$58,327	\$78,205	\$3,061	\$139,593
CO	\$20,481	\$21,139	\$1,105	\$42,725
CT	\$1,945	\$2,476	\$107	\$4,528
DE	\$351	\$16	\$7	\$374
FL	\$72,879	\$80,755	\$2,984	\$156,618
GA	\$34,029	\$24,402	\$1,308	\$59,739
HI	\$10,025	\$8,815	\$858	\$19,698
IA	\$763	\$720	\$156	\$1,639
ID	\$2,339	\$1,317	\$52	\$3,708
IL	\$31,145	\$19,463	\$1,438	\$52,046
IN	\$6,057	\$3,512	\$202	\$9,771
KS	\$4,339	\$443	\$116	\$4,898
KY	\$3,901	\$3,438	\$524	\$7,863
LA	\$2,346	\$3,247	\$535	\$6,128
MA	\$3,535	\$14,638	\$751	\$18,924
MD	\$7,160	\$8,371	\$330	\$15,861
ME	\$713	\$1,619	\$109	\$2,441
MI	\$6,765	\$8,609	\$598	\$15,972
MN	\$13,960	\$5,608	\$349	\$19,917
MO	\$5,673	\$6,566	\$167	\$12,406
MS	\$1,597	\$696	\$268	\$2,561
MT	\$1,544	\$1,350	\$85	\$2,979
NC	\$22,361	\$12,484	\$1,123	\$35,968
ND	\$469	\$783	\$264	\$1,516
NE	\$1,803	\$4,545	\$70	\$6,418
NH	\$385	\$839	\$67	\$1,291
NJ	\$16,309	\$12,864	\$631	\$29,804
NM	\$1,287	\$1,305	\$139	\$2,731
NV	\$18,950	\$16,263	\$1,026	\$36,239
NY	\$31,444	\$33,596	\$1,536	\$66,576
OH	\$11,205	\$3,891	\$271	\$15,367
OK	\$6,400	\$2,197	\$272	\$8,869
OR	\$3,602	\$4,601	\$303	\$8,506
PA	\$12,962	\$13,592	\$693	\$27,247
RI	\$948	\$1,821	\$90	\$2,859
SC	\$5,861	\$4,146	\$301	\$10,308
SD	\$451	\$435	\$47	\$933
TN	\$11,684	\$8,872	\$721	\$21,277
TX	\$42,150	\$43,417	\$2,552	\$88,119
UT	\$3,916	\$8,082	\$795	\$12,793
VA	\$16,127	\$15,390	\$1,045	\$32,562
VT	\$501	\$245	\$37	\$783
WA	\$15,267	\$16,631	\$840	\$32,738
WI	\$2,600	\$3,500	\$91	\$6,191
WV	\$319	\$130	\$79	\$528
WY	\$410	\$1,679	\$101	\$2,190
<b>Total</b>	<b>\$552,692</b>	<b>\$527,312</b>	<b>\$30,824</b>	<b>\$1,110,828</b>

Source: Mead & Hunt and IMPLAN.

**Table 15**  
**Total Output of Commercial Service Airports in the U.S. (in millions of \$)**

State	On-Airport	Visitor	CIP	State Total
AK	\$4,549	\$6,543	\$1,464	\$12,556
AL	\$4,156	\$2,145	\$663	\$6,964
AR	\$2,460	\$1,694	\$519	\$4,673
AZ	\$49,533	\$22,779	\$1,447	\$73,759
CA	\$99,989	\$125,891	\$4,781	\$230,661
CO	\$35,110	\$34,029	\$1,726	\$70,865
CT	\$3,334	\$3,986	\$167	\$7,487
DE	\$601	\$26	\$11	\$638
FL	\$124,935	\$129,996	\$4,660	\$259,591
GA	\$58,336	\$39,282	\$2,043	\$99,661
HI	\$17,185	\$14,190	\$1,340	\$32,715
IA	\$1,307	\$1,159	\$244	\$2,710
ID	\$4,010	\$2,121	\$81	\$6,212
IL	\$53,391	\$31,331	\$2,246	\$86,968
IN	\$10,383	\$5,654	\$316	\$16,353
KS	\$7,439	\$713	\$182	\$8,334
KY	\$6,688	\$5,535	\$818	\$13,041
LA	\$4,022	\$5,227	\$836	\$10,085
MA	\$6,060	\$23,564	\$1,173	\$30,797
MD	\$12,274	\$13,475	\$515	\$26,264
ME	\$1,223	\$2,607	\$170	\$4,000
MI	\$11,597	\$13,859	\$933	\$26,389
MN	\$23,931	\$9,028	\$546	\$33,505
MO	\$9,725	\$10,570	\$261	\$20,556
MS	\$2,737	\$1,121	\$419	\$4,277
MT	\$2,646	\$2,174	\$133	\$4,953
NC	\$38,333	\$20,097	\$1,753	\$60,183
ND	\$804	\$1,260	\$412	\$2,476
NE	\$3,091	\$7,316	\$109	\$10,516
NH	\$659	\$1,350	\$105	\$2,114
NJ	\$27,958	\$20,708	\$985	\$49,651
NM	\$2,206	\$2,101	\$218	\$4,525
NV	\$32,486	\$26,179	\$1,603	\$60,268
NY	\$53,903	\$54,081	\$2,398	\$110,382
OH	\$19,209	\$6,264	\$423	\$25,896
OK	\$10,971	\$3,536	\$424	\$14,931
OR	\$6,174	\$7,406	\$473	\$14,053
PA	\$22,220	\$21,880	\$1,082	\$45,182
RI	\$1,625	\$2,932	\$140	\$4,697
SC	\$10,048	\$6,674	\$470	\$17,192
SD	\$773	\$701	\$73	\$1,547
TN	\$20,029	\$14,282	\$1,127	\$35,438
TX	\$72,256	\$69,890	\$3,986	\$146,132
UT	\$6,714	\$13,011	\$1,242	\$20,967
VA	\$27,647	\$24,775	\$1,633	\$54,055
VT	\$859	\$394	\$58	\$1,311
WA	\$26,172	\$26,771	\$1,312	\$54,255
WI	\$4,458	\$5,634	\$143	\$10,235
WV	\$546	\$209	\$123	\$878
WY	\$703	\$2,703	\$157	\$3,563
<b>Total</b>	<b>\$947,465</b>	<b>\$848,853</b>	<b>\$48,143</b>	<b>\$1,844,461</b>

Source: Mead & Hunt and IMPLAN.



## All Measures

**Table 16**

**Total Economic Impacts of Commercial Service Airports in the U.S. (Payroll and Output in millions of \$)**

State	Employment	Payroll	Output	State	Employment	Payroll	Output
AK	112,700	\$4,879	\$12,556	MT	36,400	\$1,655	\$4,953
AL	45,800	\$2,425	\$6,964	NC	464,000	\$25,851	\$60,183
AR	34,900	\$1,764	\$4,673	ND	19,100	\$828	\$2,476
AZ	422,600	\$22,190	\$73,759	NE	90,300	\$4,155	\$10,516
CA	1,646,200	\$76,455	\$230,661	NH	20,800	\$1,045	\$2,114
CO	513,900	\$24,744	\$70,865	NJ	325,400	\$17,341	\$49,651
CT	52,400	\$2,450	\$7,487	NM	33,300	\$1,624	\$4,525
DE	4,900	\$287	\$638	NV	381,100	\$18,666	\$60,268
FL	1,744,700	\$79,447	\$259,591	NY	933,800	\$44,484	\$110,382
GA	644,900	\$32,995	\$99,661	OH	133,500	\$6,719	\$25,896
HI	203,900	\$9,766	\$32,715	OK	97,400	\$5,570	\$14,931
IA	23,600	\$1,142	\$2,710	OR	111,000	\$5,136	\$14,053
ID	43,000	\$1,718	\$6,212	PA	321,300	\$14,601	\$45,182
IL	579,400	\$30,567	\$86,968	RI	34,900	\$1,570	\$4,697
IN	102,300	\$5,301	\$16,353	SC	102,200	\$4,888	\$17,192
KS	37,300	\$2,282	\$8,334	SD	14,700	\$685	\$1,547
KY	118,300	\$6,932	\$13,041	TN	193,500	\$8,937	\$35,438
LA	72,500	\$3,099	\$10,085	TX	1,044,400	\$49,518	\$146,132
MA	272,900	\$11,532	\$30,797	UT	169,100	\$7,507	\$20,967
MD	186,500	\$8,873	\$26,264	VA	358,600	\$17,560	\$54,055
ME	30,600	\$1,256	\$4,000	VT	9,200	\$501	\$1,311
MI	210,700	\$10,419	\$26,389	WA	361,100	\$17,954	\$54,255
MN	166,700	\$8,226	\$33,505	WI	74,700	\$3,103	\$10,235
MO	143,700	\$6,532	\$20,556	WV	11,000	\$412	\$878
MS	29,100	\$1,472	\$4,277	WY	29,100	\$1,198	\$3,563
<b>Total</b>	<b>12,813,400</b>	<b>\$618,261</b>	<b>\$1,844,461</b>				

**Source:** Mead & Hunt and IMPLAN.

**Image Source:**

Seattle-Tacoma International Airport (SEA) - Port of Seattle

Airports Council International - North America

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**Image Source:** Austin-Bergstrom International Airport (AUS) - Dan Herron.



## Comparison Between 2017 and 2024 Studies

Overall, U.S. commercial service airports have increased their reported economic impacts since 2017. State by state impacts reflect the lingering effects of the pandemic and variations in economic impact study timeframes.

This study employed the same methodology used in the 2017 study to allow for comparisons between the two. Normally, one would expect significant growth from the aviation industry over a seven-year period. However, the COVID-19 pandemic during the interim years greatly impacted the aviation industry, with some sectors recovering sooner than others.

Numerous factors can drive changes in results between the two studies. Among these factors are:

- Both reports used the most current economic studies available for each state and adjusted the dollar amounts to current dollars based on inflation. These results are a snapshot in time of the state airport system and reflect the conditions at the time the study was conducted. Several states updated their studies during or right after COVID-19 hit the aviation industry, and their aviation system had not fully recovered from the pandemic. Other states updated studies from a decade (or older) ago and reflect the substantial changes that have occurred over that time span.
- More than two-thirds of U.S. states (35 out of 50) made updated economic impact studies available for this study. This provided a wealth of information but also introduced a greater variety in study methodologies. This presented challenges of evaluating how similar the measurements were in each study. In cases where the measurement was significantly different than what was measured by most state studies, the result was discarded in favor of a regression analysis result.
- The number of commercial service airports in the U.S. dropped by six to a total of 487 commercial service airports. Half the states maintained their number of airports, while the other half gained as many as three airports or lost up to two. Alaska is the exception, with the loss of 14 commercial service airports since 2017.
- While the methodologies used in both studies are the same, changes in data caused changes in the regression model used to estimate impacts. Changes in data also resulted in changes to the ratios found in the IMPLAN model.
- Results are reported in current dollars for each study, so no inflation adjustment was made to either result. Based on Consumer Price Index (CPI) data from the U.S. Bureau of Labor Statistics, the CPI increased 28 percent from 2017 to 2024.

Overall, direct impacts increased compared to 2017, despite the negative impacts from the pandemic.

**Table 17**  
**2017 to 2024 Comparison of Direct Impacts**

Impact Measure	2017	2024	Percent Change
Employment	5,707,000	6,526,000	14%
Payroll	\$181.1B	\$275.8B	52%
Output	\$548.9B	\$733.6B	34%

**Source:** Mead & Hunt and IMPLAN.

**Table 17** shows direct employment rose 14 percent since the 2017 study. Direct output increased by 34 percent, while direct payroll jumped 52 percent. The increases in payroll and output were aided, in part, by inflation, especially during the pandemic. Upward pressure on payroll also came from the difficulty businesses had finding available workers after the pandemic.

**Table 18** illustrates how the median income for a sampling of careers shot up after the pandemic. Jobs requiring basic skills, such as cashiers and retail sales, increased by 41 and 45 percent, respectively. Thanks in part to a shortage of pilots and union contract negotiations, flight crews increased their wages by 60 percent. Air transportation workers saw a 35 percent increase in wages from 2017 to 2023.

**Table 18**  
**Comparison of Median Annual Wages from 2017 to 2023**

Wage Earner Category	2017	2024	Percent Change
Cashiers	\$21,050	\$29,740	41%
Retail Sales	\$23,210	\$33,680	45%
Construction Laborers	\$34,530	\$45,300	31%
Airline Pilots, Copilots, and Flight Engineers	\$137,330	\$219,140	60%
Air Transportation Workers	\$72,310	\$97,320	35%

**Source:** Bureau of Labor Statics, National Occupational Employment and Wage Estimates.

The direct impacts generate multiplier impacts, which, when added to the direct impacts, produce the total impacts (**Table 19**). Total employment increased by 12 percent over the 2017 total employment to 12.8 million jobs. Payroll rose 44 percent from 2017 to a total of \$618 billion.

**Table 19**  
**2017 to 2024 Comparison of Total Impacts**

Impact Measure	2017	2024	Percent Change
Employment	11,450,000	12,813,400	12%
Payroll	\$428.4B	\$618.3B	44%
Output	\$1.4T	\$1.8T	31%

**Source:** Bureau of Labor Statics, National Occupational Employment and Wage Estimates.

The 2024 total output of \$1.84 trillion was 31 percent more than the total output in 2017.



**Image Source:** Tucson International Airport (TUS).

Airports Council International – North America

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Image Source: Fairbanks International Airport (FAI).



## Study Approach and Methods Used

This study relied on statewide and individual airport economic impact studies produced over the past 20 years. The study estimated impacts for each of the U.S. commercial service airports to produce results at the state and national level.

This study built upon the previous ACI-NA economic impact study of commercial service airports. Similar to that previous study, this study started with the airports identified as primary or commercial service airports in the *2025 – 2029 National Plan of Integrated Airport Systems (NPIAS)* report. The NPIAS identifies airports with at least 2,500 annual passenger enplanements on scheduled airlines as primary or nonprimary commercial service airports, collectively referred to as commercial service airports in this report. There are 502 commercial airports listed in the 2025 - 2029 NPIAS, of which 487 are in the United States. The other 15 are in American Samoa, Guam, the Northern Marianas, Puerto Rico, and the U.S. Virgin Islands and were not part of this analysis.

This study gathered the available data on the 487 commercial service airports from statewide and individual airport economic impact studies. The study found data for 357 of the commercial service airports, leaving 130 airports without direct impact data. Of those 130 airports, 72 were in Alaska, one of the few states without a statewide aviation economic impact study. The only other states lacking a statewide aviation economic impact study were Connecticut and Hawaii.

As explained later, the study used an alternative method for obtaining direct impacts for these airports without data.

For the airports that did have direct impact data in previous studies, the study made use of quality checks and validation on the data from each economic study to ensure accuracy and consistency of measurements. For example, several studies reported direct impacts that combined on-airport, visitor, and capital project impacts. This required an estimate of the breakout of this combined impact into the subcomponents since the economic model treated each subcomponent differently.

Another area that studies treated inconsistently was military impacts. Some studies included military impacts and sufficient details so that the study could remove the military impacts from the commercial service airports. Other studies indicated military impacts were part of the study, but did not provide sufficient detail to allow the removal of their impacts from the commercial service airports. However, based on the magnitude of the military impacts in the studies that provided those details, the study concluded that the military impacts were unlikely to have a material effect on the overall results. Furthermore, the study took an overall conservative approach in its assessment of economic impacts, so that these uncertainties tend to smooth out when the individual airport results are aggregated to the state level. The accuracy of this data was also important because this data was used in the estimation analysis for the 130 airports lacking direct impact data.

The following sections explain in more detail the framework, methodology, and assumptions used in the development of these estimates of economic impact.

**Image Sources:** Tucson International Airport (TUS).



Seattle-Tacoma International Airport (SEA) - Port of Seattle.



John Glenn Columbus International Airport (CMH) - Columbus Regional Airport Authority.



## Measures of Economic Impact

Three measures of economic impact are used in this study to evaluate the economic impact of commercial service airports. While there are various metrics used in economic studies, this study focused on three basic measures to avoid complicating the analysis. Those three measures were **employment**, **payroll**, and **economic output**.



### Employment

This is a measure of the number of employees with jobs associated with activity at commercial service airports, either directly or indirectly. It is expressed in full-time equivalents, where two part-time jobs are assumed to equal one full-time job.



### Payroll

This accounts for the annual wages, salaries, and benefits associated with the jobs that are tied to commercial service airports, measured in dollars.



### Output

This is the economic activity generated by the operation of commercial service airports and all their related activity, measured in dollars. Economic output is defined as the annual revenue generated by a company, or, in the case of organizations that do not generate revenue (e.g., air traffic control), their annual operating expenses.

In general, economic impacts at commercial service airports are generated by airport management, by businesses and organizations engaged in airport activities at commercial service airports, and by visitors traveling via commercial airlines to and from commercial service airports who spend money off airport during their visit.

This study estimates the impacts stemming from the economic activities described above for each of the 487 commercial service airports and then rolls those results up to the state and national level.



## Categories of Economic Impact

The study obtained data used for the three measures described above from the following three categories.



### **On-Airport Activity**

This category includes airport tenants that are businesses with employees, such as airlines, rental car agencies, ground handlers, concessionaires, and governmental agencies. Governmental agencies include public airport sponsors, air traffic controllers, other FAA units, as well as various other state and federal agencies.



### **Commercial Service Visitors**

This category includes the estimated impacts resulting from non-local passengers (visitors) arriving via commercial airlines. The data collected for this group consisted of their total spending on hotel, food and beverage, transportation (but not including airfare or rental car, which were captured in the on-airport impacts), retail, and entertainment expenses during their visit to the region. This spending supports jobs primarily in the hospitality industry.



### **Capital Improvements**

Each year airports undertake CIP, such as runway rehabilitation or terminal improvements. In addition, businesses and other agencies invest in CIP. These projects employ people in jobs such as construction, architecture, engineering, and consulting.

**Image Source:** John Glenn Columbus International Airport (CMH) - Columbus Regional Airport Authority.

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## Types of Economic Impact

The economic activity generated by the groups discussed above results in three types of economic impacts that are estimated with the use of an economic input-output model. These three types of economic impact are common to most economic studies and are described below.

### Direct Impacts

Direct impacts account for the initial point where commercial service airport-related money first starts circulating in the economy. This includes activity such as the purchase of aviation goods and services on the airport, on-airport construction, and the off-airport spending by airline passengers visiting the region. On-airport impacts include the employment, payroll, and spending of businesses such as airlines, ground handling services, retail and food vendors, airport management, operations staff, government organizations, and other on-airport organizations that provide aviation services.

Visitors contribute to direct impacts through their off-airport spending (any on-airport spending by visitors is included in the on-airport impacts) that supports employment at restaurants, hotels, and other venues where they make purchases. Capital expenditures of these businesses and government organizations are also included in direct impacts, which support construction, engineering, and consulting jobs.

### Multiplier Impacts

Multiplier impacts result from the re-circulation and re-spending of direct impacts within the economy. This re-spending of money can occur multiple times and takes two forms - indirect and induced. Indirect impacts occur when businesses spend their revenue on business expenses. Induced impacts occur when employees spend their earnings on goods and services. For example, as airport employees spend their salary for housing, food, and services, those expenditures circulate through the local economy resulting in increased spending, payroll, and employment throughout the economy. Multiplier impacts re-circulate until they eventually leak beyond the geographic region being studied – in this case, the United States.

### Total Impacts

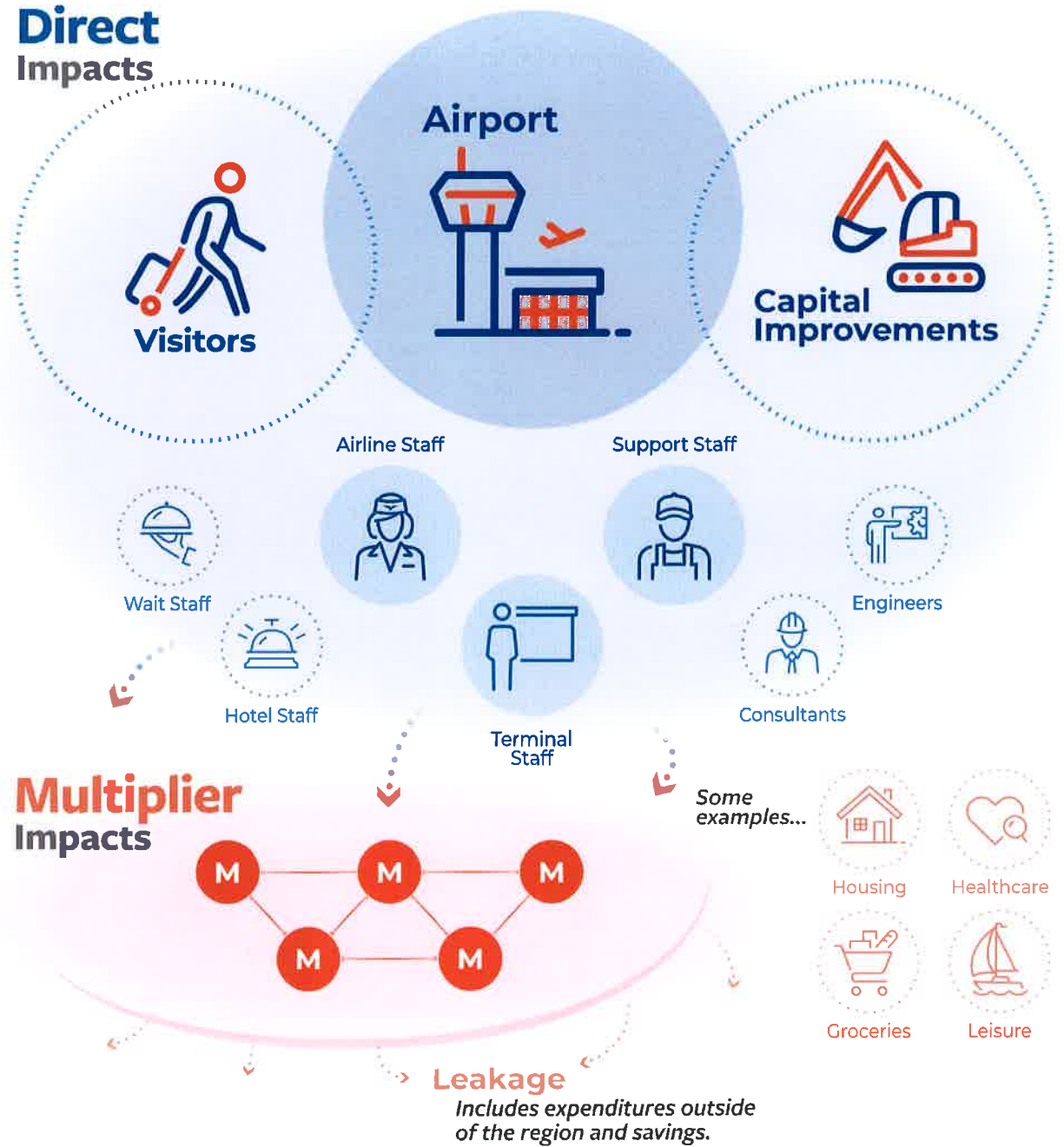
Total impacts are the sum of all direct and multiplier economic impacts attributable to an airport or the system of airports.

**Figure 2** is a graphic depiction of what the economic impact model captures to better illustrate the concepts previously described. It shows how the employment measure is evaluated. Employment from each of the three categories flows into both direct and multiplier impacts. The sum of the direct and multiplier employment yields total employment, as shown at the bottom of the figure.

For the majority of airports (approximately 75 percent), the direct impacts associated with the categories listed above were obtained from existing economic impact studies. However, some of the airports, especially ones without significant amounts of commercial airline service, did not have any economic studies from which to draw the direct impact data. For these airports, direct impacts were estimated using regression analysis, which is detailed in the following section.

Figure 2  
Economic Impact Modeling

Direct  
Impacts





# Regression Analysis

Using the data found in more than 80 reports, summaries, and fact sheets, the study compiled a database of direct economic impacts for the majority of the U.S. commercial service airports.

From all these data sources, direct impact data were found for 357 out of the 487 commercial service airports. The study reviewed this data and discarded any results that were not suitable because the underlying assumptions were incompatible with this study, or because it was determined that the impacts measured did not align with this study's measurements. Payroll and output results from studies dated prior to 2024 were adjusted to 2024 dollars using standard Consumer Price Index inflation rates from the Bureau of Labor Statistics. This data served as the basis for a regression analysis estimate of direct impacts for the approximately 25 percent of airports that did not have an adequate economic impact study.

Regression analysis is a method of estimating a dependent variable from an independent variable when there is a high degree of correlation between the two. The degree of correlation is expressed with a correlation coefficient, where a coefficient of zero indicates no relationship between the variables and a coefficient of one indicates a perfect relationship between the two variables.

For this analysis, the missing direct economic data (dependent variables) were estimated using correlations that were found with data sets for each airport (independent variable). Several independent variables were tested for each dependent variable, and the independent variable that produced the highest correlation was used in the regression analysis.

**Table 20** shows each dependent variable, its corresponding independent variable, and the correlation coefficient between the two. As the table shows, with the exception of the independent variable for CIP expenditures, all of the correlation coefficients were 0.90 or higher, indicating a very high degree of correlation between the variable sets. In the case of Visitor Expenditures, the independent variable used was Rental Car Revenues, which produced a correlation coefficient of 0.91. However, not all 487 airports reported rental car revenue, so for those airports, the FAA CY2023 Enplanement data was used as the independent variable, which produced a slightly lower correlation coefficient of 0.89.

**Table 20**  
**Correlation Analysis**

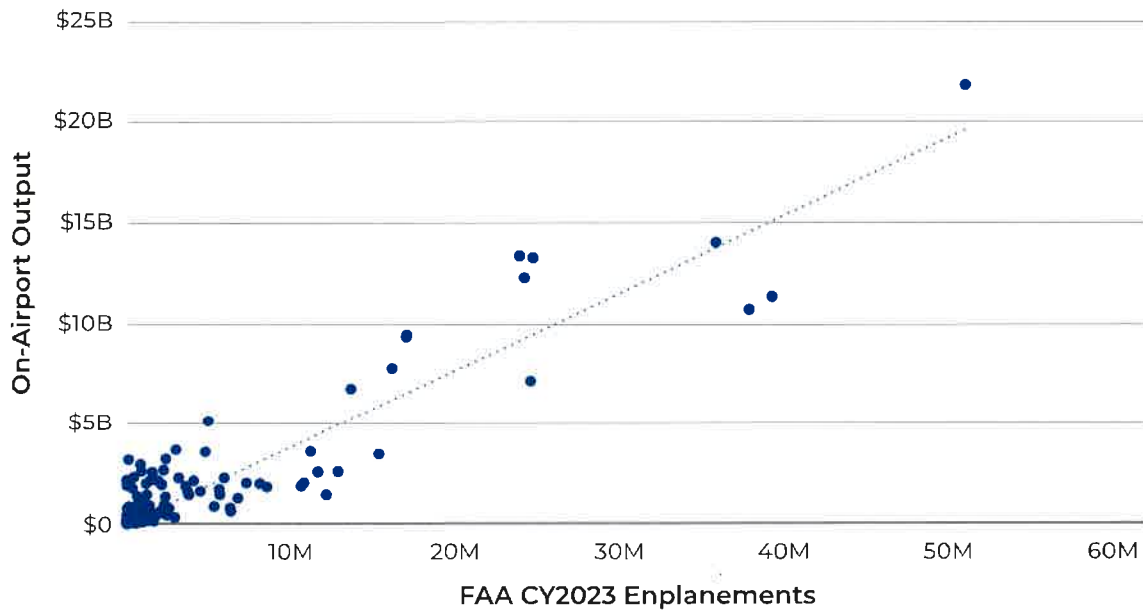
Dependent Variable	Independent Variable	Correlation Coefficient
On-Airport Employment	FAA CY 2023 Enplanements	0.91
On-Airport Payroll	On-Airport Employment	0.96
On-Airport Output	FAA CY 2023 Enplanements	0.93
Capital Improvement Expenditures	TAF Commercial Operations (FY2023)	0.87
Visitor Expenditures	Rental Car Revenues/FAA CY2023 Enplanements	0.91/0.89

**Source:** Mead & Hunt and FAA.

After confirming that each independent variable had a suitably high correlation with each dependent variable, scatter plots were made for each dependent variable. An example of a scatter plot is shown in **Figure 3**, which demonstrates the correlation between direct on-airport output and the number of FAA CY 2023 enplanements. A trend line is plotted showing the best fitting linear relationship between the two data sets.

**Figure 3**

**Scatter Plot of Direct On-Airport Output Against FAA CY2023 Enplanements**



**Source:** Mead & Hunt and FAA.

Each scatter plot was analyzed for outlier data, which was removed to strengthen the correlation. The equation for the best fitting linear relationship was determined, and this equation was used to estimate values for dependent variables of airports missing this direct impact data.

Once direct impact data was available for all dependent variables, the data was entered into an economic model to estimate multiplier impacts.

## IMPLAN Economic Model

For this study, it was necessary to use an economic model to estimate the multiplier impacts and certain direct impacts. Both direct employment and payroll associated with visitor expenditures were derived from ratios developed in the economic model that were applied to the visitor spending total. Similarly, ratios from the economic model were applied to CIP direct output to obtain direct CIP employment and payroll.

The economic studies that were reviewed for this study used multipliers that reflected the induced and indirect impacts within a local geographic region or within a state. This study measured the impacts of commercial service airports within the nation as a whole, which is why the multiplier impacts from other studies could not be used. When measured at the national level, the multiplier impact is higher than state or local multiplier impacts, since the larger geographic area captures more recirculation of the initial economic input before it leaks beyond the country's borders.

The Impact Analysis for Planning (IMPLAN) input/output model was used to quantify multiplier impacts. IMPLAN is a linear model that estimates purchases and sales between hundreds of sectors of the economy. The U.S. Forest Service, in cooperation with several other government agencies, initially developed the IMPLAN system to generate regional non-survey input-output models for regions as small as a single county. This modeling process is considered one of the leading methods currently available for estimating the total economic impact of an industry and has been used to estimate economic impacts for individual airports and systems of airports throughout the country.

The IMPLAN model and its underlying assumptions have been used to estimate the economic impacts of numerous other airports in various state and individual airport economic impact studies. It is a well-accepted methodology of estimating economic impacts attributed to airports.

The IMPLAN model contains a large economic database used to generate input-output tables. It includes data from sources such as Dun and Bradstreet, the U.S. Department of Commerce, and the U.S. Census Bureau. IMPLAN multipliers and data tables specific to the aviation industry and its related business segments were obtained and used in this analysis just as they were in the previous study.

The IMPLAN model uses direct impacts as inputs that produce multiplier impacts as outputs. The study's approach was to use the direct impacts from an existing statewide or individual airport economic impact study (adjusting payroll and output for inflation to 2024 dollars) and assume that those known conditions were a good representation of the airport. In some cases, based on data validation checks, the direct data was deemed unreliable and replaced with direct impact estimates using regression analysis, as described previously.

Multiplier tables determine multiplier impacts based on the direct impacts, and those multiplier tables change every year due to changes in overall economic conditions and the reactions that businesses and consumers have to those conditions. In general, multipliers change when the expenditure patterns of businesses change – affecting indirect impacts – or when the expenditure patterns of households change – affecting induced impacts.



**Table 21** presents the overall multipliers resulting from the economic impact models used in 2017 and 2024. In other words, the ratio of total employment to direct employment in 2017 for all 493 airports was 2.01. In 2024, that ratio dropped slightly to 1.96.

**Table 21**  
**Comparison of Overall Multipliers from 2017 to 2024**

Multiplier Measure	2017	2024	Percent Change
Employment	2.01	1.96	-2%
Payroll	2.36	2.24	-5%
Output	2.56	2.51	-2%

**Source:** Mead & Hunt and IMPLAN.

The payroll and output multipliers for 2024 also declined slightly as compared to 2017. These declines reflect the many changes in the economy that occurred between 2017 and 2024. The small degree of change indicates that the 2024 economy is very similar to the 2017 economy, with possibly some residual effects of the pandemic still lingering. Some of the factors that can put negative pressure on multipliers include:

- Businesses investing less in expansion. This is particularly true during inflationary periods when materials and labor are more expensive, resulting in businesses scaling back or foregoing expansion plans. The worker shortage experienced by airlines and maintenance facilities also limits expansion options.
- Households that lack confidence in the economy tend to spend less and save more. Savings is one form of money leaking out of the economy (since it is not being spent on goods or services), which drives down multipliers.
- Businesses outsourcing overseas to a greater extent cause greater leakage, which reduces multipliers.



**Image Source:** Tucson International Airport (TUS).

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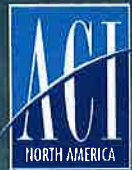
## Summary

**The 487 U.S. commercial service airports supported 12.8 million jobs that earned \$619 billion in 2024. These activities produced more than \$1.8 trillion in economic output.**

The reported total impacts of U.S. commercial service airports have increased since the 2017 study. Total employment experienced a modest increase of 14 percent, reflecting to some degree the lingering effects of the pandemic.

Total payroll showed the greatest percentage increase, rising 44 percent, which was the result of inflationary pressures coupled with a shortage of worker availability.

Total output rose 31 percent from 2017 levels in line with inflation, along with some modest growth. The aviation industry is nearly completely recovered from the pandemic, so future growth in output can be expected.



AIRPORTS COUNCIL  
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# A PLAN FOR AMERICA'S AIRPORTS: MODERNIZING FOR THE FUTURE



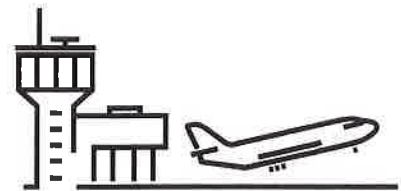
## INVEST IN FACILITIES

Congress can accelerate improving the passenger experience for millions by investing in infrastructure improvements at airports. This would help airports build the 21st century facilities needed to accommodate rising passenger volumes and expectations.



## RELIEVE REGULATORY BURDENS

Airports face many unnecessary hurdles set forth by the federal government, from overregulation of airport land use decisions to delays in project approvals for airports. Congress should help relieve these additional layers of bureaucratic red tape and ensure no new additional federal strings are added to airport funding programs.



## PREPARE FOR NEW OPPORTUNITIES

With the aviation industry facing an avalanche of challenges today – aging technology, workforce shortages, and new entrants ready to enter the system – airports need help preparing for a variety of new opportunities at their facilities.



# A PLAN TO IMPROVE THE PASSENGER EXPERIENCE

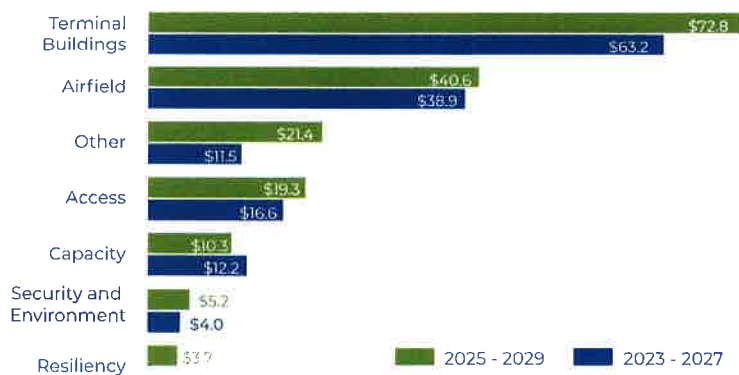
## \$174 BILLION IN NEEDS

ACI-NA projects that America's airports need at least \$173.9 billion over the next five years to fund necessary infrastructure projects, up 15.1% from just two years ago. The total cost of these critical projects dwarfs the funding available.

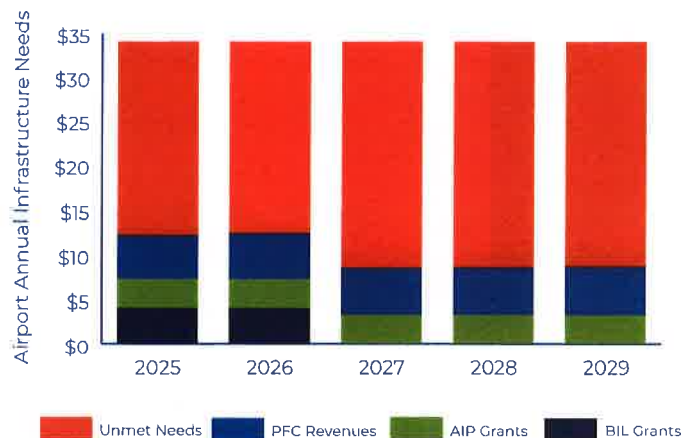
## INVESTING IN COMMUNITIES

The total economic output of U.S. commercial service airports now exceeds \$1.8 trillion, supporting more than 12.8 million jobs with a payroll of more than \$619 billion. Modernizing airport infrastructure funding ensures our nation's airports have the resources they need to remain competitive and thriving hubs of economic opportunity.

**U.S. Airport Infrastructure Needs by Project Type**  
In Billions



**Capital Needs and Selected Funding Sources**  
In Billions



## INVESTING IN AIRPORTS SAVES PASSENGERS MONEY



More Gates

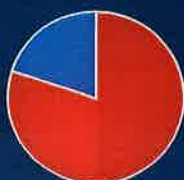


Lower  
Airfares



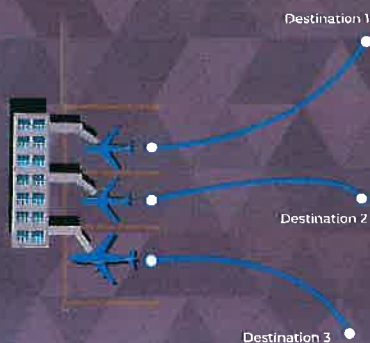
Increased  
Competition

All Other  
Carriers  
20%

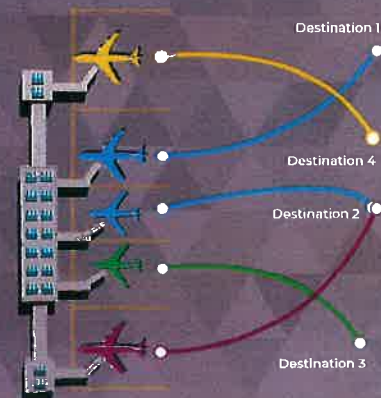


80%  
Four Legacy  
Carriers

### Airports Now



### Modernized Airports



## How investments are improving local airports.

Take a moment to familiarize yourself with what more could be done with added investment in airports.

### 1 Improved Ground Access



When invested into expanded or reconfigured access roads, investing in airports could help ease traffic jams leading to terminals.

### 2 Reduced Curbside Congestion

As passenger drop-off and pick-up behavior changes, investing in airports could help airports make facility improvements to better manage traffic and improve safety along the curb in front of the terminal.



### 3 More Efficient Security Checkpoints



Investing in airports could help airports expand or reconstruct terminals to accommodate security screening checkpoints and improve passenger flow through the airport.

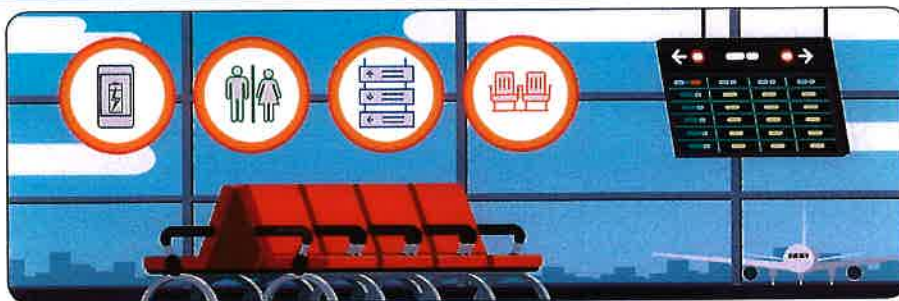
### 4 Newer, More Accommodating Restrooms

As passenger volume continues to climb, investing in airports could help airports build more restrooms to accommodate the diverse needs of all passengers.



### 5 More Comfortable Hold Rooms with Better Amenities

Investing in airports could help ensure there are plenty of seats, charging stations, WiFi, and other amenities throughout the terminal.



### 6 More Gates, Lower Airfares

Investing in airports could help airports add gates to increase airline competition and lower airfares for passengers.

### 7 Efficient Operations

Investing in airports could help airports have the right number of gates, runways, and on-the-ground infrastructure to improve efficiency.



### 8 Ensure Successful Integration of New Entrants



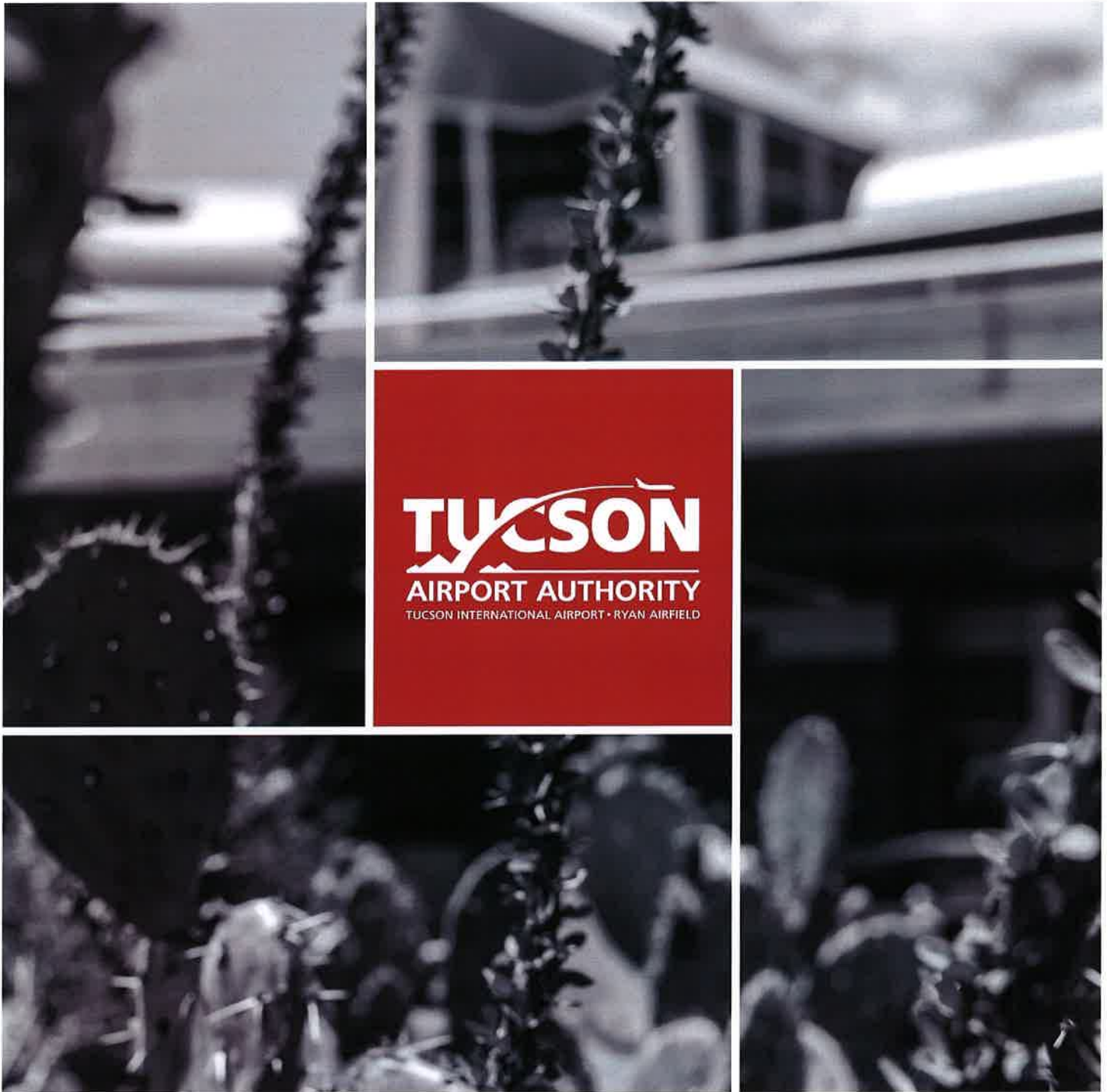
Investing in airports could help ensure the safe, secure, and efficient integration of new entrants and drones.

### 9 Upgraded Baggage Systems



When it comes to baggage claim, investing in airports could help airports invest in modern baggage handling systems and facilities to reunite travelers with their luggage faster.





# Tucson Airport Authority

TUS Fact Sheet and Policy Needs | 2025



# **Tucson Airport Authority**

## **Operator of Tucson International Airport (TUS) and Ryan Airfield (RYN)**

### **Fact Sheet and Policy Considerations**

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#### **Tucson Airport Authority (TAA) Mission Statement**

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

#### **TAA Vision Statement**

Landing Prosperity in Southern Arizona

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#### **TAA's Responsibilities at TUS and RYN**

TAA is the steward, for the benefit of southern Arizona and the National Airspace System (NAS) of Tucson International Airport (TUS) and Ryan Airfield (RYN). That means that TAA operates, maintains, and develops TUS and RYN in compliance with all applicable federal and state laws and regulations that support safe air travel, aeronautical and non-aeronautical economic activity, and planning for a sustainable future for these community assets.

Airports are required to be as self-sustaining as possible and must charge fair market rental rates for use of airport property, which includes all airport land, infrastructure, and facilities. TAA must use diligent efforts to promote aviation activities. The quality of its infrastructure and facilities has a direct impact on the experience a customer has and the success of current operations. The quality of the airport systems' infrastructure also directly impacts the airport systems' appeal to aviation related entrepreneurs.

TAA provides all police and firefighting services for the airport system. Accordingly, TAA employs fully certified Police and Fire Department personnel and purchases and maintains the specialized equipment they need to effectively perform their jobs. TAA develops, repairs, and maintains all public buildings, TAA owned roads, and surfaces used for vehicles and aircraft on the airfield, including airfield pavements for taxiways, taxi lanes, runways, safety areas, shoulders and aprons located on airport property.

#### **Economic Development**

TUS plays a vital role in the economic health of Tucson, Pima County, Southern Arizona, and the entire State. The State of Arizona's 2021 Arizona Aviation Economic Impact Study reported that A study conducted in 2019 found the TAA's airport system (TUS and RYN) has a \$8.3B+ economic impact on Arizona. That includes 45,785 jobs, and \$2.5B in total compensation to workers on or connected to the airports' activities. The TAA believes these statistics may be higher in 2024 and is in the process of an Economic Impact Report update.

A key element of TAA's Strategic Plan is a focus on the development of TAA's extensive holdings of non-aeronautical land. TAA must be as nimble as it can be in response to opportunities that TAA develops or that present themselves to TAA.

TAA's economic development function is intended to improve revenue expansion and diversification, new job creation, and increased entrepreneurial activity. To achieve these results the economic development efforts are focused on TUS' undeveloped property, and proactively pursue business retention and targeted business recruitment efforts to expand and attract jobs and capital investment to TUS. TUS has both available facilities and strategically positioned sites for corporate decision makers considering locations for expansion, relocation, or consolidation.

TAA often faces regulatory headwinds in its desire to be nimble. We recognize, because of the public's extensive investment in the NAS (through the FAA), that appropriate regulation to maintain safety and security of TUS and RYN is essential. TAA has a customer service mindset in everything we do – we encourage that our regulatory partners adopt that same mindset in their support of what TAA exists to do.

### **Funding for Airport Operations and Capital Needs**

TAA has no taxing authority. Airport operations are funded solely through airport user fees and leases.

Primary sources of revenue include:

- Airline Rents and Landing Fees
- Concessions (rental car, food, and retail)
- Vehicle Parking Fees
- Commercial Property Rents

Capital development and airport infrastructure are funded through:

- Operating Revenues
- Federal and State Airport Grant Programs
- Passenger Facility Charges
- Airport Revenue Bonds

TAA is solely responsible for all operating and capital budgets and programs.

### **Capital Investments in the Airport**

TAA's self-sustaining operation and its economic engine are completely dependent on the excellence of its infrastructure and facilities. Since its inception, TAA has invested heavily in the Airport infrastructure, developing, and paying for the entire existing airfield and terminal complex. Airfield safety, and improved airport infrastructure makes the Airport more attractive to development and entrepreneurs, which translates to more high-quality jobs in the region.

## Policy Considerations

1. **Airport Improvement Program:** We strongly support providing \$4 billion for the Airport Improvement Program (AIP), as authorized in the FAA Reauthorization Act of 2024. The AIP is a crucial source of funding for capital-improvement projects that enhance safety, security, and capacity at airports of all sizes. Those funds must be appropriated in a budget that allows airport infrastructure to benefit from that authorized funding.

- a. **Airfield Safety Enhancement Program**

TAA's Airfield Safety Enhancement (ASE) Program is an airfield infrastructure project and defined by the FAA as a "safety and standards" project. The Program contains project elements that systematically manage significant modification to the TUS airfield. The project budget is estimated at \$400M.

- TAA broke ground in 2019 and continues to work a phased construction schedule.
- To date, the FAA has awarded the TAA approximately \$180M through a combination of entitlement and discretionary funding sources.
- Other funding has been through the State of Arizona and Air National Guard Military Construction Cooperative Agreement (MILCON) for their related needs.

The current phase of the ASE Program is the reconstruction of a parallel runway and supporting infrastructure; this phase is expected to cost \$180M. It is imperative the TAA receive ongoing federal support to continue to build this essential infrastructure and ensure a safe airfield environment for all users. That said, aggressive funding of the project will reflect that priority and allow the TAA to complete this safety project in 3 years. This is in the interest of our stakeholders in Arizona, and the national system of airports of which TUS is a part.

This investment of both federal dollars and local TAA dollars is a significant boost to the local economy, supports excellent, quality jobs, and delivers on TAA's mission and vision of supporting growth and prosperity in southern Arizona. Your support helps TAA succeed in its goals.

- b. **Other Needs Beyond ASE**

TAA also requires additional funding opportunities to address other critical needs of the airport. Those needs do not stop simply because TAA has ASE getting a significant amount of attention and funding.

Our stakeholders in southern Arizona, including the travelling public, air cargo providers, and the Arizona Air National Guard 162<sup>nd</sup> Wing, which uses TUS for its training missions, rely on a fully functioning airfield, terminal, aprons, taxiways, airport rescue and firefighting (ARFF) unit and equipment to support everything they use TUS for. Continuing to generate additional funding streams will help address the backload of aging infrastructure projects at airports.



**i. Terminal Infrastructure Modernization and Replacement**

The TUS market shows forecasted growth over the next 20+ years, and the existing concourse facilities (gates, operations area, baggage handling, etc.) are either undersized and/or the infrastructure is outdated and cannot meet the future demand.

In consultation with the airlines, TUS has been asked to plan for:

- replace outdated infrastructure
- replace an airline managed and maintained “run-to-fail” baggage handling system
- design and build a new checked baggage inspection system
- improve the passenger experience
- future demand

None of this can be accomplished without infrastructure funding.

**2. Firefighting Foam Transition: PFAS Remediation is a Federal Responsibility**

Congress should provide PFAS liability protection for airports. Airports need comprehensive PFAS related immunity, including both CERCLA liability protection from the federal government, and at the state level, as it has been the federal government that has required commercial service airports to use the substance containing PFAS – it is as simple as that. The attached paper provides more detail on this urgent need.

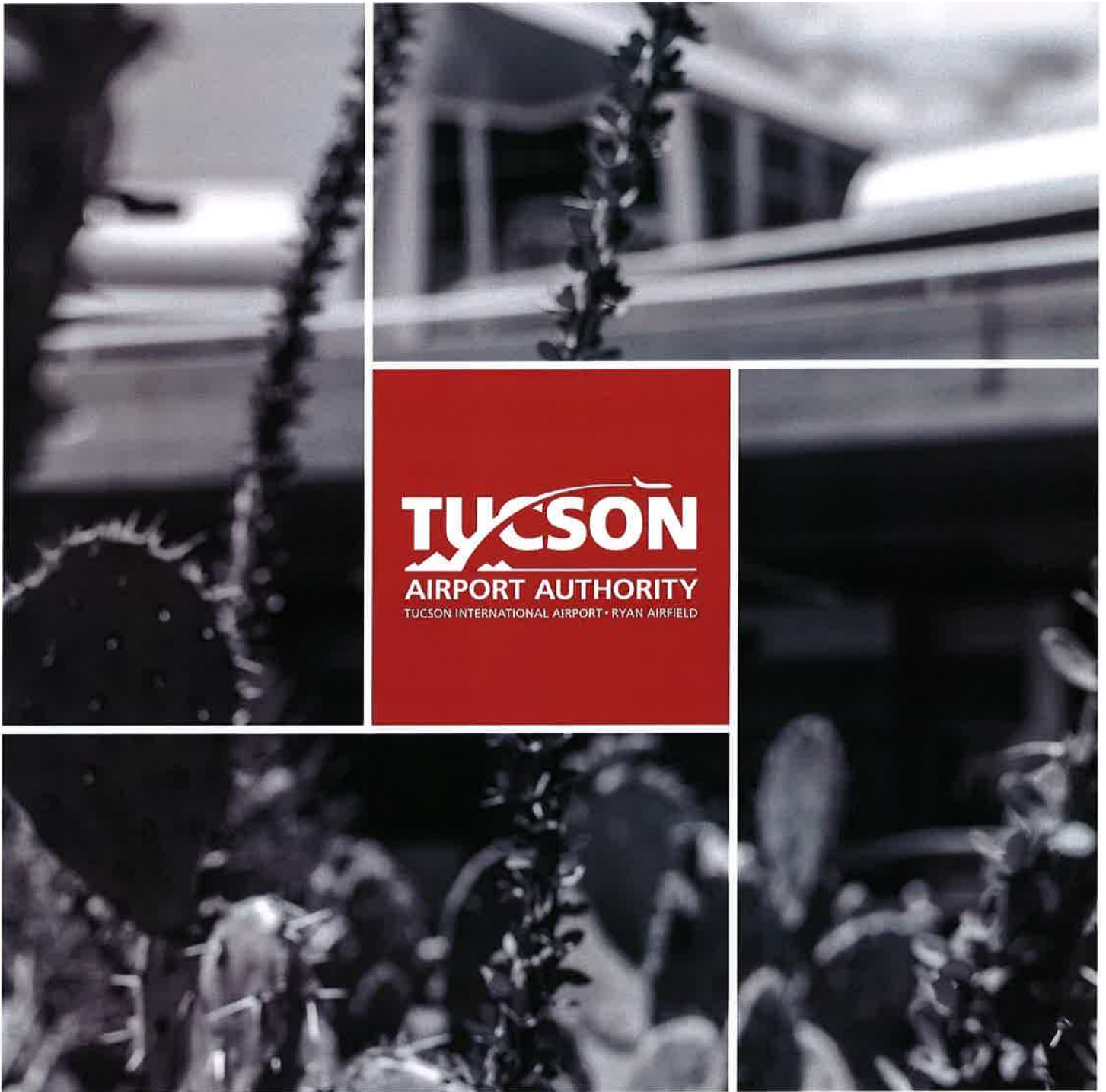
TUS is committed to being an environmentally responsible community partner. Since the 1970s, the FAA has required that TAA use Aqueous Film Forming Foam (AFFF) that contains PFAS compounds to provide aircraft rescue and firefighting services. As airports around the country embark on transitioning from aqueous film-forming foam (AFFF) to the new fluorine-free foam (F3), we appreciate the Reauthorization Act including within its AIP discretionary account the authorization of \$350M for the PFAS replacement program for airports, as authorized under section 767 of the FAA Reauthorization Act of 2024. That money must be appropriated and effectively distributed to airports seeking to transition from PFAS containing AFFF. And that amount is clearly inadequate to support the over 500 commercial service airports around the country looking to dispose of and clean/replace their equipment that contained this EPA designated Hazardous Substance.

**3. Airport Security Programs**

Funding must be restored to the TSA programs, specifically:

- Law Enforcement Officer (LEO) Reimbursement
- Explosive Detection Canine Teams

Previous decisions have shifted the full burden to airports, including the agency’s ongoing staffing of exit lanes (\$110,990,000), the Law Enforcement Officer (LEO) Reimbursement program (\$45,059,000), and state and local LEO-handled canine teams (\$34,100,000).



## **Tucson Airport Authority**

### **PFAS Remediation is a Federal Responsibility**

## Tucson Airport Authority Operator of Tucson International Airport (TUS) and Ryan Airfield (RYN)

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### PFAS Remediation is a Federal Responsibility

The Tucson Airport Authority (TAA), which operates the Tucson International Airport (TUS), is confronting, right now, the immense financial and operational challenges associated with per- and poly- fluoroalkyl substances (PFAS). This is a challenge that is ubiquitous for all commercial service airports regulated by the Federal Aviation Administration (FAA) and requires a federal solution to a federally created problem.

TAA is committed to being an environmentally responsible community partner. Since the 1970s, the FAA has required that TAA (and all other commercial airport and operators) use Aqueous Film Forming Foam (AFFF) that contains PFAS to provide aircraft rescue and firefighting services. In 2019, the FAA issued an alert allowing the AFFF testing to be completed without discharging from airport firefighting vehicles. Immediately following the FAA alert, TAA invested in a no discharge testing system and has been utilizing it since that time. No PFAS containing water/foam AFFF mix has been discharged from TAA vehicles for testing and certification purposes from 2019 to today. AFFF will be only used in the case of an airport related fire emergency; even then, TAAFD works in close coordination with TAA Environmental Services to ensure it will be disposed of properly.

Non-PFAS containing fluorine-free foam (F3) was approved by the FAA in 2024 for use by commercial service airports, and the TAA is currently preparing to switch to F3 at TUS. TAA will do so once its plans are complete for 1) acquisition of new firefighting vehicles that have never held AFFF containing PFAS, 2) acquisition of the new F3 foam, and 3) the rinsing of all the current TAA firefighting vehicles to remove (as much as is possible) the PFAS containing foam/water mix from our existing firefighting vehicles. The PFAS containing AFFF is not compatible with the F3 foam, and they cannot be mixed in our existing firefighting vehicles. Even with the rinsing of the vehicles, the proper disposal of the existing water/foam mix, and any use of the new F3 foam in our firefighting vehicles, (because of the science associated with these chemicals) all future discharges from our current firefighting vehicles will be treated as if they contain PFAS containing foam.

The only way to be reasonably certain of no PFAS in airport firefighting discharges for firefighting purposes is to acquire new vehicles that have never stored PFAS containing firefighting foam. New firefighting trucks cost as much as \$1.2M per vehicle, and TAA has placed an order for the replacement of two of our firefighting vehicles and a tank replacement in a Rapid Intervention Vehicle. Combined, the total cost to the TAA is approximately \$3M. Those new vehicles are scheduled to be delivered in late 2025. The useful life of our existing firefighting vehicles is well beyond 2025. This is a huge early TAA expenditure for new vehicles, driven solely by PFAS. Virtually every United States commercial service airport will be doing the same now and in the coming years.

Given that the FAA has mandated the AFFF requirements for decades and has only in the last year approved the use of PFAS-free foam in airports' firefighting certification requirements, Congress and



the President must provide PFAS liability immunity protection including from Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for commercial service airports and preempt state level liability as well. A failure by the federal government to do so would be an abdication of the responsibility that should be borne by the entity, the federal government, which has required commercial service airports like TUS to use AFFF containing PFAS.

As you likely know, the power of the Environmental Protection Agency (EPA) under CERCLA is immense. The EPA threatened TAA with unilateral orders in 2024 related to PFAS, both before and after some PFAS materials were designated as hazardous substances under CERCLA. It was both a result of TAA's commitment to its community, AND under those threats that TAA entered in a Settlement Agreement with the EPA to conduct a remedial investigation and feasibility study (RI/FS) at TUS on PFAS associated with TAA's use of AFFF.

TAA's remedial investigation is intended to gather data on the location and extent of PFAS, and TAA will add that data to the EPA's, Air Force's, ADEQ's, and the City of Tucson's data. Once the extensive data gathering is complete, TAA's close work with the EPA, ADEQ, the Air Force and the City of Tucson will hopefully result in formulating a comprehensive mitigation and remediation plan to address the presence of PFAS in the Tucson Airport Remediation Project (TARP) aquifer. Currently, based on City of Tucson data, the water from the TARP plant is non-detect for PFAS. But it is costly to treat it for PFAS from the TARP plant. We need significant appropriation to TAA to assist in meeting that TARP PFAS related costs.

The initial estimate to meet the EPA's requirements, simply to conduct the remedial investigation and feasibility study for TUS, (just the study, not cleanup), is \$12M. TUS is a small-hub airport, and the TAA's annual operating budget is approximately \$50M. The operating budget is created in consultation with the airlines, as they, through their activity at TUS, contribute approximately 65% of all TAA revenues. TAA funding reserves are primarily used for infrastructure projects that benefit the users of TUS AND the National Airspace System (NAS). With increased regulations, these reserves are quickly diminishing and will soon be depleted because of the huge potential costs confronting TAA under CERCLA (and potentially state) PFAS liability.

Remember, the FAA has required airports like TUS to use PFAS containing AFFF to protect the safety of travelers, airlines, and others, and to maintain FAA certification as a Part 139 (commercial service) airport. It is a very effective chemical for putting out aviation fuel fires. That clear policy priority, and now its ripple effects, including the immediate and totally uncertain costs of the secondary effects of its mandated use under federal law, should not be borne by the nation's regulated commercial airports. The costs for these cleanups will hit all users of the airport system, including the airlines, and the traveling public.

**Congress must enact clear PFAS related liability protection/immunity for airports.** Additional federal funding in the coming fiscal year and beyond must be adopted to help more airports transition to PFAS-free F3 firefighting foam and to address all financial impacts that transition has and will impose on TUS. PFAS is a ubiquitous challenge, and airports should not be targeted and held responsible for PFAS cleanup. The federal government must act to address this immediate TUS and national challenge.

**Date:** May 7, 2025

**To:** Board of Directors  
**From:** Kim Allison, VP Finance/CFO  
**Re:** 2023 ACFR and related reports

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**Background:**

This memo provides an update of the year-end financial statements audits for the Tucson Airport Authority's (TAA) fiscal year ended September 30, 2023 (FY2023). The audit for this period was performed by the public accounting firm Beach Fleishman. Eric Maneval, CPA, Principal, the audit engagement partner for the TAA's FY2023 audit, will present a summary of the TAA Annual Comprehensive Financial Report for FY 2022 and FY 2023, the TAA FY 2023 Passenger Facility Charge Program Report, and the TAA FY 2023 Single Audit Report as well as the firm's opinion on each.

The audit results presented for FY2023 were delayed due to ongoing staff turnover on the Finance Team.

The Audit Council unanimously recommended, as is reflected in the attached draft minutes from the April 1, 2025, Audit Council meeting that the Board of Directors accept the TAA Annual Comprehensive Financial Report for FY 2022 and FY 2023, the TAA FY 2023 Passenger Facility Charge Program Report, and the TAA FY 2023 Single Audit Report, as presented.

**Strategic Plan | Analysis:**

In support of the effort to create centers of excellence, the TAA intends to increase the number of staff on the Finance Team to increase stability to mitigate when attrition may occur in the future.

**Recommendation:**

The TAA requests that the Board of Directors approve Resolution No. 2025-07, which accepts the TAA Annual Comprehensive Financial Report for FY 2022 and FY 2023, the TAA FY 2023 Passenger Facility Charge Program Report, and the TAA FY 2023 Single Audit Report and related audit opinions as expressed by Beach Fleishman, CPAs.

**TUCSON AIRPORT AUTHORITY | Audit Council Meeting  
Tuesday, April 1, 2025 | 10:00 a.m. | TAA Board Room and  
Microsoft TEAMS**

**THIS ADVISORY COUNCIL MEETING WAS HELD IN PERSON, WITH A COUNCIL MEMBER ATTENDING VIA MICROSOFT TEAMS.**

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

Chair Parker called the meeting to order at 10:00 a.m.

**Council Members Present:** Chair John Parker, Vice Chair Isaac Figueroa, Council Member David Lyons, Council Member Cristina Baena (via Teams), Council Member Nancy McClure, Council Member Amanda Wiggins, Council Member Shannon Murphy

**Others Present:** Eric Maneval, CPA/Principal, BeachFleischman, PLLC

**Staff Present:** President/CEO Danette Bewley, Executive Vice President/Chief Operations Officer Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Vice President/Chief Financial Officer Kim Allison (via Teams), Deputy General Counsel Kim Outlaw Ryan, Financial Controller Jignya Patel, IT Customer Support Technician Hector Lopez.

**2. APPROVAL OF MINUTES**

**Motion by Vice Chair Figueroa, seconded by Council Member Lyons, to approve the minutes of the Audit Council meeting held on September 21, 2023. The motion carried by the following roll call vote:**

**Ayes (7) Parker, Figueroa, Lyons, Baena, McClure, Wiggins, and Murphy**

**Nays (0)**

**3. PRESIDENT/CEO REPORT**

State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ☐ Passenger volume continues to be strong and is recovering well since the pandemic.
- ☐ The United States Congress passed a continuing resolution that keeps the funding for the FAA, and grants relied on by TAA through the beginning of the fiscal year 2026 (September 30, 2025).



- ☐ Migrant travel has come to a full stop, but TAA has no reason to believe that the drop-off of migrant numbers will affect passenger load/availability of seats for regular travelers.
- ☐ President/CEO Bewley spoke about the status of TAA's finance division and the turnover of employees it has had, the nation-wide challenge of recruiting and maintaining qualified candidates in the finance profession, and in turn how that affected the timeliness of the completion of the audit.
- ☐ President/CEO Bewley also took several questions from council members that included topics such as the hiring prospects for the finance division, as well as the status of several TAA projects currently in progress, the continued AUA negotiations with the airlines and the impact on TAA budget decisions, and the TAA's future commitment and approach to the audit/timelines.

#### **4. PRESENTATION/DISCUSSION**

Principal Eric Maneval, representing the auditing firm BeachFleischman, PLLC, presented the findings to the Council. The presentation deck is incorporated as if fully set forth in these minutes.

- ☐ Unmodified opinion on the FY 2022 and 2023 Annual Comprehensive Financial Statements
- ☐ Unmodified opinion on Single Audit Major Program Material with one weakness identified – the internal control over financial reporting timeliness
- ☐ Unmodified opinion on the Passenger Facility Charge Program Report
- ☐ Required Communications to the TAA regarding the opinions

#### **5. ACTION ITEMS**

##### **a. TAA Annual Comprehensive Financial Report for FY 2022 and FY 2023**

**Motion by Council Member Lyons, seconded by Council Member McClure, to recommend to the Board of Directors that it accept the FY 2022 and FY 2023 Annual Comprehensive Financial Report and the associated audit opinion as presented by BeachFleischman, PLLC. The motion carried by the following roll call vote:**

**Ayes     (7)     Parker, Figueroa, Lyons, Baena, McClure, Wiggins, and Murphy**

**Nays     0**

**b. TAA FY 2023 Passenger Facility Charge Program Report**

Motion by Council Member Wiggins, seconded by Council Member McClure, to recommend to the Board of Directors that it accept the FY 2023 Passenger Facility Charge Program Report. The motion carried by the following roll call vote:

Ayes (7) Parker, Figueroa, Lyons, Baena, McClure, Wiggins, and Murphy

Nays 0

**c. TAA FY 2023 Single Audit Report**

Motion by Vice Chair Figueroa, seconded by Council Member Murphy, to recommend to the Board of Directors that it accept the FY 2023 Single Audit Report. The motion carried by the following roll call vote:

Ayes (7) Parker, Figueroa, Lyons, Baena, McClure, Wiggins, and Murphy

Nays 0

**6. ADJOURN**

There being no further business to discuss, Chair Parker adjourned the meeting at 10:45 a.m.

**PREPARED BY:**

\_\_\_\_\_  
Jennifer Shields, Interim TAA Clerk

Date: \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,  
ACCEPTING THE FY 2023 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORTS  
FROM BEACHFLEISHMAN, PLLC.**

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

1. The Board of Directors hereby accepts, as attached and incorporated herein by reference and made a part hereof, the FY 2022 and 2023 Audited Financial Statement (Exhibit A), FY 2023 Passenger Facility Charge Program Report (Exhibit B), and FY 2023 Single Audit Report (Exhibit C) and related audit opinions from BeachFleishman, PLLC, for the fiscal year ending September 30, 2023.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this seventh day of May 2025.

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Mike Hammond, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

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Vance Falbaum, Secretary

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Christopher Schmaltz, Executive Vice  
President and General Counsel





# 2023 Audit Results

A Presentation to the Audit Council



# Audit Results

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- Unmodified opinion on the Financial Statements
- Unmodified opinion on Single Audit Major Program
  - Material weakness – Internal control over financial reporting
- Unmodified opinion on the Passenger Facility Charge Program Report
- Required Communications

# Financial Statements

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- Statement of net position summary
  - Total assets \$654,506,000
  - Deferred outflows 3,826,000
  - Total liabilities 75,268,000
  - Deferred inflows 81,014,000
  - Net assets 118,537,000
- Net pension / OPEB liability
  - \$20,408,000
- Environmental remediation liability
  - \$19,273,000
- Adoption of GASB 96 Subscription-Based Information Technology Arrangements
  - Restatement



# Financial Statements

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- Statement of revenue, expenses and change in net position summary
  - Operating revenue \$45,962,000
  - Operating loss (15,734,000)
  - Non operating revenue 20,508,000
  - Capital contributions 25,402,000
  - Change in net position 30,175,000
- Statement of cash flows summary
  - Total cash \$61,665,000
  - Net increase in cash 18,978,000

# Single Audit

- Federal expenditures reported:
  - \$29,646,832
- Major federal program:
  - ALN 20.106 Airport Improvement Program
- Unmodified opinion on Single Audit major programs
- Findings:
  - Material weakness in internal control over financial reporting
  - No Noncompliance material to the financial statements reported
  - No deficiencies in internal control over major federal programs reported
- Auditee did not qualify as a low-risk auditee

# PFC Report

- Unmodified opinion on the Passenger Facility Charge Program Report
- Available to impose \$179,290,016 through February 1, 2027
- Activity through September 30, 2023
  - Charges received \$155,693,000
  - Interest earned 4,280,000
  - Total received 159,973,000
  - Expenditures on projects 136,142,000
  - Net PFC available \$23,831,000

# Required Communications

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- Accounting policies
- Estimates
- Disclosures are neutral, consistent & clear
- Sensitive disclosures
- No significant disagreements with management
- Adjustments
- Other Matters





# ANNUAL COMPREHENSIVE FINANCIAL REPORT

# 2023

Year Ended  
September 30, 2023 & 2022

Tucson Airport Authority  
Tucson, Arizona





# 2023

## TUCSON AIRPORT AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Prepared by the Finance Department

Years Ended September 30, 2023,  
and 2022

Tucson, Arizona

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## Mission Statement

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

## Vision

Landing Prosperity in Southern Arizona



# 2023 Board of Directors and Members

## BOARD OF DIRECTORS

### CHAIR

Keri L. Silvyn  
Partner Lazarus & Silvyn, P.C.

### VICE CHAIR

Michael S. Hammond  
Founder/Principal  
Cushman & Wakefield  
PICOR Commercial  
Real Estate Services

### SECRETARY

Philip Swaim  
President  
Swaim Associates, Ltd.

### TREASURER

Vance Falbaum  
Managing Director and  
Financial Advisor  
Falbaum Crowley Investment  
Group/RBC Wealth  
Management

### DIRECTOR

Bruce L. Dusenberry  
President  
Horizon Moving Group

### DIRECTOR

Judy Rich  
President and  
CEO  
TMC HealthCare and Tucson  
Medical Center

### DIRECTOR

Todd Jackson  
Attorney  
Jackson & Oden, P.C.

### DIRECTOR

Sally G. Fernandez  
President  
Safety Dynamics, Inc.

### DIRECTOR

Calline Sanchez  
Vice President,  
Worldwide Systems  
Lab Services and  
Technical Universities  
IBM

### DIRECTOR

Rhonda L. Piña  
Program Manager,  
Business Services  
Pima County  
Community and  
Workforce  
Development

### DIRECTOR

Francine Katz  
Chief Development Officer  
Tucson Jewish Community  
Center

## ACTIVE MEMBERS

Lydia Aranda  
Co-Founder and Principal  
DiVeritas Group

Cristina Baena  
President of Employee  
Benefits and Partner  
Crest Insurance Group

Teresa Bravo  
Government Relations  
Representative  
Tucson Electric Powe

Larry Cesare  
Partner/General Manager  
B.H.C. Hotel Management

Francis X. Chambers  
Aviation  
Consultant/Director  
AvPORTS and Aviation  
Facilities Co. (AFCO), Inc.

\* Steven R. Cole  
President  
Southwest Appraisal  
Associates

Rob L. Draper  
President and Dealer  
Principal  
O'Rielly Motor Co.  
O'Rielly Chevrolet,  
Inc.

Michael J. Duran  
Retired

Bruce L. Dusenberry  
President  
Horizon Moving  
Group

Vance L. Falbaum  
Managing Director  
and Financial  
Advisor  
Falbaum Crowley  
Investment Group -  
RBC Wealth  
Management

Sally G. Fernandez  
President  
Safety Dynamics, Inc.

Guillermo P. Figueroa  
Senior Network  
Implementation Program  
Manager  
Lumen Technologies

Isaac Figueroa  
Director of Leasing and  
Sales  
Larsen Baker Commercial  
Real Estate

Tony Finley  
Chief Financial Officer  
Long Companies/  
Long Realty Co.

Michael W. Franks  
Principal  
Seaver Franks Architects

Angela Gee  
Architect, Founder  
and Partner

Dean Alan  
Architects

David E. Hameroff  
Attorney The  
Hameroff Law  
Firm, P.C.

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President/CEO  
Cushman & Wakefield  
PICOR Commercial  
Real Estate Services

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Founder  
Bank of Tucson

Brandt  
Hazen  
President  
Hazen Enterprises, Inc.

\*\* Steven Holmes  
Superintendent  
Sunnyside Unified School  
District

Herb Kai  
Manager  
Kai Family Entities  
Marana Town Council

Francine Katz  
Chief Development  
Officer Tucson Jewish  
Community Center

Gary Kippur  
President  
Tucson Iron & Metal

Lee D. Lambert  
Chancellor  
Pima Community College

Larry M. Lang  
President  
Diversified Design  
& Construction,  
Inc.

Trindy LeForge  
Associate Director  
of Strategy and  
Development  
Raytheon Missiles  
& Defense

\* Lisa Lovallo  
Vice President  
and Market  
Manager  
Cox Southern Arizona

David Lyons  
Executive Vice  
President Regional  
President  
National Bank of  
Arizona

Edmund Marquez  
Owner Edmund  
Marquez Allstate  
Agency

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First Vice President  
CBRE, Inc.

Michael McGrath  
Partner and Board  
Chair  
Mesch, Clark  
& Rothschild,  
P.C.

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Attorney and Co-  
Managing Partner  
Farhang &  
Medcoff Attorneys

Ned L. Norris, Jr.  
Chairman  
Tohono O'odham Nation

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Director of Sales and  
Marketing/Designated  
Broker  
Diamond Ventures, Inc.

Shaima Namazifard  
Vice President of Business  
Services  
Tucson Federal Credit  
Union

Tim J. Overton  
Broker  
Allen & Young  
Business  
Brokerage

Steve Pagnucco  
Vice President, Operations  
Universal Avionics

John C. Parker  
Founding Partner  
718 Partners L.L.C.

R. Tony Penn  
President/CEO  
United Way of  
Tucson and  
Southern Arizona

Lea Márquez Peterson  
Principal  
Márquez Peterson Group  
Commissioner  
Arizona  
Corporation  
Commission

Rhonda L. Piña  
Program Manager,  
Business Services  
Pima County Community  
and Workforce  
Development

Ricardo Platt  
Vice President,  
Development Ed2 Corp.

Stephen E. Quinlan  
Chairman Emeritus  
Long Realty  
Company Principal  
Whisper Canyon Holdings,  
L.L.C.

Joaquin Ruiz  
Vice President,  
Global  
Environmental  
Futures University  
of Arizona

Judy Rich  
President and CEO  
TMC HealthCare and  
Tucson Medical Center

Calline Sanchez  
Vice President,  
Worldwide Systems  
Lab Services and  
Technical  
Universities IBM

Keri L. Silvyn  
Partner Lazarus &  
Silvyn, P.C.

Lucinda J. Smedley  
Publisher/Principal  
TREND Report/Real  
Estate Consulting  
Group

David C. Smallhouse  
Managing Partner  
Miramar Ventures, LLC

Carol Stewart  
Associate Vice  
President, Tech Parks  
Arizona  
University of Arizona

Michael Stilb  
President/Manag  
ing Director  
CBRE-MAS  
Real Estate  
Services

\* Taunya Villicaña  
Founder & CEO  
Affinity Wealth  
Management, L.L.C.

Katherine R. Ward  
Principal  
GV Strategic Advisors

Omar Mireles  
President  
HSL Asset Management

Ellen K. Wheeler,  
J.D. Retired

Amanda Wiggins  
President and  
CEO  
Marana Chamber  
of Commerce

Philip Swaim  
President  
Swaim Associates,  
Ltd.

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# INTRODUCTION





January 27, 2025

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

Ladies and Gentlemen:

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

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

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

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



## Organization

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

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

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

The Board appoints the President and Chief Executive Officer (CEO), who serves at its pleasure. The Office of the CEO includes the departments of Air Service Development, Marketing, and Communications. The remaining TAA staff is organized into seven divisions, each managed by Executive Vice Presidents appointed by and reporting directly to the CEO. These seven divisions are Operations, Finance, Legal Services, Information Technology, Business and Commercial Development, Procurement, and People Operations. The organizational chart that follows this letter reflects the operational structure as of January 27, 2025.

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

## Economic Conditions and Outlook

### State and Local Economic Outlook

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

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

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

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

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

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

## Air Service at Tucson International Airport

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

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

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

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

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

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

## **Air Service at Tucson International Airport-continued**

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

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

## **TAA Financial Recovery from Economic Impacts of COVID-19 Pandemic**

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

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

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



## Major Initiatives

### CAPITAL IMPROVEMENT PROGRAM

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

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

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

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

10120448 Furnish and Install New Jet Bridge for Gate B6 Podium: Cost: \$812,258

Scope: Installed New Jet Bridge for Gate B6 Podium.

Contractor: John Bean Technologies Corporation.

10117967 Electronic Video Information Display System (EVIDS)/Audio Paging Replacement | Cost: \$2.9 million

Scope: Replace EVIDS and Audio Paging System for the TUS terminal complex.

Contractor: Arizona Sound and Light, Inc.

10119108 ANG-ECF Hangar In-Kind Replacement | Cost: 10.2 million

Scope: Designed and constructed a 32,000-square-foot replacement aircraft hangar for the Arizona Air National Guard 162<sup>nd</sup> Wing entrance project.

Consultant: Stantec Consulting, Inc.

Contractor: Sundt Construction

## Major Initiatives-continued

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

#### 20117966 Install Precision Approach Path Indicators (PAPI) | Cost: \$517,137

Scope: Installed PAPIs at approach to Runway 6R, 6L and 24R to enhance the level of flight safety by providing additional visual approach slope guidance at RYN's primary and secondary runways.  
Consultant: CR Engineers, Inc.  
Contractor: Rural Electric Inc.

#### 20110146 Ryan Dike Analysis | Cost: \$247,208

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

#### 20116869 APMS-Pavement Preservation-Runway 6R/24L | Cost: \$947,400

Scope: Crack seal and apply rubberized asphalt emulsion seal coat to RW 6R/24L. Re-stripe pavement markings.  
Consultant: Kimley-Horn Associates.  
Contractor: Cactus Asphalt

#### 20120400 Relocation of Velocity Air to Ryan Airfield | Cost: \$513,845

Scope: Relocation of Velocity Air to Ryan Airfield as required to continue Airport Safety Enhancement program.  
Contractor: Sunland Asphalt; Chasse Building Team; Rural Electric; Sabino Electric

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

#### 10119102/10119125/10119126 Airfield Safety Enhancement (ASE) Program | Cost: \$31,558,470

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

#### 10120274 Executive Ramp Improvements – Phase 1 | Cost: \$3.2 million

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

## Major Initiatives-continued

### 10120275 Seal Coat Runway 3/21 | Cost: \$2.1 million

Scope: Crack repair and seal coating of Runway 3/21 and shoulders.

Consultant: Trace Consulting, LLC.

Contractor: J. Banicki Construction, Inc.

### 10120449 MRO Aeropark Entrance Taxiway | Cost: \$2.2 million

Scope: Construct a new Group III asphalt taxiway, and develop associated drainage, electrical, and fencing improvements.

Consultant: HDR Engineering/WSP USA.

Contractor: Granite Construction

### 10122470 Replace Parking and Revenue Control System (PARCS) | Cost: \$1.8 million

Scope: Replace TUS parking system (commercial roadway, surface lots, garage).

Consultant: WPS USA.

Contractor: SkiData

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

### 20120435 APMS-Pavement Preservation-Overlay Taxiway B | Cost: \$1.6 million

Scope: Crack seal and apply rubberized asphalt emulsion seal coat to Taxiway B (section 30). Re-stripe pavement markings.

Consultant: Kimley-Horn Associates

## **MAJOR MAINTENANCE PROGRAM**

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

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

### 10219114 Land Survey of Tucson International Airport | Cost: \$155,940

Scope: Land Survey of Tucson International Airport to include land boundary survey and lease property mapping and title report review.

Consultant: PSOMAS

### 10220378 Sealcoat Airport Drive & Taxiway A Service Road | Cost: \$98,473

Scope: Sealcoat Airport Drive (APT-20,21, FIRE-05) & Taxiway A Service Road (AROAD-10).

Contractor: Sunland Asphalt

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

### 20219113 Land Survey of Ryan Airfield | Cost: \$111,910

Scope: Land Survey of Ryan Airfield to include land boundary survey and lease property mapping and title report review.

Consultant: PSOMAS

## **FEDERAL AND STATE FUNDING**

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

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

## **PASSENGER FACILITY CHARGE PROGRAM**

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

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

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



## FINANCIAL POLICIES AND CONTROLS

### BUDGETARY CONTROLS

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

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

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

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

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

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

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

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

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

## **BUDGETARY CONTROLS-continued**

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

The formula consists of four elements:

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

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

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

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

## **LONG-TERM FINANCIAL PLANNING**

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

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

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

## **CAPITAL FINANCING AND DEBT MANAGEMENT**

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

## **CAPITAL FINANCING AND DEBT MANAGEMENT-continued**

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

## **INTERNAL CONTROLS**

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

## **Other Information**

## **REQUESTS FOR INFORMATION**

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

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

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

## **AWARDS AND ACKNOWLEDGEMENTS**

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



report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

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

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

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

Respectfully submitted,

Danette M. Bewley, A.A.E.  
President/Chief Executive Officer

Kim Allison, C.M., CPA  
Vice President/Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
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Presented to

**Tucson Airport Authority  
Arizona**

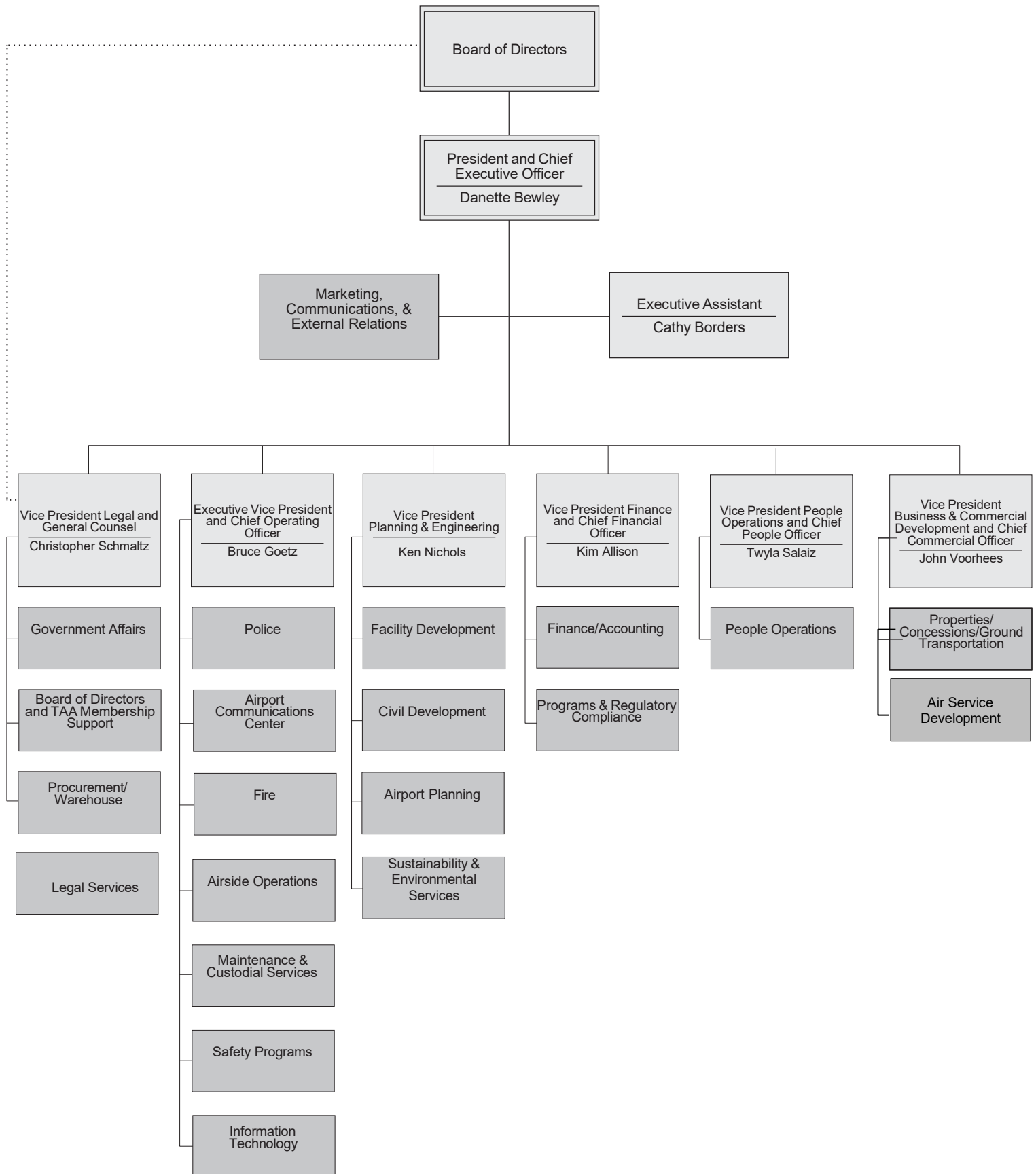
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morrell*

Executive Director/CEO

# Organizational Structure



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# Airlines and Tenants as of September 30, 2023

PASSENGER AIRLINES	RYAN AIRFIELD	TUCSON INTERNATIONAL AIRPORT		
Alaska Airlines	Air Ventures Ltd.	AAR Total Transportation, LLC	General Services Administration	Rolls Royce
American Airlines	Alpha Air, Inc.	AT&T	Granite Construction Company	Simplicity USA Ground Services
Delta Air Lines	Cherokee Cabañas	Ace Parking Management, Inc.	Holiday Motor Coach, LLC	Smarte Carte, Inc.
Mesa Airlines	Mobile Aire Hangars	AERGO-TUS, LLC	The Hudson Group	Southwest Airport Services
SkyWest Airlines	North American Aerial Surveys	Aerospace Hangar, LLC	Hughes Federal Credit Union	SOS Security, LLC
Southwest Airlines	Richie's Café	Airport Information Centre (welcome Newcomers, Inc.)	Jani King of Tucson	Southwest Heli services
Sun Country Airlines	Ryan Development Airpark, LLC	Apple Autos	Jet, LLC	STS Line Maintenance
United Airlines	Velocity Air, Inc.- FBO	Morris Air National Guard	Lamar Advertising	Swissport Fueling Services
	Velocity Air, Inc.- Flight School	Arizona Aviation Associates	Lan-Dale Co.	Transportation Security Administration
<b>CARGO AIRLINES</b>		Ascent Aviation Services	Lyft	Tucson Aviation, LLC
Air Cargo		Ashton Company	Matheson Flight Extenders, Inc.	Tucson Executive Center
Ameriflight		Atlantic Aviation	Maxair Ventures, LLC	Tucson Fuel Facilities, LLC
Federal Express		Bags, Inc.	Metal Works, LLC	Tucson Jet Center
		Bombardier Aerospace/ Learjet Inc.	Military Lounge	Tucson Police Department
<b>CAR RENTALS</b>		C You There Shuttles, LLC	Million Air	Universal Avionics
Alamo		City of Tucson	Miraval Life in Balance	U.S. Customs & Border Protection
Avis		Delaware North	Mitsubishi Heavy Industrial – RJ Aviation	VIP Cab
Budget		Delta Global Logistics	Northwest Landscaping	Verizon Wireless
Dollar		Diana Madaras Galleries	Pima Community College	Vertex Aerospace, LLC
Enterprise		Enterprise Leasing Co.	Pima County Sheriff's Department	Victor II, Ltd.
Hertz		Fast Park & Relax	Prime Flight Aviation Services	Wright Flight, Inc.
National		Federal Aviation Administration	Prospect International Airport Services, Inc.	Yellow Cab
		Flight Safety International, Inc.	Qwest Corporation, dba CenturyLink Qc	
		Franklin Energy Services, LLC	Raytheon Missiles & Defense	
		Global Flight Relief	Real Air Hangar, Inc.	
			Rasier LLC, Uber	
			Roadie, Inc	

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# FINANCIAL

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, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tucson Airport Authority, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tucson Airport Authority, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tucson Airport Authority, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

## ***Other Information***

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

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

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025, on our consideration of Tucson Airport Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tucson Airport Authority, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tucson Airport Authority, Inc.'s internal control over financial reporting and compliance.

Tucson, Arizona

## Management's Discussion and Analysis (MD&A)

September 30, 2023

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

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

### **AIRPORT ACTIVITIES & HIGHLIGHTS**

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

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

## AIRPORT ACTIVITIES AND HIGHLIGHTS – continue

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

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

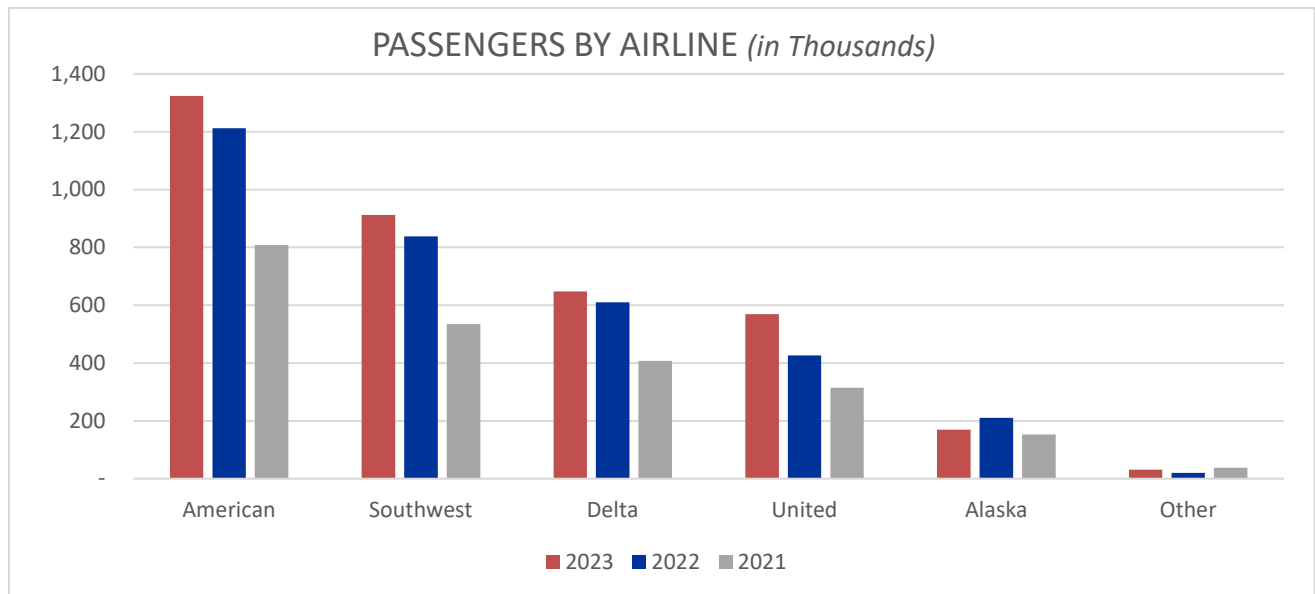
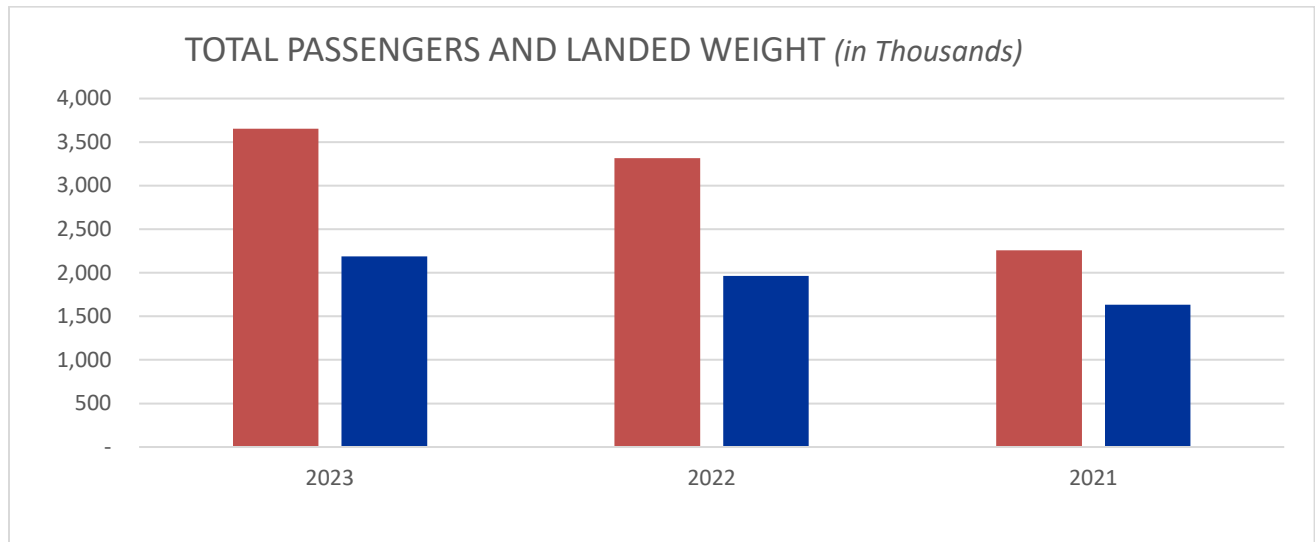
Mail and express cargo shipments decreased by 5.5% in FY 2023 from FY 2022, following a decrease of 0.9% in FY 2022 and a 7.0% increase in FY 2021. The changes in mail and express cargo shipments in each of these years were primarily a result of changes experienced by Federal Express, the single major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

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

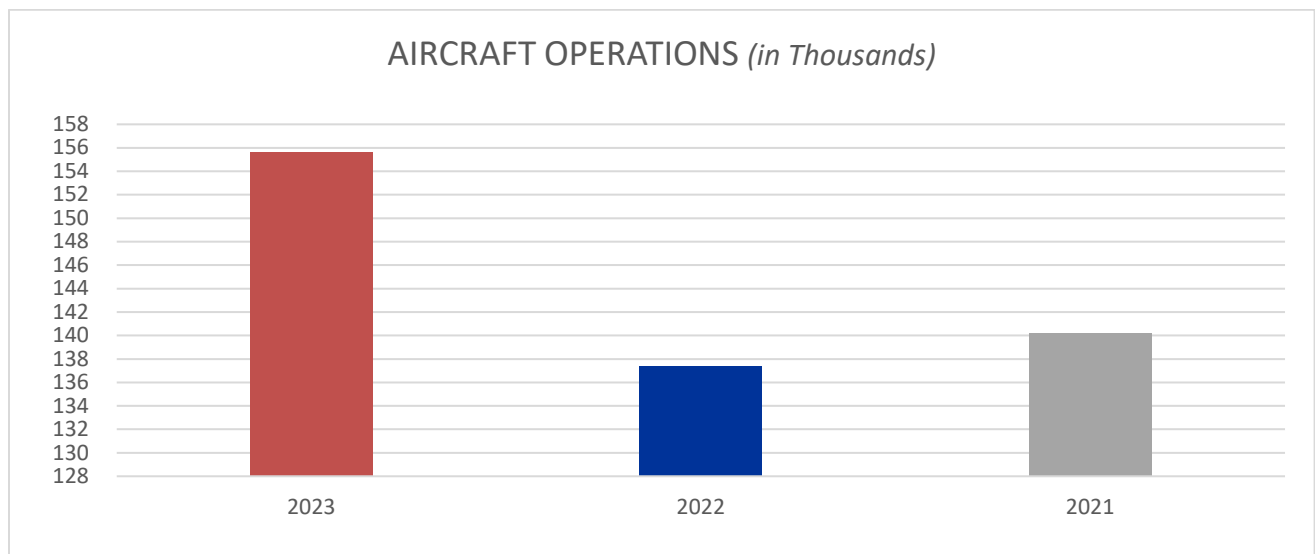
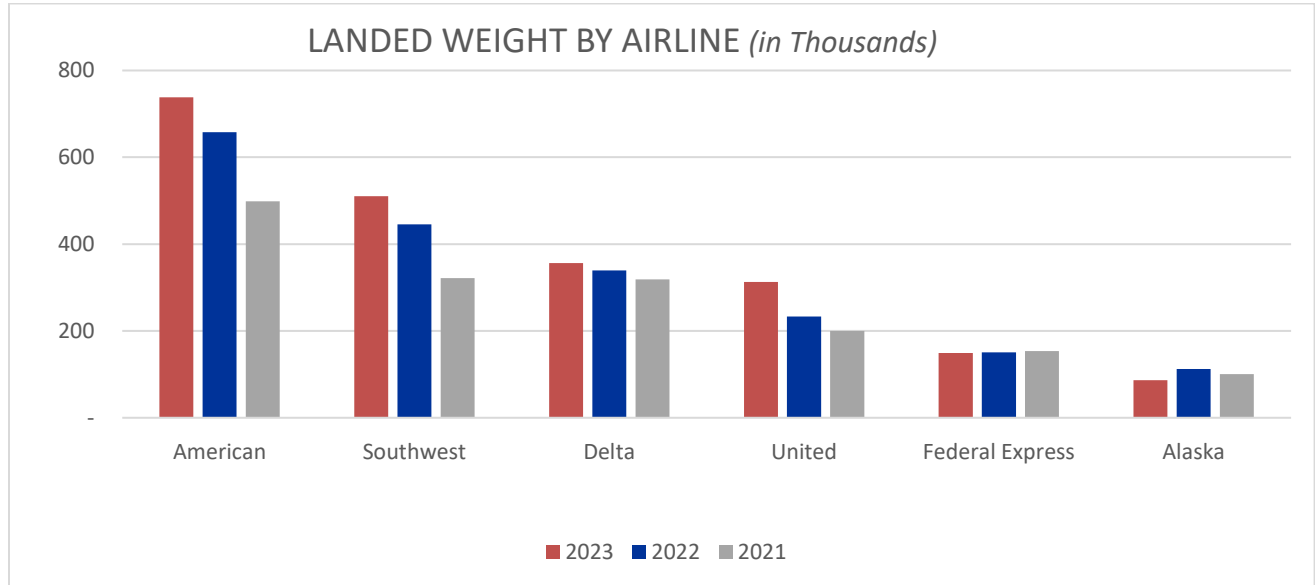
<b>Activities &amp; Highlights</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total passengers	3,653,233	3,317,494	2,257,581
Average daily seat capacity	6,331	4,913	4,308
Aircraft operations	155,654	137,373	140,182
Landed weight (1,000 lb. Units)	2,188,768	1,962,217	1,633,047
Mail & express cargo (pounds)	63,411,935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



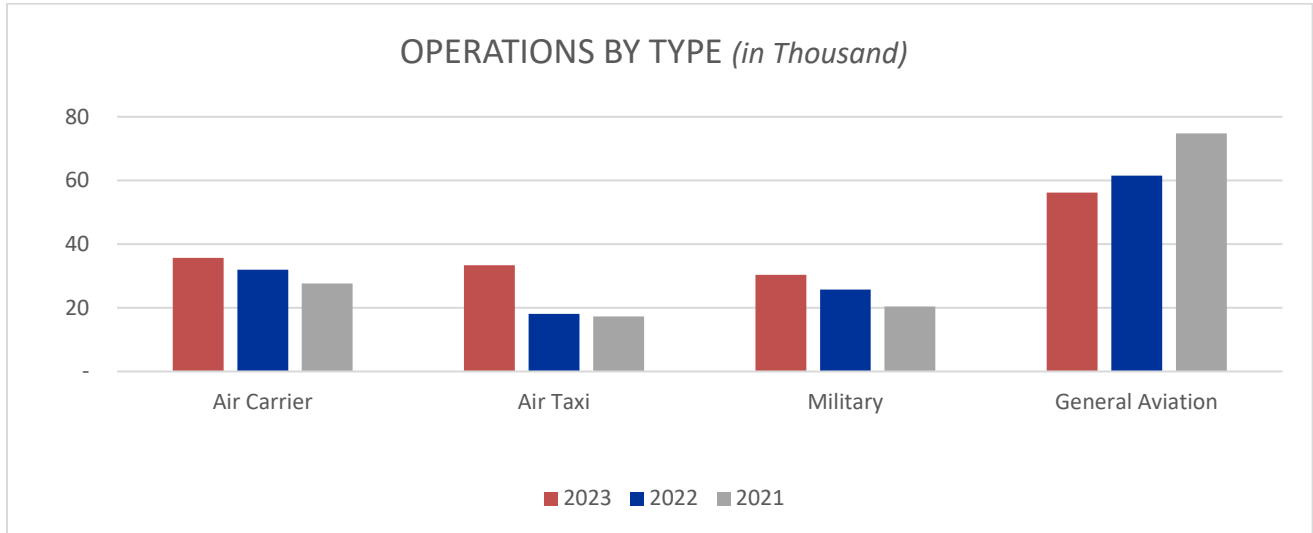
**AIRPORT ACTIVITIES AND HIGHLIGHTS – continued**



**AIRPORT ACTIVITIES AND HIGHLIGHTS – continued**



**AIRPORT ACTIVITIES AND HIGHLIGHTS – continued**



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## FINANCIAL HIGHLIGHTS

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

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

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

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

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



## NET POSITION

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

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

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

**NET POSITION – continued**

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

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

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

## NET POSITION – continued

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

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

## SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

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

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**SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION – continued**

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

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

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

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

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



## REVENUES

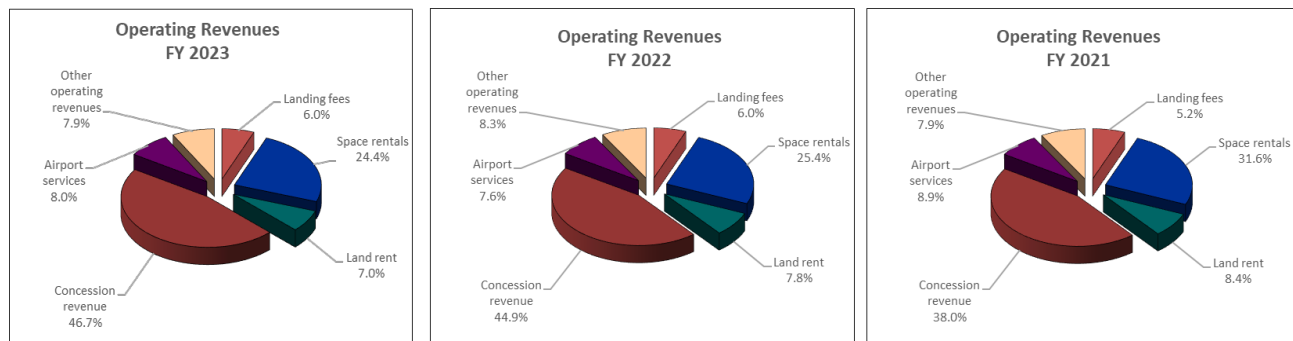
Total revenues of \$93.3 million in FY 2023 were 5.7% greater than the prior fiscal year, whereas in FY 2022, total revenues of \$88.3 million were 22.3% greater than the prior fiscal year, and FY 2021, total revenues of \$72.2 million were less than the prior fiscal year by 12.0%.

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

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

## REVENUES— continued

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



## NONOPERATING REVENUES

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

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

## **NON-OPERATING REVENUES— continued**

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

## **CAPITAL CONTRIBUTIONS**

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

## **EXPENSES**

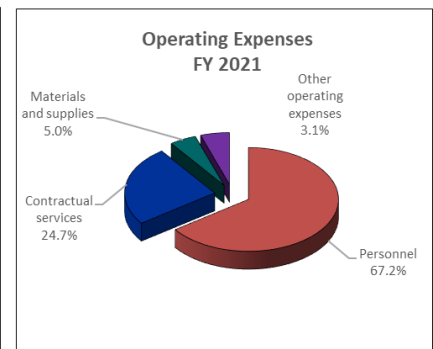
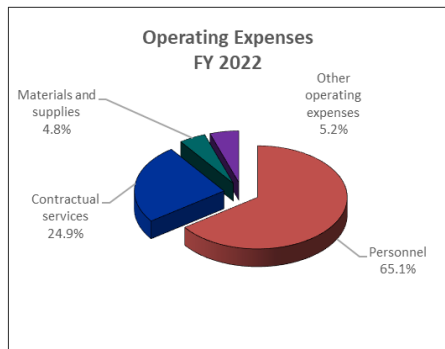
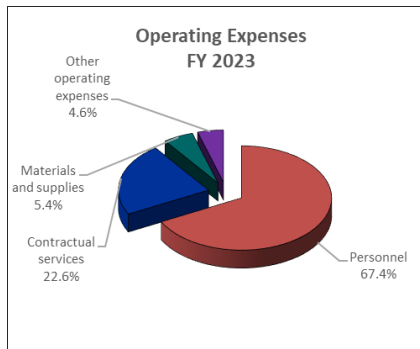
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Total expenses for FY 2023 increased \$3.8 million from FY 2022 due to increases in all operating expense categories. Operating expenses for FY 2023 increased \$3.9 million or 11.0% over FY 2022. Nonoperating expenses were \$0.7 million, or 31.6% lower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

**EXPENSES— continued**

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

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





## CAPITAL ASSETS

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

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

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

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

## DEBT ACTIVITY

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

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

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

## DEBT SERVICE COVERAGE

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

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

## AIRLINE RATES AND CHARGES

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

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

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

## AIRLINE COST PER ENPLANEMENT

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

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

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

# Tucson Airport Authority, Inc.

## Statements of Net Position

September 30, 2023, and 2022

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

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# Tucson Airport Authority, Inc.

## Statements of Net Position (continued)

Years Ended September 30, 2023, and 2022

	2023	Restated 2022
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 936,972	\$ 1,565,627
Accrued expenses	2,853,303	2,709,857
Unearned revenues	1,270,906	1,396,005
Construction contracts payable	10,222,171	9,330,235
Current portion of bonds payable	1,660,000	1,610,000
Current portion of subscription obligations	189,802	220,302
Current portion of environmental remediation payable, restricted	2,539,929	4,473,947
Total payable from unrestricted assets	<u>19,673,083</u>	<u>21,305,973</u>
Payable from restricted assets:		
Current portion of environmental remediation payable, restricted	1,517,081	572,412
Total payable from restricted assets	<u>1,517,081</u>	<u>572,412</u>
Total current liabilities	<u>21,190,164</u>	<u>21,878,385</u>
Noncurrent liabilities:		
Payable from unrestricted assets:		
Bonds payable, net of current portion	18,431,965	21,794,826
Subscription obligations, net of current portion	21,367	169,306
Net pension/OPEB liability	20,408,381	20,039,902
Environmental remediation payable, net of current portion	15,216,302	16,520,990
Total payable from unrestricted assets	<u>54,078,015</u>	<u>58,525,024</u>
Total liabilities	<u>75,268,179</u>	<u>80,403,409</u>
Deferred inflows of resources:		
Deferred inflows related to pensions/OPEB	1,145,047	1,192,679
Deferred inflows related to leases	79,868,483	83,878,878
Total deferred inflows of resources	<u>81,013,530</u>	<u>85,071,557</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	353,068,826	327,480,673
Restricted - capital projects	25,257,924	21,249,453
Restricted - environmental trust	1,517,081	572,412
Restricted - land acquisition	3,669,097	3,525,252
Unrestricted	<u>118,536,782</u>	<u>119,046,496</u>
Total net position	<u>\$ 502,049,710</u>	<u>\$ 471,874,285</u>

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# Tucson Airport Authority, Inc.

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

Years Ended September 30, 2023, and 2022

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

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# Tucson Airport Authority, Inc.

## Statements of Cash Flows

Years Ended September 30, 2023, and 2022

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

# Tucson Airport Authority, Inc.

## Statements of Cash Flows (continued)

Years Ended September 30, 2023, and 2022

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

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# **Tucson Airport Authority, Inc.**

## **Notes to Financial Statements**

Years Ended September 30, 2023, and 2022

1. Description of organization:

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

A portion of the land and improvements composing the TAA are owned by the City of Tucson (City) and are leased by the City to the TAA pursuant to a lease dated October 14, 1948, as amended (Airport Lease). The remaining land and improvements are owned in fee title by TAA. 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 thereof, except as provided for in the Airport Lease, return to the custody of the City.

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 2. Summary of significant accounting policies:

##### Measurement focus, basis of accounting and financial statement presentation:

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

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

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

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

##### Budgets:

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



## **Tucson Airport Authority, Inc.**

### **Notes to Financial Statements (continued)**

Years Ended September 30, 2023, and 2022

#### **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.

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##### **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.

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

2. Summary of significant accounting policies (continued):

Grant and accounts receivable (continued):

Accounts receivable at September 30 is as follows:

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

Inventories:

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

Bond issuance costs:

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

Capital assets:

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 2. Summary of significant accounting policies (continued):

##### Capital assets (continued):

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

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

##### Leases:

As lessor, the TAA recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

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

##### Restricted assets:

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 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. Accumulated vacation leave is capped at 400 hours per employee, while medical leave is capped at 120 hours.

##### 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.

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##### Postemployment benefits:

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

##### Net position:

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

## **Tucson Airport Authority, Inc.**

### **Notes to Financial Statements (continued)**

Years Ended September 30, 2023, and 2022

#### **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 administration fee of \$0.11 per passenger charged by the airlines for processing, is collected by the airlines and remitted on a monthly basis to the TAA.

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

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

##### **Environmental remediation costs:**

The TAA accounts for environmental remediation costs in accordance with Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

##### **New accounting standards effective fiscal year 2023:**

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

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

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



## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 2. Summary of significant accounting policies (continued):

New accounting standards effective fiscal year 2022:

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

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

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

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

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

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

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

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

## **Tucson Airport Authority, Inc.**

### **Notes to Financial Statements (continued)**

Years Ended September 30, 2023, and 2022

2. Summary of significant accounting policies (continued):

New accounting standards effective fiscal year 2022 (continued):

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

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

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

3. Cash, cash equivalents and investments:

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

Deposits:

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

## **Tucson Airport Authority, Inc.**

### **Notes to Financial Statements (continued)**

Years Ended September 30, 2023, and 2022

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

Deposits (continued):

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

Investments:

The TAA's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements.

The TAA's investment policy requires that all deposits at financial institutions, certificates of deposit, repurchase agreements and money market mutual funds be insured, registered in the TAA's name or collateralized to 102% and held by the TAA's safekeeping agent in the TAA's name. Collateral is restricted to United States treasuries, agencies or instrumentalities.

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

Interest rate risk:

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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

##### Investments (continued):

##### Interest rate risk (continued):

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's
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%

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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

Investments (continued):

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

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

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

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

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

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

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



## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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

Investments (continued):

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

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

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	<u>37,037,956</u>	<u>-</u>	<u>37,037,956</u>	<u>-</u>
	<u>\$ 125,141,489</u>	<u>\$ -</u>	<u>\$ 125,141,489</u>	<u>\$ -</u>

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.

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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

Investments (continued):

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

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

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

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

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

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

4. Capital assets:

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

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

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# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 4. Capital assets (continued):

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

	Beginning	Increases	Decreases	Ending
Capital assets, not depreciated:				
Land	\$ 51,805,394	\$ -	\$ -	\$ 51,805,394
Air aviation easements	29,990,090	-	-	29,990,090
Artwork	650,881	24,975	-	675,856
Construction in progress	<u>55,799,583</u>	<u>42,040,397</u>	<u>(26,450,695)</u>	<u>71,389,285</u>
Total capital assets, not depreciated	<u>138,245,948</u>	<u>42,065,372</u>	<u>(26,450,695)</u>	<u>153,860,625</u>
Capital assets, depreciated and amortized:				
Land improvements	229,595,629	14,257,381	-	243,853,010
Building and improvements	272,060,494	13,560,022	(563,753)	285,056,763
Utilities	6,834,578	-	-	6,834,578
Computer software	7,281,717	97,975	-	7,379,722
Furniture, fixtures, machinery and equipment	63,694,411	1,704,305	(35,955)	65,362,831
Right of use asset	<u>571,935</u>	<u>93,426</u>	<u>-</u>	<u>665,361</u>
Total capital assets, depreciated and amortized	<u>580,038,864</u>	<u>29,713,109</u>	<u>(599,708)</u>	<u>609,152,265</u>
Less accumulated depreciation and amortization for:				
Land improvements	(132,522,584)	(9,226,396)	-	(141,748,980)
Building and improvements	(175,675,352)	(8,255,067)	61,835	(183,868,584)
Utilities	(5,961,833)	(46,093)	-	(6,007,926)
Computer software	(6,433,108)	(235,908)	-	(6,669,016)
Furniture, fixtures, machinery and equipment	(37,004,530)	(3,836,630)	35,955	(40,805,205)
Right of use asset	<u>(82,063)</u>	<u>(236,985)</u>	<u>-</u>	<u>(319,048)</u>
Total accumulated depreciation and amortization	<u>(357,679,470)</u>	<u>(21,837,079)</u>	<u>97,790</u>	<u>(379,418,759)</u>
Total capital assets, depreciated and amortized, net	<u>222,359,394</u>	<u>7,876,030</u>	<u>(501,918)</u>	<u>229,733,506</u>
Total capital assets, net	<u>\$ 360,605,342</u>	<u>\$ 49,941,402</u>	<u>\$ (26,952,613)</u>	<u>\$ 383,594,131</u>

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 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	<u>34,785,953</u>	<u>21,013,630</u>	<u>-</u>	<u>55,799,583</u>
Total capital assets, not depreciated	<u>117,055,775</u>	<u>21,190,173</u>	<u>-</u>	<u>138,245,948</u>
Capital assets, depreciated and amortized:				
Land improvements	224,572,634	5,022,995	-	229,595,629
Building and improvements	269,243,354	3,380,893	(563,753)	272,060,494
Utilities	5,551,188	883,470	-	6,834,578
Computer software	70,884,412	193,255	-	7,281,747
Furniture, fixtures, machinery and equipment	49,984,904	13,745,532	(35,955)	63,694,481
Right of use asset	<u>-</u>	<u>571,935</u>	<u>-</u>	<u>571,935</u>
Total capital assets, depreciated and amortized	<u>556,840,492</u>	<u>23,798,080</u>	<u>(599,708)</u>	<u>580,038,864</u>
Less accumulated depreciation and amortization for:				
Land improvements	(122,890,107)	(9,632,477)	-	(132,522,584)
Building and improvements	(167,831,749)	(7,905,438)	61,835	(175,675,352)
Utilities	(5,941,507)	(20,326)	-	(5,961,833)
Computer software	(6,226,850)	(206,258)	-	(6,433,108)
Furniture, fixtures, machinery and equipment	(33,481,576)	(3,558,909)	35,955	(37,004,530)
Right of use asset	<u>-</u>	<u>(82,063)</u>	<u>-</u>	<u>(82,063)</u>
Total accumulated depreciation and amortization	<u>(336,371,789)</u>	<u>(21,405,471)</u>	<u>97,790</u>	<u>(357,679,470)</u>
Total capital assets, depreciated and amortized, net	<u>220,468,703</u>	<u>2,392,609</u>	<u>(501,918)</u>	<u>222,359,394</u>
Total capital assets, net	<u>\$ 337,524,478</u>	<u>\$ 23,582,782</u>	<u>\$ (501,918)</u>	<u>\$ 360,605,342</u>



## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 5. Leases:

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

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

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

#### Non-regulated leases:

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

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

Non-regulated leases are summarized into the following categories:

#### Land rent:

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 5. Leases (continued):

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

##### Land rent (continued):

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

##### Space rent:

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

##### Concession rent:

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

#### 5. Leases (continued):

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

##### Rental Car:

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

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

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

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 5. Leases (continued):

#### Regulated leases:

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

Regulated leases are summarized into the following categories:

#### Airlines:

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

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

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

There are 7 jet bridges available for common use

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

There are 2 gates that are currently not in use

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

5. Leases (continued):

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

Other Airfield:

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

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

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

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

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



## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

5. Leases (continued):

Other Airfield (continued):

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

5. Leases (continued):

Short-Term leases:

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

6. Unearned revenues:

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

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

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

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

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 7. Bonds payable:

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

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

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

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	<u>(1,565,000)</u>	<u>-</u>	<u>(45,000)</u>	<u>(1,610,000)</u>
Total bonds payable	<u>\$ 25,062,449</u>	<u>\$ -</u>	<u>\$ (3,267,623)</u>	<u>\$ 21,794,826</u>

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

7. Bonds payable (continued):

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

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

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

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

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

8. Pension and other postemployment benefits:

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

8. Pension and other postemployment benefits (continued):

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

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



# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 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	<u>\$ 16,317,589</u>	<u>\$ 2,133,305</u>	<u>\$ 1,589,008</u>	<u>\$ 20,039,902</u>
Deferred outflows of resources:				
Difference between projected and actual investment earnings	\$ -	\$ 999,785	\$ 1,250,889	\$ 2,250,674
Other deferred outflows:				
Difference between actual and expected experience	149,003	318,061	448,771	915,835
Changes of assumptions related to pensions	853,112	345,352	350,707	1,549,501
Changes in proportion and differences between employer contributions and proportionate share of contributions	302,417	913	16,667	319,997
Contributions subsequent to the measurement date	<u>359,339</u>	<u>79,808</u>	<u>124,621</u>	<u>563,768</u>
Total deferred outflows	<u>\$ 1,664,201</u>	<u>\$ 1,743,919</u>	<u>\$ 2,191,655</u>	<u>\$ 5,599,775</u>
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	<u>39,659</u>	<u>1,546</u>	<u>784</u>	<u>41,989</u>
Total deferred inflows	<u>843,720</u>	<u>43,668</u>	<u>305,291</u>	<u>1,192,679</u>
Net deferred outflows (inflows)	<u>\$ 820,481</u>	<u>\$ 1,700,251</u>	<u>\$ 1,886,364</u>	<u>\$ 4,407,096</u>
Pension/OPEB expense	<u>\$ 124,362</u>	<u>\$ 549,543</u>	<u>\$ 717,167</u>	<u>\$ 1,391,072</u>

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 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	30 years age 55 25 years age 60 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.

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

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

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

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

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

#### Arizona State Retirement System (ASRS) (continued):

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

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

8. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

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

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

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

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



# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

#### Arizona State Retirement System (ASRS) (continued):

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

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

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

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

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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 below site: [http://www.psprs.com/sys\\_psprs/AnnualReports/cato\\_annual\\_rpts\\_psprs.htm](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%	

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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:	<div style="font-size: 4em; font-weight: bold; line-height: 1;">DRAFT</div>		
Retired members			
Active member			
	80% to 100% of retiree member's pension benefit		
	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

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

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

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

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

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

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

	Fire		Police	
	2023	2022	2023	2022
Employer contribution rates (Tier 1 & 2):	26.25%	101.46%	24.17%	97.55%
Employer health contribution rates	0.02%	0.00%	-%	0.02%
Employer pension contributions rates	26.25%	101.46%	24.17%	97.53%
Employer contributions	\$117,042	\$157,153	\$386,691	\$230,363
Employer contributions rates Tier 3	22.09%	96.80%	17.08%	91.57%
Employer pension legacy cost rates	12.15%	86.86%	7.14%	81.63%
Employer health contributions rates	0.12%	0.26%	0.13%	0.26%
Employer pension contributions rates	9.68%	9.68%	9.00%	9.68%
Employee contribution rates:				
Tier 1	7.68%	7.65%	7.65%	7.65%
Tier 2	11.65%	11.65%	11.65%	11.65%
Tier 3	9.94%	9.94%	9.94%	9.94%

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

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

8. Pension and other postemployment benefits (continued):

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

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

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

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

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

For each major asset class that is included in the pension/OPEB plan's target asset allocation as of June 30, 2023, estimates are summarized in the following table:

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



## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

8. Pension and other postemployment benefits (continued):

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

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

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

Measurement date June 30, 2023

	Total pension / OPEB liability (a)	Plan fiduciary net position (b)	Net pension / OPEB liability (a) - (b)
Balances at June 30, 2022	\$ 20,843,162	\$ 18,711,857	\$ 2,133,305
Adjustment to beginning of year	-	-	-
Changes for the year:			
Service cost	233,780	-	233,780
Interest on the total pension liability	1,462,019	-	1,462,019
Differences between expected and actual experience in the measurement of the pension liability	346,382	-	346,382
Contributions - employer	-	317,250	(317,250)
Contributions - employee	-	88,097	(88,097)
Net investment income	-	1,394,933	(1,394,933)
Benefit payments, including refunds of employee contributions	(1,546,261)	(1,546,261)	-
Administrative expense	-	(7,050)	7,050
Other changes	-	(2,454)	2,454
Net changes	495,920	244,515	251,405
Balances at June 30, 2023	<u>\$ 21,341,082</u>	<u>\$ 18,956,372</u>	<u>\$ 2,384,710</u>

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

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

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

Measurement date June 30, 2023

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

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

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

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

8. Pension and other postemployment benefits (continued):

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

Changes in the net pension liability - Tucson Airport Authority Police Department 2022

Measurement date June 30, 2022

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

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

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

# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

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

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

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

	2023		2022	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 373,418	\$ 30,631	\$ 318,061	\$ 38,245
Changes in assumptions	182,888	-	345,352	1,546
Net difference between projected and actual earnings on plan investments	107,364	-	999,785	-
Contributions subsequent to the measurement date	86,760	-	79,808	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	913	3,877
Total	<u>\$ 1,350,348</u>	<u>\$ 30,631</u>	<u>\$ 1,743,919</u>	<u>\$ 43,668</u>

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

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



# Tucson Airport Authority, Inc.

## Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

### 8. Pension and other postemployment benefits (continued):

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

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

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

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

Year ending September 30,	Pension
2024	\$ 216,218
2025	234,249
2026	518,148
2027	(21,936)
<b>Total</b>	<b>\$ 946,679</b>

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

9. Passenger Facility Charges:

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

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

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10. Risk management:

The TAA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TAA carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Other than for certain environmental remediation liabilities as discussed in Note 12, the financial statements do not include any liability for uninsured claims at September 30, 2023, and 2022.

11. Commitments:

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

12. Environmental matters, litigation and contingencies:

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

In 1991, the TAA and other obligated parties entered into the Tucson Airport Remediation Project (TARP)

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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

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. The TAA and several other parties entered into a settlement pursuant to which other parties paid certain amounts to TAA, there was an allocation of responsibility for obligations under both of the above-referenced Consent Decrees, and the TAA funded a trust for the purpose of providing primary funding for the TAA's financial responsibilities under the Consent Decrees. The Trust is referred to as the "Environmental Remediation Trust."

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

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

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

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

## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

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

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

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

#### 1,4 Dioxane Remedial Investigation and Feasibility Study:

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

#### Landfill Investigation:

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

#### 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.

## **Tucson Airport Authority, Inc.**

### **Notes to Financial Statements (continued)**

Years Ended September 30, 2023, and 2022

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

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.

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13. Concentrations:

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

14. Restatement:

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



## Tucson Airport Authority, Inc.

### Notes to Financial Statements (continued)

Years Ended September 30, 2023, and 2022

15. Restricted net position:

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

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

September 30, 2022	Environmental trust	Debt service	Capital projects	Total restricted
<b>Assets:</b>				
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	<u>\$ 572,412</u>	<u>\$ -</u>	<u>\$ 24,774,704</u>	<u>\$ 25,347,116</u>
<b>Liabilities:</b>				
Environmental remediation payable	<u>\$ 572,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,412</u>
Total restricted net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,774,704</u>	<u>\$ 24,774,704</u>

16. Subsequent events

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

**TUCSON AIRPORT AUTHORITY, INC.**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2023**

1. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

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

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

**TUCSON AIRPORT AUTHORITY, INC.**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**YEAR ENDED SEPTEMBER 30, 2023**

1. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

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

Factors that affect trends:

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



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

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

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

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

(2016 -- 2014 information not available)

Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA's proportion of the net pension liability	0.10729%	0.10551%	0.10249%	0.10295%
TAA's proportionate share of the net pension liability	(579,288)	(588,849)	(499,340)	(72,888)
TAA's covered payroll	13,672,368	12,230,220	11,255,969	10,979,377
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.24%	-4.81%	-4.44%	-0.66%
Plan fiduciary net position as a percentage of total pension liability	134.37%	137.79%	130.24%	104.33%
<u>Long-term Disability (LTD)</u>				
Reporting date (September 30) Measurement date (June 30)	2023 (2023)	2022 (2022)	2021 (2021)	2020 (2020)
TAA's proportion of the net pension liability	0.10664%	0.10469%	0.10180%	0.10213%
TAA's proportionate share of the net pension liability	13,974	9,669	21,014	77,477
TAA's covered payroll	13,672,368	12,230,220	11,255,969	10,979,377
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	0.10%	0.08%	0.19%	0.71%
Plan fiduciary net position as a percentage of total pension liability	93.70%	95.40%	90.38%	68.01%

2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.10888%	0.10989%	0.10652%	-%	-%	-%
(30,089)	(39,570)	(57,989)	-	-	-
11,198,483	10,748,407	10,234,127	-	-	-
-0.27%	-0.37%	-0.57%	-%	-%	-%
101.62%	102.00%	103.57%	-%	-%	-%
2019 (2019)	2018 (2018)	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)
0.10817%	0.10862%	0.10559%	-%	-%	-%
70,467	56,754	38,274	-	-	-
10,748,407	10,748,407	10,234,127	-	-	-
0.66%	0.53%	0.37%	-%	-%	-%
72.85%	78.00%	84.44%	-%	-%	-%

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

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

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



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

(2016 -- 2014 information not available)

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

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

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

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

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

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

(2016 -- 2014 information not available)

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

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



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

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

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

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

(2018 -- 2014 information not available)

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

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

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

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

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



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

*(2018 -- 2014 information not available)*

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

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

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# STATISTICAL



STATISTICAL



## Statistical Section

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Financial Trends	120-121
These schedules contain trend information to help the reader understand how the TAA’s financial performance and well-being have changed over time.	
Revenue Capacity	122-125
These schedules contain information to help the reader assess the factors affecting the TAA’s ability to generate its airline and non-airline revenues.	
Debt Capacity	126-129
These schedules present information to help the reader assess the affordability of the TAA’s current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	130-133
These schedules offer demographic and economic indicators to help the reader understand the environment within which the TAA’s financial activities take place and to help make comparisons over time with other airports.	
Operating Information	134-145
These schedules contain information about the TAA’s operations and resources to help the reader understand how its financial information relates to the services the TAA provides and the activities it performs.	

## Net Position and Changes in Net Position

Fiscal Years Ended September 30

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

Source: TAA audited financial statements.



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

## Principal Revenue Sources

Fiscal Years Ended September 30

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

Source: TAA audited financial statements and records.

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

**Tucson Airport Authority**  
**2023 ACFR**

**Principal Revenue Source Ratios**

Fiscal Years Ended September 30

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

Source: Enplaned passengers as reported by airlines.

**Rates and Charges**

Fiscal Years Ended September 30

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

\*Parking rates were increased in February 2017

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

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

## Ratios of Outstanding Debt, Debt Service and Debt Limits

Fiscal Years Ended September 30

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

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

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

Source: TAA audited financial statements.



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

## Airport Revenue Bond Coverage Per Bond Resolutions

Fiscal Years Ended September 30

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

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

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

Source: TAA audited financial statements and bond resolutions.

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

## Population in the Air Service Area

As of July 1

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

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

## Unemployment Rates in the Air Service Area

Annual Average

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

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

2018	2019	2020	2021	2022	2023
1,034,201 0.8%	1,044,675 1.0%	1,052,375 0.7%	1,058,318 0.6%	1,072,298 1.3%	1,080,300 0.8%
130,319	129,778	131,694	126,463	126,648	127,305
38,126	38,476	38,666	39,025	39,010	39,656
10,506	10,375	10,558	9,593	9,652	9,671
440,591	455,210	467,932	439,128	453,924	467,459
52,390	53,161	53,731	48,468	49,039	50,004
671,932 2.3%	687,000 2.2%	702,581 2.3%	662,677 -5.7%	678,273 2.4%	694,095 2.3%
1,706,133 1.4%	1,731,675 1.5%	1,754,956 1.3%	1,720,995 -1.9%	1,750,571 1.7%	1,774,395 1.4%
7,076,199 1.6%	7,187,990 1.6%	7,294,587 1.5%	7,285,370 -0.1%	7,409,189 1.7%	7,525,113.00 1.6%
327,167,434 0.5%	328,239,523 0.3%	331,449,281 1.0%	331,893,745 0.1%	333,287,557 0.4%	334,914,895.00 0.5%
2018	2019	2020	2021	2022	2023
4.4%	4.6%	7.7%	5.0%	3.6%	4.00%
5.6%	5.8%	7.0%	4.8%	3.9%	4.30%
5.1%	4.9%	6.3%	4.1%	3.1%	3.40%
4.6%	4.2%	5.5%	4.0%	2.7%	2.70%
4.9%	5.0%	7.5%	4.7%	3.5%	4.00%
9.3%	8.7%	11.4%	8.7%	8.1%	7.10%
5.4%	5.4%	7.6%	5.0%	3.9%	4.2%
4.7%	4.9%	7.7%	5.0%	3.7%	4.1%
4.8%	4.6%	7.9%	4.9%	3.7%	3.7%
4.0%	3.5%	8.1%	3.9%	3.5%	3.5%

## Major Employers in the Air Service Area

Full-time Equivalent Employees

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

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

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

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

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



**Not Available**

2017 (3)	2018 (3)	2019 (3)	2020 (3)	2021 (3)	2022 (3)	2023 (3)
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## TAA Employees

Authorized Full-Time Equivalent Positions

As of September 30

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

Source: TAA records

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

**Tucson Airport Authority  
2022 ACFR**

**Airport Information**

**Tucson International Airport**

As of September 30

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

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

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

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

Source: TAA records

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

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

## Airport Information

### Ryan Airfield

As of September 30

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

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

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

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

Source: TAA records



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

## Passenger, Cargo and Mail Summary

### Tucson International Airport

Fiscal Years Ended September 30

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

Source: Authority records based on airline reporting.

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

## Aircraft Operations Summary

Fiscal Years Ended September 30

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

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

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

## Enplaned Passengers By Scheduled Carrier

Fiscal Year Ended September 30

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

Note: Where available, information for regional affiliate carriers is included with the associated major carriers.

Predecessor airline information is included in the current carrier totals.

Source: TAA records based on airline reports

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

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

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

Fiscal Years Ended September 30

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

Note: Where available, information for regional affiliate carriers is included with the associated major carriers.

Predecessor airline information is included in the current carrier totals.

Source: TAA records based on airline reports.



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

## Scheduled Air Service Information

### Tucson International Airport

Month of September

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

Source: Official Airline Guide.





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## PASSENGER FACILITY CHARGE PROGRAM REPORT

# 2023

Year Ended  
September 30, 2023

Tucson Airport Authority  
Tucson, Arizona





## Passenger Facility Charge Program Report

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

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

### **Report on Compliance**

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

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

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

### **Opinion on the Passenger Facility Charge Program**

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



**Report on Internal Control over Compliance**

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

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

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

**Report on Schedule of Passenger Facility Charges Collected and Expended**

We have audited the financial statements of the Authority as of and for the year ended September 30, 2023, and have issued our report thereon dated , 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.

# DRAFT

## **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

## Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2023

	PFC charges received	Interest earned	Total received	Expenditures on approved projects	Net per financial statements
Beginning balance, as previously reported	<u>\$ 148,479,114</u>	<u>\$ 4,912,358</u>	<u>\$ 153,391,472</u>	<u>\$ 132,142,023</u>	<u>\$ 21,249,449</u>
Quarter ended					
December 31, 2022	1,729,542	32,365	1,761,907	993,945	767,962
March 31, 2023	1,789,955	65,390	1,855,345	993,945	861,400
June 30, 2023	1,849,320	92,998	1,942,318	1,005,892	936,426
September 30, 2023	<u>1,668,272</u>	<u>107,388</u>	<u>1,775,660</u>	<u>1,005,892</u>	<u>769,768</u>
Total received for the year ended September 30, 2023	7,037,089	298,141	7,335,230	3,999,674	3,335,556
Add adjustment for fair market value and allocation of premiums and discounts	-	(930,242)	(930,242)	-	(930,242)
Add receivables at September 30, 2023	1,158,773	-	1,158,773	-	1,158,773
Less receivables at September 30, 2022	<u>(982,305)</u>	<u>-</u>	<u>(982,305)</u>	<u>-</u>	<u>(982,305)</u>
Total for the year ended September 30, 2023	<u>7,213,557</u>	<u>(632,101)</u>	<u>6,581,456</u>	<u>3,999,674</u>	<u>2,581,782</u>
Total program to date	<u>\$ 155,692,671</u>	<u>\$ 4,280,257</u>	<u>\$ 159,972,928</u>	<u>\$ 136,141,697</u>	<u>\$ 23,831,231</u>

**Summary of Significant Accounting Policies**

Year Ended September 30, 2023

1. Basis of presentation:

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

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

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

**Schedule of Findings and Questioned Costs**

Year Ended September 30, 2023

**Summary of Auditor's Results**

1. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance.
2. No material weaknesses were identified during the audit of the passenger facility charge program.
3. The auditors' report on compliance for the passenger facility charge program expresses an unmodified opinion.

**Schedule of Findings and Questioned Costs (continued)**

Year Ended September 30, 2023

**Findings - Compliance**

None

**Summary Schedule of Prior Year Findings**

Year Ended September 30, 2023

None





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## SINGLE AUDIT REPORT

# 2023

Year Ended  
September 30, 2023

Tucson Airport Authority  
Tucson, Arizona





## Single Audit Reports

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tucson Airport Authority, Inc. (the Authority) which comprise the statement of net position as of September 30, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated.

**Report on Internal Control over Financial Reporting**

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

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

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

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

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

***Basis for Opinion on Each Major Federal Program***

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

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



## ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the Authority as of and for the year ended September 30, 2023, and have issued our report thereon dated , 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.

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

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

See accompanying notes to schedule of expenditures of federal awards.

**Notes to Schedule of Expenditures of Federal Awards**

Year Ended September 30, 2023

1. Basis of presentation:

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

2. Summary of significant accounting policies:

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

3. Federal Assistance Listing Numbers (ALN):

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

## Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

## Summary of Auditors' Results

*Financial Statements*

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

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes

       No

Significant deficiency(ies) identified?

       Yes

  X   None reported

Noncompliance material to financial statements noted?

       Yes

  X   No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?

       Yes

  X   No

Significant deficiency(ies) identified?

       Yes

  X   None reported

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

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

Identification of major federal program:

ALN 20.106

Airport Improvement Program

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

Auditee qualified as a low-risk auditee?

       Yes

  X   No

**Schedule of Findings and Questioned Costs (continued)**

Year Ended September 30, 2023

**Findings - Financial Statement Audit**

**Material Weaknesses:**

2023-001

*Condition and criteria:*

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

*Effect:*

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

*Cause:*

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

*Recommendation:*

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

*Auditee response:*

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



**Schedule of Findings and Questioned Costs (continued)**

Year Ended September 30, 2023

**Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**Summary Schedule of Prior Year Findings**

Year Ended September 30, 2023

**Financial Statement Audit Findings**

**Finding 2022-001: Material Weakness**

*Condition:*

Grant revenue was recorded in the incorrect period.

*Recommendation:*

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

*Current status:*

Non recurring.





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