

**NOTICE TO ALL PROPOSERS**  
**ADDENDUM NO. 2**  
**TO THE REQUEST FOR PROPOSALS FOR**  
**TUCSON AIRPORT AUTHORITY PROJECT**  
**PROFESSIONAL AUDITING AND ACCOUNTING SERVICES**

**March 16, 2021**

The following Addendum dated March 16, 2021 shall be made a part of the Request for Proposal (RFP) dated March 1, 2021, for TAA Professional Auditing and Accounting Services.

**GENERAL**

The Pre-Proposal Conference Summary dated March 11, 2021, and associated Sign-In Sheets are attached to this Addendum No. 2.

**RESPONSES TO QUESTIONS**

Q. Would you be able to provide prior year's audit report?

A. Yes, See Attached 2019 Single Audit Report and Schedules

Q. Did the Tucson Airport Authority have any audit or internal control findings related to prior year's audit?

A. The Airport Authority did not have any audit or internal control findings related to the prior year's audit.

**ATTACHMENTS**

2019 Passenger Facility Charge Program Report

2019 Single Audit Reports and Schedules

CAFR 2020 Tenant List



## PRE-PROPOSAL CONFERENCE AGENDA

**Project Name:** Professional Auditing and Accounting Services  
**Date:** March 11, 2021  
**Time:** 11:00 a.m. AZMST  
**Location:** Tucson Airport Authority (TAA) Administration Building:  
**Funding:** Tucson Airport Authority  
**Contact for Proposal:** Ray Valdez  
**Project Director:** Kirk Eickhoff

### **SIGN IN AND INTRODUCTIONS**

1. See attached Sign-in Sheet for attendees.
2. Ray Valdez welcomed all attendees and made brief introductions. He indicated that the minutes of the pre-proposal conference will be distributed to all meeting attendees and RFP holders of record. Further addenda, if any, will be distributed only to firms on the RFP Holders List. Respondents wishing to receive all addenda should confirm they are on the RFP Holders List.

### **GENERAL INFORMATION**

1. TAA intends to award this contract by the end of May 2021. TAA and the selected firm will jointly develop a timeline for completing work and deliverables.
2. The project will be funded by Tucson Airport Authority funds.
3. TAA shall not be held responsible for any oral instructions. Any changes to this RFP will be in the form of an addendum, which will be furnished to all registered RFP holders.
4. This RFP does not obligate TAA to award the contract to any firm nor to pay any cost incurred in the proposal process or in the preparation of proposals submitted in response to this RFP. Shortlisted Firms will be required to attend a virtual interview tentatively scheduled for April 28, 2021. We expect to contact short-listed Firms on or around April 15, 2021, to notify them of the specific time and details of the interview. TAA reserves the right to reject any and all proposals or to accept any firm which is deemed to be advantageous to the public and TAA.
5. No representative or agent of the Respondent may contact any member of the staff or Selection Committee, any member or director of TAA or any other agent or consultant of TAA, either directly or indirectly for this proposal. Any questions related to the RFP or proposal process must be directed in writing to Ray Valdez by email at [rvaldez@flytucson.com](mailto:rvaldez@flytucson.com). Any communication, or attempted communication, with any person other than as designated above shall, in the sole discretion of TAA, be grounds for disqualification of the firm.

6. Until an award and execution of a contract by TAA, only the name of each Respondent on the short list may be made available to the public. All other information received by TAA in response to this RFP or contained in the proposals shall be confidential. The proposals shall be open to public inspection after the contract is awarded and executed by TAA. To the extent the firm designates and TAA concurs, trade secrets and other proprietary data contained in the firm's proposals will be kept confidential.
7. TAA will issue the minutes of the pre-proposal conference, pre-proposal sign-in sheets, and written responses to any questions received by email as soon as possible after this meeting.

### **PROPOSAL REQUIREMENTS**

1. Review the major proposals requirements described in the RFP.
2. Respondents should review the insurance requirements on pages 13-14 of the RFP to confirm that they can comply.
3. Failure on the part of a Respondent to provide any portion of the required documentation may be cause for rejection of the proposals. In the event of any conflict between any of the proposals documents, resolution thereof shall be at TAA's sole discretion.
4. One (1) original and five (5) copies of the proposal should be submitted to TAA and should be clearly labeled with the Respondent's name; and marked "Proposal for Professional Auditing and Accounting Services."
5. Proposals are due on or before 2:00 p.m. MST on March 30, 2021 at the Tucson Airport Authority's (TAA's) Administration Offices; and must be time stamped by the receptionist to record TAA's receipt of the proposal. Proposals submitted after that time will not be accepted.
6. Proposals may be withdrawn either personally or by written request any time before the scheduled deadline for receipt of proposals.

### **SELECTION PROCESS**

1. Proposals that meet the mandatory requirements, are properly licensed to practice in Arizona, will be evaluated and ranked by an in-house selection committee to create a short list.
2. The short-listed Respondents will be interviewed by the Selection Committee virtually. Interviews are currently scheduled for April 28, 2021; however, this date may be subject to change.
3. The selection committee will make a selection recommendation to the TAA Audit Council, which will then make a recommendation to the Board of Directors for approval at a Board Meeting to be held in May 2021.

### **SCOPE OF WORK**

Project Director:

Important Issues:

1. Revenue – confirmation will not work in our environment.
2. Fee perspective – do not underestimate the clerical aspects of putting together the Financial Statements. TAA does provide the audit firm with word and excel documents that we believe are complete but requires the audit firm to do the clerical piece of actually putting the documents in a presentable form.

## **DISCUSSION:**

The floor was opened to questions and answers and discussion followed.

Q. Why is the Authority going out for RFP?

A. This service is re-solicited every 5 years. TAA normally awards contracts for one (1) year with four (4) additional one-year renewal periods. Our current contract had no renewals remaining.

Q. What is the timing for fieldwork?

A. Fieldwork generally starts in the last week of November and will continue through December or early January. Generally, our annual financials are due to GFOA by March 31st.

Q. Are you allowing auditors to come out to your offices for the audit or are you having planning on having the audit remotely due to COVID-19?

A. We will do whatever is necessary to ensure the safety of our employees and consultants. We will have to see what the latest recommendations are with regard to Covid-19 come November.

Q. Given that the new 'Government Auditing Standards' - Yellow Book - will be in effect this year, and that having an auditor draft (or assist in drafting) the financial statements is deemed to be a significant threat to independence, has the Authority considered drafting their own FS?

A. Currently, TAA provides our auditor with prepared drafts of our Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows. The GAO guidance references preparing financials in their entirety from a client's trial balance. I do not believe TAA's situation meets this "entirety" criteria. However, we will need to have an ongoing conversation about the appropriate level of involvement in preparing the financials and what, if any, threats to independence exist and, if necessary, how to mitigate the threats.

Q. Did you receive Cares Act funding that was included as part of your existing Airport Improvement Program?

A. Yes, we did receive Cares Act Funding. We received 22.6 million and part of grant was reimbursed in FY20. We also received a grant allocation from the CRSSA relief program.

Q. Given the significant expected lead time, where is the Authority at in the process of implementing GASB 87 related to leases?

A. We are in the process of upgrading our lease management/revenue software. There are features that are built into the new system to assist with GASB 87. Beyond this, our accounting leadership is generally educated on the implications of GASB 87 and has taken steps to gather pertinent lease information and make appropriate assumptions required for implementation.

Q. Have you early adopted any GASB statements currently issued, but not required? How much assistance do you anticipate needing related to the adoption of new standards from your auditor?

A. We have not adopted any GASB statements early. We do not anticipate any significant assistance needed related to the adoption of new standards.

Q. Is the incumbent auditor invited to bid for another term?

A. Yes, the incumbent is invited to submit a proposal for consideration.

Q. How big was the audit team from your current CPA firm? How many staffs worked on the annual audit?

A. There were approximately 3 members on the audit team working on field work.

Q. RFP requires us to identify tenants that we have a professional relationship. Will you provide a current list to us?

A. See attached CAFR 2020 Tenant List

Q. Any new debt in 2021?

A. No new debt to-date in 2021. None anticipated.

Q. Are there any significant changes to the Authority's financials? Any new funding, debt etc? Will the 2020 financials be available during the proposal process?

A. When the 2020 financials are available, they will be published on the TAA website. However, they likely will not be available before this RFP closes. There are not any significant changes to our financials.

Q. Is the incumbent auditor permitted to present a bid?

A. Yes, the incumbent is invited to submit a proposal for consideration.

Q. What were the fees paid for the audit of the CAFR for the Authority for the year ended September 30, 2019 and what is the agreed-upon fixed fee for the audit of the Authority's September 30, 2020 financial statements? Were any consultations related to accounting matters billed separately from the audit fee?

A. The fees for the years ending Sept 30, 2019 and 2020 were \$47,000 for each year. There were no accounting consultations billed separately from the audit fee.

Q. Will you be able to disclose the prior fixed all-inclusive annual fees?

A. Years ending Sept 30:

2016 - \$46,000

2017 - \$46,000

2018 - \$46,000

2019 - \$47,000

2020 - \$47,000

Q. How many audit journal entries last year? Any unposted audit adjustments?

A. See attached Audit Report

Q. Can we get a copy of the PY single audit report?

A. See attached Audit Report

Q. What concerns do you have about changing firms, if any?

A. We do not have any major concerns with awarding this contract to another firm.

Q. With recent federal legislation, does the Authority anticipate any significant grant changes to their SEFA in the next year?

A. No, we do not see a change to the SEFA in the next year.

Q. In addition to the single audit report, could we please receive a copy of the PFC report?

A. See attached PFC Report

Q. Were any material weaknesses, significant deficiencies, noncompliance with laws and regulations, or audit adjustments identified / reported in the most recently completed financial statement audit?

A. No material weaknesses, significant deficiencies, or noncompliance issues were identified in the most recently completed financial statement audit. Some minor audit adjustments were identified and subsequently recorded.

Attendees were reminded:

1. Last day for questions is Monday, March 22, 2021.
2. Final Addendum will be issued on Wednesday, March 24, 2021.
3. The Proposal due date and time is March 30, 2021 on or by 2:00 p.m. Local Tucson Time.
4. Contact with TAA should be limited to TAA Procurement Department staff only.

The conference adjourned at 10:40 a.m.

The above is intended to be a summary of the proceedings as recalled by Ray Valdez. The proceedings were tape-recorded, and the tape is on file in the TAA's Procurement Department.

cc: File A

Tucson Airport Authority  
7250 S. Tucson Blvd, Ste. 300  
Tucson, AZ 85756  
(520) 573-8100

**ATTENDANCE SIGN IN SHEET**

**Project: Professional Auditing and Accounting Services  
Pre-Submittal Conference - WebEx**



<u>Date:</u> <b>March 11, 2021</b>	<u>Time:</u> <b>10:00 a.m.</b>	<u>Location:</u> <b>Tucson Airport Authority</b>	
<u>NAME</u>	<u>ORGANIZATION</u>	<u>PHONE</u>	<u>EMAIL ADDRESS</u>
Ray Valdez	TAA		<a href="mailto:rvaldez@flytucson.com">rvaldez@flytucson.com</a>
Kirk Eickhoff	TAA		<a href="mailto:keickhoff@flytucson.com">keickhoff@flytucson.com</a>
Ray Noriega	TAA		<a href="mailto:rnoriega@flytucson.com">rnoriega@flytucson.com</a>
Jon Wright	TAA		<a href="mailto:jwright@flytucson.com">jwright@flytucson.com</a>
Tim Auer	Semple, Marchal & Cooper		<a href="mailto:Tauer@semplecpa.com">Tauer@semplecpa.com</a>
Joe Reich	Plante Moran		<a href="mailto:Joe.Reich@PlanteMoran.com">Joe.Reich@PlanteMoran.com</a>
Christopher Heinfeld	Heinfeld, Meech & Co.		<a href="mailto:christopher.heinfeld@heinfeldmeech.com">christopher.heinfeld@heinfeldmeech.com</a>
Laurie Tish	Moss Adams		<a href="mailto:laurie.tish@mossadams.com">laurie.tish@mossadams.com</a>
Matt Parsons	Moss Adams		<a href="mailto:Matt.parsons@mossadams.com">Matt.parsons@mossadams.com</a>
Eric Maneval	Beach Fleischman		<a href="mailto:emaneval@beachfleischman.com">emaneval@beachfleischman.com</a>
Adam Bowman	Moss Adams		<a href="mailto:adam.bowman@mossadams.com">adam.bowman@mossadams.com</a>
Tamara Miramontes	Eide Bailly LLP		<a href="mailto:tmiramontes@eidebailly.com">tmiramontes@eidebailly.com</a>
Anna Thigpen	BKD, LLP		<a href="mailto:athigpen@bkd.com">athigpen@bkd.com</a>
Cailee Lewis	Henry & Horne, LLP		<a href="mailto:CaileeL@hncpa.com">CaileeL@hncpa.com</a>



Tucson Airport Authority  
7250 S. Tucson Blvd, Ste. 300  
Tucson, AZ 85756  
(520) 573-8100

**ATTENDANCE SIGN IN SHEET**

**Project: Professional Auditing and Accounting Services  
Pre-Submittal Conference - WebEx**



<u>Date:</u> <b>March 11, 2021</b>	<u>Time:</u> <b>10:00 a.m.</b>	<u>Location:</u> <b>Tucson Airport Authority</b>	
<u>NAME</u>	<u>ORGANIZATION</u>	<u>PHONE</u>	<u>EMAIL ADDRESS</u>
Yingying Chen	REDW LLC		<a href="mailto:yingying.chen@redw.com">yingying.chen@redw.com</a>
Dave Iaconis	BleachFleischman		<a href="mailto:diaconis@beachfleischman.com">diaconis@beachfleischman.com</a>
Jay Parke	Walker & Armstrong LLP		<a href="mailto:jparke@wa-cpas.com">jparke@wa-cpas.com</a>

**TUCSON AIRPORT AUTHORITY, INC.**

**PASSENGER FACILITY CHARGE PROGRAM REPORT  
YEAR ENDED SEPTEMBER 30, 2019**

**TUCSON AIRPORT AUTHORITY, INC.**  
**PASSENGER FACILITY CHARGE PROGRAM REPORT**  
**YEAR ENDED SEPTEMBER 30, 2019**

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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  
Tucson Airport Authority, Inc.  
Tucson, Arizona

***Report on compliance***

We have audited the compliance of Tucson Airport Authority, Inc. with the 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, 2019. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Tucson Airport Authority, Inc.'s management. Our responsibility is to express an opinion on Tucson Airport Authority, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Tucson Airport Authority, Inc.'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. Our audit does not provide a legal determination of Tucson Airport Authority, Inc.'s compliance with those requirements.

In our opinion, Tucson Airport Authority, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2019.

***Internal control over compliance***

The management of Tucson Airport Authority, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered Tucson Airport Authority, Inc.'s internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Board of Directors  
Tucson Airport Authority, Inc.

***Schedule of passenger facility charges collected and expended and summary of significant accounting policies***

We have audited the financial statements of Tucson Airport Authority, Inc. as of and for the year ended September 30, 2019, and have issued our report thereon dated May 5, 2020. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of passenger facility charges collected and expended and summary of significant accounting policies is presented for purposes of additional analysis as specified in the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Audit Council, management, Board of Directors, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

HBL CPAs, P.C.

**HBL CPAs, P.C.**

May 5, 2020

**TUCSON AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**  
**AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**YEAR ENDED SEPTEMBER 30, 2019**

<u>Quarter ended</u>	<u>PFC charges received</u>	<u>Interest earned</u>	<u>Total received</u>	<u>Expenditures on approved projects</u>	<u>Net per financial statements</u>
Beginning balance, as previously reported	\$ 125,853,938	\$ 4,990,597	\$ 130,844,535	\$ 114,449,790	\$ 16,394,745
December 31, 2018	1,793,773	68,088	1,861,861	1,831,796	30,065
March 31, 2019	1,849,326	74,938	1,924,264	1,831,796	92,468
June 30, 2019	1,910,029	83,059	1,993,088	1,008,033	985,055
September 30, 2019	<u>2,039,399</u>	<u>88,098</u>	<u>2,127,497</u>	<u>1,008,033</u>	<u>1,119,464</u>
Total received for the year ended September 30, 2019	7,592,527	314,183	7,906,710	5,679,658	2,227,052
Adjustment to fair value	-	178,466	178,466	-	178,466
Add receivables at September 30, 2019	626,109	-	626,109	-	626,109
Less receivables at September 30, 2018	<u>(989,437)</u>	<u>-</u>	<u>(989,437)</u>	<u>-</u>	<u>(989,437)</u>
Total for the year ended September 30, 2019	<u>7,229,199</u>	<u>492,649</u>	<u>7,721,848</u>	<u>5,679,658</u>	<u>2,042,190</u>
Total program to date	<u>\$ 133,083,137</u>	<u>\$ 5,483,246</u>	<u>\$ 138,566,383</u>	<u>\$ 120,129,448</u>	<u>\$ 18,436,935</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**NOTE 1 - Basis of accounting**

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.

**NOTE 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, 2019 pursuant to Federal Aviation Administration (FAA) approved applications, including all amendments, to impose \$179,290,016 (including bond interest debt service of \$51,490,848) to be collected through February 1, 2027.

**TUCSON AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**FINDING/NONCOMPLIANCE**

None

**SUMMARY OF AUDITORS' RESULTS**

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditor's report on compliance for the passenger facility charge program expresses an unqualified opinion.

**TUCSON AIRPORT AUTHORITY, INC.**  
**SUMMARY OF PRIOR YEAR FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**None**



**TUCSON AIRPORT AUTHORITY, INC.**

**SINGLE AUDIT REPORTS AND SCHEDULES  
YEAR ENDED SEPTEMBER 30, 2019**

**TUCSON AIRPORT AUTHORITY, INC.**  
**SINGLE AUDIT REPORTS AND SCHEDULES**  
**YEAR ENDED SEPTEMBER 30, 2019**

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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  
Tucson Airport Authority, Inc.  
Tucson, Arizona

We have audited, in accordance with the 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., which comprise the statement of net position as of September 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2020.

***Internal control over financial reporting***

In planning and performing our audit of the financial statements, we considered Tucson Airport Authority, Inc.'s internal control over financial reporting (internal control) to determine the 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 Tucson Airport Authority, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tucson Airport Authority, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and other matters***

As part of obtaining reasonable assurance about whether Tucson Airport Authority, Inc.'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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

***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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBL CPAs, P.C.

**HBL CPAs, P.C.**

May 5, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

***Report on compliance for each major federal program***

We have audited Tucson Airport Authority, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tucson Airport Authority, Inc.'s major federal programs for the year ended September 30, 2019. Tucson Airport Authority, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's responsibility***

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

***Auditors' responsibility***

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

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

***Opinion on each major federal program***

In our opinion, Tucson Airport Authority, Inc. 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, 2019.

***Report on internal control over compliance***

Management of Tucson Airport Authority, Inc. 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 Tucson Airport Authority, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tucson Airport Authority, Inc.'s internal control over compliance.

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

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

***Report on schedule of expenditures of federal awards required by the Uniform Guidance***

We have audited the financial statements of Tucson Airport Authority, Inc. as of and for the year ended September 30, 2019, and have issued our report thereon dated May 5, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

HBL CPAs, P.C.

**HBL CPAs, P.C.**

May 5, 2020

**TUCSON AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

***Federal awards***

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Identification of major programs:	
<u>CFDA number</u>	<u>Name of federal program</u>
20.106	Airport Improvement Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low risk auditee?	Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**None**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None**

**INFORMATION PREPARED BY AUDITEE**



**TUCSON AIRPORT AUTHORITY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
<b><u>U.S. Department of Transportation</u></b>				
<i>Direct:</i>				
Airport Improvement Program	20.106	3-04-0044-029-2018	\$ -	\$ 347,540
Airport Improvement Program	20.106	3-04-0045-072-2015	-	24,637
Airport Improvement Program	20.106	3-04-0045-075-2016	-	136,095
Airport Improvement Program	20.106	3-04-0045-076-2017	-	1,826,629
Airport Improvement Program	20.106	3-04-0045-077-2019	-	425,350
Airport Improvement Program	20.106	3-04-0045-078-2019	-	91,724
Airport Improvement Program	20.106	3-04-0045-079-2019	-	198,016
<i>Total CFDA No. 20.106</i>			<u>\$ -</u>	<u>\$ 3,049,991</u>

**NOTE 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Tucson Airport Authority, Inc. under programs of the federal government for the year ended September 30, 2019. 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 Tucson Airport Authority, Inc., it is not intended to and does not present the net position, changes in net position, or cash flows of Tucson Airport Authority, Inc.

**NOTE 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 - Indirect cost rate**

Tucson Airport Authority, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 - Reconciliation of the Schedule to Tucson Airport Authority, Inc.'s financial statements**

Total federal expenditures per the Schedule	\$ 3,049,991
TSA Advanced Surveillance grant for which Tucson Airport Authority, Inc. is a contractor and not a recipient	<u>204,119</u>
Capital contributions per statements of revenues, expenses and changes in net position	<u>\$ 3,254,110</u>

**TUCSON AIRPORT AUTHORITY, INC.**  
**SUMMARY OF PRIOR YEAR FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**None**

# Airlines and Tenants As Of September 30, 2020

## PASSENGER AIRLINES

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Alaska Airlines  
 Allegiant Air  
 American Airlines  
 Delta Air Lines  
 Frontier Airlines  
 Mesa Airlines  
 Piedmont Airlines, Inc.  
 Sierra Pacific  
 SkyWest Airlines  
 Southwest Airlines  
 Sun Country Airlines  
 United Airlines

## CARGO AIRLINES

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Ameriflight  
 Federal Express

## CAR RENTALS

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Alamo  
 Avis  
 Budget  
 Dollar  
 Enterprise  
 Hertz  
 National

## RYAN AIRFIELD

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Aero Smith  
 Aero Experts  
 Air Center West  
 Aircrafters  
 Air Ventures Ltd.  
 Air West, Inc.  
 Alpha Air, Inc.  
 Aviation Pursuits  
 Cherokee Cabañas  
 Corsair Condos  
 Dangle Aviation  
 Duncan & Associates  
 Jim's Aircraft  
 Kelly's Aviation  
 Marjet, Inc.  
 Mobile Aire Hangars  
 North American Aerial  
 Surveys  
 Richie's Café  
 Sonora Avionics  
 Tucson Upholstery  
 United Indian Missions  
 Velocity Air, Inc.  
 Vistawest Hangers  
 Serco Inc.

## TUCSON INTERNATIONAL AIRPORT

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AT&T  
 A.E. Petsche Company,  
 Inc.  
 Ace Parking  
 Management, Inc.  
 AERGO-TUS, LLC  
 Aerospace Hangar, LLC  
 Aerovation

Airport Information  
 Centre  
 Amalong, Terry  
 Apple Autos  
 Arizona Aero-Tech  
 Arizona Air National  
 Guard  
 Arizona Aviation  
 Associates  
 Ascent Aviation  
 Services  
 Arizona Department of  
 Public Safety  
 Ashton Company  
 Atlantic Aviation  
 Bank of America  
 Bombardier Aerospace/  
 Learjet Inc.  
 Broward Aviation  
 City of Tucson  
 Civil Air Patrol  
 Clear Channel Airport  
 Advertising  
 Creative Food Group  
 Delta Global Logistics  
 Double Eagle Aviation  
 Flight School  
 Federal Aviation  
 Administration  
 FlightSafety  
 International, Inc.  
 General Services  
 Administration  
 Granite Construction  
 Company  
 Great American Shoe  
 Shine Co.  
 Handy Hangars  
 The Hudson Group  
 Hughes Federal Credit  
 Union  
 Jet, LLC  
 Lan-Dale Co.  
 Luggage Services &  
 Logistics

Lyft  
 Matheson Flight  
 Extenders, Inc.  
 Max Air Ventures, LLC  
 Metal Works  
 Military Lounge  
 Million Air  
 Mitsubishi Heavy  
 Industrial – RJ Aviation  
 Pima Community  
 College  
 PrimeFlight Aviation  
 Services  
 Prospect International  
 Airport Services, Inc.  
 Real Air Hangar, Inc.  
 Raytheon Missile  
 Systems  
 Simplicity USA Ground  
 Services  
 Smarte Carte, Inc.  
 Southwest Airport  
 Services  
 SOS Security  
 Southwest Heliservices  
 Surplus World  
 Swissport Fueling  
 Services  
 Transportation Security  
 Administration  
 Tucson Aviation, LLC  
 Tucson Executive  
 Center  
 Tucson Fuel Facilities,  
 LLC  
 Tucson Jet Center  
 Tucson Police  
 Department  
 Uber  
 Tucson Stagecoach  
 Express  
 Universal Avionics  
 U.S. Customs & Border  
 Protection

U.S. REIF Tucson  
 Commerce Center  
 VIP Cab  
 Velocity Air  
 Verizon Wireless  
 Victor II, Ltd.  
 Wright Flight, Inc.  
 WiMacTel  
 Yellow Cab