2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Years Ended September 30, 2019 and 2018
Tucson Airport Authority
Tucson, Arizona

TUCSON
AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

2019

TUCSON AIRPORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Prepared by the Finance Department
Years Ended September 30, 2019 and 2018

Tucson, Arizona

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Mission Statement

The mission of the Tucson Airport Authority is to promote aviation and foster economic development by strategically planning, developing and operating the most effective and efficient airport system for southern Arizona.

2019 Board of Directors and Members

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Retired

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INTRODUCTION

May 31, 2020

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 Comprehensive Annual Financial Report (CAFR) of the Tucson Airport Authority, Inc. (Authority) for the fiscal year (FY) ended September 30, 2019. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Authority. 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 CAFR.

Organization

The Authority was established on April 12, 1948, as a civic, non-profit corporation, as provided for under Arizona law, to develop, promote, operate and maintain airports and air transportation facilities adjacent to the City of Tucson (City) and in Pima County (County). Under Arizona law, the City 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 Authority operates Tucson International Airport (TUS) and Ryan Airfield (RYN) as an essential government function under Arizona law.

The Authority'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. The Authority's Board of Directors (Board) consists of no more than eleven and no less than seven Authority members, including one ex-officio member, the immediate past chair. The remaining directors are elected by active Authority members, typically to staggered terms of three consecutive years, and may serve a maximum of two successive terms. As of September 30, 2019 there were eight elected and one ex-officio board members. 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 Authority.

The Board appoints the CEO, who serves at its pleasure. The Authority's staff is organized into three divisions, each managed by a Vice President appointed by and reporting directly to the CEO. These three divisions are Administration and Finance, Operations, and Planning and Engineering. Additionally, the CEO appoints a General Counsel reporting directly to the CEO. The organizational chart that follows this letter reflects the operational structure as of September 30, 2019.

The Authority's airport system consists of TUS and RYN. TUS is a commercial service airport serving the Tucson metropolitan area, southern Arizona and northern Sonora, Mexico. RYN serves as a general aviation reliever airport for TUS.

TUS encompasses 8,343 acres of land and is located eight miles south of the City's central business district. There are approximately 130 separate buildings on the airport property providing approximately 2.5 million square feet of floor space.

On October 14, 1948, the City and the Authority entered into a 25-year lease for TUS. A March 15, 1971 amendment extended the term of the lease to October 14, 2023 and provided an option to extend the term of the lease to October 14, 2048. The Authority exercised this extension option in 1986. A July 7, 2015 amendment extended the term of the lease to October 14, 2073 and provided an option to extend the term of the lease to October 14, 2098. The Authority exercised this extension option in 2016.

Organization (continued)

The TUS lease obligates the Authority to make rent payments to the City, calculated by taking gross operating revenues and deducting operating expenses and certain other funding requirements. The Arizona Superior Court, in and for the County, approved the validity of the lease and ruled that in calculating rents due the City, the Authority may deduct a sum equal to the total amount required to pay all of its outstanding obligations, regardless of what amount may be due in any year. The Authority has not been required to make any payments to the City under this formula and does not expect an obligation to do so while its revenue bonds are outstanding.

RYN, located 12 miles southwest of downtown Tucson, encompasses 1,804 acres of land and accommodates a wide variety of general aviation and military activity. The Authority holds a separate lease for RYN with the City that expires in 2053. The lease was originally entered into with the State of Arizona on August 31, 1954, but ownership of the land was transferred by the State of Arizona and accepted by the City on December 21, 1959. Annual lease payments are based on a nominal amount ($.05 per acre), plus 10% of RYN's net profits. The Authority has not been required to make any payments to the City under the percentage of net profits provision and does not expect an obligation to do so in the foreseeable future.

The TUS lease obligates the Authority to make rent payments to the City, calculated by taking gross operating revenues and deducting operating expenses and certain other funding requirements. The Arizona Superior Court, in and for the County, approved the validity of the lease and ruled that in calculating rents due the City, the Authority may deduct a sum equal to the total amount required to pay all of its outstanding obligations, regardless of what amount may be due in any year. The Authority has not been required to make any payments to the City under this formula and does not expect an obligation to do so while its revenue bonds are outstanding.

Ryan, located 12 miles southwest of downtown Tucson, encompasses 1,804 acres of land and accommodates a wide variety of general aviation and military activity. The Authority holds a separate lease for Ryan with the City that expires in 2053. The lease was originally entered into with the State of Arizona on August 31, 1954, but ownership of the land was transferred by the State of Arizona and accepted by the City on December 21, 1959. Annual lease payments are based on a nominal amount ($.05 per acre), plus 10% of Ryan's net profits. The Authority has not been required to make any payments to the City under the percentage of net profits provision and does not expect an obligation to do so in the foreseeable future.

Economic Conditions and Outlook

2019 Air Travel Industry Recap

2019 marked another year of significant growth in both seat capacity and passenger numbers for U.S. airlines, driven by a strong and growing economy. A competitive environment, particularly with higher than average growth by ultra-low cost carriers kept airfares low and more people traveling. This growth in air travel was all in spite of the impact of the FAA's decision in March 2019 to ground all Boeing 737 MAX aircraft for safety reasons. This action resulted in lower than planned 2019 seat capacity growth for three of the four largest U.S. airlines.

According to figures from the U.S. Department of Transportation Bureau of Transportation Statistics, total scheduled U.S. domestic airline passenger enplanements in 2019 increased 4.3% from the previous year. U.S. domestic scheduled available seat miles expanded by 3.7% in 2019, resulting in the average U.S. domestic load factor increasing to 85.1% from 84.5% in 2018. Continuing a trend that began in 2016, the rate of increase in capacity and passenger levels at small and medium hub airports was greater than at large hub airports again in 2019.

2020 Air Travel Industry Outlook

The financial health and profitability of U.S. airlines was expected to continue in 2020 due to an expectation of the return of Boeing 737 MAX aircraft to service and continued U.S. economic growth resulting in strong travel demand. All projections for airline traffic growth and profitability in 2020 were upended in March 2020 with the onset of the COVID-19 pandemic. By early April 2020, passenger traffic at U.S. airports was reduced by 95% compared to the same dates in 2019. In response, U.S. airlines have announced domestic capacity cuts of up to 80% through at least May 2020. At what point and at what pace demand for air travel will recover is unknown.

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 being all of Pima County. The County covers an area of approximately 9,200 square miles and, according to the Arizona Department of Administration Office of Employment and Population Statistics, had an estimated population of 1,044,675 as of July 1, 2019, which represents an increase of 1.0% from July 1, 2018.

Economic Conditions And Outlook (continued)

State and Local Economic Outlook (continued)

The Tucson metro area consists of about 495 square miles that contains more than 95% of the County's population, including the incorporated municipalities of Tucson, Marana, Oro Valley, Sahuarita and South Tucson. 35% of the County's population resides in unincorporated areas. The metro area is the origin or destination of almost all airport users.

Tourism and recreation are important components of the Tucson economy. The area has a sunny climate with a high temperature averaging 82 degrees and a low of 55. Average annual precipitation is approximately 11 inches. Tucson averages 350 days of sunshine a year, creating ideal conditions for year-round play at approximately fifty golf courses in and around the city. These and other visitor benefits are aggressively marketed by local businesses and Visit Tucson, the area's destination marketing organization. Tourism has been a significant contributor to past growth in annual passenger traffic at TUS.

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

For a variety of reasons, Tucson's and Arizona's economies lagged most of the rest of the country in the post-2008 recession years, but began accelerating in 2016. As of December 2019, the Eller College of Management's Economic and Business Research Center at the University of Arizona expected the Tucson MSA's nonfarm job growth in 2020 to be strong and outpace that of the U.S. overall. A revised forecast in late March 2020 forecasts estimates nonfarm employment in 2020 to decline 5.4% in the Tucson MSA. This assumed that the COVID-19 pandemic is brought under control by the summer of 2020, which is not certain.

Financial Impact of Reduced Travel Related To COVID-19

Similar to other commercial service airports throughout the country, a large share of the Authority's revenues are driven by commercial airline flights and associated purchases of goods and services by passengers at TUS. These revenues will be significantly reduced in FY 2020 as a result of the COVID-19 pandemic.

In early April 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by both houses of congress and signed by the President of the United States. The CARES Act provides relief in the form of grants for airlines and airports designed to maintain employment levels by offsetting revenue losses from the dramatic reduction in air travel. The Authority anticipates applying for and receiving CARES Act grants. A condition of airports accepting these grants is that they maintain employment levels at 90% of pre-pandemic levels through December 31, 2020.

Air Service at Tucson International Airport

TUS is the principal air carrier airport serving metropolitan Tucson, southern Arizona and northern Sonora, Mexico. The Authority considers Pima County as its primary airport service area.

The Authority 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 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 (the region's destination marketing organization), the Metropolitan Tucson Chamber of Commerce, the Southern Arizona Leadership Council and Sun Corridor, Inc. (the region's economic development organization).

The Authority's primary air service objectives are to accommodate demand by increasing nonstop services 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 destinations in Mexico and Canada.

The airlines that provide regularly scheduled service to TUS include network carriers, their wholly 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's total passenger traffic rose from 3,551,159 in FY 2018 to 3,783,535 in FY 2019, an increase of 6.5%. This followed passenger increases of 4.0% in FY 2018 and 5.7% in FY 2017. Total scheduled inbound/outbound seat capacity in FY 2019 increased 9.6% from FY 2018, after an increase of 2.3% in FY 2018 compared to FY 2017.

Economic Conditions And Outlook (continued)

Air Service at Tucson International Airport (continued)

Twenty-two destination airports were served nonstop from TUS in FY 2019, which was two more than in FY 2018. The nonstop destinations served in FY 2019 were:

- Atlanta (ATL)
- Austin (AUS)
- Bellingham, WA (BLI)
- Charlotte, NC (CLT)
- Chicago O'Hare (ORD)
- Chicago Midway (MDW)
- Dallas/Ft. Worth (DFW)
- Denver (DEN)
- Houston Bush (IAH)
- Houston Hobby (HOU)
- Las Vegas (LAS)
- Los Angeles (LAX)
- Minneapolis (MSP)
- Oakland (OAK)
- Phoenix (PHX)
- Portland (PDX)
- Provo, UT (PVU)
- Salt Lake City (SLC)
- San Diego (SAN)
- San Francisco (SFO)
- San Jose (SJC)
- Seattle (SEA)

The most significant air service developments in FY 2019 were the entry of ultra-low cost carrier Allegiant Air entering the market with year-round service twice weekly to Provo, UT and seasonal service to Bellingham, WA, as well as Southwest adding daily service to San Jose, joining Alaska on that route. Frontier also returned to the Tucson market with seasonal service four times weekly to Denver, joining United and Southwest. These additions were offset by American cancelling their daily service to Charlotte and Via Airlines ending its three times weekly service to Austin.

The FY 2019 outlook for additional scheduled airline service at TUS was positive until the outbreak of the COVID-19 pandemic in March 2020. Through February 2020, year-to-date passengers were running 1.5% ahead of FY 2019. As noted previously, all of the airlines serving TUS have drastically reduced scheduled flights through at least May 2020. This includes reduction in frequencies on all routes served multiple times daily and elimination entirely of other routes. The timing and pace of a recovery in demand for air service in the U.S. and worldwide is not yet possible to predict with any degree of certainty.

Assuming demand for air service does return to levels that existed prior to the COVID-19 pandemic, the Authority believes that most, if not all, routes will be restored to previous service levels and that sufficient demand exists for year-round daily service to domestic destinations such as Albuquerque, Boston, Detroit, New York, Philadelphia and Washington, D.C. Less than daily year-round service to a limited number of destinations in Mexico and seasonal service from one or more Canadian cities are also believed to be viable. Additionally, strong performance of certain existing seasonal routes such as Minneapolis and Portland suggest opportunities to maintain these routes year-round.

Major Initiatives

CAPITAL IMPROVEMENT PROGRAM

The Authority's Board and management are responsible for the development of TUS and RYN. As such, the Board approved Master Plan updates for TUS in 2013 and for RYN in 2011 that set out overall 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 Authority and identifies land which should be acquired in the future for expansion. The Authority addresses Master Plan and any new capital spending needs that arise through its Capital Improvement Program (CIP), which is updated and adopted annually.

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

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

FY 2019 Completed CIP Construction and Projects at TUS (greater than $75,000)

CCTV Upgrades/LAN Redundancy | Cost: $4,708,000 Update security surveillance system to IP-based high-definition cameras, replacing the existing analog matrix switch and stand-alone digital video management system with virtual video server and storage. The project also included installation of redundant cabling for the Authority's Local Area Network (LAN) for continuity of operations. Contractor: World Wide Technologies, AZ Communication Experts.

Major Initiatives (continued)

Reconstruct Runway 11L/29R, Connecting Taxiways & Shoulders | Cost: $19,790,392 Mill and overlay pavement on Runway 11L/29R and connecting taxiways and shoulders. Consultant: AECOM. Contractor: Granite Construction.

Terminal Optimization Project | Cost: $25,743,009 Relocate and enhance the security screening checkpoints with underutilized space, enlarge concession space and make improvements to critical building systems to enhance functionality and extend the life of the passenger terminal building. Consultant:DWL Architects. Contractor: Sundt Construction

FY 2019 Completed CIP Construction and Projects at RYN (greater than $75,000)

Land Acquisition | Cost: $ 117,831 Purchase of 79.8 acres of property for Runway 15 runway protection zone.

FY 2019 CIP at TUS – Ongoing and New Projects (greater than $500,000)

EIS for Relocated Runway 11R & Associated Taxiways | Cost: $4.3 million Environmental Impact Study (EIS) for relocation of Runway 11R and associated taxiway enhancements. Includes inventory of environmental resources within the project area, an assessment of alternatives, an analysis of impacts, and the identification of potential mitigation measures and/or findings of no significant impact.

U.S. Customs and Border Protection (CBP) Relocation | Cost: $1.8 million Renovations to the first floor of the former Executive Terminal building to create new Global Entry processing, general aviation customs processing and CBP office space areas and ancillary facilities.

Reconstruct Taxiway D, Shoulders & Connectors | Cost: $11.9 million Reconstruct (mill and overlay) Taxiway D Shoulders and Connectors.

Airfield Safety Enhancement (ASE) Program | Cost: $220 million The ASE Program includes improvements to the Tucson International Airport (TUS) airfield to meet FAA safety and standards. The program will be completed in phases over multiple years.

TWY G Extension | Cost: $2.3 million Extend Taxiway G approximately 1,000 feet southeast to facilitate development of aviation-related commercial and industrial property.

Reconstruct HIDTA, Universal and Helicopter Pad Pavement Areas | Cost: $597,346 The project includes reconstruction of AHELI-01, 02, AWASH-01, and THELI-02 totaling approximately 43,510 square feet; mill and overlay of AHIDTA-01, THELI-01, TUNIV-01 totaling approximately 53,919 square feet; and removal and replacement of pavement on SNORTH-01 totaling approximately 17,200 square feet. Work also includes marking and re-striping.

EVIDS/Audio Paging Replacement | Cost: $2.6 million Replace aging EVIDS/Audio Paging System for the Tucson International Airport Terminal.

FY 2019 CIP at RYN – Ongoing and New Projects (greater than $500,000)

Drainage Channel and Dike | Cost: $2.6 million Design and construct an earth dike and adjacent drainage channel in accordance with Federal Emergency Management Administration standards.

Ryan Master Plan Update | Cost: $706,688 Update the existing Master Plan for Ryan Airfield. Forecasts, development alternatives, financial plan, strategic plan and security assessment will be included.

Reconstruct Connector and Maintenance Roads | Cost: $553,447 Mill and overlay Connector Road CROAD-02 totaling approximately 82,302 square feet, and Maintenance Road MROAD-01 totaling approximately 18,400 square feet. The project includes restriping of markings.

On-Airport Sanitary Sewer Collection System | Cost: $878,783 Install piping and connect to a new trunk sewer line from the existing connection point at the northeast corner of RYN's property to the Administration Office area.

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

MAJOR MAINTENANCE PROGRAM

The Authority's Board and management are 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. 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.

Major Initiatives (continued)

FY 2019 Completed MMP Projects at TUS (greater than $75,000)

Demolition of Various Buildings at Tucson International Airport | Cost: $492,193 Demolition of twelve buildings on airport property. Contractor: Barker Contracting, Catclaw Contractors.

Replace Air Conditioning Units throughout TUS Complex | Cost $287,045 Replaced various air conditioning units throughout the Tucson International Airport Complex. Contractor: Pueblo Mechanical.

Roofing Repairs | Cost: $421,996 Roof replacement and repairs on thirteen buildings throughout complex at Tucson International Airport. Contractor: Centimark Corporation.

Terminal Signage – Exterior | $78,468 Installation of exterior wayfinding signs at Tucson International Airport. Contractors: Summit West Signs Desert Barricades.

Install Speed Table and Sidewalk on Upper Roadway | $80,183 Install a speed table, signage and additional sidewalk area along the upper terminal roadway. Contractors: Sunland Asphalt, Medra LLC

FEDERAL AND STATE FUNDING

The Authority participates in the FAA's Airport Improvement Program (AIP), which provides Airport and Airway Trust Fund money 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 2019 totaled $24,357,201. The FAA has awarded $114,660,761 million in grants to the Authority during the past ten years.

The State of Arizona also provides grant assistance to airports. These grants may cover up to half of the Authority's required match for AIP projects or full funding for projects of smaller size and scope. Grants received under this program in FY 2019 totaled $1,116,287. ADOT has awarded $16,166,001 million to the Authority during the past ten years.

PASSENGER FACILITY CHARGE PROGRAM

Passenger Facility Charges (PFCs) are fees imposed on enplaned passengers by airport sponsors to generate revenues for airport projects that increase capacity, enhance competition among and between air carriers, enhance safety or security, or mitigate noise impacts. PFCs were established by Title 49 U.S.C. §40117, and authorized airport sponsors to collect PFCs in the amount of $1.00 to $3.00 per eligible enplaning originating and connecting passenger. The Aviation Investment and Reform Act (AIR-21) increased the maximum PFC airport sponsors could collect to $4.50 per enplaning passenger. In return for the right to assess PFCs in the amount of $1.00 to $3.00, large and medium hub airports must forego up to 50% of their AIP entitlement grants. Large and medium hub airports that collect a PFC of $4.00 or $4.50 must forego 75% of their AIP entitlement grants. 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. As a small hub airport, TUS is currently not subject to AIP entitlement grant reductions.

Beginning February 1, 1998, the Authority imposed a PFC of $3.00 per eligible enplaning passenger at TUS under the terms of its initial PFC application and the Record of Decision (97-01-C-01-TUS) issued by the FAA. In March 2006, the Authority submitted to the FAA an amendment to its existing PFC program to increase the current PFC level from $3.00 to $4.50 per eligible enplaned passenger and a new application to impose and use PFCs at the $4.50 level for the Concourse Renovation Project. On June 6, 2006, the Authority received approval for the new application (06-02-C-00-TUS) and on April 7, 2006, the Authority received approval for the amendment. The increase in the PFC level from $3.00 per enplaning passenger to $4.50 began October 1, 2006. On December 15, 2017, the Authority received approval for a new application (17-03-C-00-TUS) for the Terminal Optimization Project. The Authority 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, 2019, the Authority had earned $132,457,031 in PFCs since the inception of the program, plus associated interest.

The current $4.50 PFC is expected to continue generating between $6 million and $7 million of revenue annually. The FAA's PFC approvals included authorization to utilize PFCs for the payment of principal and interest on general airport revenue bonds issued to pay construction costs related to eligible projects. PFCs are currently being used to pay debt service on subordinate lien revenue bonds for landside terminal expansion in 2001, land acquisitions completed in 2005 and the Concourse Renovation Project completed in 2008.

Major Initiatives (continued)

LEASING, BUSINESS DEVELOPMENT AND CONCESSION ACTIVITY

An economic impact study of the Tucson Airport Authority completed by Elliott D. Pollack & Co. in March 2018 calculated that TUS and RYN in 2017 contributed a $7.4 billion total economic impact to southern Arizona's economy. With hundreds of acres of developable land holdings both on-airport and off-airport, the Authority is positioned to continue to build on this impact in the future, and contracts with Sun Corridor, Inc. (SCI), the region's economic development organization, to further the Authority's economic development and airport marketing efforts. These efforts benefit the entire region as Authority property is developed and jobs are created, but also directly enhance airport revenues through property leasing and increased airport usage. The agreement draws on SCI's expertise to develop and market the Authority's assets through strategic site planning and marketing; connecting the Authority to local, national and international site selectors and developers; and providing critical data and analysis for air service development. Business retention and expansion at both TUS and RYN are also areas of focus. Targeted industries include aerospace and aviation, air cargo and logistics/ multi-modal transportation.

The Authority in FY 2019 completed roadway, utility and taxilane infrastructure improvements in order to open up a new area on the west side of TUS for hangar development. In this area, a build-to-suit hangar for the Arizona Department of Public Safety was constructed by a local private developer. Renovations were completed on a landside warehouse building on the west side of TUS targeted for leasing to aviation-related businesses.

In an effort to attract new air carriers desiring a different fee structure than that available in the TUS main terminal, renovations were completed in a former international passenger terminal area for to be used for a new domestic gate designed to operate on a "per turn" fee basis. Allegiant Airlines began using this facility, known as the C Gates, in January 2019.

After a Request for Proposals (RFP) process, the Authority selected Ace Parking for a new five-year parking facilities management contract beginning February 1, 2019. Under the agreement, Ace manages all TUS public and airport employee parking lots owned by the Authority, and will work with Authority staff to implement a parking reservation system that will allow customers to reserve and prepay their parking online, while streamlining entry to and exit from the lots. Ace will also work with the Authority to develop a parking loyalty program.

In August 2019, the Authority's Board of Directors approved a 30-year land lease with Tucson Fuel Facilities LLC (TFF) for construction of a new commercial airline jet fuel storage facility to replace the existing obsolete facilities. TFF is a consortium owned by the five signatory airlines serving TUS. The investment is expected to be a minimum of $10 million.

In an area known as General Aviation Area B-1 at TUS, FBO operator Premier Aviation began work on their leasehold to demolish obsolete buildings, construct a new hangar/office building and reconstruct pavement. When finished, the completely renovated facilities will begin operating as a new FBO to be called Tucson Executive Terminal.

During FY 2019, the Authority entered into long-term facility leases with Mobile Aire Hangars at RYN and The Lan-Dale Company at TUS for general aviation hangar developments that were coming off expired land leases. As facility leases generate higher rents than land leases, these new leases contribute to the Authority's long-term sustainability as a self-funded entity. Additionally, the Authority entered into a long-term land lease with Tucson Electric Power Company for a new electric substation on land not needed for future aeronautical development.

Financial Policies and Practices

BUDGETARY CONTROLS

An annual budget is prepared on a residual cost basis as established by Section 5.03(a) of the Airport Use Agreement dated April 27, 1977 for all accounts and funds established by the agreement. The annual budget serves as a foundation for the Authority's financial planning and control. All appropriations with the exception of those for open project accounts lapse at the end of each fiscal year. Since there is no legal requirement for the Authority 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 Authority to present a biennial version of the budget to the Mayor and City Council for information purposes. The annual budget is approved by the Board prior to its implementation and, in accordance with the Airport Use Agreement, is presented to the Airline Affairs Committee for review, but not approval.

The "residual cost" approach forms the basis of the Authority'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: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 Authority for providing, operating and managing the airport system (TUS and Ryan). The result is coverage of all Authority operating

BUDGETARY CONTROLS (continued)

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 Authority for providing, operating and managing the airport system (TUS and RYN). The result is coverage of all Authority 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.

Long-term Agreements - A common feature of residual cost contracts; the Authority's current agreement was executed in 1977 with an original expiration date of September 30, 2006. Through several amendments, the agreement was extended through September 30, 2018 and operated on a month-to-month basis throughout FY 2019. Subsequently, an additional two-year extension effective October 1, 2019 was executed and is set to expire September 30, 2021. In recent years, the average length of most residual airport use agreements has decreased, with three to five years becoming more common.

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 leased gate and hold room space to accommodate their operations and paid for in the form of rents. The preferential rights concept was introduced at TUS with the recent use agreement extensions in order to allow the Authority more flexibility to accommodate future growth in air service.

Joint (or common use) Rights - Rights provided to individual airlines for use of space in common with other users to provide baggage claim facilities and certain gate areas paid for in the form of rents.

To provide financial resources adequate to meet the Authority's needs, the Airport Use Agreement includes a formula for the calculation of rates and charges, including landing fees. This formula, the "Airport System Income Requirement," serves as a template in creating the annual budget, and is commonly referred to simply as the "Airport System." The formula consists of four elements:

- *Operation and Maintenance Expenses* — in addition to day-to-day operating requirements, this item provides for capital needs, short-term debt obligations, and any other requirements not included elsewhere in the formula.
- Debt Service Requirements — includes 125% of the principal and interest payments due in accordance with senior lien revenue bond resolutions and debt amortization schedules. The 25% excess is called "coverage." For subordinate lien revenue bonds where other revenue sources such as PFCs are not pledged for debt service, the excess coverage requirement is 10%. Providing coverage fulfills a covenant in the bond resolutions that requires this surplus as assurance to bond holders that adequate funds will be available to pay debt service requirements on a timely basis. In the normal course of business, the coverage is not needed and it flows through the airport system.
- Fund Replenishments — Fund Replenishments — provides for the funding and refunding of the various reserve funds required by the Authority'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.

Financial Policies and Practices (continued)

Together, these four elements (Debt Service, Operations & Maintenance, Fund Replenishment, and Adjustments) comprise the “Total Gross Requirement.” This requirement is then reduced by all of 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 Authority uses for long-term planning is the Master Plan, which was last updated for TUS in 2013. This document is prepared with the input of Authority staff, the signatory airlines and other key tenants and stakeholders. The Master Plan projects airport growth and then specifies the physical improvements that are needed to meet these projections of future demand. It consists of a technical report that specifies the logic and reasoning for the proposed capital improvements as well as large scale drawings that illustrate the physical layout of the improvements. The financial implications of a master plan are very important because they serve as the basis for requesting federal funds for the construction of capital improvements proposed in the plan. The Authority’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 a large number of projects proposed by the plan, only those that are needed as a result of actual increase in demand will be constructed. The most recent Master Plan Update for Ryan was completed in 2011. The plan is available for viewing on the Authority’s website, flytucson.com.

The airport master plans form the basis for a multi-year capital improvement plan, which is updated on a regular basis. The plan typically contains at least five years of projections, longer if necessary for a particular need such as a bond-financing project or airline use agreement negotiations. Capital improvement plan assumptions are based on the best information available of needs on a project-by-project basis extending through the planning horizon.

CAPITAL FINANCING AND DEBT MANAGEMENT

Capital improvements that require long-term financing are typically funded using either Authority reserves or airport revenue bonds. Unrestricted Special Reserve Fund balances that are the result of the sharing of industrial area revenues with airline tenants, as described in the budgetary controls section of this letter, give the Authority considerable flexibility in financing capital improvements. The most significant benefit is that the Authority’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 Authority by the airline tenants through rates and charges.

Capital expenditures for FY 2019 were financed through a combination of federal and state grants, internal financing from unrestricted reserve funds, and funds generated through the Airport System Income Requirement formula.

Other Information

COMMUNITY INVOLVEMENT

Authority employees continued to be actively engaged in civic and charitable activities in the community through its Airport Employees Community Effort (AECE) program. Some of those efforts in 2019 included events to collect donated items and raise funds for the Community Food Bank of Southern Arizona, Los Niños Elementary School, Toys for Tots, Special Olympics, Southern Arizona Network for Down Syndrome, Muscular Dystrophy Association, Sunnyside Unified School District and Arizona Greyhound Rescue. In addition to the donated items, these events raised over $6,500 in cash for the various charities. AECE also organizes quarterly Red Cross blood drives at TUS and during 2019 resulted in 82 pints of blood donated.

Other Information (continued)

ARTS AND CULTURE

The Authority's Arts & Culture Program creates a memorable environment that promotes southern Arizona's unique artistic and cultural heritage, while partnering with local artists and civic and nonprofit organizations to enhance the traveling public's experience during their first and last stop in Tucson.

Many new artist creations can be seen on retail and concession spaces, including Maderas Gallery's business center artwork, photographic sunsets and majestic scenes of the Sonoran Desert along Hudson News' concourse kiosks, images of historic architecture and desert scenes on the walls in food venues and in ceramic tile works on the outside walls of the pre-security retail store, and even backlit art panels lining the walls of the two security checkpoints.

In 1987, the rotating art exhibits program started with one gallery hosting two exhibits a year. Now there are five gallery spaces throughout the terminal that host rotating exhibits that represent artists living in southern Arizona and northern Mexico. The airport also shows off the talent of its very own employees in the terminal area called the ARTport.

TUS also hosts a performing arts program, Live@TUS with more than 100 live performances in the airport's Welcome Lounges on the lower level arrivals area of the passenger terminal. In addition, more than 150 students from local schools entertained airport visitors throughout the month of December.

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 the Tucson Airport Authority Administration and Finance Department, 7250 S. Tucson Blvd., Suite 300, Tucson, Arizona 85756.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the fiscal year ended September 30, 2018. This was the 25th consecutive year that the Authority achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. This report will continue to be offered in a PDF format, allowing the user to download it and save, print or view it online at the airport website, www.flytucson.com.

The publication of this CAFR is a reflection of the level of excellence and professionalism of the Authority's Finance Department. In addition to the Finance Department, we wish to express our appreciation to all members of the Authority staff, who contributed not only to the preparation of this CAFR, but also to the accomplishments that we are privileged to report. Thank you for your continuing interest and support of the staff's efforts to conduct the financial operations of the Tucson Airport Authority in a responsible and progressive manner.

Respectfully submitted,

Danette

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

Richard J Gruentzel

Richard J. Gruentzel, C.M.
Vice President, Administration & Finance/CFO

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tucson Airport Authority, Inc.

Arizona

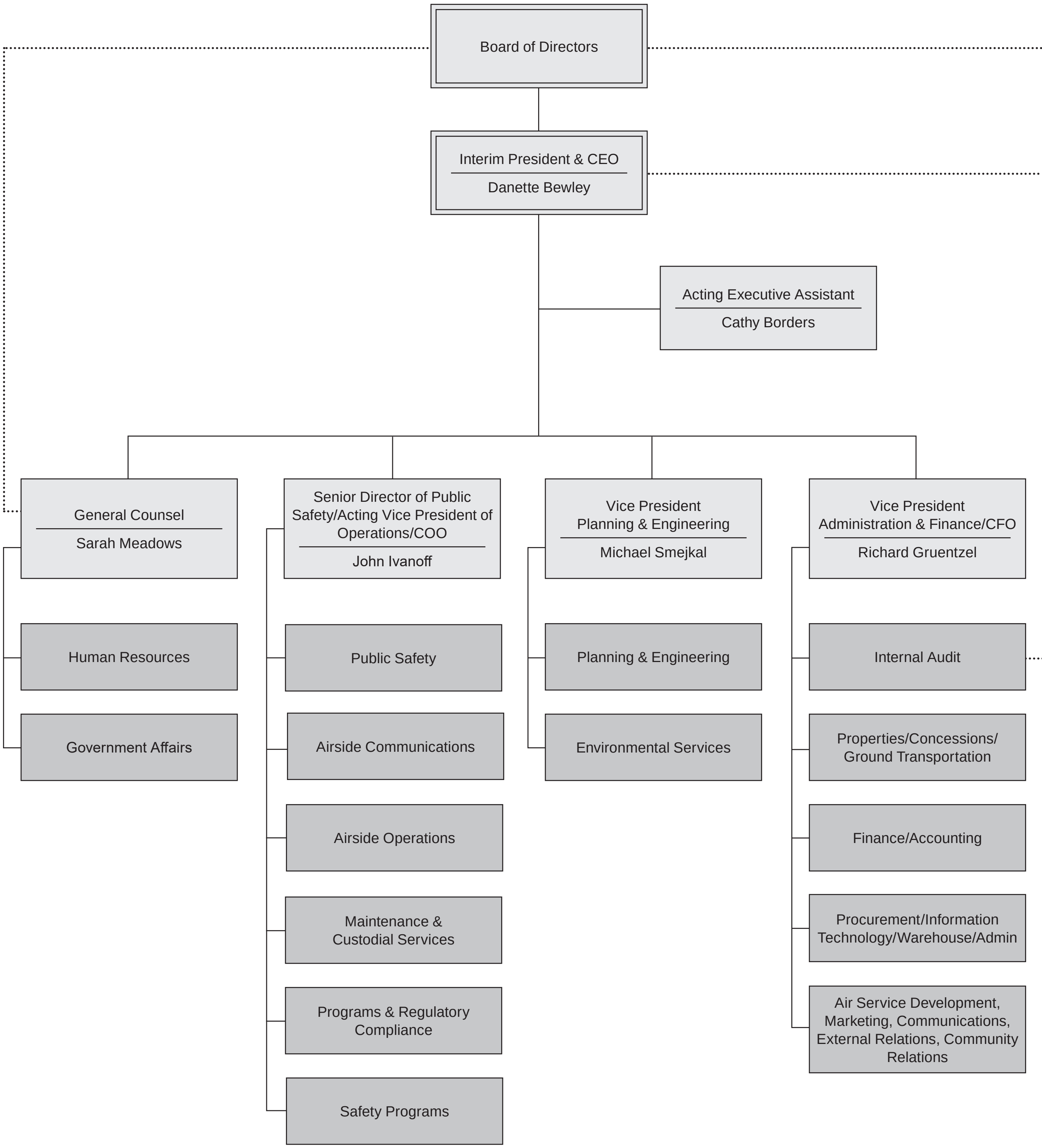
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

Organizational Structure



Airlines and Tenants As Of September 30, 2019

PASSENGER AIRLINES

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

CARGO AIRLINES

Ameriflight
Federal Express

CAR RENTALS

Alamo
Avis
Budget
Dollar
Enterprise
Hertz
National
Thrifty

RYAN AIRFIELD

Aero Smith
Aero Experts
Air Center West
Aircrafters
Air Ventures Ltd.
Air West, Inc.
Alpha Air, Inc.
Aviation Pursuits
Cherokee Cabañas
Corsair Condos
Dangle Aviation
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

AT&T
AAR Transportation
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-Interspace 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
Lan-Dale Co.
Latrikunda Transport Services, LLC
Luggage Services & Logistics
Lyft
Majestic Terminal Services
Matheson Flight Extenders, Inc.
Max Air Ventures, LLC
Med-Trans Corp./Air Evac EMS, Inc.
Metal Works
Military Lounge
Million Air
Piedmont Airlines, Inc.
Pima Community College
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
Suarez International, Inc.
Surplus World
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

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FINANCIAL SECTION

Independent Auditors' Report

HBL CPAs, P.C. Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of Tucson Airport Authority, Inc. which comprise the statements of net position as of September 30, 2019 and 2018, 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.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Independent Auditors’ Report (continued)

Board of Directors
Tucson Airport Authority, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tucson Airport Authority, Inc. as of September 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in accounting principle

As discussed in Note 2 to the financial statements, in 2018, Tucson Airport Authority, Inc. adopted new accounting guidance: Governmental Accounting Standards Board (GASB) GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 85, *Omnibus*; GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*; and Implementation Guide No. 2017-1*, Implementation Guidance Update – 2017*. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and pension and other post-employment benefit information on pages 62 - 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 5, 2020 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 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 internal control over financial reporting or on compliance. The 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.

HBL CPAs, P.C

HBL CPAs, P.C.

May 5, 2020

Management's Discussion and Analysis

September 30, 2019

The following discussion and analysis of the financial performance and activity of the Tucson Airport Authority, Inc. (Authority) provides an introduction to the Authority's financial statements for the fiscal year ended September 30, 2019 (FY 2019). Information for the two preceding fiscal years ended September 30, 2018 and 2017 (FY 2018 and FY 2017, respectively) has been included to provide a better insight into the overall financial position of the Authority.

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

AIRPORT ACTIVITIES & HIGHLIGHTS

Passenger and air carrier activity in FY 2019 increased at the Tucson International Airport (TUS) for the third year in a row. Total passengers increased by 6.5% for FY 2019, which followed an increase of 4.0% for FY 2018 and an increase of 5.7% for FY 2017. Average daily nonstop departures have remained unchanged at the end of each of the last three years at 47. Average nonstop departures are impacted by a number of factors and vary from day-to-day and month-to-month. The average daily seat capacity in FY 2019 was a 9.6% increase over FY 2018, which followed a 2.3% increase in FY 2018 compared to FY 2017 and a 1.8% increase in FY 2017 compared to FY 2016.

Total aircraft operations (take-offs and landings) at TUS increased 0.2% in FY 2019 after decreasing 1.3% in FY 2018 and decreasing 4.8% in FY 2017. Total FY 2019 operations comprised 59,520 general aviation operations, 53,238 air carrier and air taxi (passenger airline, cargo airline, and charter) operations and 18,658 military operations. In contrast to air carrier and air taxi operations that generate landing fee revenue, general aviation and military operations do not directly generate revenue for the Authority. The increase in operations for FY 2019 was primarily attributed to an increase in air carrier and air taxi operations of 7.3% and 5.8%, respectively, which was partially offset by decreases of 11.9% in military operations and 1.1% in general aviation. The decrease in operations for FY 2018 was primarily attributed to decrease in military operations of 23.6%, which was partially offset by increases in general aviation of 8.0% and air carrier and air taxi operations of .9%.

Landed weight increased by 7.9% in FY 2019 from FY 2018 to 2,243,559 one-thousand pound units, after increasing by 2.7% in FY 2018 and increasing 1.5% in FY 2017. The changes have been caused by variations in passenger carrier air service through a combination of increases and/or decreases in flights and the size of aircraft used for flights.

Mail and express cargo shipments increased by 4.0% in FY 2019 from FY 2018, following an increase of 9.8% in FY 2018 and a decrease of 6.6% in FY 2017. The changes in mail and express cargo shipments in each of these years were primarily a result of changes experienced by Federal Express, the single major cargo carrier operating scheduled flights at TUS.

Six major domestic passenger carriers served TUS as of September 30, 2019, and five as of September 30, 2018 and 2017. American Airlines and Southwest Airlines have dominated in both passenger activity and landed weight over the three reporting periods. These two carriers accounted for 63.5% of passenger traffic in FY 2019, 65.0% in FY 2018 and 67.4% in FY 2017.

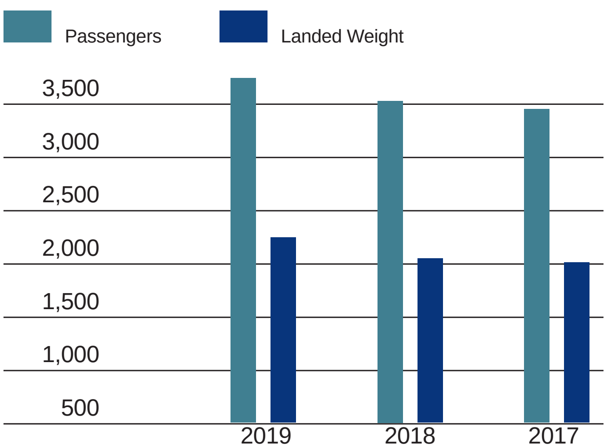
Management's Discussion and Analysis (continued)

September 30, 2019

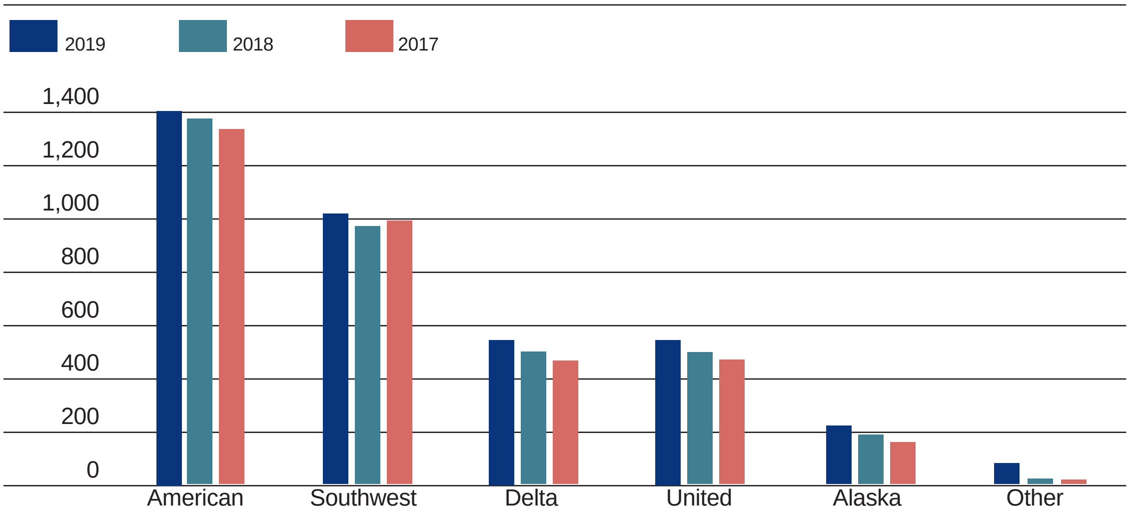
AIRPORT ACTIVITIES & HIGHLIGHTS (continued)

Activities & Highlights	2019	2018	2017
Total passengers	3,783,535	3,551,159	3,413,451
% increase/decrease(-)	6.5%	4.0%	5.7%
Average daily seat capacity	6,212	5,669	5,543
% increase/decrease(-)	9.6%	2.3%	2.2 %
Aircraft operations	131,416	131,169	132,867
% increase/decrease(-)	0.2%	-1.3%	-4.8%
Landed weight (1,000 lb. Units)	2,243,559	2,079,444	2,025,555
% increase/decrease(-)	7.9%	2.7%	1.5%
Mail & express cargo (pounds)	65,916,153	63,357,146	57,718,854
% increase/decrease(-)	4.0%	9.8%	-6.7%

Total Passengers and Landed Weight (Thousands)



Passengers by Airline (Thousands)

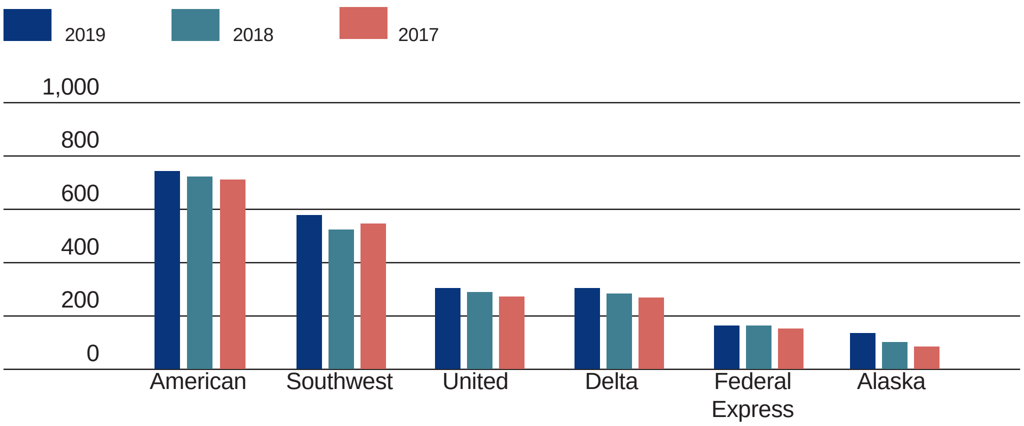


Management's Discussion and Analysis (continued)

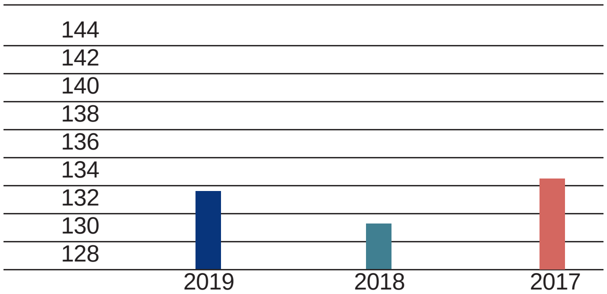
September 30, 2019

AIRPORT ACTIVITIES & HIGHLIGHTS (continued)

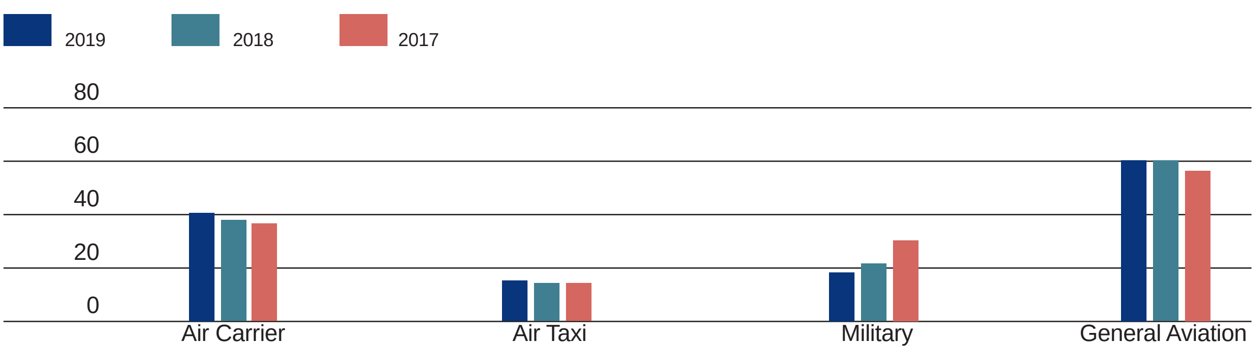
Landed Weight by Airline (Thousands)



Aircraft Operations (Thousands)



Operations by Type (Thousands)



FINANCIAL HIGHLIGHTS

The Authority's assets and deferred outflows exceeded liabilities and deferred inflows at the end of FY 2019 by $396.4 million, compared to $387.0 million and $367.8 million at the end of FY 2018 and FY 2017, respectively. Unrestricted net position for fiscal years 2019, 2018 and 2017 was $86.2 million, $76.5 million, and $60.8 million, respectively. The Authority experienced increases in net position of $9.4 million and $19.2 million for FY 2019 and FY 2018, respectively, compared to the previous years. The FY 2019 increase is largely attributable to non-operating revenues of $9.7 million and the FY 2018 increase was largely attributed to $19.8 million in capital contributions.

The Authority's total noncurrent liabilities decreased by $1.4 million in FY 2019 over FY 2018 and decreased by $11.7 million in FY 2018 over FY 2017. These changes reflect increases or decreases in the net pension liability, long-term debt and noncurrent environmental liabilities.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

Summary of Operations and Changes in Net Position		2019		2018		2017
Operating revenues	$	47,261,051	$	44,025,529	$	42,908,754
Operating expenses		32,576,858		29,005,713		28,521,222
Operating income before depreciation & amortization		14,684,193		15,019,816		14,387,532
Depreciation & amortization		18,340,644		18,255,710		17,404,890
Operating (loss)		(3,656,451)		(3,235,894)		(3,017,358)
Nonoperating revenues		12,364,496		7,998,861		7,368,228
Nonoperating expenses		(2,664,201)		(5,378,950)		(3,815,570)
Income (loss) before capital contributions		6,043,844		(615,983)		535,300
Capital contributions		3,386,455		19,822,884		12,881,611
Increase in net position		9,430,299		19,206,901		13,416,911
Net position, beginning of year, as restated		386,970,845		367,763,944		354,347,033
Prior period adjustment - Note 16		-		-		-
Net position, end of year, as restated	$	396,401,144	$	386,970,845	$	367,763,944

Total operating revenues increased $3.2 million (7.3%) in FY 2019 over FY 2018 and increased $1.1 million (2.6%) in FY 2018 over FY 2017. Increases in operating revenues in FY 2019 were primarily related to increases in concessions and other operating revenues. Increases in operating revenues in FY 2018 were primarily related to increases in concession revenues.

Total operating expenses in FY 2019 increased by $3.5 million (12.3%) over FY 2018. The rise was largely attributable to increases in personnel expenses and contractual services. Total operating expenses in FY 2018 increased by $.5 million (1.6%) over FY 2017, with increases across all expense categories except for contractual services.

Nonoperating revenues in FY 2019 increased 54.6% compared to FY 2018. This was primarily attributable to an increase in the fair market value of investments. FY 2018 nonoperating revenues increased 8.6% compared to FY 2017. This was mainly due to increases in interest income and passenger facility charge revenue. Nonoperating expenses decreased in FY 2019 by 50.5% following an increase of 41.0% for FY 2018 compared to FY 2017. The decrease in FY 2019 is primarily due to decreases in environmental expense and interest expense. The increase in FY 2018 was the result of increased environmental expense.

Capital contributions in FY 2019 decreased by 82.9% from FY 2018 and FY 2018 capital contributions increased by 53.9% over FY 2017. Year-to-year variances in capital contributions are determined by factors such as grant availability and project timing and are not generally expected to be consistent between years.

FINANCIAL POSITION

Summary of Net Position	2019	2018	Increase (decrease)	% Increase decrease (-)
Assets				
Current (unrestricted)	$ 158,585,935	$ 147,010,189	$ 11,575,746	8.9%
Current (restricted)	21,646,775	19,888,411	1,758,364	8.8%
Net capital assets	321,508,287	328,433,557	(6,925,270)	-2.1%
Other noncurrent assets	501,534	539,071	(37,537)	-7.0%
Total assets	502,242,531	495,871,228	6,371,303	1.3%
Deferred outflows of resources	3,831,613	3,986,733	199,366	5.5%
Total assets and deferred outflows of resources	$ 506,074,144	$ 499,857,961	$ 6,570,669	1.3%
Liabilities				
Current (payable from unrestricted assets)	13,853,564	14,251,179	(397,615)	-2.8%
Current (payable from restricted assets)	149,762	134,157	15,605	11.6%
Noncurrent	94,486,891	95,849,433	(1,362,542)	-1.4%
Total liabilities	108,490,217	110,234,769	(1,744,552)	-1.6%
Deferred inflows of resources	1,182,783	2,652,347	(1,115,078)	-48.5%
Total liabilities and deferred inflows of resources	109,673,000	112,887,116	(2,859,630)	-50.1%
Net position				
Net investment in capital assets	288,703,140	290,739,199	(2,036,059)	-0.7%
Restricted	21,497,013	19,754,254	1,742,759	8.8%
Unrestricted	86,200,991	76,477,392	9,723,599	12.7%
Net position	$ 396,401,144	$ 386,970,845	$ 9,430,299	2.4%

FINANCIAL POSITION (continued)

Summary of Net Position	2018	2017	Increase (decrease)	% Increase decrease (-)
Assets				
Current (unrestricted)	$ 147,010,189	$ 130,327,888	$ 16,682,301	12.8%
Current (restricted)	19,888,411	38,975,760	(19,087,349)	-49.0%
Net capital assets	328,433,557	317,300,930	11,132,627	3.5%
Other noncurrent assets	539,071	341,491	197,580	57.9%
Total assets	495,871,228	486,946,069	8,925,159	1.8%
Deferred outflows of resources	3,632,247	4,017,999	(385,752)	-9.6%
Total assets and deferred outflows of resources	$ 499,503,475	$ 490,964,068	$ 8,539,407	1.7%
Liabilities				
Current (payable from unrestricted assets)	14,251,179	12,292,175	1,959,004	15.9%
Current (payable from restricted assets)	134,157	1,094,301	(960,144)	-87.7%
Noncurrent	95,849,433	107,520,721	(11,671,288)	-10.9%
Total liabilities	110,234,769	120,907,197	(10,672,428)	-8.8%
Deferred inflows of resources	2,297,861	2,292,927	4,934	0.2%
Total liabilities and deferred inflows of resources	112,532,630	123,200,124	(10,667,494)	-8.7%
Net position				
Net investment in capital assets	290,739,199	269,064,332	21,674,867	8.1%
Restricted	19,754,254	37,881,459	(18,127,205)	-47.9%
Unrestricted	76,477,392	60,818,153	15,659,239	25.7%
Net position	$ 386,970,845	$ 367,763,944	$ 19,206,901	5.2%

FINANCIAL POSITION (continued)

Current unrestricted assets increased in FY 2019 over FY 2018 by $11.6 million and increased in FY 2018 over FY 2017 by $16.7 million. The FY 2019 increase was due mainly to an increase in unrestricted cash and investments of $12.4 million and accounts and accrued interest receivable of $1.3 million partially offset by a $2.2 million decrease in grants receivable. The FY 2018 increase was due mainly to an increase in cash and investments of $15.1 million and accounts and grants receivable of $1.4 million. Current restricted assets increased by $1.8 million in FY 2019 following a decrease of $19.1 million in FY 2018. The increase in FY 2019 resulted from an increase in cash and investments in the Passenger Facility Charge (PFC) Funds. The decrease in FY 2018 was due to the utilization of PFC Funds for capital project expenditures and debt service on PFC-backed bonds in excess of PFC revenues earned. Net capital assets decreased by $6.9 million in FY 2019 over FY 2018 and increased by $11.1 million in FY 2018 over FY 2017, both years being impacted by projects in the Authority's capital improvement program.

Current liabilities payable from unrestricted assets in FY 2019 decreased $0.4 million compared to FY 2018. There was little change in current liabilities payable from restricted assets in FY 2019 compared to FY 2018 with both years totaling $0.1 million. Current liabilities payable from unrestricted assets in FY 2018 increased $2.0 million compared to FY 2017. Current liabilities payable from restricted assets decreased by $1.0 million in FY 2018 compared to FY 2017 due primarily to a decrease in accrued interest expense resulting from a change in timing of bond payments. Total noncurrent liabilities decreased by $1.4 million in FY 2019 compared to FY 2018 and decreased by $11.7 million in FY 2018 compared to FY 2017. The FY 2019 decreases was primarily due to normal debt service, offset by an increase in net pension/other post-employment benefits (OPEB) liability. The FY 2018 decrease was attributed to the early redemption of bonds that were to be repaid from non-PFC funds, along with normal debt service.

The largest portion of the Authority's net position, 72.8% for FY 2019, 75.1% for FY 2018, and 73.2% for FY 2017, represents its investment in capital assets (e.g. land, buildings, machinery and equipment), less outstanding debt used to acquire those assets. The Authority uses these assets to provide services to its passengers, visitors and tenants that generate future revenue streams. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to retire these liabilities.

An additional portion of the Authority's net position, 5.4% for FY 2019, 5.1% for FY 2018 and 10.3% for FY 2017, 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 $86.2 million for FY 2019, $76.5 million for FY 2018 and $60.8 million for FY 2017 may be used for any lawful purpose of the Authority.

REVENUES

In FY 2019, total revenues of $63.0 million were less than the prior fiscal year by 12.3%, whereas FY 2018 revenues of $71.8 million were greater than FY 2017 by 13.8%.

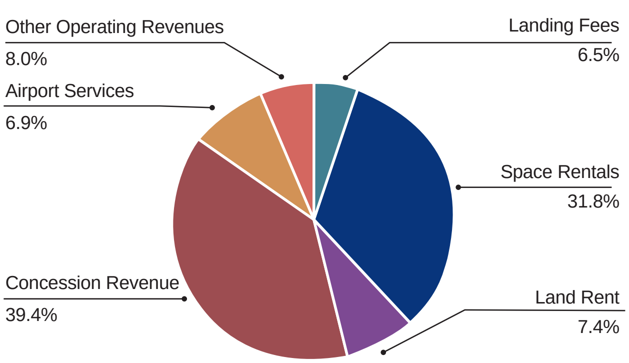
Operating revenues increased in FY 2019 over FY 2018 by $3.2 million (7.3%). Revenue category changes included increases in landing fees $0.8 million, space rentals $0.6 million, concession revenue $1.5 million, and other operating revenues $0.8 million, which were partially offset by decreases in airport services $0.5 million. The landing fees increase from the prior year (37.0%), was largely attributable to an increase in the landing fee rate from $1.04 per thousand pound unit in 2018 to $1.32 in 2019. The increase in space rental revenue is largely due to an increase in terminal rent. The increase in concession revenues is due to higher rental car and parking revenues associated with increases in passenger activity. The decrease in airport services and other operating revenues was primarily associated with decreased project and security reimbursements.

REVENUES (continued)

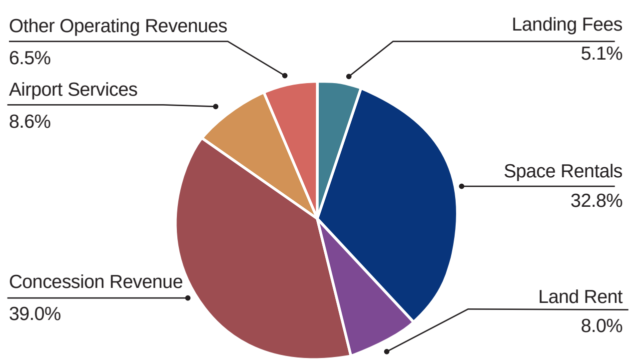
Revenues by Major Source	2019	2018	Increase (decrease)	% Increase decrease (-)
Landing fees	$ 3,070,839	$ 2,242,036	$ 828,803	37.0%
Space rentals	15,046,170	14,443,728	602,442	4.2%
Land rent	3,515,665	3,510,909	4,756	0.1%
Concession revenue	18,624,434	17,153,120	1,471,314	8.6%
Airport services	3,278,715	3,799,364	(520,649)	-13.7%
Other operating revenues	3,725,228	2,876,372	848,856	29.5%
Total operating revenues	47,261,051	44,025,529	3,235,522	7.3%
Interest income	3,079,094	2,252,824	826,270	36.7%
Net increase (decrease) in fair value	1,753,938	(1,008,476)	2,762,414	-273.9%
of investments	7,229,199	6,754,513	474,686	7.0%
Passenger facility charges	45,589	-	45,589	0.0%
Gain on disposition of fixed assets	256,676	-	256,676	0.0%
Total nonoperating revenues	12,364,496	7,998,861	4,365,635	54.6%
Capital contributions	3,386,455	19,822,884	(16,436,429)	-82.9%
Total revenues	$ 63,012,002	$ 71,847,274	$ (8,835,272)	-12.3%

The following charts show the major sources and the percentage of operating revenues for fiscal years 2019 and 2018:

Operating Revenues FY 2019



Operating Revenues FY 2018



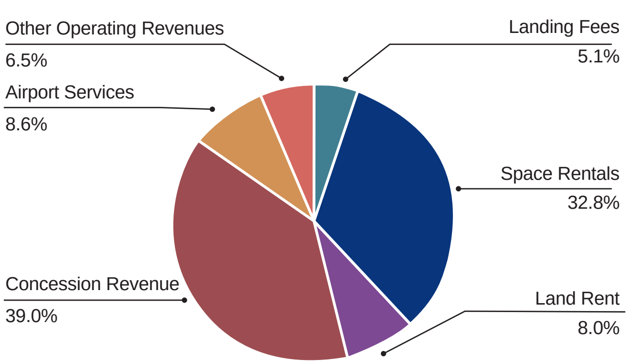
Operating revenues increased in FY 2018 over FY 2017 by $1.1 million (2.6%). Revenue category changes included increases in land rent $0.5 million, concession revenue $1.1 million, airport services $0.3 million and other operating revenues $0.1 million, which were partially offset by decreases in landing fees and space rentals of $0.5 million each. The decrease in landing fees was largely attributable to a decrease in the landing fee rate from $1.29 per thousand pounds in FY 2017 to $1.04 in FY 2018. Changes in land rents and space rentals were largely due to a new lease agreement with a commercial tenant, which reclassified certain facility rents as land rents from the previous lease. The increase in concession revenues was due to higher parking revenues associated with increases in passenger activity as well as increases in retail news and gifts due to minimum annual guarantees. The increase in airport services and other operating revenues was primarily associated with increased capital projects, which resulted in higher recoveries of administrative costs.

REVENUES (continued)

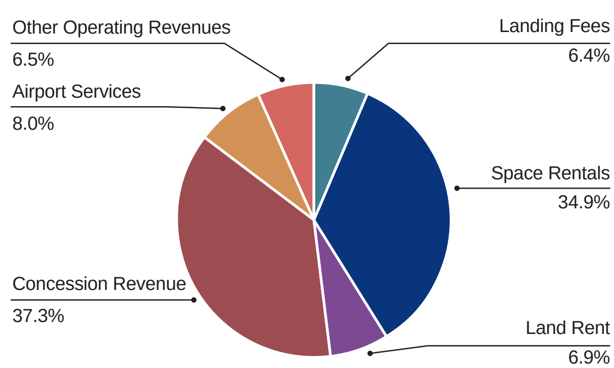
Revenues by Major Source		2018		2017		Increase (decrease)	% Increase decrease (-)
Landing fees	$	2,242,036	$	2,761,273	$	(519,237)	-18.8%
Space rentals		14,443,728		14,983,380		(539,652)	-3.6%
Land rent		3,510,909		2,963,840		547,069	18.5%
Concession revenue		17,153,120		16,014,764		1,138,356	7.1%
Airport services		3,799,364		3,451,629		347,735	10.1%
Other operating revenues		2,876,372		2,733,868		142,504	5.2%
Total operating revenues		44,025,529		42,908,754		1,116,775	2.6%
Interest income		2,252,824		1,757,178		495,646	28.2%
Net increase (decrease) in fair value of investments		(1,008,476)		(876,150)		(132,326)	15.1%
Passenger facility charges		6,754,513		6,477,205		277,308	4.3%
Gain on disposition of fixed assets		-		9,995		(9,995)	0.0%
Total nonoperating revenues		7,998,861		7,368,228		630,633	8.6%
Capital contributions		19,822,884		12,881,611		6,941,273	53.9%
Total revenues	$	71,847,274	$	63,158,593	$	8,688,681	13.8%

The following charts show the major sources and the percentage of operating revenues for fiscal years 2018 and 2017:

Operating Revenues FY 2018



Operating Revenues FY 2017



NONOPERATING REVENUES

Nonoperating revenues consist mainly of income on investments and passenger facility charges (PFCs). PFC revenue fluctuates based on passenger levels. FY 2019 nonoperating revenues increased $4.4 million (54.6%) over FY 2018 due to higher investment income of $3.6 million and an increase in PFC revenue of $0.5 million. FY 2018 nonoperating revenues increased $.6 million (8.6%) over FY 2017 due to higher investment income of $.3 million and an increase in PFC revenue of $.3 million.

CAPITAL CONTRIBUTIONS

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

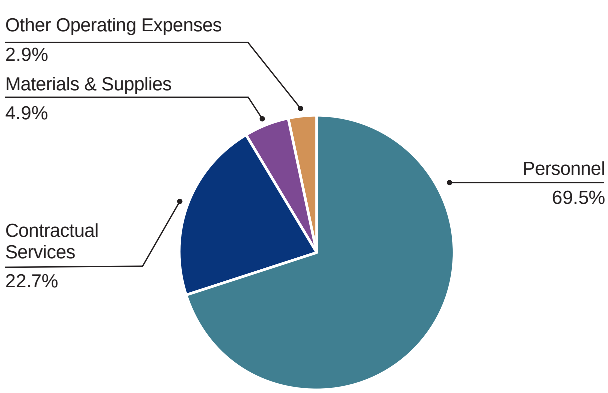
EXPENSES

Total expenses for FY 2019 increased 1.8% from FY 2018 due primarily to increases in personnel and contractual services of $2.3 million and $1.3 million, respectively, being offset by decreases in interest and environmental expenses. Operating expenses increased $3.6 million (12.3%). The increase in operating expenses was a result of increases across all operating expense categories except other operating expenses. Nonoperating expenses were $2.7 million (50.5%) lower in FY 2019 than FY 2018. This was caused mainly by decreases in interest and environmental expense of $1.2 million and $1.4 million, respectively.

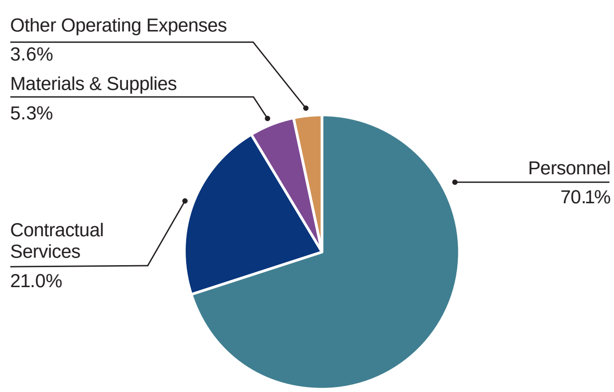
Expenses by Major Category	2019	2018	Increase (decrease)	% Increase decrease (-)
Personnel	$ 22,646,456	$ 20,323,973	$ 2,322,483	11.4%
Contractual services	7,380,899	6,089,002	1,291,897	21.2%
Materials and supplies	1,595,222	1,544,793	50,429	3.3%
Other operating expenses	954,281	1,047,945	(93,664)	-8.9%
Total operating expenses	32,576,858	29,005,713	3,571,145	12.3%
Depreciation and amortization	18,340,644	18,255,710	84,934	0.5%
Interest expense	1,077,162	2,249,588	(1,172,426)	-52.1%
Environmental expenses	1,587,039	2,964,165	(1,377,126)	-46.5%
Loss on disposition of capital assets	-	156,269	(156,269)	-
Other nonoperating expenses	-	8,928	(8,928)	100.0%
Total nonoperating expenses	2,664,201	5,378,950	(2,714,749)	-50.5%
Total expenses	$ 53,581,703	$ 52,640,373	$ 941,330	1.8%

The following charts show the major operating expense categories for the Authority for FY 2019 and FY 2018

Operating Expenses FY 2019



Operating Expenses FY 2018



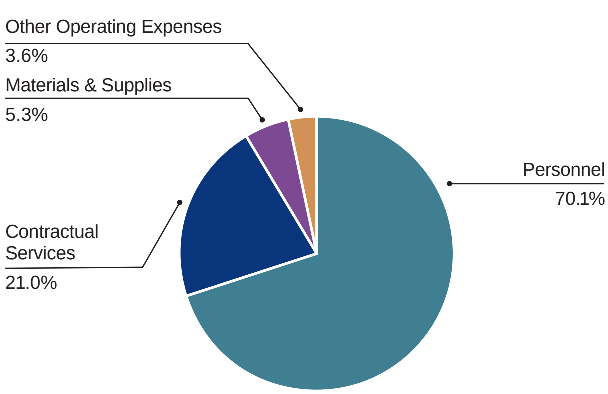
EXPENSES (continued)

Total expenses for FY 2018 increased 5.8% from FY 2018 due primarily to higher operating expense of $0.5 million, depreciation and amortization of $0.9 million, and higher environmental expenses of $1.6 million. Operating expenses increased $0.5 million (1.7%). The increase in operating expenses was a result of increases across all operating expense categories except contractual services. Nonoperating expenses were $1.6 million (41.0%) higher in FY 2018 than FY 2017. This was caused mainly by an increase in environmental expense of $1.6 million.

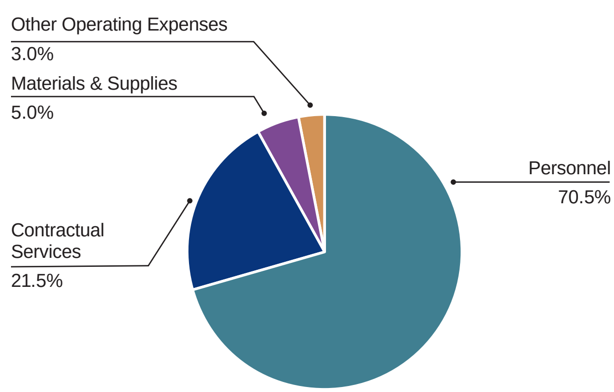
Expenses by Major Category	2018	2017	Increase (decrease)	% Increase decrease (-)
Personnel	$ 20,323,973	$ 20,124,552	$ 199,421	1.0%
Contractual services	6,089,002	6,120,706	(31,704)	-0.5%
Materials and supplies	1,544,793	1,422,945	121,848	8.6%
Other operating expenses	1,047,945	853,019	194,926	22.9%
Total operating expenses	29,005,713	28,521,222	484,491	1.7%
Depreciation and amortization	18,255,710	17,404,890	850,820	4.9%
Interest expense	2,249,588	2,408,925	(159,337)	-6.6%
Environmental expenses	2,964,165	1,405,893	1,558,272	110.8%
Loss on disposition of capital assets	156,269	-	156,269	-
Other nonoperating expenses	8,928	752	8,176	100.0%
Total nonoperating expenses	5,378,950	3,815,570	1,563,380	41.0%
Total expenses	$ 52,640,373	$ 49,741,682	$ 2,898,691	5.8%

The following charts show the major operating expense categories for the Authority for FY 2018 and FY 2017:

Operating Expenses FY 2018



Operating Expenses FY 2017



CAPITAL ASSETS

Net capital assets decreased $6.9 million (2.1%) in FY 2019 over FY 2018. The decrease resulted from depreciation expense exceeding spending on capital improvement program projects. The most significant FY 2019 CIP projects included taxiway reconstruction, Aero Park Blvd. infrastructure, and C-gate construction.

Net Capital Assets		2019		2018		Increase (decrease)	% Increase decrease (-)
Land	$	52,748,136	$	52,748,136	$	-	0.0%
Air avigation easement		29,990,090		29,990,090		-	0.0%
Land improvements		179,287,555		176,084,744		3,202,811	1.8%
Buildings and improvements		263,494,786		263,232,410		262,376	0.1%
Utilities		5,951,108		5,951,108		-	0.0%
Computer software		6,345,878		6,100,567		245,311	4.0%
Furniture, fixtures, machinery and equipment		46,849,972		41,214,788		5,635,184	13.7%
Artwork		481,798		458,630		23,168	5.1%
Construction in progress		33,908,321		32,966,679		941,642	2.9%
Gross capital assets		619,057,644		608,747,152		10,310,492	1.7%
Less accumulated depreciation		297,549,357		280,313,595		17,235,762	6.1%
Net capital assets	$	321,508,287	$	328,433,557	$	(6,925,270)	-2.1%

Net capital assets increased $11.1 million (3.5%) in FY 2018 over FY 2017. The increase resulted from spending on capital improvement program projects being higher than current year depreciation expense. The most significant FY 2018 CIP project was the Terminal Optimization Program.

Net Capital Assets		2018		2017		Increase (decrease)	% Increase decrease (-)
Land	$	52,748,136	$	52,748,136	$	-	0.0%
Air avigation easement		29,990,090		29,990,090		-	0.0%
Land improvements		176,084,744		193,269,518		(17,184,775)	-8.9%
Buildings and improvements		263,232,410		228,874,927		34,357,483	15.0%
Utilities		5,951,108		5,951,108		-	0.0%
Computer software		6,100,568		6,087,409		13,159	0.2%
Furniture, fixtures, machinery and equipment		41,214,787		43,363,268		(2,148,481)	-5.0%
Artwork		458,630		458,630		-	0.0%
Construction in progress		32,966,678		39,991,562		(7,024,884)	-17.6%
Gross capital assets		608,747,151		600,734,648		8,012,503	1.3%
Less accumulated depreciation		280,313,594		283,433,718		(3,120,124)	-1.1%
Net capital assets	$	328,433,556	$	317,300,930	$	11,132,627	3.5%

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

DEBT ACTIVITY

At the end of FY 2019, the Authority had total long-term debt outstanding of $32.8 million. The debt consists of bonds that are secured by a pledge of passenger facility charge revenues and general airport revenues, and unamortized premium. The decrease of $4.9 million (13.0%) from FY 2018 is a result of normal debt service and amortization of the bond premium.

Outstanding Long-term Debt	2019	2018	Increase (decrease)	% Increase decrease (-)
Authority revenue bonds:				
Series 2018 subordinate lien	$ 32,520,000	$ 37,330,000	$ (4,810,000)	-12.9%
Unamortized premium	285,147	364,358	(79,211)	-21.7%
Total long-term debt	$ 32,805,147	$ 37,694,358	$ (4,889,211)	-13.0%

At the end of FY 2018, the Authority had total long-term debt outstanding of $37.3 million. The debt consists of bonds that are secured by airport revenues and were also secured by a pledge of passenger facility charge revenues. The decrease of $10.5 million (21.9%) from FY 2017 is a result of early redemption of the non-PFC portion of the 2006 series bonds, as well as normal debt service.

Outstanding Long-term Debt	2018	2017	Increase (decrease)	% Increase decrease (-)
Authority revenue bonds:				
Series 2018 subordinate lien	$ 37,330,000	$ -	$ 37,330,000	100.0%
Series 2001 subordinate lien	-	27,770,000	(27,770,000)	-100.0%
Series 2006 subordinate lien	-	20,015,000	(20,015,000)	-100.0%
Total long-term debt	$ 37,330,000	$ 47,785,000	$ (10,455,000)	-21.9%

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

DEBT SERVICE COVERAGE

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

In FY 2019 net airport system revenues available for subordinate lien bond debt service was 3.98 times subordinate lien debt service, compared to 3.99 and 3.72 for FY 2018 and FY 2017, respectively. The Authority had no senior lien debt outstanding during fiscal years 2019, 2018 and 2017. Variances in the debt service coverage year-over-year are primarily attributable to normal debt service and changes in net airport system revenue.

AIRLINE RATES AND CHARGES

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

Signatory Airline Rates and Charges		2019	2018	2017
Ticketing	per sq. ft.	$ 83.42	$ 80.91	$ 80.91
Hold room	per gate	121,640.78	117,983.30	117,983.30
Baggage claim	per sq. ft.	79.11	76.73	76.73
Baggage makeup	per sq. ft.	27.80	26.96	26.96
Into plane hydrant flowage	per gallon	N/A	N/A	N/A
Landing fee	per 1,000 lbs.	1.32	1.04	1.29

The airline use agreement expired on September 30, 2018. Throughout FY 2019, the signatory airlines operated under the terms of this agreement on a month-to-month basis. Subsequently, an extension of the existing agreement was negotiated and is set to expire on September 30, 2021 to allow for time to negotiate a new agreement.

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 increased in FY 2019 over FY 2018 by $0.07 per enplanement and decreased in FY 2018 over FY 2017 by $0.46 per enplanement. The FY 2019 increases was mainly a result of increased landing fees over prior year. The decrease in FY 2018 was primarily the result of a decrease in landing fees per enplanement over prior year.

Airline Cost Per Enplanement	**2019**	**2018**	**2017**
Passenger airline revenues	$ 14,299,579	$ 13,314,040	$ 13,564,369
Enplaned passengers	1,897,590	1,782,050	1,711,518
Cost per enplanement	$ 7.54	$ 7.47	$ 7.93

Statements of Net Position

September 30, 2019 and 2018

ASSETS		2019		2018
Current assets:				
Unrestricted assets:				
Cash and cash equivalents - Note 3	$	28,040,565	$	15,910,640
Investments - Note 3		124,038,564		123,757,404
Accounts receivable, net of allowance for doubtful accounts of for 2018 and $625,648 for 2017		3,292,664		2,046,464
Accrued interest receivable		536,636		438,303
Grants receivable		1,809,505		3,992,424
Notes receivable		-		15,055
Inventories - Note 4		311,304		329,779
Prepaid expenses and other assets		556,697		520,120
Total unrestricted current assets		158,585,935		147,010,189
Restricted assets:				
Cash and cash equivalents - Note 3		2,605,391		1,199,411
Investments - Note 3		18,301,745		17,599,738
Accounts receivable		626,109		989,437
Accrued interest receivable		113,530		99,825
Prepaid insurance		-		-
Total restricted current assets		21,646,775		19,888,411
Total current assets		180,232,710		166,898,600
Noncurrent assets:				
Unrestricted assets:				
Deferred rents		501,534		526,992
Notes receivable, net of current portion		-		12,079
Capital assets - Notes 5 and 7				
Not depreciated		117,128,345		116,163,535
Depreciated, net		204,379,942		212,270,022
Total capital assets		321,508,287		328,433,557
Total unrestricted noncurrent assets		322,009,821		328,972,628
Total noncurrent assets		322,009,821		328,972,628
Total assets		502,242,531		495,871,228
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions/OPEB - Note 8		3,831,613		3,986,733
Total assets and deferred outflows of resources	$	506,074,144	$	499,857,961

See Accompanying Notes.

Statements of Net Position (continued)

September 30, 2019 and 2018

LIABILITIES	2019	2018
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 879,531	$ 1,110,696
Accrued expenses	1,965,104	1,521,317
Unearned revenues - Note 6	1,689,308	939,468
Construction contracts payable	2,448,352	1,946,608
Current portion of environmental remediation payable - Note 14	5,406,269	5,388,090
Current portion of bonds payable - Note 7:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,465,000	3,345,000
Total payable from unrestricted assets	13,853,564	14,251,179
Payable from restricted assets:		
Accrued interest payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	-	60,531
		60,531
Current portion of environmental remediation payable - Note 14	149,762	73,626
Total payable from restricted assets	149,762	134,157
Total current liabilities	14,003,326	14,385,336
Noncurrent liabilities:		
Payable from unrestricted assets:		
Bonds payable, net of current portion - Note 7:		
Airport Subordinate Lien Revenue Bonds, Series 2018	31,340,147	34,349,358
Net pension/OPEB liability - Note 8	44,126,998	41,949,188
Environmental remediation payable, net of current portion - Note 14	19,019,746	19,550,887
Total payable from unrestricted assets	94,486,891	95,849,433
Total noncurrent liabilities	94,486,891	95,849,433
Total liabilities	$ 108,490,217	$ 110,234,769

See Accompanying Notes.

Statements of Net Position (continued)

September 30, 2019 and 2018

DEFERRED INFLOWS OF RESOURCES		2019		2018
Deferred inflows from pensions/OPEB - Note 8	$	1,182,783	$	2,297,861
Commitments and contingencies - Notes 13 and 14				
NET POSITION				
Net investment in capital assets	$	288,703,140	$	290,739,199
Restricted for:				
Debt service		-		414,531
Capital projects		21,497,013		19,339,723
Total restricted net position		21,497,013		19,754,254
Unrestricted		86,200,991		76,477,392
Total net position	$	396,401,144	$	386,970,845

See Accompanying Notes.

Statements of Revenues, Expenses and Changes in Net Position

Years ended September 30, 2019 and 2018

	2019	2018
Operating revenues:		
Landing fees	$ 3,070,839	$ 2,242,036
Space rentals	15,046,170	14,443,728
Land rent	3,515,665	3,510,909
Concession revenue	18,624,434	17,153,120
Airport services	3,278,715	3,799,364
Other operating revenues	3,725,228	2,876,372
Total operating revenues	47,261,051	44,025,529
Operating expenses:		
Personnel expenses	22,646,456	20,323,973
Contractual services	7,380,899	6,089,002
Materials and supplies	1,595,222	1,544,793
Other operating expenses	954,281	1,047,945
Total operating expenses	32,576,858	29,005,713
Depreciation and amortization	18,340,644	18,255,710
Operating (loss)	(3,656,451)	(3,235,894)
Nonoperating revenues (expenses):		
Interest income	3,079,094	2,252,824
Net increase (decrease) in fair value of investments	1,753,938	(1,008,476)
Passenger facility charges - Note 11	7,229,199	6,754,513
Interest expense and fiscal charges	(1,077,162)	(2,249,588)
Gain on disposition of capital assets	45,589	(156,269)
Environmental remediation expenses - Note 14	(1,587,039)	(2,964,165)
Other nonoperating expense	256,676	(8,928)
	9,700,295	2,619,911
Income (loss) before capital contributions	6,043,844	(615,983)
Capital contributions:		
Federal	3,254,109	18,811,012
State	132,346	1,011,872
	3,386,455	19,822,884
Increase in net position	9,430,299	19,206,901
Total net position, beginning of year (restated)	386,970,845	367,763,944
Total net position, end of year	$ 396,401,144	$ 386,970,845

See Accompanying Notes.

Statements of Cash Flows

Years ended September 30, 2019 and 2018

		2019		2018
Cash flows from operating activities:				
Receipts from airlines and tenants	$	46,367,134	$	43,316,242
Federal and state grants-in-aid		420,768		380,919
Payments to suppliers		(9,740,899)		(9,236,642)
Payments for personnel services		(21,778,073)		(20,180,016)
Payments for environmental remediation		(2,030,515)		(1,158,368)
Net cash provided by operating activities		13,238,415		13,122,135
Cash flows from capital and related financing activities:				
Federal and state contributed capital, grants-in-aid		5,571,621		18,242,136
Acquisition of capital assets		(10,935,231)		(29,651,608)
Proceeds from sale of capital assets		67,191		60,767
Principal paid on long-term debt		(4,810,000)		(47,784,999)
Proceeds from refunding long-term debt		-		37,330,000
Passenger facility charges receipts		7,592,527		6,715,398
Interest paid on long-term debt		(960,228)		(3,100,830)
Net cash (used in) capital and related financing activities		(3,474,120)		(18,189,136)
Cash flows from investing activities:				
Interest on investments		2,847,675		2,173,511
Maturity and calls of investments		121,867,285		40,826,387
Purchase of investments		(120,970,484)		(37,423,663)
Collections of notes receivable		27,134		13,936
Net cash provided by (used in) investing activities		3,771,610		5,590,170
Net increase (decrease) in cash and cash equivalents		13,535,905		523,169
Cash and cash equivalents, beginning of year		17,110,051		16,586,882
Cash and cash equivalents, end of year	$	30,645,956	$	17,110,051

See Accompanying Notes.

Statements of Cash Flows (continued)

Years ended September 30, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash provided by		
operating activities:		
Operating (loss)	$ (3,656,451)	$ (3,235,894)
Adjustments to reconcile operating loss to net cash provided by		
operating activities:	18,340,644	18,255,710
Depreciation and amortization	(2,030,515)	(1,158,368)
Payments for environmental remediation		
Effects of changes in operating assets and liabilities:		
Receivables	(1,222,989)	(41,834)
Inventories	18,475	(17,981)
Prepaid expenses and other assets	(36,577)	(47,673)
Accounts payable	(231,165)	(585,939)
Accrued expenses	443,787	241,079
Deferred revenues	749,840	(286,533)
Net pension liability and related changes in deferred outflows and inflows of resources	863,366	(432)
Net cash provided by operating activities	$ 13,238,415	$ 13,122,135
Noncash nonoperating, capital, financing and investing activities:		
Grants receivable included in capital contributions	$ 1,750,860	$ 3,936,026
Additions to capital assets included in accounts payable	$ 2,448,352	$ 1,946,608
Net appreciation (depreciation) in fair value of investments	$ 1,753,938	$ (1,008,476)
Increase in estimate of environmental remediation liability	$ 1,587,039	$ 2,964,165

See Accompanying Notes.

Notes to Financial Statements

September 30, 2019 and 2017

NOTE 1 – ORGANIZATION AND REPORTING ENTITY

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

The land and improvements composing the Airport are owned by the City of Tucson (City) and are leased by the City to the Authority pursuant to a lease dated October 14, 1948, as amended (Airport Lease). Pursuant to the terms of the Airport Lease, which expires October 14, 2098, the Authority 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 Authority has been required to make only nominal payments to date. Upon expiration of the Airport Lease, the Airport and improvements thereon, except as provided for in the Airport Lease, return to the custody of the City.

Five passenger airlines utilizing the Airport have entered into a Signatory Airport Use Agreement with the Authority 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 Authority, is an amount which provides sufficient operating funds to cover annual debt service of the bonds, annual operating expenses and satisfies other bond resolution requirements. The existing Signatory Airport Use Agreement expires on September 30, 2021.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

Basis of accounting

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.

Use of estimates in preparing financial statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions, e.g., useful lives of capital assets that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. The most significant estimates recorded in the financial statements are the net pension liability (Note 8) and environmental remediation liability (Note 14).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

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 Outflows of Resources, Deferred Inflows of Resources, and Net Position*, net position is displayed in three components – net investment in capital assets, restricted and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

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

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

Budgets

The Authority utilizes a budget process for planning purposes with adoption by the Board of Directors. Pursuant to the Airport Lease, the Authority 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.

Cash and cash equivalents

Investments are categorized as cash equivalents if their maturity date is 90 days or less at the date of purchase. Those assets having a maturity of more than 90 days are classified as investments for statement of net position presentation. Cash equivalents include cash on hand, checking, savings, money market accounts and cash equivalent mutual funds.

Grant and accounts receivable

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are stated at fair value. The Authority'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.

Bond issuance costs

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

Capital assets

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

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

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

Depreciation of capital assets is recorded as an expense in the Statements of Revenues, Expenses and Changes in Net Position.

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

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 Authority are reported at the lower of carrying or fair value. Impairment losses on capital assets that will continue to be used by the Authority are measured using the method that best reflects the diminished service utility of the capital asset.

Restricted assets

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

Compensated absences

The Authority'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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Pension/OPEB Liability, Deferred Outflows and Inflows of Resources

For purposes of measuring the net pension/OPEB liability, deferred outflows and inflows of resources related to pension/OPEBs, and pension/OPEB expense, information about the fiduciary net position of the Arizona State Retirement System Defined Benefit Plan (ASRS) and Arizona Public Safety Personnel Retirement System (PSPRS) and additions to or deductions from ASRS and PSPRS's fiduciary net position have been determined on the same basis as they are reported by ASRS and PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition to assets and liabilities, the Authority reports 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 a future period(s) and will not be recognized as an outflow of resources until then. Deferred inflows of resources represent an acquisition of resources that is applicable to future reporting period(s) that will not be recognized as an inflow of resources until then.

Net position

The Authority's policy is to restrict net position to the extent that assets restricted for bond debt service exceed the applicable debt service liabilities, and these assets are funded from operations rather than bond proceeds. Because these restricted assets do not exceed debt service liabilities at September 30, 2018 and 2017, no reservation of net position is required.

Environmental remediation costs

The Authority accounts for environmental remediation costs in accordance with Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See Note 14 for disclosures regarding information reported in the financial statements for known obligations.

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

At the present time, GASB has not released authoritative guidance on the accounting treatment of PFCs. The Authority's position is that PFCs should be treated as revenue because: 1) the Authority earns the PFCs due to a passenger's use of the Airport; 2) after receipt, the Authority has clear title to the funds and is not required to refund or return them; 3) the Authority 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 Authority's applications for PFCs were approved as Impose and Use, it is the position of the Authority that revenue should be recognized immediately when PFCs are earned. Due to their restricted use, however, PFCs are categorized as nonoperating revenues and are accounted for on the accrual basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards

Implementation of the following GASB statements was effective for fiscal year 2018:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, improves accounting and financial reporting by governments for postemployment benefits other than pensions. It also improves information provided by governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. This Statement is effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 85, *Omnibus*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Authority has implemented this Statement in fiscal year 2018 with no effect.
- GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority has implemented this Statement in fiscal year 2018 with no effect.
- Implementation Guide No. 2017-1, *Implementation Guidance Update – 2017*, provides guidance that clarifies, explains or elaborates on GASB Statements and Interpretations and amends, removes, supersedes, or adds questions not originally contained in Implementation Guide No. 2015-1 and 2016-1. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2017. The requirements of this Implementation Guide were implemented by the Authority in fiscal year 2018 with no effect.

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

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations, or legally enforceable liabilities associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority will implement this Statement in fiscal year 2019.
- GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Authority will implement this Statement in fiscal year 2020.
- GASB Statement No. 87, *Leases*, provides new guidance for recognition of operating leases and the related assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority will implement this Statement in fiscal year 2021.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority 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 Authority maintains detailed records sufficient to meet any and 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 with Financial Institutions

At September 30, 2019, the carrying amount of the Authority's deposits was $11,382,938 and the bank balance was $11,464,363. At September 30, 2018, the carrying amount of the Authority's deposits was $7,978,807 and the bank balance was $8,352,912. The difference between the carrying amounts and the bank balances represents outstanding checks, deposits in transit and other reconciling items.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned, or the Authority will not be able to recover collateral securities in possession of an outside party.

Investments

Credit risk

The Authority'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 Authority'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 Authority's name or collateralized to 102% and held by the Authority's safekeeping agent in the Authority's name. Collateral is restricted to United States treasuries, agencies or instrumentalities.

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

Interest rate risk

In accordance with its investment policy, the Authority manages its exposure to interest rate risk by regular (not less than semi-annually) evaluation in conjunction with Authority investment advisors of the Authority'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.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit risk

In the absence of definitive legal requirements, the Authority 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 Authority's bond resolution.
2. Such other prudent investments as are consistent with investment policies adopted by the Authority's Board of Directors.
3. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.

Concentration of credit risk:

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

	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%

At September 30, 2019 and 2018, the Authority had the following investments:

	Fair Value				
	2019		2018		Ratings
Pooled investment fund:	$	%	$	%	
U.S. Agency securities:					
Federal Farm Credit Bank	$ 33,077,744	23%	$ 19,791,790	14%	AAA
Federal Agricultural Mortgage Corp.	2,045,520	1%	12,926,210	9%	AAA
Federal Home Loan Bank	27,530,270	19%	25,366,880	18%	AAA
Federal Home Loan Mortgage Corp.	38,766,920	27%	35,135,242	25%	AAA
Federal National Mortgage Association	33,932,552	24%	41,179,140	29%	AAA
U.S. Treasury Bills	6,987,303	5%	6,957,880	5%	AAA
	$ 142,340,309	99%	$ 141,357,142	100%	

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Concentration of credit risk – continued

Tucson Airport Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Authority has the following recurring fair value measurements as of September 30, 2019 and 2018:

Investments Measured at Fair Value

	September 30, 2019 Fair Value Measurements Using		
	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investment fund:			
U.S. Agency securities:			
Federal Farm Credit Bank	$ -	$ 33,077,744	$ -
Federal Agricultural Mortgage Corp.	-	2,045,520	-
Federal Home Loan Bank	-	27,530,270	-
Federal Home Loan Mortgage Corp.	-	38,766,920	-
Federal National Mortgage Assoc.	-	33,932,552	-
U.S. Treasury Bills	-	6,987,303	-
	$ -	$ 142,340,309	$ -

	September 30, 2018 Fair Value Measurements Using		
	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investment fund:			
U.S. Agency securities:			
Federal Farm Credit Bank	$ -	$ 19,791,790	$ -
Federal Agricultural Mortgage Corp.	-	12,926,210	-
Federal Home Loan Bank	-	25,366,880	-
Federal Home Loan Mortgage Corp.	-	35,135,242	-
Federal National Mortgage Assoc.	-	41,179,140	-
U.S. Treasury Bills	-	6,957,880	-
	$ -	$ 141,357,142	$ -

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Concentration of credit risk – continued

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

Cash, cash equivalents and investments are classified on the Statements of Net Position at September 30, 2019 and 2018 as follows:

	Cash and cash equivalents		Investments	
	2019	2018	2019	2018
Unrestricted	$ 28,040,565	$ 15,910,640	$ 124,038,564	$ 123,757,404
Restricted				
Environmental Remediation Trust	149,762	73,626	-	-
Debt Service				
Airport Subordinate Lien				
Revenue Bonds, Series 2018	-	28,279	-	446,783
Capital Acquisition				
Passenger Facility Charge Fund	2,094,829	920,867	15,614,330	14,394,346
Capital Projects Fund	360,800	176,639	2,687,415	2,758,609
Total Restricted	2,605,391	1,199,411	18,301,745	17,599,738
	$ 30,645,956	$ 17,110,051	$ 142,340,309	$ 141,357,142

Cash and cash equivalents comprised the following at September 30, 2019 and 2018:

	2019	2018	Ratings
Deposits at financial institutions	$ 11,382,938	$ 7,978,807	N/A
Treasury obligation funds	19,253,568	9,121,795	AAA
Cash on hand	9,450	9,449	N/A
Total cash and cash equivalents	$ 30,645,956	$ 17,110,051	

At September 30, 2019, the Authority'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.S. Treasury and					
Agency securities	$ 142,340,309	$ 78,735,586	$ 38,473,700	$ 25,131,023	$ -

NOTE 4 – INVENTORIES

Inventories at September 30, 2019 and 2018 follow:

	2019	2018
Fuel, for internal use and resale	54,643	42,844
Operating and maintenance supplies	256,661	286,935
	$ 311,304	$ 329,779

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 follows:

	Beginning balance	Transfers	Increases	Decreases	Ending balance
Business type activities:					
Capital assets not being depreciated:					
Land	$ 52,748,136	$ -	$ -	$ -	$ 52,748,136
Air Avigation Easements	29,990,090	-	-	-	29,990,090
Artwork	458,630	18,584	4,584	-	481,798
Construction in progress	32,966,679	(7,285,735)	8,227,377	-	33,908,321
Total assets not being depreciated	116,163,535	(7,267,151)	8,231,961	-	117,128,345
Less accumulated depreciation for:					
Land improvements	176,084,744	2,319,888	882,923	-	179,287,555
Buildings and improvements	263,232,410	102,845	970,409	(810,878)	263,494,786
Utilities	5,951,108	-	-	-	5,951,108
Computer software	6,100,567	213,955	31,356	-	6,345,878
Furniture, fixtures, machinery and equipment	41,214,788	4,630,463	1,320,327	(315,606)	46,849,972
Total assets being depreciated	492,583,617	7,267,151	3,205,015	(1,126,484)	501,929,299
Less accumulated depreciation for:					
Land improvements	96,762,188	-	8,036,498	-	104,798,686
Buildings and improvements	145,433,933	-	7,706,251	(789,276)	152,350,908
Utilities	5,929,136	-	6,090	-	5,935,226
Computer software	5,860,593	-	103,572	(315,606)	5,964,165
Furniture, fixtures, machinery and equipment	26,327,745	-	2,488,233	-	28,500,372
	280,313,595	-	18,340,644	(1,104,882)	297,549,357
Net capital assets being depreciated	212,270,022	7,267,151	(15,135,630)	(21,601)	204,379,942
Net capital assets	$ 328,433,557	$ -	$ (6,903,669)	$ (21,601)	$ 321,508,287

NOTE 5 – CAPITAL ASSETS (continued)

Capital asset activity for the year ended September 30, 2018 follows:

	Beginning balance	Transfers	Increases	Decreases	Ending balance
Business type activities:					
Capital assets not being depreciated:					
Land	$ 52,748,136	$ -	$ -	$ -	$ 52,748,136
Air Avigation Easements	29,990,090	-	-	-	29,990,090
Artwork	458,630	-	-	-	458,630
Construction in progress	39,991,562	(29,592,211)	22,567,328	-	32,966,679
Total assets not being depreciated	123,188,418	(29,592,211)	22,567,328	-	116,163,535
Less accumulated depreciation for:					
Land improvements	193,269,518	425,748	290,685	(17,901,207)	176,084,744
Buildings and improvements	228,874,927	28,787,929	5,569,554	-	263,232,410
Utilities	5,951,108	-		-	5,951,108
Computer software	6,087,409	6,579	6,579	-	6,100,567
Furniture, fixtures, machinery and equipment	43,363,268	371,955	1,034,365	(3,554,800)	41,214,788
Total assets being depreciated	477,546,230	29,592,211	6,901,183	(21,456,007)	492,583,617
Less accumulated depreciation for:	106,602,634	-	8,060,761	(17,901,207)	96,762,188
Land improvements	137,813,439	-	7,620,494	-	145,433,933
Buildings and improvements	5,910,659	-	18,477	-	5,929,136
Utilities	5,753,830	-	106,763	-	5,860,593
Computer software					
Furniture, fixtures, machinery	27,353,156	-	2,333,753	(3,359,164)	26,327,745
and equipment	283,433,718	-	18,140,248	(21,260,371)	280,313,595
	194,112,512	29,592,211	(11,239,065)	(195,636)	212,270,022
Net capital assets being depreciated	317,300,930	$ -	$ 11,328,263	$ (195,636)	$ 328,433,557
Net capital assets	$ 302,980,384	$ -	$ 14,328,118	$ (7,572)	$ 317,300,930

Depreciation expense was $18,340,644 and $18,140,248 for the years ended September 30, 2019 and 2018, respectively.

	2019	2018
Capital assets	$ 619,057,644	$ 608,747,152
Less accumulated depreciation	(297,549,357)	(280,313,595)
Less outstanding debt	(32,805,147)	(37,694,358)
Net investment in capital assets	$ 288,703,140	$ 290,739,199

NOTE 6 – UNEARNED REVENUES

The Authority has been awarded certain amounts by the Pima County Superior Court in connection with assets seized by Authority 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, 2019 and 2018, the Authority had received rent from certain tenants and certain other payments applicable to the subsequent year. Such amounts have been classified as unearned revenue.

A detail of unearned revenues at September 30, 2019 and 2018 follows:

		2019		2018
Forfeiture funds	$	109,300	$	107,028
Marketing/Refurbishment funds		413,119		179,513
Tenant rent payments		1,166,889		652,927
Total unearned revenues	$	1,689,308	$	939,468

NOTE 7 – LONG-TERM DEBT

Long-term debt at September 30, 2019 and 2018 follows:

		2019		2018
$37,330,000 Subordinate Lien Airport Revenue Refunding Bonds, Series 2018, Series 2001 and 2006 Subordinate Lien Airport Revenue Bonds. Bonds due in semi-annual amounts, ranging from $920,000 to $3,345,000, April 1, 2019 through April 1, 2031; interest payable semiannually at 3.243%.	$	32,520,000	$	37,330,000
Unamortized premium – Series 2018 bonds		285,147		364,358
		32,805,147		37,694,358
Less current portion		(1,465,000)		(3,345,000)
Noncurrent debt	$	31,340,147	$	34,349,358

NOTE 7 – LONG-TERM DEBT (continued)

Long-term debt activity for the year ended September 30, 2019 follows:

	Beginning balance	Increases	Decreases	Ending balance
2019 activity:				
Business type activities:				
Authority bonds:				
2018 subordinate lien				
airport revenue bonds	$ 37,330,000	$ -	$ (4,810,000)	$ 32,520,000
Total debt	37,330,000	-	(4,810,000)	32,520,000
Less current portion	(3,345,000)	-	1,880,000	(1,465,000)
Noncurrent debt	$ 33,985,000	$ -	$ (2,930,000)	$ 31,055,000

Long-term debt activity for the year ended September 30, 2018 follows:

	Beginning balance	Increases	Decreases	Ending balance
2018 activity:				
Business type activities:				
Authority bonds:				
2001 subordinate lien				
airport revenue bonds	$ 27,770,000	$ -	$ (27,770,000)	$ -
2006 subordinate lien		-	(20,015,000)	-
airport revenue bonds	20,015,000	37,330,000	-	37,330,000
Total debt	47,785,000	37,330,000	(47,785,000)	37,330,000
Less current portion	(2,990,000)	-	(355,000)	(3,345,000)
Noncurrent debt	$ 44,795,000	$ 37,330,000	$ (48,140,000)	$ 33,985,000

A summary of annual long-term debt service requirements to maturity as of September 30, 2019, including required principal installments to the bond funds for $32,520,000 and interest payments of $5,791,511 totaling $38,311,511 follows:

	Airport Subordinate Lien Revenue Bonds, Series 2018	
	Principal	Interest
Year ending September 30,		
2020	$ 1,465,000	$ 527,312
2021	3,025,000	982,548
2022	3,120,000	883,798
2023	3,215,000	781,806
2024	3,320,000	676,652
2025-2029	14,380,000	1,776,353
2030-2031	3,995,000	163,042
	$ 32,520,000	$ 5,791,511

NOTE 7 – LONG-TERM DEBT (continued)

The Authority’s bond resolutions require periodic transfers from gross operating income to bond funds restricted for the payment of principal and interest. Other transfers to certain accounts are required by the bond resolutions after payment of operating and maintenance expenses. At September 30, 2019 and 2018, the Authority 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 Authority’s practice is to engage an independent consultant to evaluate outstanding tax-exempt debt for arbitrage liability and the Authority is of the opinion that no liability has been incurred as of September 30, 2019.

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

Economic gain on refunding debt

During the year ended September 30, 2018, the Authority issued $37.3 million in Subordinate Lien Airport Revenue Refunding bonds at an interest rate of 3.243% to refund $26.0 million in Series 2001 bonds at an average interest rate of 5.299% and $11.1 million in Series 2006 bonds at an average interest rate of 4.825%. The Authority refunded the 2001 and 2006 Series bonds to reduce its total debt service payments over the next 13 years by almost $5.3 million and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $3.9 million. The present values of the old debt service payments were discounted at a rate of 3.159%, determined utilizing the present value of the new debt as an effective rate target, calculated as follows:

Face amount of bonds	$	37,330,000
Premium		364,358
Accrued interest		57,168
Issuance costs not recoverable through escrow rate earnings*		(204,389)
Present value of cash flows for 2018 bonds used as effective	$	37,547,137

The calculation of the difference in cash flow requirements and economic gains related to the refunding debt issued during the year ended September 30, 2018 follows:

Cash flow difference:		
Old debt service cash flows		
Series 2001	$	36,838,717
Series 2006		12,842,467
		49,681,184
New debt service cash flows		(44,338,416)
Less accrued interest		(57,168)
	$	5,285,600
Economic gain		
Present value of old debt service cash flows	$	29,795,463
Series 2001		11,713,524
Series 2006		41,508,987
		(37,547,137)
Present value of new debt service cash flows		(57,168)
Less accrued interest	$	3,904,682

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The Authority 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 Authority accounts for these 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.

At September 30, 2019, the Authority 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 participates in:

September 30, 201	ASRS	PSPRS – Fire Department	PSPRS – Police Department	Net
Net pension/ /OPEB liability	$ 15,572,290	$ 13,024,623	$ 15,530,085	$ 44,126,998
Deferred outflows of resources:				
Difference between actual and expected experience	$ 288,913	$ 404,100	$ 562,160	$ 1,255,173
Changes of assumptions related to pensions	135,369	629,651	651,281	1,416,301
Difference between projected and actual investment earnings				
Changes in proportion and differences between employer contributions and and proportionate share of contributions	161,871	-	-	161,871
Contributions subsequent to the measurement date	325,660	318,975	353,633	998,268
Total deferred outflows	$ 911,813	$ 1,352,726	$ 1,567,074	$ 3,831,613
Deferred inflows of resources:				
Difference between actual and expected experience	$ 38,888	$ 39,381	$ 55,559	$ 133,828
Changes of assumptions related to pensions	618,511	3,478	3,061	625,050
Difference between projected and actual investment earnings	389,736	(78,892)	(81,498)	229,346
Changes in proportion and differences between employer contributions and proportionate share of contributions	194,559	-	-	194,559
Total deferred inflows	$ 1,241,694	$ (36,033)	$ (22,878)	$ 1,182,783
Pension /OPEB expense	$ 1,368,670	$ 1,335,374	$ 1,697,252	$ 4,401,296

NOTE 8 – PENSION AND OPEB PLANS (continued)

September 30, 2018	ASRS	PSPRS – Fire Department	PSPRS – Police Department	Net
Net pension/ /OPEB liability	$ 15,098,908	$ 12,249,350	$ 14,600,930	$ 41,949,188
Deferred outflows of resources:				
Difference between actual and expected experience	$ 416,940	$ 120,580	$ 180,583	$ 718,103
Changes of assumptions related to pensions	487,695	582,433	504,972	1,575,100
Difference between projected and actual investment earnings	-	182,539	171,947	354,486
Changes in proportion and differences between employer contributions and and proportionate share of contributions	322,892	-	-	322,892
Contributions subsequent to the measurement date	375,685	258,133	382,334	1,016,152
Total deferred outflows	$ 1,603,212	$ 1,143,685	$ 1,239,836	$ 3,986,733
Deferred inflows of resources:				
Difference between actual and expected experience	$ 119,665	$ 94,915	$ 2,218	$ 216,798
Changes of assumptions related to pensions	1,337,202	5,058	5,652	1,347,912
Difference between projected and actual investment earnings	447,225	124,727	116,953	688,905
Changes in proportion and differences between employer contributions and proportionate share of contributions	398,732	-	-	398,732
Total deferred inflows	$ 2,302,824	$ 224,700	$ 124,823	$ 2,652,347
Pension /OPEB expense	$ (172,856)	$ 1,661,950	$ 1,834,777	$ 3,323,871

Arizona State Retirement System

Plan description

Substantially all full-time employees of the Authority (excluding fire and police personnel) participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost sharing multiple employer defined benefit pension plan, a cost sharing multiple employer defined benefit health insurance premium benefit (OPEB) plan, and a cost sharing multiple employer defined benefit 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.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona State Retirement System (continued)

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

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

*with actuarially reduced benefits

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.

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 June 30, 2019 and 2018, active ASRS members and the Authority were required by statute to contribute at the following actuarially determined rates on members' annual covered payroll:

	2019	2018
Employee contribution rates:		
Retirement	11.64%	11.34%
Long-term disability	0.16%	0.16%
	11.80%	11.50%
Employer contribution rates:		
Retirement	11.18%	10.90%
Health insurance premium benefit	0.46%	0.44%
Long-term disability	0.16%	0.16%
	11.80%	11.50%

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona State Retirement System (continued)

The Authority's contributions to the pension/OPEB plan for the years ended June 30, 2019 and 2018 were $1,258,511 and $1,236,018, respectively.

Pension/OPEB liability

At September 30, 2019 and 2018 the Authority reported a liability of $15,572,290 and $15,098,908 for its proportionate share of the ASRS' net pension/OPEB liability, respectively. The net pension/OPEB liability was measured as of June 30, 2019 and 2018. (The total pension/OPEB liability used to calculate the net pension/OPEB liability was determined using update procedures to roll forward the total pension/OPEB liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.) The Authority's proportion of the net pension/OPEB liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the years ended June 30, 2019 and 2018. The Authority's proportions, measured as of June 30, 2019 and 2018 were as follows:

	2019	2018	Increase
Pension	0.10674%	0.10814%	-0.00140%
Health benefit supplement	0.10888%	0.10989%	*
Long term disability	0.10817%	0.10862%	*

*Data not available

For the years ended September 30, 2019 and 2018, the Authority recognized pension/OPEB expense (income) for ASRS of $1,368,670 and $(172,856), respectively. At September 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension/OPEBs from the following sources:

	September 30, 2019		September 30, 2018	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 288,913	$ 38,888	$ 416,940	$ 119,665
Net difference between projected and actual earnings on pension plan investments	135,369	618,511	-	447,225
Changes of assumptions related to pensions	-	389,736	487,695	1,337,202
Changes in proportion and differences between employer contributions and proportionate share of contributions	161,871	194,559	322,892	398,732
Contributions subsequent to the measurement date	325,660	-	375,685	-
	$ 911,813	$ 1,241,694	$ 1,603,212	$ 2,302,824

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona State Retirement System (continued)

The $325,660 reported as deferred outflows of resources is related to Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension/OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension/OPEBs will be recognized in pension/OPEB expense as follows:

Year ending September 30, 2020	$	(216,502)
2021		(490,065)
2022		(60,069)
2023		104,376
2024		2,154
Thereafter		4,565
	$	(655,541)

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Inflation	2.30%
Investment rate of return	7.50%
Mortality rates - pension and health	2017 SRA Scale U-MP
Recovery rates - long term disability	2012 GLDT
Projected salary increases - pension	2.7%-7.2%
Permanent benefit increase - pension	Included

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2017.

The long term expected rate of return on ASRS pension/OPEB plan investments was determined to be 8.70% using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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 asset allocation	Long-term contribution to expected return
Equity	50%	3.05%
Credit	20%	1.07%
Interest rate sensitive bonds	10%	0.16%
Real estate	20%	1.17%
Total	100%	5.45%

Discount rate The discount rate used to measure the ASRS total pension/OPEB liability was 7.50%, which is less than the long term expected rate of return of 8.70%. 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.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona State Retirement System (continued)

Sensitivity of the Authority's proportionate share of the ASRS net pension/OPEB liability to changes in the discount rate
The following table presents the Authority's proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.50%, as well as what the Authority'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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% decrease (6.5%)	Current discount rate (7.5%)	1% increase (8.5%)
Authority's proportionate share of the net pension/OPEB liability	$ 22,335,912	$ 15,572,290	$ 9,915,657

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

Arizona Public Safety Personnel Retirement System

Plan description

Employees of the Authority 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 and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). PSPRS is administered in accordance with Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes. 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 to Public Safety Personnel Retirement System, 3010 E. Camelback Road, Suite 200, Phoenix, AZ 85016, calling (602) 255- 5575, or by visiting: http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

Benefits Provided

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

	Tier 1	Tier 2	Tier 3
Membership date	Before January 1, 2012	On or after January 1, 2012	On or after July 1, 2017

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

The calculations of retirement benefits for employees commence the first day of the month following termination of employment.

For normal retirement the amount of monthly normal pension is based on years of credited service and average monthly compensation, up to a maximum of 80 percent of the average monthly benefit compensation. Age, years of credited service requirements and pension amounts are based on the member's Tier as follows:

Tier 1

First day of month following completion of 20 years of service or following 62nd birthday and completion of 15 years of service.

1. For retirement with 25 or more years of credited service, 50% of average monthly compensation for the first 20 years of credited service, plus 2.5% of average monthly compensation for each year of credited service above 20 years.

2. For retirement with 20 years of credited service but less than 25 years of credited service, 50% of average monthly compensation for the first 20 years of credited service, plus 2% of average monthly compensation for each year of credited service between 20 and 25 years.

3. For retirement with less than 20 years of credited service, the percent of average monthly compensation is reduced at a rate of 4% for each year less than 20 years of credited service.

Tier 2

First day of month following the attainment of age 52.5 and completion of 15 years of service.

1. 15 but less that 17 years of credited service, 1.5% of average monthly compensation for each credited year of service.

2. 17 but less that 19 years of credited service, 1.75% of average monthly compensation for each credited year of service.

3. 19 but less that 22 years of credited service, 2.0% of average monthly compensation for each credited year of service.

4. 22 but less that 25 years of credited service, 2.25% of average monthly compensation for each credited year of service.

5. 25 years of service or more, 62.5% of average monthly compensation for the first 25 years plus 2.5% of average monthly compensation for each year over 25 years of credited service.

Tier 3

First day of month following the attainment of age 55 and completion of 15 years of service:

1. 15 but less than 17 years of credited service, 1.5% of average monthly compensation for each credited year of service.

2. 17 but less than 19 years of credited service, 1.75% of average monthly compensation for each credited year of service.

3. 19 but less than 22 years of credited service, 2.0% of average monthly compensation for each credited year of service.

4. 22 but less than 25 years credited service, 2.25% of average monthly compensation for each credited year of service.

5. 25 years of service or more, 2.5% of average monthly compensation for each credited year of service.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

The phrase "average monthly benefit compensation," as it is used in the above discussion, is defined as the average of the highest consecutive months of compensation based on the following table:

	Tier 1	Tier 2	Tier 3
Average Salary	High 3 in past 20 years	High 5 in past 20 years	High 5 in past 15 years

All disability and survivor benefits are available to each tier where the determination, process and benefit amount will be the same as they are now.

Disability benefits are calculated as follows:

Ordinary Disability Retirement (not duty-related):	The amount of pension is a percentage of normal pension on employee's credited service (maximum of 20 years divided by 20).
Accidental Disability Retirement (duty-related):	No credited service requirement. Pension is computed in the same manner as normal pension based on credited service and average monthly compensation at time of termination of employment. Pension is 50% of average monthly compensation, or normal pension amount, whichever is greater.
Temporary Disability	Pension is 1/12 of 50% of compensation during the year preceding the date disability was incurred. Payments terminate after 12 months of prior recovery.
Catastrophic Disability Retirement	Pension is 90% of average monthly compensation. After 60 months, the pension is the greater of 62.5% of average monthly compensation or the member's accrued normal pension.

Survivor Pension benefits are paid upon the death of a member while a member is employed by an employer, or after retirement. There is no credited service requirement.

Spouse Pension: 80% of pension deceased active member would have been paid for accidental disability retirement or, in the case of retired member, 80% of the retired member's pension, and requires two years of marriage if retired. The benefit terminates upon the spouses death. For member killed in the line of duty, the benefit is 100% of average compensation, reduced by the child's pension benefit.

Child's Pension: 20% of the pension each month based on the calculation for an accidental disability retirement. The benefit is payable to a dependent child under age 18 or until age 23 if a full-time student.

Guardian's Pension: Same amount as spouse's pension. Payable only during periods no spouse is being paid and there is at least one child under age 18 or until age 23 if a full-time student. 80% of the member's pension and the child's pension will be paid to the guardian.

Named Beneficiary: If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the member's accumulated contributions less the pension payments made to the member.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Cost-of-Living Adjustment

Tier 1 and Tier 2

Each retired member or survivor of a retired member is eligible to receive a compounding cost-of-living adjustment in the base benefit. The first payment shall be made on July 1, 2018 and every July 1 thereafter. A retired member or survivor of a retired member may receive a Permanent Benefit Increase (PBI) from PSPRS if monies are available. PBI eligibility and calculation is contingent upon the effective retirement date. The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The cost-of-living adjustment will not exceed 2% per year.

Tier 3

Each retired member or survivor of a retired member is eligible to receive a compounding cost-of-living adjustment in the base benefit, beginning at the earlier of the first calendar year after the 7th anniversary of the retired member's retirement or when the retired member is or would have been sixty years of age. A cost-of-living adjustment shall be paid on July 1 each year that the funded ratio for members hired on or after July 1, 2017 is 70% or more. The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The cost-of-living adjustment will not exceed:

- 2%, if funded ratio for members who are hired on or after July 1, 2017 is 90% or more;
- 1.5%, if funded ratio for members who are hired on or after July 1, 2017 is 80-90%;
- 1%, if funded ratio for members who are hired on or after July 1, 2017 is 70-80%.

At June 30, 2019 the number of employees covered by the PSPRS agent pension plan benefit terms is as follows:

	Fire Department	%	Police Department	%
Retirees and beneficiaries	19	50.0%	22	48.9%
Inactive, non-retired members	4	10.5%	6	13.3%
Active members	15	39.5%	17	37.8%
	38		45	

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. Rates are a percentage of active members' annual covered payroll.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

For the Plan years ended June 30, 2019 and 2018, the Authority and active PSPRS members were required to contribute at the following rates, and the Authority's contributions to the pension/OPEB plan, which included the required contributions for the health insurance premium benefit, were as follows:

	Fire		Police	
Employer contributions	2019	2018	2019	2018
Employer pension contribution rates	95.19%	99.85%	95.08%	92.74%
Employer health contribution rates	0.00%	0.00%	0.22%	0.47%
Total employer contribution rate	95.19%	99.85%	95.30%	93.21%
Employer contributions	$ 1,149,987	$ 862,196	$ 1,366,925	$ 1,033,632

	Fire		Police	
Employer contributions	2019	2018	2019	2018
Tier 1	7.65%	7.65%	7.65%	7.65%
Tier 2	11.65%	11.65%	11.65%	11.65%
Tier 3	*	*	*	*

*There were no employees in Tier 3 at September 30, 2019 and 2018.

Pension/OPEB liability

At September 30, 2018 and 2017, the Authority reported the following net pension liabilities for its PSPRS pension plans:

	Fire		Police	
	2019	2018	2019	2018
Net pension liability	$ 13,024,623	$ 12,249,350	$ 15,530,085	$ 14,600,930

The net pension/OPEB liabilities were measured as of June 30, 2019 and 2018, respectively, and the total pension/OPEB liability used to calculate the net pension/OPEB liability (asset) was determined by actuarial valuations at these dates.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

The total pension/OPEB liability for the PSPRS Fire and Police Department plans in the June 30, 2019 and 2018 measurement was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Payroll growth	3.50%
Inflation	2.50%
Salary increases	3.50%-7.50%, including inflation
Investment rate of return	7.40% (7.50% for 2016), net of investment and administrative expenses
Mortality rates	RP-2014 mortality table projected 1 year backwards to 2013 with MP-2014 (adjusted by 110% of female healthy annuitant mortality table). Future mortality improvements are assumed each year using 75% of scale MP-2016.
Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published in the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.
Healthcare cost trend rate	N/A

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of a 2017 actuarial experience study.

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 expense 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 weighting 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, 2019, estimates are summarized in the following table:

Asset Class	Target Allocation	Long term expected real rate of return
Short-term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
	100%	

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Discount rate - The discount rate of 7.30% was used to measure the total pension/OPEB liability. The projection of cash flows used to determine the PSPRS 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 pension/OPEB plan's 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 Plan's net pension liability to changes in the discount rate, the following table presents the Plan's net pension/OPEB liability calculated using the single discount rate of 7.30%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage point lower (6.30%) or 1 percentage point higher (8.30%) than the current rate:

	1% decrease (6.30%)	Current discount rate (7.30%)	1% increase (8.30%)
Authority's net pension/OPEB liability - Fire Department	$ 15,434,796	$ 13,024,623	$ 11,044,438
Authority's net pension/OPEB liability - Police Department	$ 18,276,381	$ 15,530,083	$ 13,310,301

The pension/OPEB plan's fiduciary net position has been determined on the same basis used by the pension/OPEB plan. PSPRS financial statements are prepared using the accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of PSPRS. Refunds are due and payable by state law within 20 days of receipt of a written application for a refund. Refunds are recorded when paid. PSPRS investments are reported at market value. Market values are determined as follows: Short-term investments are reported at cost plus accrued interest. Equity securities are valued at the last reported sales price. Fixed-income securities are valued using the last reported sales price or the estimated market value as determined by fixed income broker/dealers plus accrued interest. Investments in hedge funds are valued monthly at the last reported valuations. Limited partnership investments in credit opportunities, private equity, real assets and real estate are valued on a quarterly or monthly basis at last reported valuations adjusted by any subsequent cash flows. Detailed information about the pension/OPEB plan's fiduciary net position is available in the separately issued PSPRS financial report.

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Changes in the net pension/OPEB liability –

Tucson Airport Authority Fire Department

Measurement Date, June 30, 2019 Reporting Date, September 30, 2019		Total Pension OPEB Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (a)-(b)
Balances at beginning of year	$	17,783,783	$	5,534,433	$	12,249,350
Changes for the year:						
Service cost		159,957		-		159,957
Interest on the total pension liability		1,282,104		-		1,282,104
Changes of benefit terms		-		-		-
Differences between expected and actual experience in the measurement of the total pension liability		367,815		-		367,815
Changes of assumptions		356,174		-		356,174
Contributions - employer		-		1,006,544		(1,006,544)
Contributions - employee		-		92,740		(92,740)
Net investment income		-		297,663		(297,663)
Benefit payments, including refunds		(1,236,019)		(1,236,019)		-
of employee contributions		-		-		-
Pension plan administrative expense		-		(6,170)		6,170
Other		-		-		-
Net changes	$	930,031	$	154,758	$	775,273
Balances end of year	$	18,713,814	$	5,689,191	$	13,024,623

Tucson Airport Authority Fire Department

Measurement Date, June 30, 2018 Reporting Date, September 30, 2018		Total Pension OPEB Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (a)-(b)
Balances at beginning of year	$	17,110,758	$	5,363,554	$	11,747,204
Changes for the year:						
Service cost		240,724		-		240,724
Interest on the total pension liability		1,240,480		-		1,240,480
Changes of benefit terms		-		-		-
Differences between expected and actual experience in the measurement of the pension liability		127,555		-		127,555
Changes of assumptions		-		-		-
Contributions - employer		-		862,196		(862,196)
Contributions - employee		-		89,302		(89,302)
Net investment income		-		369,056		(369,056)
Benefit payments, including refunds		(935,734)		(935,734)		-
of employee contributions		-		(207,683)		207,683
Pension plan administrative expense		-		(6,317)		6,317
Other		-		59		(59)
Net changes	$	673,025	$	170,879	$	502,146
Balances end of year	$	17,783,783	$	5,534,433	$	12,249,350

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Changes in the net pension/OPEB liability – continued

Tucson Airport Authority Police Department

Measurement Date, June 30, 2019 Reporting Date, September 30, 2019	Total Pension OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	$ 19,742,094	$ 5,141,166	$ 14,600,928
Adjustments to beginning of year	-	-	-
Changes for the year:			
Service cost	184,861	-	184,861
Interest on the total pension liability	1,436,115	-	1,436,115
Differences between expected and actual experience in the measurement of the total pension liability	541,099	-	541,099
Changes of assumptions	575,965	-	575,965
Contributions - employer	-	1,328,571	(1,328,571)
Contributions - employee	-	162,627	(162,627)
Net investment income	-	288,923	(288,923)
Benefit payments, including refunds of employee contributions	(1,039,991)	(1,039,991)	-
Hall/Parker Settlement	-	-	-
Pension plan administrative expense	-	(6,015)	6,015
Other	-	34,779	(34,779)
Net changes	1,698,049	768,894	929,155
Balances end of year	$ 21,440,143	$ 5,910,060	$ 15,530,083

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Changes in the net pension/OPEB liability – continued

Tucson Airport Authority Police Department

Measurement Date, June 30, 2018 Reporting Date, September 30, 2018	Total Pension OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	$ 19,269,075	$ 5,022,560	$ 14,246,515
Changes for the year:			
Service cost	285,672	-	285,672
Interest on the total pension liability	1,391,501	-	1,391,501
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	11,538	-	11,538
Changes of assumptions	-	-	-
Contributions - employer	-	1,033,632	(1,033,632)
Contributions - employee	-	120,133	(120,133)
Net investment income	-	342,715	(342,715)
Benefit payments, including refunds of employee contributions	(1,215,692)	(1,215,692)	-
Hall/Parker Settlement	-	(237,532)	237,532
Pension plan administrative expense	-	(5,916)	5,916
Other		81,264	(81,264)
Net changes	473,019	118,604	354,415
Balances end of year	$ 19,742,094	$ 5,141,164	$ 14,600,930

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Tucson Airport Authority Fire Department

Pension/OPEB expense and deferred outflows/inflows of resources For the years ended September 30, 2019 and 2018, the Authority recognized pension/OPEB expense for PSPRS Fire of $1,335,374 and $1,661,950 respectively. At September 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension/OPEBs from the following sources:

September 30, 2019

	Deferred outflows of resources	Deferred inflows of resources	Net deferred outflows of resources
Differences between expected and actual experience	$ 404,100	$ 39,381	$ 364,719
Changes in assumptions	629,651	3,478	626,173
Net difference between projected and actual earnings on pension plan investments	-	(78,892)	78,892
Contributions subsequent to the measurement date	318,975	-	318,975
Total	$ 1,352,726	$ (36,033)	$ 1,388,759

September 30, 2018

	Deferred outflows of resources	Deferred inflows of resources	Net deferred outflows of resources
Differences between expected and actual experience	$ 120,580	$ 94,915	$ 25,665
Changes in assumptions	582,433	5,058	577,375
Net difference between projected and actual earnings on pension plan investments	-	(57,812)	57,812
Contributions subsequent to the measurement date	258,133	-	258,133
Total	$ 961,146	$ 42,161	$ 918,985

The $318,975 reported as deferred outflows of resources related to PSPRS pensions as of September 30, 2019 resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension/OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pension/OPEBs will be recognized in pension/OPEB expense as follows

Year ending June 30,	
2020	438,456
2021	272,461
2022	196,032
2023	166,922
2024	(4,087)
Total	$ 1,069,784

NOTE 8 – PENSION AND OPEB PLANS (continued)

Arizona Public Safety Personnel Retirement System (continued)

Tucson Airport Authority Police Department

Pension/OPEB expense and deferred outflows/inflows of resources For the years ended September 30, 2019 and 2018, the Authority recognized pension/OPEB expense for PSPRS Police of $1,697,252 and $1,834,777, respectively. At September 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension/OPEBs from the following sources:

September 30, 2019

	Deferred outflows of resources	Deferred inflows of resources	Net deferred outflows of resources
Differences between expected and actual experience	$ 562,160	$ 55,559	$ 506,601
Changes in assumptions	651,281	3,061	648,220
Net difference between projected and actual earnings on pension plan investments	-	(81,498)	81,498
Contributions subsequent to the measurement date	353,633	-	353,633
Total	$ 1,567,074	$ (22,878)	$ 1,589,952

September 30, 2018

	Deferred outflows of resources	Deferred inflows of resources	Net deferred outflows of resources
Differences between expected and actual experience	$ 180,583	$ 2,218	$ 178,365
Changes in assumptions	504,972	5,652	499,320
Net difference between projected and actual earnings on pension plan investments	-	(54,994)	54,994
Contributions subsequent to the measurement date	382,334	-	382,334
Total	$ 1,067,889	$ (47,124)	$ 1,115,013

The $353,663 reported as deferred outflows of resources related to PSPRS pension/OPEBs as of September 30, 2019 resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension/OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pension/OPEBs will be recognized in pension/OPEB expense as follows:

Year ending June 30,	
2020	526,611
2021	213,081
2022	251,527
2023	245,100
2024	-
Total	$ 1,236,319

NOTE 9 – Operating leases with lessees

The Authority is the lessor of various land, facilities and equipment within the Airport System. Lease contracts are generally written with noncancelable terms of up to 30 years. Costs and related accumulated depreciation of property under leases are not practically determinable as the majority of the leases relate only to portions of buildings.

A summary of minimum noncancelable rentals under operating leases at September 30, 2019 follows:

Year ending June 30, 2020	$	14,666,804
2021		14,549,706
2022		11,665,543
2023		9,441,853
2024		9,253,939
Thereafter		67,080,338
	$	126,658,183

Several lease agreements have provisions for contingent rentals calculated on the tenant's gross revenue if greater than contractual minimum annual guarantees, which were incorporated into leases in effect through February 2017. The amount of contingent rental revenue under these leases totaled $248,359 and $347,474 for the years ended September 30, 2019 and 2018, respectively, and is included in concession revenues.

NOTE 10 – Concentration of operating revenues

Concession fees from the airport rental car operations amounted to approximately 14.5% and 14.1% of total operating revenues for the years ended September 30, 2019 and 2018, respectively. Net revenues from the airport parking lot operations amounted to approximately 16.6% and 16.7% of total operating revenues in the years ended September 30, 2019 and 2018, respectively.

NOTE 11 – 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 Authority 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 Authority: 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 Authority received approval under a new PFC application for the Terminal Optimization Project. The total effect of approved applications and amendments results in total aggregate collection authority of $179,290,015. During the years ended September 30, 2019 and 2018, the Authority earned PFCs of $7,229,199 and $6,754,513, respectively.

NOTE 12 – Risk management

The Authority is exposed to various risks or losses related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority's risk management activities include purchase of commercial insurance with standard deductibles for all significant insurable risks. There have been no significant changes in insurance coverage in the last year. The amounts of settlements have not exceeded insurance coverage for the past four years. Other than for certain environmental remediation liabilities as discussed in Note 14, the financial statements do not include any liability for uninsured claims at September 30, 2019 and 2018.

Losses arising from claims and judgments are expensed when 1) it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements; and 2) the amount of the loss can be reasonably estimated.

NOTE 13 – Commitments

Commitments for contractual services for federally funded and other construction projects at September 30, 2019 totaled approximately $29,425,100. These commitments will be funded in whole or in part by federal and state grants of $24,035,217 and the Authority's previously issued revenue bonds and Authority funds, as necessary, of $5,389,882.

NOTE 14 – Environmental matters, litigation and contingencies

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

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

In 1999, the Authority 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 Authority property.

In 1999, the Authority 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 Authority funded a trust for the purpose of providing primary funding for the Authority'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 Authority 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 Authority'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, 2019 and 2018 follow:

		2019		2018
Environmental remediation liability, beginning of year	$	25,012,603	$	23,203,510
Current year expense		1,587,039		2,964,165
Investment earnings on Environmental Remediation Trust assets		6,650		3,292
Current year payments		(2,030,515)		(1,158,364)
Environmental remediation liability, end of year	$	24,575,777	$	25,012,603
Environmental remediation liability:				
Current – payable from unrestricted assets	$	5,406,269	$	5,388,090
Current – payable from restricted assets		149,762		73,626
Long-term – payable from unrestricted assets		19,019,746		19,550,887
	$	24,575,777	$	25,012,603

NOTE 14 – Environmental matters, litigation and contingencies – continued

1,4 Dioxane Remedial Investigation and Feasibility Study

In a letter dated July 17, 2008, the U.S. EPA requested that the Authority, 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 Authority 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 Authority 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 Authority 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 Authority and its tenants at Tucson International Airport and Ryan Airfield between 1961 and 1972 and that ADEQ alleged may have been transported to BNL. On May 15, 2007, ADEQ sent a letter to the Authority 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 Authority 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 Authority anticipates that the amount, if any, of disallowed grant expenditures in the event of granting agency audits would be immaterial.

Other Contingencies

The Authority 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 Authority or will be covered by insurance.

The Authority has significant contracts and leases that include contingent amounts due to the Authority based upon revenues of the lessees and concessionaires. The Authority 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.

Subsequent events

TAA evaluated its September 30, 2019 annual financial statements for subsequent events through the date of issuance. The negative impacts to air travel resulting from the COVID-19 pandemic and public response will likely reduce operating revenues from concessions in the following fiscal year. Currently, Congress is expected to extend aid to airports and airlines which could help mitigate the effects of this disruption. However, the uncertainty of the duration of this interruption and scope of federal assistance prevents TAA from estimating the size and significance of the overall impact on subsequent periods.

NOTE 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, 2019 and 2018, restricted net position is as follows:

September 30, 2019

	Trust	Debt service	Capital projects	Total restricted
Assets				
Cash and cash equivalents	$ 149,762	$ -	$ 2,455,629	$ 2,605,391
Investments	-	-	18,301,745	18,301,745
Accounts receivable	-	-	626,109	626,109
Accrued interest receivable	-	-	113,530	113,530
Total restricted assets	$ 149,762	$ -	$ 21,497,013	$ 21,646,775
Liabilities				
Accrued interest payable	$ -	$ -	$ -	$ -
Environmental remediation payable - current portion	149,762	-	-	149,762
Total liabilities payable from restricted assets	(149,762)	-	-	149,762
Total Restricted Net Position	$ -	$ -	$ 21,497,013	$ 21,497,013

September 30, 2018

	Environmental Trust	Debt service	Capital projects	Total restricted
Assets				
Cash and cash equivalents	$ 73,626	$ 28,279	$ 1,097,506	$ 1,199,411
Investments	-	446,783	17,152,955	17,599,738
Accounts receivable	-	-	999,164	999,164
Accrued interest receivable	-	-	90,098	90,098
Prepaid insurance	-	-	-	-
Total restricted assets	$ 73,626	$ 475,062	$ 19,339,723	$ 19,888,411
Liabilities				
Accrued interest payable	$ -	$ 60,531	$ -	$ 60,531
Environmental remediation payable - current portion	73,626	-	-	73,626
Total liabilities payable from restricted assets	73,626	60,531	-	134,157
Total Restricted Net Position	$ -	$ 414,531	$ 19,339,723	$ 19,754,254

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REQUIRED SUPPLEMENTARY INFORMATION –unaudited

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

(2013 – 2009 information not available)

Reporting date (September 30)		2019		2018		2017		2016	
Measurement date (June 30)		(2019)		(2018)		(2017)		(2016)	
Authority's proportion of the net pension liability		0.106740%		0.108140%		0.105060%		0.110640%	
Authority's proportionate share of the net pension liability	$	15,531,912	$	15,081,724	$	16,366,300	$	17,858,407	$
Authority's covered employee payroll		11,198,483		10,748,407		10,234,127		10,309,250	
Authority's covered employee payroll net pension liability as a percentage of its covered employee payroll		138.70%		140.32%		159.92%		173.23%	
Plan fiduciary net position as a percentage of total pension liability		73.24%		73.00%		69.92%		67.06%	

2015		2014	2013	2012	2011	2010
(2015)		(2014)	(2013)	(2012)	(2011)	(2010)
0.116260%		0.120267%	-%	-%	-%	-%
18,108,646	$	17,795,379	-	-	-	-
10,708,240		10,840,726	-	-	-	-
169.11%		164.15%	-%	-%	-%	-%
68.08%		69.49%	-%	-%	-%	-%

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

(2016 – 2009 information not available)

Health Benefit Subsidy (HBS)

Reporting date (September 30)	2019	2018	2017	2016
(Measurement date (June 30))	(2019)	(2018)	(2017)	(2016)
Authority's proportion of the net pension liability	0.108880%	0.109890%	0.106520%	0.000000%
Authority's proportionate share of the net pension liability	$ (30,089)	(39,570)	$ (57,989)	$ -
Authority's covered employee payroll	11,198,483	10,748,407	10,234,127	-
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	-0.27%	-0.37%	-0.57%	0.00%
Plan fiduciary net position as a percentage of total pension liability	101.62%	102.00%	103.57%	0.00%

Long-term Disability (LTD)

Reporting date (September 30)	2019	2018	2017	2016
(Measurement date (June 30))	(2019)	(2018)	(2017)	(2016)
Authority's proportion of the net pension liability	0.108170%	0.108620%	0.105590%	0.000000%
Authority's proportionate share of the net pension liability	$ 70,467	$ 56,754	$ 38,274	$ -
Authority's covered employee payroll	11,198,483	10,748,407	10,234,127	-
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	0.63%	0.53%	0.37%	0.00%
Plan fiduciary net position as a percentage of total pension liability	72.85%	78.00%	84.44%	0.00%

2015	2014	2013	2012	2011	2011	2010
(2015)	(2014)	(2013)	(2012)	(2011)	(2011)	(2010)
0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2015	2014	2013	2012	2011	2011	2010
(2015)	(2014)	(2013)	(2012)	(2011)	(2011)	(2010)
0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(2013 – 2009 information not available)

	2019	2018	2017	2016
Reporting date (September 30)	2019	2018	2017	2016
Measurement date (June 30)	(2019)	(2018)	(2017)	(2016)
Total pension liability				
Service cost	$ 156,487	$ 237,359	$ 288,240	$ 226,588
Interest on total pension liability	1,263,139	1,221,934	1,144,049	1,114,931
Benefit changes	-	-	189,346	237,906
Difference between expected and actual experience	394,075	127,803	(1,002)	(88,660)
Assumption changes	354,435	-	608,287	563,682
Benefit payments, including refunds of employee contributions	(1,212,840)	(923,319)	(966,355)	(1,102,101)
Net change in total pension liability	955,296	663,777	1,262,565	952,346
Total pension liability, beginning	17,519,385	16,855,608	15,593,043	14,640,697
Total pension liability, ending (a)	$ 18,474,681	$ 17,519,385	$ 16,855,608	$ 15,593,043
Plan fiduciary net position				
Contributions employer	$ 1,006,544	$ 862,196	$ 850,516	$ 839,895
Contributions employee	92,740	89,302	132,556	133,036
Pension plan net investment income	279,715	346,270	529,903	26,592
Benefit payments, including refunds of employee contributions	(1,212,840)	(923,319)	(966,355)	(1,102,101)
Hall/Parker Settlement	-	(207,683)	-	-
Pension plan administrative expense	(5,860)	(5,970)	(5,089)	(4,227)
Other	-	59	57,028	58,877
Net change in fiduciary net position	160,299	160,855	598,559	(47,928)
Plan fiduciary net position, beginning	5,192,807	5,031,952	4,433,393	4,481,321
Plan fiduciary net position, ending (b)	$ $5,353,106	$ 5,192,807	$ 5,031,952	$ 4,433,393
Net pension liability (asset), ending (a)–(b)	$ $13,121,575	$ 12,326,578	$ 11,823,656	$ 11,159,650
Plan fiduciary net position as a percentage of total pension liability	28.98%	29.64%	29.85%	28.43%
Covered valuation payroll	$ 1,140,342	$ 1,051,655	$ 1,229,168	$ 1,174,641
Net pension liability as a percentage of covered valuation payroll	1150.67%	1172.11%	961.92%	950.05%

	2015		2014		2013		2012		2011		2010
	(2015)		(2014)		(2013)		(2012)		(2011)		(2010)
$	214,614	$	217,088	$	-	$	-	$	-	$	-
	1,113,123		926,805		-		-		-		-
	-		362,124		-		-		-		-
	(347,529)		(59,196)		-		-		-		-
	-		1,746,767		-		-		-		-
	(824,231)		(813,515)		-		-		-		-
	155,977		2,380,073		-		-		-		-
	14,484,720		12,104,647		-		-		-		-
$	14,640,697	$	14,484,720	$	-	$	-	$	-	$	-
$	527,805	$	497,883	$	-	$	-	$	-	$	-
	120,005		111,010		-		-		-		-
	164,399		570,917		-		-		-		-
	(824,231)		(813,515)		-		-		-		-
	-		-		-		-		-		-
	(4,385)		-		-		-		-		-
	(115,462)		(261,027)		-		-		-		-
	(131,869)		105,268		-		-		-		-
	4,613,190		4,507,922		-		-		-		-
$	4,481,321	$	4,613,190	$	-	$	-	$	-	$	-
$	10,159,376	$	9,871,530	$	-	$	-	$	-	$	-
	30.61%		31.85%		0.00%		0.00%		0.00%		0.00%
$	1,098,649	$	1,013,577	$	-	$	-	$	-	$	-
	924.72%		973.93%		0.00%		0.00%		0.00%		0.00%

Multiyear Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios Agent Retirement Plan (PSPRS) – Fire Department

(2016 – 2009 information not available)

	2019	2018	2017	2016
Reporting date (September 30)	2019	2018	2017	2016
Measurement date (June 30)	(2019)	(2018)	(2017)	(2016)
Total OPEB liability				
Service cost	$ 3,470	$ 3,365	$ 4,302	$ -
Interest on total OPEB liability	18,965	18,546	16,689	-
Benefit changes	-	-	-	-
Difference between expected and actual experience	(26,260)	(248)	30,351	-
Assumption changes	1,739	-	(8,218)	-
Benefit payments, including refunds of employee contributions	(23,179)	(12,415)	(16,675)	-
Net change in total OPEB liability	(25,265)	9,248	26,449	-
Total OPEB liability, beginning	264,398	255,150	228,701	-
Total OPEB liability, ending (a)	$ 239,133	$ 264,398	$ 255,150	$ -
Plan fiduciary net position				
Contributions - employer	$ -	$ -	$ -	$ -
Contributions - employee	-	-	-	-
OPEB plan net investment income	17,948	22,786	35,872	-
Benefit payments, including refunds of employee contributions	(23,179)	(12,415)	(16,675)	-
Hall/Parker Settlement	-	-	-	-
OPEB plan administrative expense	(310)	(347)	(318)	-
Other	-	-	-	-
Net change in fiduciary net position	(5,541)	10,024	18,879	-
Plan fiduciary net position, beginning	341,626	331,602	312,723	-
Plan fiduciary net position, ending (b)	$ 336,085	$ 341,626	$ 331,602	$ -
Net OPEB liability (asset), ending (a) - (b)	$ (96,952)	$ (77,228)	$ (76,452)	$ -
Plan fiduciary net position as a percentage of total OPEB liability	140.54%	129.21%	129.96%	0.00%
Covered valuation payroll	$ 1,140,342	$ 1,051,655	$ 1,229,168	$ -
Net OPEB liability as a percentage of covered valuation payroll	-8.50%	-7.34%	-6.22%	0.00%

2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)	2011 (2011)	2010 (2010)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
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-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
$ -	$ -	$ -	$ -	$ -	$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(2013 – 2009 information not available)

	2019	2018	2017	2016
Reporting date (September 30)	2019	2018	2017	2016
Measurement date (June 30)	(2019)	(2018)	(2017)	(2016)
Total pension liability				
Service cost	$ 180,206	$ 281,283	$ 313,234	$ 253,073
Interest on total pension liability	1,412,577	1,369,937	1,267,411	1,213,721
Benefit changes	-	-	230,905	212,521
Difference between expected and actual experience	608,502	(2,801)	213,612	163,868
Assumption changes	572,330	-	672,391	607,920
Benefit payments, including refunds of employee contributions	(1,023,805)	(1,199,709)	(935,761)	(1,150,547)
Net change in total pension liability	1,749,810	448,710	1,761,792	1,300,556
Total pension liability, beginning	19,420,581	18,971,871	17,210,079	15,910,153
Total pension liability, ending (a)	$ 21,170,391	$ 19,420,581	$ 18,971,871	$ 17,210,709
Plan fiduciary net position				
Contributions employer	$ 1,323,808	$ 1,032,770	$ 871,881	$ 860,997
Contributions employee	162,627	120,133	164,792	172,693
Pension plan net investment income	273,290	323,004	497,677	24,385
Benefit payments, including refunds of employee contributions	(1,023,805)	(1,199,709)	(935,761)	(1,150,547)
Hall/Parker Settlement	-	(237,532)	-	-
Pension plan administrative expense	(5,745)	(5,616)	(4,804)	(3,909)
Other	34,779	81,265	46	1,450
Net change in fiduciary net position	764,954	114,315	593,831	(94,931)
Plan fiduciary net position, beginning	4,847,914	4,733,599	4,139,768	4,234,699
Adjustment to beginning of year	(3,675)	-	-	-
Plan fiduciary net position, ending (b)	$ 5,609,193	$ 4,847,914	$ 4,733,599	$ 4,139,768
Net pension liability (asset), ending (a)–(b)	$ 15,561,198	$ 14,572,667	$ 14,238,272	$ 13,070,311
Plan fiduciary net position as a percentage of total pension liability	26.50%	24.96%	24.95%	24.05%
Covered valuation payroll	$ 1,351,250	$ 1,329,942	$ 1,395,872	$ 1,309,901
Net pension liability as a percentage of covered valuation payroll	1151.62%	1095.74%	1020.03%	997.81%

2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)	2011 (2011)	2010 (2010)
$ 258,524	$ 256,981	$ -	$ -	$ -	$ -
1,171,149	965,854	-	-	-	-
-	342,709	-	-	-	-
195,045	178,695	-	-	-	-
-	1,778,168	-	-	-	-
(1,008,807)	(807,083)	-	-	-	-
615,911	2,715,324	-	-	-	-
15,294,242	12,578,918	-	-	-	-
$ 15,910,153	$ 15,294,242	$ -	$ -	$ -	$ -
$ 614,539	$ 576,148	$ -	$ -	$ -	$ -
280,628	150,551	-	-	-	-
154,668	511,958	-	-	-	-
(1,008,807)	(807,083)	-	-	-	-
-	-	-	-	-	-
(4,150)	-	-	-	-	-
(3,035)	(209,036)	-	-	-	-
33,843	222,538	-	-	-	-
4,200,856	3,978,318	-	-	-	-
-	-	-	-	-	-
$ 4,234,699	$ 4,200,856	$ -	$ -	$ -	$ -
$ 11,675,454	$ 11,093,386	$ -	$ -	$ -	$ -
26.62%	27.47%	0.00%	0.00%	0.00%	0.00%
$ 1,364,568	$ 1,305,875	$ -	$ -	$ -	$ -
855.62%	849.50%	0.00%	0.00%	0.00%	0.00%

Multiyear Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios Agent Retirement Plan (PSPRS) – Police Department

(2016 – 2009 information not available)

	2019	2018	2017	2016
Reporting date (September 30)	2019	2018	2017	2016
Measurement date (June 30)	(2019)	(2018)	(2017)	(2016)
Total OPEB liability				
Service cost	$ 4,655	$ 4,389	$ 4,886	$ -
Interest on total OPEB liability	23,538	21,564	19,898	-
Benefit changes	-	-	847	-
Difference between expected and actual experience	(67,403)	14,339	26,034	-
Assumption changes	3,635	-	(10,834)	-
Benefit payments, including refunds of employee contributions	(16,186)	(15,983)	(12,972)	-
Net change in total OPEB liability	(51,761)	24,309	27,859	-
Total OPEB liability, beginning	321,513	297,204	269,345	-
Total OPEB liability, ending (a)	$ 269,752	$ 321,513	$ 297,204	$ -
Plan fiduciary net position				
Contributions - employer	$ 4,763	$ 862	$ $5,655	$ -
Contributions - employee	-	-	-	-
OPEB plan net investment income	15,633	19,711	30,966	-
Benefit payments, including refunds of employee contributions	(16,186)	(15,983)	(12,972)	-
Hall/Parker Settlement	-	-	-	-
OPEB plan administrative expense	(270)	(300)	(275)	-
Other	-	1	-	-
Net change in fiduciary net position	3,940	4,291	23,374	-
Plan fiduciary net position, beginning	293,252	288,961	265,587	-
Plan fiduciary net position, ending (b)	$ 3,675	$ 293,252	$ 288,961	$ -
Net OPEB liability (asset), ending (a) - (b)	$ 300,867	$ 28,261	$ 8,243	$ -
Plan fiduciary net position as a percentage of total OPEB liability	(31,115)	91.21%	97.23%	0.00%
Covered valuation payroll	$ 111.53%	$ 1,329,942	$ 1,395,872	$ -
Net OPEB liability as a percentage of covered valuation payroll	1,351,250	2.12%	0.59%	0.00%

2015	2014	2013	2012	2011	2010
(2015)	(2014)	(2013)	(2012)	(2011)	(2010)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
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-	-	-	-	-	-
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$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
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-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
$ -	$ -	$ -	$ -	$ -	$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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STATISTICAL SECTION

Statistical Section

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Net Position and Changes in Net Position

Fiscal Years Ended September 30

	2010	2011	2012	2013
Operating revenues				
Landing fees	$ 3,716,258	$ 3,218,611	$ 3,065,212	$ 2,727,682
Space rentals	14,271,708	14,464,321	14,404,808	14,541,598
Land rent	2,632,103	2,694,612	2,639,679	2,684,589
Concession revenue	16,451,297	16,978,230	16,717,118	14,234,828
Product sales	3,111,248	3,386,663	2,624,936	1,000,111
Airport services	3,997,120	4,016,841	3,626,002	3,069,561
Other operating revenues	4,577,805	4,634,781	4,764,771	4,336,606
Total operating revenues	48,757,539	49,394,059	47,842,526	42,594,975
Nonoperating revenues				
Interest income	1,104,984	850,527	757,378	733,777
Passenger facility charges	7,418,447	7,064,714	6,884,959	6,193,285
Other nonoperating revenues	(263,931)	97,930	7,813	(466,024)
Total nonoperating revenues	8,259,500	8,013,171	7,650,150	6,461,038
Total revenues	57,017,039	57,407,230	55,492,676	49,056,013
Operating expenses				
Personnel expenses	18,338,923	18,565,829	18,813,878	18,855,823
Contractual services	6,064,411	6,301,918	5,759,286	6,321,777
Materials and supplies	1,264,250	1,390,653	1,405,494	1,348,952
Cost of product sales	2,260,029	2,612,723	2,063,364	851,930
Other operating expenses	1,090,153	1,274,401	1,244,705	1,177,404
Depreciation and amortization	16,783,060	15,298,186	15,386,500	16,472,711
Total operating expenses	45,800,826	45,443,710	44,673,227	45,028,597
Nonoperating expenses				
Interest expense and fiscal charges	4,591,809	4,252,272	3,373,283	3,048,133
Environmental remediation expenses	4,707,923	834,444	1,420,602	1,469,875
Other nonoperating expenses	-	1,896	13,216	15,714
Total nonoperating expenses	9,299,732	5,088,612	4,807,101	4,533,722
Total expenses	55,100,558	50,532,322	49,480,328	49,562,319
Capital contributions	15,868,166	8,606,611	12,633,202	13,542,280
Special item - Loss on asset impairment	(1,891,123)	(403,565)	-	-
Increase in net position	$ 15,893,524	$ 15,077,954	$ 18,645,550	$ 13,035,974
Net position at year-end				
Net investment in capital assets	$ 188,439,666	$ 198,997,844	$ 208,795,492	$ 220,212,684
Restricted	29,259,452	31,135,480	33,221,914	32,995,119
Unrestricted	73,306,291	75,950,039	82,711,507	84,557,084
Total net position	$ 291,005,409	$ 306,083,363	$ 324,728,913	$ 337,764,887
Prior Period Adjustment	-	-	-	-
Total net position, as restated	$ 291,005,409	$ 306,083,363	$ 324,728,913	$ 337,764,887

2014	2015	2016	2017	2018	2019
$ 2,677,840	$ 2,638,511	$ 2,793,333	$ 2,761,273	$ 2,242,036	$ 3,070,839
14,712,712	15,516,879	15,563,025	14,983,380	14,443,728	15,046,170
2,663,514	2,767,584	2,754,715	2,963,840	3,510,909	3,515,665
14,442,602	14,458,462	15,146,036	16,014,764	17,153,120	18,624,434
-	-	-	-	-	-
3,813,682	3,787,935	3,239,181	3,451,629	3,799,364	3,278,715
3,040,508	2,817,414	2,624,624	2,733,868	2,876,372	3,725,228
41,350,858	41,986,785	42,120,914	42,908,754	44,025,529	47,261,051
1,003,767	1,383,045	1,533,109	1,757,178	2,252,824	3,079,095
6,135,127	6,010,676	6,071,068	6,477,205	6,754,513	7,229,199
655,988	576,808	(47,097)	(866,155)	(1,164,745)	1,799,527
7,794,882	7,970,529	7,557,080	7,368,228	7,842,592	12,107,821
49,145,740	49,957,314	49,677,994	50,276,982	51,868,121	59,368,872
21,271,873	19,945,414	19,887,460	20,124,552	20,323,973	22,646,456
5,843,202	6,064,007	6,165,827	6,120,706	6,089,002	7,380,899
1,764,994	1,465,876	1,311,559	1,422,945	1,544,793	1,595,222
-	-	-	-	-	
2,632,370	914,491	884,209	853,019	1,047,945	954,281
15,860,805	16,577,216	14,534,836	17,404,890	18,255,710	18,340,644
47,373,244	44,967,004	42,783,891	45,926,112	47,261,423	50,917,502
2,787,713	2,667,488	2,542,271	2,408,925	2,249,588	1,077,162
1,120,109	421,500	440,980	1,405,893	2,964,165	1,587,039
-	280	17,250	752	8,928	-
3,907,822	3,089,268	3,000,501	3,815,570	5,222,681	2,664,201
51,281,066	48,056,272	45,784,392	49,741,682	52,484,104	53,581,703
26,622,392	15,074,095	7,812,027	12,881,611	19,822,884	3,686,455
-	-	-	-	-	
$ 24,487,065	$ 16,975,137	$ 11,705,629	$ 13,416,911	$ 19,206,901	$ 9,473,624
$ 236,631,507	$ 247,391,638	$ 251,798,899	$ 269,064,332	$ 290,739,199	$ 288,703,140
34,237,052	36,710,371	38,342,080	37,881,459	19,754,254	21,497,013
54,786,190	58,527,877	64,194,536	60,818,153	76,477,392	86,200,991
$ 325,654,749	$ 342,629,886	$ 354,335,515	$ 367,763,944	$ 386,970,845	$ 396,401,144
-	-	11,518	-	-	-
$ 325,654,749	$ 342,629,886	$ 354,347,033	$ 367,763,944	$ 386,970,845	$ 396,401,144

Source: Authority audited financial statements.

Principal Revenue Sources

Fiscal Years Ended September 30

	2010	2011	2012	2013
Passenger airline rates and charges				
Landing fees	$ 3,319,897	$ 2,919,614	$ 2,787,533	$ 2,442,338
Terminal rentals	8,183,398	8,444,687	8,604,629	8,718,422
Security fees	1,780,152	1,757,292	1,673,772	1,620,612
Terminal use fees	18,579	-	-	-
Custodial, equipment and parking	348,516	353,069	295,335	281,127
Total passenger airline rates and charges	13,650,542	13,474,662	13,361,269	13,062,499
Concession revenues				
Parking lots	6,142,297	6,305,069	6,299,860	5,889,802
Rental cars	7,701,287	8,157,476	7,941,530	5,883,762
News and gift	755,931	707,181	677,861	675,724
Food and beverage	1,079,669	1,117,322	1,118,681	1,111,483
Other	772,112	691,181	679,186	674,057
Total concession revenues	16,451,296	16,978,229	16,717,118	14,234,828
Other operating revenues				
Space rental	5,597,873	5,541,202	5,315,138	5,305,856
Land rent	2,632,103	2,694,612	2,639,679	2,684,589
Tenant finishes	224,621	249,221	226,888	224,858
Cargo airline landing fees	232,481	200,488	203,776	208,659
Air cargo space rentals	265,816	229,211	258,153	292,462
Fuel flowage	2,173,138	2,033,772	1,949,201	2,042,185
TSA reimbursements	506,675	476,118	527,436	413,479
Rental car customer facility charges	1,100,777	1,148,769	1,168,421	1,106,892
General aviation product sales	3,111,248	3,386,663	2,624,936	1,000,111
Other	2,810,969	2,981,112	2,850,511	2,018,557
Total other operating revenues	18,655,701	18,941,168	17,764,139	15,297,648
Total operating revenues	48,757,539	49,394,059	47,842,526	42,594,975
Nonoperating revenues				
Interest income	1,104,984	850,527	757,378	733,777
Passenger facility charges	7,418,447	7,064,714	6,884,959	6,193,285
Other nonoperating revenues	(263,931)	97,930	7,813	(466,024)
Total nonoperating revenues	8,259,500	8,013,171	7,650,150	6,461,038
Total revenues	$ 57,017,039	$ 57,407,230	$ 55,492,676	$ 49,056,013

Source: Authority audited financial statements and records.

2014	2015	2016	2017	2018	2019
$ 2,374,308	$ 2,276,000	$ 2,377,507	$ 2,358,611	$ 1,932,402	$ 2,588,507
8,526,226	9,031,797	9,012,994	8,998,645	8,962,562	9,445,182
1,683,084	2,168,184	2,010,660	2,039,015	2,388,206	2,087,021
-	-	-	-	-	-
290,848	266,689	268,989	168,086	30,870	178,869
12,874,466	13,742,670	13,670,150	13,564,357	13,314,040	14,299,579
6,091,415	6,192,931	6,392,766	6,900,338	7,342,654	7,829,129
5,909,460	5,733,134	6,114,720	6,417,509	6,193,649	6,832,969
711,183	708,067	679,767	492,237	1,308,953	1,400,778
1,095,263	1,165,119	1,242,012	1,241,351	1,137,726	1,247,586
635,281	659,211	716,771	963,329	1,170,139	1,313,972
14,442,602	14,458,462	15,146,036	16,014,764	17,153,120	18,624,434
5,724,956	6,030,053	6,059,773	5,818,658	5,343,938	5,287,792
2,663,514	2,767,584	2,754,715	2,963,840	3,483,678	3,488,464
224,858	224,858	224,858	92,715	95,850	95,850
207,482	206,601	216,621	203,237	160,329	203,104
236,672	230,171	265,400	267,005	273,105	296,329
897,339	405,135	422,306	438,212	454,743	480,470
423,100	425,099	390,311	388,385	348,645	423,015
1,105,439	1,173,263	1,197,810	1,209,425	1,239,323	1,327,100
475,582	223,161	195,554	203,969	218,176	226,769
2,074,848	2,099,728	1,577,380	1,744,187	1,940,583	2,508,145
14,033,790	13,785,653	13,304,728	13,329,633	13,558,369	14,337,038
41,350,858	41,986,785	42,120,914	42,908,754	44,025,529	47,261,051
1,003,767	1,383,045	1,533,109	1,757,178	2,252,824	3,079,094
6,135,127	6,010,676	6,071,068	6,477,205	6,754,513	7,229,199
655,988	576,808	(47,097)	(866,155)	(1,164,745)	1,799,529
7,794,882	7,970,529	7,557,080	7,368,228	7,842,592	12,107,822
$ 49,145,740	$ 49,957,314	$ 49,677,994	$ 50,276,981	$ 51,868,122	$ 59,368,872

Principal Revenue Source Ratios

Fiscal Years Ended September 30

	2010	2011	2012	2013
Passenger airline rates and charges as a percentage of total operating revenues	28.0%	27.3%	27.9%	30.7%
Concession revenues as a percentage of total operating revenues	33.7%	34.4%	34.9%	33.4%
Non-passenger airline revenues as a percentage of total operating revenues	72.0%	72.7%	72.1%	69.3%
Enplaned passengers	1,855,615	1,841,834	1,826,046	1,655,617
Airline cost per enplaned passenger	$ 7.36	$ 7.32	$ 7.32	$ 7.89
Concession revenues per enplaned passenger	$ 8.87	$ 9.22	$ 9.15	$ 8.60
Operating revenues per enplaned passenger	$ 26.28	$ 26.82	$ 26.20	$ 25.73
Total revenues per enplaned passenger	$ 30.73	$ 31.17	$ 30.39	$ 29.63

Source: Enplaned passengers as reported by airlines.

Rates and Charges

Fiscal Years Ended September 30

	2010	2011	2012	2013
Signatory airlines				
Landing fee (per 1,000 lbs.)	$ 1.55	$ 1.35	$ 1.32	$ 1.31
Ticketing space (per sq. ft. per year)	$ 71.44	$ 73.86	$ 73.86	$ 76.30
Baggage claim (per sq. ft. per year)	$ 67.74	$ 70.04	$ 70.04	$ 72.36
Baggage makeup (per sq. ft. per year)	$ 23.80	$ 24.61	$ 24.61	$ 25.42
Baggage claim office (per sq. ft. per year)	$ 71.44	$ 73.86	$ 73.86	$ 76.30
Operations space (per sq. ft. per year)	$ 60.70	$ 62.76	$ 62.76	$ 64.84
Hold room (per gate per year)	$ 105,152.00	$ 107,700.75	$ 107,700.75	$ 111,263.62
Aircraft parking position (per gate per year)	$ 7,473.50	$ 7,726.84	$ 7,726.84	$ 7,982.45
Parking				
Hourly lot (per hour)	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Daily lot (per day)	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Garage (per day Oct - Mar)	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Garage (per day Apr - Sep)	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Economy uncovered (per day)	$ 4.00	$ 4.00	$ 4.00	$ 4.00
Economy covered (per day Oct. - Mar.)	$ 5.00	$ 5.00	$ 5.00	$ 5.00
Economy covered (per day Apr. - Sep.)	$ 5.00	$ 5.00	$ 5.00	$ 5.00
Rental car privilege fee (% of gross receipts)				
On-airport operators	10.0%	10.0%	10.0%	10.0%
Off-airport operators	10.0%	10.0%	10.0%	10.0%

	2014		2015		2016		2017		2018		2019
	31.1%		32.7%		32.5%		31.6%		30.2%		30.3%
	34.9%		34.4%		36.0%		37.3%		39.0%		39.4%
	68.9%		67.3%		67.5%		68.4%		69.8%		69.7%
	1,621,231		1,590,321		1,618,304		1,711,518		1,782,050		1,897,590
$	7.94	$	8.64	$	8.45	$	7.93	$	7.47	$	7.54
$	8.91	$	9.09	$	9.36	$	9.36	$	9.63	$	9.81
$	25.51	$	26.40	$	26.03	$	25.07	$	24.70	$	24.91
$	30.31	$	31.41	$	30.70	$	29.38	$	29.11	$	31.29

	2014		2015		2016		2017		2018		2019
$	1.41	$	1.31	$	1.30	$	1.29	$	1.04	$	1.32
$	76.30	$	78.81	$	78.81	$	80.91	$	80.91	$	83.42
$	72.36	$	74.74	$	74.74	$	76.73	$	76.73	$	79.11
$	25.42	$	26.26	$	26.26	$	26.96	$	26.96	$	27.80
$	76.30	$	78.81	$	78.81	$	80.91	$	80.91	$	83.42
$	64.84	$	66.97	$	66.97	$	68.75	$	68.75	$	70.88
$	111,265.62	$	114,926.26	$	114,926.26	$	117,983.30	$	117,983.30	$	121,640.78
$	7,982.60	$	8,245.20	$	8,245.23	$	8,464.55	$	8,464.55	$	8,726.95
$	2.00	$	2.00	$	2.00	$	2.00	$	2.00	$	2.00
$	9.00	$	9.00	$	9.00	$	10.00	$	10.00	$	10.00
$	9.00	$	9.00	$	9.00	$	10.00	$	10.00	$	10.00
$	9.00	$	9.00	$	9.00	$	9.00	$	9.00	$	9.00
$	4.00	$	4.00	$	4.00	$	4.50	$	4.50	$	4.50
$	5.00	$	5.00	$	5.00	$	6.00	$	6.00	$	6.00
$	5.00	$	5.00	$	5.00	$	5.00	$	5.00	$	5.00
	10.0%		10.0%		10.0%		10.0%		10.0%		10.0%
	10.0%		10.0%		10.0%		10.0%		10.0%		10.0%

N.A.: Not applicable.

Source: Authority records.

Ratios of Outstanding Debt, Debt Service and Debt Limits

Fiscal Years Ended September 30

	2010	2011	2012	2013
Outstanding Debt Ratios				
Outstanding debt by type				
Senior lien revenue bonds	$ 22,950,000	$ 8,810,000	$ 4,510,000	$ -
Subordinate lien revenue bonds	65,075,000	62,960,000	60,730,000	58,385,000
Junior subordinate lien revenue bonds	-	-	-	-
Notes payable	-	-	-	-
Total outstanding debt	$ 88,025,000	$ 71,770,000	$ 65,240,000	$ 58,385,000
Enplaned passengers	1,855,615	1,841,834	1,826,046	1,655,617
Outstanding debt per enplaned passenger	$47.44	$38.97	$35.73	35.26
Operating revenues	$ 48,757,539	$ 49,394,059	$ 47,842,526	$ 42,594,975
Ratio of outstanding debt to operating revenues	1.81	1.45	1.36	1.37
Total revenues	$ 57,017,039	$ 57,407,230	$ 55,492,676	$ 49,056,013
Ratio of outstanding debt to total revenues	1.54	1.25	1.18	1.19
Debt Service Ratios				
Debt service				
Principal (1)	$ 6,700,000	$ 6,950,000	$ 6,530,000	$ 6,855,000
Interest	4,775,942	4,761,308	3,621,515	3,288,317
Total debt service	$ 11,475,942	$ 11,711,308	$ 10,151,515	$ 10,143,317
Debt service per enplaned passenger	$ 6.18	$ 6.36	$ 5.56	$ 6.13
Total expenses	$ 55,100,558	$ 50,532,322	$ 49,480,328	$ 49,562,319
Ratio of debt service to total expenses	0.21	0.23	0.21	0.20
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: Authority audited financial statements.

2014	2015	2016	2017	2018	2019
$ -	$ -	$ -	$ -	$ -	$ -
55,930,000	53,345,000	50,635,000	47,785,000	37,330,000	32,520,000
-	-	-	-	-	
-	-	-	-	-	
$ 55,930,000	$ 53,345,000	$ 50,635,000	$ 47,785,000	$ 37,330,000	$ 32,520,000
1,621,231	1,590,321	1,618,304	1,711,518	1,782,050	1,897,590
34.50	33.54	31.29	27.92	20.95	17.14
$ 41,350,858	$ 41,986,785	$ 42,120,914	$ 42,908,754	$ 44,025,529	$ 47,261,051
1.35	1.27	1.20	1.11	0.85	0.69
$ 49,145,740	$ 49,957,314	$ 49,677,994	$ 50,276,981	$ 51,868,122	$ $59,368,872
1.14	1.07	1.02	0.95	0.72	0.55
$ 2,455,000	$ 2,585,000	$ 2,710,000	$ 2,850,000	$ 2,990,000	$ 4,810,000
2,944,190	2,819,690	2,688,815	2,551,315	3,089,878	1,216,903
$ 5,399,190	$ 5,404,690	$ 5,398,815	$ 5,401,315	$ 6,079,878	$ 6,026,903
$ 3.33	$ $3.40	$ 3.34	$ 3.16	$ $3.41	$ 3.18
$ 51,281,066	$ 48,056,272	$ 45,784,392	$ 49,756,927	$ $52,484,536	$ 53,581,703
0.11	0.11	0.12	0.11	0.12	0.11
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Airport Revenue Bond Coverage Per Bond Resolutions

Fiscal Years Ended September 30

	2010	2011	2012	2013
Senior Lien Revenue Bond Debt Service Coverage				
Operating revenues	$ 48,757,539	$ 49,394,059	$ 47,842,526	$ 42,594,975
Interest income (1)	675,665	483,890	423,027	408,225
Transfer from airline reserve fund (2)	4,471,531	2,217,351	1,867,127	1,828,523
Total revenues	53,904,735	52,095,300	50,132,680	44,831,723
Operation and maintenance expenses	(29,017,766)		(29,286,727)	(28,555,886)
Net revenues	24,886,969	21,949,776	20,845,953	16,275,837
Senior lien debt service requirement				
Series 2001A,B,C	1,309,878	1,307,078	-	-
Series 2003 refunding	4,737,575	4,736,833	4,738,833	3,157,000
Total senior lien debt service	$ 6,047,453	$ 6,043,911	$ 4,738,833	$ 3,157,000
Senior lien revenue bond debt service coverage	4.12	3.63	4.40	5.16
Required minimum coverage	1.25	1.25	1.25	1.25
Subordinate Lien Revenue Bond Debt Service Coverage				
Net revenues	$ 24,886,969	$ 21,949,776	$ 20,845,953	$ 16,275,837
PFC revenues transferred for subordinate lien debt service	4,876,327	4,878,142	4,897,807	4,836,868
Subtotal	29,763,296	26,827,918	25,743,760	21,112,705
Senior lien debt service	(6,047,453)	(6,043,911)	(4,738,833)	(3,157,000)
Net revenues available for subordinate lien debt service	23,715,843	20,784,007	21,004,927	17,955,705
Subordinate lien debt service requirement				
Series 2001	2,864,665	2,863,990	2,882,873	2,826,757
Series 2006	2,572,458	2,575,642	2,576,642	2,570,475
Series 2018	-	-	-	-
Total subordinate lien debt service	$ 5,437,123	$ 5,439,632	$ 5,459,515	$ 5,397,232
Subordinate lien revenue bond debt service coverage	4.36	3.82	3.85	3.33
Required minimum coverage	1.10	1.10	1.10	1.10
Total Revenue Bond Debt Service Coverage				
Net revenues	$ 24,886,969	$ 21,949,776	$ 20,845,953	$ 16,275,837
PFC revenues transferred for subordinate lien debt service	4,876,327	4,878,142	4,897,807	4,836,868
Subtotal	29,763,296	26,827,918	25,743,760	21,112,705
Total revenue bond debt service requirement				
Senior lien bonds	6,047,453	6,043,911	4,738,833	3,157,000
Subordinate lien bonds	5,437,123	5,439,632	5,459,515	5,397,232
Junior subordinate lien bonds	10,785	-	-	-
Total revenue bond debt service	$ 11,495,361	$ 11,483,543	$ 10,198,348	$ 8,554,232
Total revenue bond debt service coverage	2.59	2.34	2.52	2.47
Required minimum coverage	1.00	1.00	1.00	1.00

(1) Net revenues per the Authority’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 Authority’s airport use agreement.

2014	2015	2016	2017	2018	2019
$ 41,350,858	$ 41,986,785	$ 42,120,914	$ 42,908,754	$ 44,025,529	$ 47,261,051
558,471	783,869	897,339	1,022,053	1,517,699	2,067,717
170,566	4,015,500	-	-	1,100,000	-
42,079,895	46,786,154	43,018,253	43,930,807	46,643,228	49,328,768
(31,512,439)	(28,389,788)	(28,249,055)	(28,521,222)	(29,005,713)	(32,576,858)
10,567,456	18,396,366	14,769,198	15,409,585	17,637,515	16,751,910
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
1.25	1.25	1.25	1.25	1.25	1.25
$ 10,567,456	$ 18,396,366	$ 14,769,198	$ 15,409,585	$ 17,637,515	$ 16,751,910
4,805,218	4,763,643	4,656,554	4,823,054	5,096,988	7,229,199
15,372,674	23,160,009	19,425,752	20,232,639	22,734,503	23,981,109
-	-	-	-	-	
15,372,674	23,160,009	19,425,752	20,232,639	22,734,503	23,981,109
2,843,423	2,844,923	2,792,315	2,862,257	2,814,230	-
2,573,183	2,516,683	2,445,225	2,573,225	2,540,043	-
-	-	-	-	347,245	6,026,903
$ 5,416,606	$ 5,361,606	$ 5,237,540	$ 5,435,482	$ 5,701,518	$ 6,026,903
2.84	4.32	3.71	3.72	3.99	3.98
1.10	1.10	1.10	1.10	1.10	1.10
$ 10,567,456	$ 18,396,366	$ 14,769,198	$ 15,409,585	$ 17,637,515	$ 16,751,910
4,805,218	4,763,643	4,656,554	4,823,054	5,096,988	7,229,199
15,372,674	23,160,009	19,425,752	20,217,394	22,734,071	23,981,109
-	-	-	-	-	-
5,416,606	5,361,606	5,237,540	5,435,482	5,701,518	6,026,903
-	-	-	-	-	-
$ 5,416,606	$ 5,361,606	$ 5,237,540	$ 5,435,482	$ 5,701,518	$ 6,026,903
2.84	4.32	3.71	3.72	3.99	3.98
1.00	1.00	1.00	1.00	1.00	1.00

Source: Authority audited financial statements and bond resolutions.

Population in the Air Service Area

As of July 1 (April 1 for U.S. Census Data)

	2009	2010	2011	2012	2013
Primary service area					
Pima County, Arizona	984,274	980,263	986,081	990,380	996,046
Annual % change	0.0%	-0.4%	0.6%	0.4%	0.6%
Secondary service area					
Cochise County, Arizona	130,296	131,346	130,537	130,752	130,906
Graham County, Arizona	37,281	37,220	37,710	37,314	37,872
Greenlee County, Arizona	8,533	8,437	8,380	8,599	10,913
Pinal County, Arizona	364,995	375,770	384,231	389,192	393,813
Santa Cruz County, Arizona	47,384	47,420	48,088	48,724	49,218
Total secondary service area	588,489	600,193	608,946	614,581	622,722
Annual % change	1.3%	2.0%	1.5%	0.9%	1.3%
Total primary and secondary service areas	1,572,763	1,580,456	1,595,027	1,604,961	1,618,768
Annual % change	0.5%	0.5%	0.9%	0.6%	0.9%
State of Arizona	6,389,081	6,392,017	6,438,178	6,498,569	6,581,054
Annual % change	0.3%	0.1%	0.7%	0.9%	1.3%
United States	307,006,550	308,745,538	311,582,564	313,873,685	316,128,839
Annual % change	1.0%	0.6%	0.9%	0.7%	0.7%

Source: Arizona Department of Administration, Office of Employment and Population Statistics, The State Demographer's Office; except for 2010, which is based on census data from the U.S. Census Bureau.

Unemployment Rates in the Air Service Area

Annual Average

	2009	2010	2011	2012	2013
Primary Service Area					
Pima County, Arizona	8.8%	9.4%	8.3%	7.3%	6.9%
Secondary service area					
Cochise County, Arizona	7.8%	8.8%	8.8%	8.2%	8.5%
Graham County, Arizona	14.7%	14.2%	10.4%	8.9%	8.1%
Greenlee County, Arizona	18.5%	11.4%	8.2%	6.0%	6.7%
Pinal County, Arizona	12.0%	11.6%	10.3%	8.9%	8.4%
Santa Cruz County, Arizona	15.4%	17.1%	17.0%	17.2%	18.0%
Total secondary service area	11.4%	11.5%	10.4%	9.3%	9.1%
Total primary and secondary service areas	9.7%	10.1%	9.0%	7.9%	7.7%
State of Arizona	9.9%	10.5%	9.5%	8.3%	8.0%
United States	9.3%	9.6%	8.9%	8.1%	7.4%

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

2014	2015	2016	2017	2018	2019
1,007,162	1,009,371	1,013,103	1,026,099	1,034,201	1,044,675
1.1%	0.2%	0.4%	1.3%	0.8%	1.0%
129,628	129,112	128,343	128,383	130,319	129,778
38,315	38,475	38,303	38,275	38,126	38,476
10,476	10,555	10,433	10,961	10,506	10,375
396,237	406,468	413,312	427,603	440,591	455,210
49,554	50,270	50,581	51,507	52,390	53,161
624,210	634,880	640,972	656,729	671,932	687,000
0.2%	1.7%	1.0%	2.5%	2.3%	2.2%
1,631,372	1,644,251	1,654,075	1,682,828	1,706,133	1,731,675
0.8%	0.8%	0.6%	1.7%	1.4%	1.5%
6,667,241	6,758,251	6,835,518	6,965,897	7,076,199	7,187,990
1.3%	1.4%	1.1%	1.9%	1.6%	1.6%
317,297,938	321,422,019	323,127,513	325,507,602	327,167,434	328,239,523
0.4%	1.3%	0.5%	0.7%	0.5%	0.3%

2014	2015	2016	2017	2018	2019
6.3%	5.7%	5.0%	4.5%	4.4%	4.6%
8.3%	7.6%	6.3%	5.4%	5.6%	5.8%
6.9%	7.7%	6.7%	5.7%	5.1%	4.9%
6.5%	8.5%	7.7%	5.5%	4.6%	4.2%
7.4%	6.6%	5.6%	4.9%	4.9%	5.0%
16.2%	14.6%	10.1%	9.6%	9.3%	8.7%
8.2%	7.6%	6.2%	5.4%	5.4%	5.4%
6.9%	6.4%	5.4%	4.8%	4.7%	4.9%
8.0%	6.0%	5.4%	4.8%	4.8%	4.6%
6.2%	5.1%	4.9%	4.4%	4.0%	3.5%

Major Employers in the Air Service Area

Full-time Equivalent Employees

Employer	Industry Sector	2009	2010	2011	2012
University of Arizona	Education	10,575	10,363	10,481	10,681
Raytheon Missile Systems	Manufacturing	11,539	12,140	10,500	10,500
State of Arizona	State Government	9,329	8,708	8,866	9,061
Davis-Monthan Air Force Base	Military	7,509	7,755	8,462	8,566
Pima County	Local Government	6,235	6,511	6,403	6,170
Tucson Unified School District No. 1	Education	7,227	7,012	6,709	6,674
Banner - University Medicine (2)	Health Services	3,552	3,542	5,982	5,594
U.S. Customs and Border Protection	Federal Government	3,468	3,530	3,669	6,000
Freeport-McMoRan nc.	Mining	5,987	3,997	4,803	5,068
Wal-Mart Stores, Inc.	Retail	6,715	7,192	7,308	7,300
U.S. Army Intelligence Center, Fort Huachuca	Military	6,463	6,236	6,225	6,198
City of Tucson	Local Government	5,635	5,399	4,930	4,541
Tohono O'odham Nation	Local Government	4,553	4,353	4,353	4,350
Carondelet Health Network	Health Services	4,570	4,566	4,690	4,635
TMC HealthCare	Health Services	3,184	3,050	2,966	2,904
Southern Arizona V.A. Health Care System	Health Services	2,026	2,117	2,208	2,151
Corrections Corporation of America	Government Services	2,468	2,512	2,487	2,482
Fry's Food Stores	Retail	2,668	3,109	3,100	3,100
Pima Community College	Education	2,299	2,309	2,336	2,386
Asarco	Mining	2,575	2,125	2,262	2,348
Sunnyside Unified School District	Education	2,358	2,120	2,145	2,125
Afni, Inc.	Call Center	1,628	1,893	2,100	2,198
APAC Customer Services Inc.	Call Center	(1)	1,475	1,570	1,650
Pinal County	Local Government	2,450	2,455	2,340	1,952
Amphitheater Unified School District	Education	2,096	1,965	1,924	1,920
Vail Unified School District	Education	(1)	1,444	1,362	1,442
Target Corp.	Retail	1,800	1,900	1,773	1,639
Citi	Call Center	2,400	2,500	2,000	2,000
Circle K Stores Inc.	Retail	(1)	(1)	(1)	(1)
Casino Del Sol Resort Spa and Casino	Entertainment	(1)	(1)	(1)	(1)
Northwest Medical Center	Health Services	1,671	1,658	1,758	1,532
U.S. Postal Service	Federal Government	1,930	1,810	1,899	1,562
Walgreen Co.	Retail	1,443	1,511	1,726	1,399
GEICO	Insurance	(1)	(1)	(1)	(1)
Marana Unified School District	Education	1,836	1,755	1,606	1,600
University Physicians Healthcare (2)	Health Services	2,039	2,219	(2)	(2)

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

(1) Data not provided and/or not a major employer.
(2) University Physicians merged with the University Medical Center in 2011 and was purchased by Banner Health in 2015.
(3) The Star 200 survey was discontinued after 2016. No comparable data was available.

2013	2014	2015	2016	Percentage of Total Employment	2017 (3)	2018 (3)	2019 (3)
10,846	11,047	11,235	11,251	1.8%			
10,300	9,933	9,600	9,600	1.5%			
8,807	9,439	8,524	8,580	1.4%			
9,100	8,933	8,335	8,406	1.3%			
6,076	7,328	7,023	7,060	1.1%			
6,790	6,525	7,134	6,770	1.1%			
6,099	6,329	6,542	6,272	1.0%			
6,500	4,135	6,470	5,739	0.9%			
5,463	5,600	5,800	5,530	0.9%			
7,450	5,200	5,400	5,500	0.9%			
5,096	5,717	5,314	5,477	0.9%			
4,585	4,845	4,882	4,595	0.7%			
4,350	4,350	4,350	4,350	0.7%			
3,668	3,476	3,943	3,860	0.6%			
2,977	2,954	2,976	3,162	0.5%			
2,182	2,450	2,255	2,464	0.4%			
2,314	2,146	2,300	2,413	0.4%			
2,700	2,024	2,136	2,346	0.4%			
2,384	2,177	2,207	2,235	0.4%			
2,297	2,366	2,427	2,200	0.4%			
2,083	2,000	2,200	2,100	0.3%			
2,199	1,950	2,220	1,900	0.3%			
1,777	1,904	1,904	1,889	0.3%			
1,993	1,931	1,917	1,852	0.3%			
1,833	1,814	1,789	1,739	0.3%			
1,469	1,578	1,625	1,705	0.3%			
1,640	1,640	1,640	1,640	0.3%			
2,000	1,900	1,800	1,600	0.3%			
(1)	(1)	(1)	1,600	0.3%			
1,300	1,500	1,600	1,592	0.3%			
1,757	1,722	1,651	1,585	0.3%			
1,558	1,226	1,496	1,531	0.2%			
1,420	1,420	1,459	1,419	0.2%			
(1)	(1)	(1)	1,411	0.2%			
1,657	1,706	1,754	1,404	0.2%			
(2)	(2)	(2)	(2)	0.0%			

Authority Employees

Authorized Full-Time Equivalent Positions as of September 30

	2010	2011	2012	2013
Management	4.00	4.00	4.00	4.00
Legal	4.00	4.00	3.00	3.00
Public Information/Government Affairs	4.00	-	-	-
Administration/Properties	9.00	7.00	7.00	7.00
Information Technology and Telecommunications	11.00	11.00	9.00	9.00
Human Resources	5.00	5.00	5.00	5.00
Procurement	9.00	9.00	9.00	8.00
Air Service Development and Marketing	-	7.00	5.00	4.00
Office, Records, and Warehouse Management	-	-	-	-
Finance	10.00	10.00	9.00	9.00
Projects	31.00	25.00	22.00	21.00
Operations Management	7.00	7.00	7.00	9.00
Airside Operations	-	-	-	-
Police	53.50	51.00	48.50	47.50
Fire	18.00	17.00	16.50	17.00
Communications/Dispatch	13.00	12.00	12.00	12.00
Custodial	53.00	53.00	44.00	43.00
Flight Line Services	29.00	25.00	23.00	16.00
Maintenance	43.00	42.00	40.00	40.00
Ryan Airfield	-	-	-	-
Total	303.50	289.00	264.00	254.50

Source: Authority records.

2014	2015	2016	2017	2018	2019
4.00	3.00	3.00	3.00	3.00	3.00
3.00	3.00	3.00	4.00	3.00	3.00
-	-	-			
8.00	7.00	7.00	8.00	8.00	8.00
9.00	9.00	9.00	9.00	9.00	9.00
5.00	4.00	4.00	4.00	5.00	5.00
7.00	6.00	6.00	6.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00	4.00
-	9.00	10.00	8.00	10.00	9.00
8.00	7.00	7.00	7.00	7.00	7.00
29.00	24.50	24.50	24.50	23.50	21.50
3.00	2.00	2.00	2.00	4.00	4.00
7.25	8.00	8.00	8.00	8.00	11.00
46.00	44.00	44.00	44.00	43.50	43.50
17.00	17.00	17.00	17.00	17.00	17.00
12.00	13.00	12.00	12.00	12.00	11.00
42.00	42.00	42.00	42.00	42.00	42.00
2.00	-	-	-	-	
38.50	37.00	37.00	38.00	39.00	39.00
-	-	-			
244.75	239.50	239.50	240.50	243.00	242.00

Airport Information
Tucson International Airport

As of September 30

Airport code:	TUS
FAA category:	Commercial service,medium hub (2)
Location:	8 miles south of downtown Tucson, Arizona
Elevation:	2,641 feet above sea level
International:	24/7 U.S. Customs Federal Inspection Station
Tower:	FAA-staffed 24/7

		2010	2011	2012	2013
Land area (acres):		8,343	8,343	8,343	8,343
Runways:	11L-29R (main)	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.
	3-21 (crosswind)	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.
	11R-29L (GA & commuter)	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.
Main terminal:	Airlines (sq. ft.)	202,451	202,451	202,451	202,451
	Concessions	35,067	35,067	35,067	35,067
	TSA & security checkpoints	10,401	10,401	10,401	10,401
	Public/common	115,300	115,300	115,300	115,300
	Authority use	12,076	12,076	12,076	12,076
	Mechanical	76,730	76,730	76,730	76,730
	Total (sq. ft.)	452,025	452,025	452,025	452,025
	Number of gate positions	19	19	19	19
	Number of active gates	18	18	18	18
	Apron (sq. ft.)	1,941,985	1,941,985	1,941,985	1,941,985
Consolidated	Number of companies	7	7	7	7
rental car facility:	Quick turnaround facilities	7	7	7	7
	Customer service building (sq. ft.)	18,000	18,000	18,000	18,000
	3-level parking structure (spaces)				
	Rental car use	697	697	697	697
	Airport employee use	661	661	661	661
	Public parking	605	605	605	605
Public parking lots	Hourly	469	469	469	469
(surface spaces):	Daily	908	908	908	908
	Covered economy	308	308	308	308
	Uncovered economy	5,337	5,337	5,337	5,337
	Total	7,022	7,022	7,022	7,022
Air cargo:	Number of buildings	3	3	3	3
	Total sq. ft.	35,000	35,000	35,000	35,000
	Apron (sq. ft.)	819,000	819,000	819,000	819,000
General aviation:	Number of FBOs (1)	5	5	5	5
	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 Authority. Fueling services ended 1/31/2014.
(2) Effective 10/01/2012 TAA's FAA category changed to, commercial services, small hub.

Source: Authority records.

	2014	2015	2016	2017	2018	2019
	8,343	8,282	8,282	8,282	8,282	8,282
	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.
	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.
	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.	8,408 x 75 ft.
	202,451	202,451	202,451	202,451	197,268	197,268
	35,067	35,067	35,067	35,067	30,309	30,309
	10,401	10,401	10,401	10,401	22,531	22,531
	115,300	115,300	115,300	115,300	132,070	132,070
	23,862	23,862	23,862	23,862	28,904	28,904
	76,730	76,730	76,730	76,730	56,333	56,333
	463,811	463,811	463,811	463,811	467,415	467,415
	19	19	19	19	19	19
	18	18	18	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
	35,000	35,000	35,000	35,000	35,000	69,156
	819,000	819,000	819,000	819,000	819,000	819,000
	4	3	3	3	3	4
	1,301,767	1,301,767	1,301,767	1,301,767	1,301,767	1,301,767

Airport Information
Ryan Airfield

As of September 30

Airport code: RYN
FAA category: General aviation
Location: 12 miles southwest of downtown Tucson, Arizona
Elevation: 2,417 feet above sea level
International: No international facilities
Tower: Contract - staffed 6:00 A.M. - 8:00 P.M. daily

		2010	2011	2012	2013
Land area (acres):		1,804	1,804	1,804	1,804
Runways:	6R-24L	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.
	6L-24R	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.
	15-33 (crosswind)	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.
Terminal:		None	None	None	None
FBO services:	Number of FBOs (1)	1	1	1	1
	Apron (sq. ft.)	465,000	465,000	465,000	465,000

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

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

Source: Authority records.

	2014	2015	2016	2017	2018	2019
	1,804	1,804	17,999	17,999	17,999	1,876
	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.
	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.
	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.	4,000 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

	2010	2011	2012	2013
Passengers				
Enplaned	1,855,615	1,841,834	1,826,046	1,655,617
Deplaned	1,853,563	1,835,060	1,823,737	1,653,003
Total	3,709,178	3,676,894	3,649,783	3,308,620
Annual % change	1.1%	-0.9%	-0.7%	-9.3%
Air Freight (pounds)				
All-cargo carriers				
Enplaned	27,826,292	25,242,128	26,487,591	29,923,629
Deplaned	38,460,356	33,726,997	42,433,770	36,390,827
Total	66,286,648	58,969,125	68,921,361	66,314,456
Annual % change	10.9%	-11.0%	16.9%	-3.8%
Passenger carriers				
Enplaned	938,253	840,931	915,005	671,255
Deplaned	2,146,039	1,798,178	1,595,464	1,374,109
Total	3,084,292	2,639,109	2,510,469	2,045,364
Annual % change	1.9%	-14.4%	-4.9%	-18.5%
Mail (pounds)				
Enplaned	189	1,681	5,391	5,291
Deplaned	9,324	11,313	6,991	9,301
Total	9,513	12,994	12,382	14,592
Annual % change	4.6%	36.6%	-4.7%	17.8%

Source: Authority records based on airline reporting.

2014	2015	2016	2017	2018	2019
1,621,231	1,590,321	1,618,304	1,711,518	1,782,050	1,897,590
1,618,618	1,591,580	1,610,085	1,701,933	1,769,109	1,885,945
3,239,849	3,181,901	3,228,389	3,413,451	3,551,159	3,783,535
-2.1%	-1.8%	1.5%	5.7%	4.0%	6.5%
29,713,492	27,929,293	25,854,899	26,062,422	29,920,833	32,183,334
33,480,907	36,302,965	34,188,437	30,312,564	33,436,313	33,732,819
63,194,399	64,232,258	60,043,336	56,374,986	63,357,146	65,916,153
-4.7%	1.6%	-6.5%	-6.1%	12.4%	4.0%
581,698	812,252	690,595	542,651	616,836	662,604
1,020,436	1,140,052	1,103,759	801,217	683,861	793,904
1,602,134	1,952,304	1,794,354	1,343,868	1,300,697	1,456,508
-21.7%	21.9%	-8.1%	-25.1%	-3.2%	12.0%
5,419	3,041	2,160	3,120	882	1,285
10,979	25,485	83,158	42,992	29,183	21,002
16,398	28,526	85,318	46,112	30,065	22,287
12.4%	74.0%	199.1%	-46.0%	-34.8%	-25.9%

Aircraft Operations Summary

Fiscal Years Ended September 30

	2010	2011	2012	2013
Tucson International Airport				
Air carrier	35,143	35,911	34,423	30,593
Air taxi	23,388	21,959	20,309	20,417
Military	30,687	27,569	24,887	25,133
General aviation	79,265	72,893	65,545	62,120
Total	168,483	158,332	145,164	138,263
Annual % change	-7.1%	-6.0%	-8.3%	-4.8%
Ryan Airfield (1)				
Air carrier	-	-	-	-
Air taxi	4	20	-	2
Military	4,190	3,446	9,744	14,914
General aviation	117,518	108,541	107,531	106,658
Total	121,712	112,007	117,275	121,574
Annual % change	-4.3%	-8.0%	4.7%	3.7%

(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 Years Ended September 30

Carrier	2010	% of Total	2011	2012	2013
American Airlines	613,751	33.1%	626,260	638,794	605,261
Southwest Airlines	606,913	32.7%	618,007	623,484	592,375
Delta Air Lines	212,276	11.4%	199,841	199,117	181,950
United Airlines	288,570	15.6%	263,890	262,245	222,485
Alaska Airlines	50,134	2.7%	52,967	57,391	53,546
Aeromar	-	0.0%	-	-	-
Frontier Airlines	79,777	4.3%	80,869	45,015	-
Sun Country Airlines	4,194	0.2%	-	-	-
Via Air					
Allegiant	-	0.0%	-	-	-
ExpressJet Airlines	-	0.0%	-	-	-
JetBlue Airways		0.0%			
Total	1,855,615	100.0%	1,841,834	1,826,046	1,655,617

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: Authority records based on airline reports.

	2014	2015	2016	2017	2018	2019
	30,527	28,624	32,888	35,625	36,059	38,681
	19,308	20,126	17,541	13,767	13,753	14,557
	24,693	28,050	26,974	27,734	21,181	18,658
	64,892	64,622	62,152	55,741	60,176	59,520
	139,420	141,422	139,555	132,867	131,169	131,416
	0.8%	1.4%	-1.3%	-4.8%	-1.3%	0.2%
	-	2	-	-	-	-
	-	-	-	-	4	5
	14,675	20,464	16,483	13,602	13,862	12,913
	103,135	97,017	94,376	90,808	80,759	92,178
	117,810	117,483	110,859	104,410	94,625	105,096
	-3.1%	-0.3%	-5.6%	-5.8%	-9.4%	11.1%

	2014	2015	2016	2017	2018	% of Total	2019	% of Total
	638,006	628,962	616,346	661,910	677,895	38.0%	693,686	36.6%
	530,680	506,260	497,687	493,566	482,524	27.1%	508,820	26.8%
	179,842	181,236	216,432	240,113	258,946	14.5%	274,970	14.5%
	198,926	203,459	215,208	234,805	257,997	14.5%	267,808	14.1%
	73,777	70,404	72,631	77,694	97,314	5.5%	115,511	6.1%
	-	-	-	3,430		0.0%	-	0.0%
	-	-	-	-		0.0%	15,280	0.8%
	-	-	-	-	5,598	0.3%	7,503	0.4%
					1,776	0.1%	695	0.0%
	-	-	-	-		0.0%	13,317	0.7%
	-	-	-	-		0.0%	-	0.0%
			-	-		0.0%	-	0.0%
	1,621,231	1,590,321	1,618,304	1,711,518	1,782,050	100.0%	1,897,590	100.0%

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

Fiscal Years Ended September 30

Carrier	2009	% of Total	2010	2011	2012	2013
Passenger carriers						
American Airlines	675,866	31.6%	661,672	697,146	683,765	668,463
Southwest Airlines	787,992	36.8%	762,806	800,968	810,352	708,544
Delta Air Lines	218,425	10.2%	230,247	208,625	213,304	191,419
United Airlines	301,105	14.1%	342,923	315,044	299,888	242,435
Alaska Airlines	52,302	2.4%	52,205	52,495	58,787	53,504
Aeromar	-	0.0%	-	-	-	-
Frontier Airlines	95,306	4.5%	91,767	88,674	46,009	-
Sun Country Airlines	8,367	0.4%	5,983	-	-	-
Via Air						
Total	2,139,406	100.0%	2,147,603	2,162,952	2,112,104	1,864,365
Cargo carriers						
Federal Express	141,821	78.5%	144,005	139,971	145,331	149,664
Ameriflight	9,706	5.4%	8,243	8,539	9,044	9,617
Air Cargo Carriers						
Total	180,627	100.0%	152,248	148,510	154,374	159,281
Grand total	2,320,033		2,299,851	2,311,462	2,266,479	2,023,646

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: Authority records based on airline reports.

	2014	2015	2016	2017	2018	% of Total	2019	% of Total
	704,729	682,507	696,297	706,789	717,591	37.4%	741,559	36.0%
	600,950	582,838	575,400	543,476	523,176	27.3%	570,286	27.7%
	188,555	185,116	243,961	264,562	276,239	14.4%	296,347	14.4%
	215,279	217,723	241,336	269,875	290,204	15.1%	303,460	14.7%
	76,872	71,231	71,857	76,197	100,332	5.2%	127,475	6.2%
	-		-	7,109		0.0%	-	0.0%
	-		-	-		0.0%	13,651	0.7%
	-		-	-	6,948	0.4%	9,701	0.3%
					4,085	0.2%	-	0.0%
	1,786,385	1,739,415	1,828,851	1,868,008	1,918,575	100.0%	2,062,479	100.0%
	146,110	149,500	158,676	138,292	152,203	94.6%	152,225	94.7%
	9,323	8,211	7,955	19,256	1,960	1.2%	1,643	1.0%
					6,708	4.2%	6,864	4.3%
	155,433	157,711	166,631	157,548	160,871	100.0%	160,732	100.0%
	1,941,818	1,897,126	1,995,482	2,025,556	2,079,446		2,223,211	

Scheduled Air Service Information
Tucson International Airport

Month of September

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of daily nonstop destinations	15	15	14	14	14	13	13	14	15	14
Number of nonstop flights per day										
Albuquerque	2	2	2	-	-	-	-	-	-	-
Atlanta	2	2	2	2	2	2	2	2	2	2
Austin	-	-	-	-	-	-	-	-	-	-
Charlotte	-	-	-	-	-	-	-	-	1	-
Chicago Midway	1	1	2	2	1	1	1	1	1	1
Chicago O'Hare	2	2	2	1	1	1	1	3	3	2
Dallas/Fort Worth	7	7	7	7	7	6	6	6	6	7
Denver	8	7	4	4	5	5	5	6	6	5
Houston Bush	4	4	4	4	4	3	3	2	3	2
Las Vegas	5	5	4	4	4	3	3	3	4	4
Los Angeles International	10	12	9	9	8	8	10	9	8	8
Minneapolis	1	1	-	-	-	-	-	-	-	-
Portland	-	-	-	-	1	-	-	-	-	-
Phoenix	9	9	8	9	9	10	9	7	6	7
Salt Lake City	4	3	3	3	3	3	2	2	3	3
San Diego	3	3	3	3	3	3	3	2	2	2
San Francisco	1	2	1	1	1	1	2	2	2	3
San Jose	-	-	-	-	-	-	-	1	1	2
Seattle	1	1	1	1	1	1	1	1	1	1
Total	60	61	52	50	50	47	48	47	49	49
Average scheduled seats per day	6,245	5,949	5,518	4,990	5,041	4,634	4,892	4,934	5,145	5,267

Source: Official Airline Guide.

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