

# 2021

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

Years Ended September 30, 2021 and 2020

Tucson Airport Authority

Tucson, Arizona



**TUCSON**  
AIRPORT AUTHORITY  
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

# 2021

## TUCSON AIRPORT AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

Tucson, Arizona

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## Mission Statement

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

## Vision

Landing Prosperity in Southern Arizona

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# INTRODUCTION

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September 30, 2022

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

Ladies and Gentlemen:

It is our pleasure to present the Annual Comprehensive Financial Report (Annual Report) of the Tucson Airport Authority, Inc. (TAA) for the fiscal year (FY) ended September 30, 2021. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the TAA. To the best of our knowledge and belief, the enclosed information is accurate and complete in all material respects and reported in a manner designed to present fairly the financial position, results of operations, and cash flows in accordance with Generally Accepted Accounting Principles (GAAP).

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 Annual Report.

BeachFleischman PLLC, the TAA's independent auditor, has rendered an unmodified opinion that the financial statements for the year ended September 30, 2021, present fairly, in all material respects, the financial position, changes in net position and cash flows.

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

## Organization

The TAA was established on April 12, 1948, as a 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 TAA is authorized to acquire, own, control, equip, improve, maintain, operate, and regulate airports and enter into agreements with corporations engaged in the air transportation industry for the operation of airports. The TAA operates Tucson International Airport (TUS) and Ryan Airfield (RYN) as an essential government function under Arizona law.

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

## **Organization** (continued)

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

The Board appoints the Chief Executive Officer (CEO), who serves at its pleasure. The Office of the CEO includes the departments of Air Service Development and Marketing, Communications and External Relations. The remaining TAA staff is organized into six divisions, each managed by a Vice President appointed by and reporting directly to the CEO. These six divisions are Operations, Finance, Legal Services, Planning and Engineering, Business and Commercial Development, and People Operations. The organizational chart that follows this letter reflects the operational structure as of September 30, 2021.

The TAA's airport system consists of TUS and RYN. TUS is a certificated commercial service airport facilitating operation of both commercial passenger airlines and cargo carriers. The primary catchment area for TUS includes the Tucson metropolitan area, southern Arizona, and northern Sonora, Mexico. TUS encompasses 7,986 acres of land and is located eight miles south of the City's central business district. The TAA maintains an agreement with the Morris Air National Guard 162nd Fighter Wing of the Arizona Air National Guard for access and its use of the airfield at TUS through an Airport Joint Use Agreement (AJUA). RYN is located 12 miles southwest of downtown Tucson and serves as a general aviation reliever airport for TUS. It encompasses 1,904 acres of land and accommodates a wide variety of general aviation and military activity.

## **Economic Conditions and Outlook**

### **State and Local Economic Outlook**

Economic conditions are an important factor in how often people travel. This, in turn, impacts passenger levels at airports, how much money passengers and visitors spend at airports, and airline decisions on maintaining and adding new service at individual airports. The U.S. Census Bureau defines the Tucson Metropolitan Statistical Area (MSA) as encompassing all of Pima County. The County covers an area of approximately 9,200 square miles and, according to the Arizona Office of Economic Opportunity, had an estimated population of 1,058,318 as of July 1, 2021, which represents an increase of 0.6% from July 1, 2020. The Tucson metro area consists of about 495 square miles that contain more than 95% of the County's population, including the incorporated municipalities of Tucson, Marana, Oro Valley, Sahuarita and South Tucson. Thirty-five percent of the County's population resides in unincorporated areas. The metro area is the origin or destination of nearly all airport users.

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

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

According to a May 26, 2022 report by Dr. George W. Hammond, Director of the Economic and Business Research Center at the University of Arizona, the Arizona economy maintained a strong yet uneven recovery from the recession brought on by the COVID-19 pandemic.

# Economic Conditions And Outlook (continued)

## State and Local Economic Outlook (continued)

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

## Air Service at Tucson International Airport

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

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

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

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

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

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

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

## **Economic Conditions And Outlook** (continued)

### **Air Service at Tucson International Airport** (continued)

Air service at TUS improved during the second half of FY 2021 from the decline brought on by the COVID-19 pandemic. As health safety restrictions loosened in the later months of the fiscal year, passengers returned to the airport in increasing numbers. Airlines struggled in that time to return to full capacity because of staffing reductions and decisions to temporarily decommission aircraft during the initial stages of the pandemic. Airlines continue to deal with staffing shortages and global inflationary pressures.

The timing and pace of a recovery in demand for air service in the U.S. and worldwide is not yet possible to predict with any degree of certainty. However, assuming demand for air service does return to levels that existed prior to the COVID-19 pandemic, the TAA is confident that most, if not all, routes will be restored to previous service levels and that sufficient demand exists for year-round daily service to a myriad of domestic destinations. Less than daily year-round service to a limited number of destinations in Mexico and seasonal service from one or more Canadian cities are also considered viable. Additionally, strong performance of certain existing seasonal routes such as Minneapolis and Portland suggest opportunities to maintain these routes year-round.

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

Like other commercial service airports throughout the country, a significant share of the TAA's revenues is driven by commercial airline flights and associated purchases of goods and services by passengers at TUS. The continued effects of the COVID-19 pandemic were felt in FY 2021 as revenues remained below pre-pandemic levels. The TAA has made plans to withstand continued negative conditions in FY 2022.

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

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

## **Major Initiatives**

### **CAPITAL IMPROVEMENT PROGRAM**

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The TAA Board approves development programs and projects, and management executes the development plans for TUS and RYN. As such, the Board approved the Master Plan update for TUS in 2013 and RYN in 2020, respectively, that outlined the development plans to address future airport capital needs. The TUS Master Plan also included a land use plan which identifies the highest and best use of property owned by

## Major Initiatives (continued)

the TAA and identifies land which should be acquired in the future for expansion. The TAA addresses the Master Plan and any new capital spending needs that arise through its Capital Improvement Program (CIP), which is updated and adopted annually. TAA staff execute the project plans as outlined in the respective master plans.

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

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

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

**10112255 EIS for Relocated Runway 11R and Associated Taxiways | Cost: \$3,370,192.**

Scope: Environmental Impact Study (EIS) for relocation of Runway 11R and associated taxiway enhancements. Included inventory of environmental resources within the project area, an assessment of alternatives, an analysis of impacts, and the identification of potential mitigation measures and/or findings of no significant impact.

Consultant: Landrum and Brown.

**10113364 Reconstruct HIDTA, Universal and Helicopter Pad Pavement Areas | Cost: \$540,196.**

Scope: Reconstruction of approximately 114,600 square feet of asphalt apron pavement in General Aviation Area B1 that serves multiple hangars. Included marking and re-striping.

Consultant: Ninyo & Moore Geotech.

Contractor: Granite Construction

**10119021 Jet Bridge Replacement | Cost: \$563,753.**

Scope: Installed and commissioned a replacement passenger boarding bridge at Gate B1.

Contractor: John Bean Technologies Corporation

**10119202 Runway 11L/29R Shoulder Widening | Cost: \$925,939.**

Scope: Widened the runway shoulders on Runway 11L to 50' to mitigate the issue with Foreign Object Debris (FOD) created and associated with cleanup caused by wide body four engine aircraft.

Consultant: AECOM.

Contractor: Granite Construction.

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

**20112259 Ryan Master Plan Update | Cost: \$706,688.**

Scope: Updated the existing 20-year Master Plan for Ryan Airfield. Aviation activity forecasts, development alternatives, financial plan, strategic plan, and security assessment elements were included in the update.

Consultant: Mead & Hunt.

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

**U.S. Customs and Border Protection (CBP) Relocation | Cost: \$1.8 million.**

## **Major Initiatives** (continued)

Renovations to the first floor of the former Executive Terminal building to relocate general aviation customs processing facilities, CBP offices and Global Entry enrollment office.

Consultant: DLR Group Architecture

Contractor: Canyon Building and Design

### **Reconstruct Taxiway D, Shoulders & Connectors | Cost: \$12.8 million.**

Reconstruct (mill and overlay) Taxiway D Shoulders and Connectors.

Consultant: Dibble Engineering

Contractor: Granite Construction

### **Airfield Safety Enhancement (ASE) Program | Cost: \$300 million.**

The ASE Program includes improvements to the Tucson International Airport (TUS) airfield to meet current FAA airfield design and safety standards. The program will be completed in phases over multiple years depending on availability of grant funds.

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

Contractor: Granite Construction

### **Electronic Video Information Display System (EVIDS)/Audio Paging Replacement | Cost: \$2.8 million.**

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

Contractor: Arizona Sound and Light, Inc.

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

### **On-Airport Sanitary Sewer Collection System | Cost: \$1,023,783.**

Install piping and connect to a new trunk sewer line from the existing connection point at the northeast corner of RYN's property to the Administration Office area.

Consultant: Crown West Land Group

Contractor: KE&G

### **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.

Consultant: Kimley-Horn Associates

### **Install Precision Approach Path Indicators (PAPI) at Ryan Airfield (RYN) | Cost: \$573,302.**

PAPIs will be installed at approach to Runway 6R, 6L and 24R to enhance the level of flight safety by providing additional visual approach slope guidance at RYN's primary and secondary runways.

Consultant: CR Engineers, Inc.

Contractor: Rural Electric Inc.

## **MAJOR MAINTENANCE PROGRAM**

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

## **FY 2021 COMPLETED MM PROJECTS AT TUS (GREATER THAN \$75,000)**

### **10214546 GA Valencia Landscaping | Cost: \$90,961.**



## Major Initiatives (continued)

Scope: Installed gravel and plant landscaping along Valencia to Millionaire.

Contractor: Northwest Landscaping

### **10215653 Sealcoat Economy Lot – Phase 1 | Cost: \$209,920.**

Scope: Power-cleaned and seal coated 829,660 square feet of asphalt payment at the Economy Parking Lot

Contractor: Sunland Asphalt

### **10216850 New IDF-17 Concourse B | Cost: \$640,804.**

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

Consultant: DWL Architects

Contractor: Core Construction

### **10217934 Air Handler Unit (AHU) 1 and 2 Replacement | Cost: \$666,933.**

Scope: Replaced the existing AHU 1 and 2 air handlers in Bag Alley with new Trane AHU's. Demolition of existing AHU-1 and 2 and associated VFDs.

Consultant: Adams & Associates Engineering

Contractor: Sun Mechanical

### **10217954 RAC Expansion and Joint Sealer Repair | Cost: \$845,896.**

Scope: Replaced the expansion joints on the second and third levels of the parking garage.

Consultant: Kimley-Horn and Associates, Inc.

Contractor: Granite Construction

### **10217978 Update Family Restrooms on A and B Concourses | Cost: \$933,962.**

Scope: Added family restrooms pre- and post-security and on Concourses A and B.

Consultant: Herzog Associates.

Contractor: Marsh Development

### **10219001 Pavement Management System Update | Cost: \$400,673.**

Scope: Pavement Condition Inspection (PCI) and updated TAA's Pavement Management System for all airside and landside pavements at TUS and landside pavements at RYN.

Consultant: Kimley-Horn Associates, Inc.

### **10219024 Concourse A and B Service Hallway and Elevator Upgrades | Cost: \$163,339.**

Scope: Upgraded finishes in service hallways with galvanized wainscot panels and vinyl flooring. Also updated finishes in elevator interiors.

Contractor: Chase Building Team and KONE, Inc.

### **10219075 RAC Building Air Conditioning (AC) Replacements | Cost: \$419,035.**

Scope: Redesigned the existing central cooling system and installed a new complete system with two 32-ton systems that work in unison.

Contractor: EMCOR Services Arizona

### **10219079 Jet Bridge Repairs (A3, B1, B9) | Cost: \$76,613.**

Scope: Upgraded and repaired Jet Bridges A3, A4, B1 and B9.

Contractor: John Bean Technologies Corporation

## Major Initiatives (continued)

### **10219246 Bridge Inspections | Cost: \$78,500.**

Scope: Safety inspection and evaluation of two bridges, three box culverts and the main departure vehicular deck bridge.

Consultant: Dibble & Associates Consulting

### **10219250 Pullouts and RIP RAP Along Los Reales Road | Cost: \$126,339.**

Scope: Placement of pavement and concrete curb for pullouts along Los Reales Road and place RIP RAP to control drainage areas.

Contractor: Granite Construction and Northwest Landscaping

### **10220259 Outbound Baggage Belt Overhaul | Cost: \$445,019.**

Scope: Complete overhaul of the Southwest Airlines outbound baggage belt system by relacing all critical components such as conveyor belts, bearings, tensioning rollers, main drive motors and programmable logic controllers.

Contractor: ERMC Aviation, Inc.

### **10220339 Jet Bridge Improvements (A4 & B4) | Cost: \$151,028.**

Scope: Upgraded and repaired Jet Bridges A4 and B4.

Contractor: John Bean Technologies Corporation

### **10220415 Replace Core Switches for Enterprise Network| Cost: \$144,080.**

Scope: Upgraded two existing Cisco 6880 core network switches to a set of four new Catalyst 9500 switches configured as two separate and connected Stackwise Virtual cluster pairs of Catalyst 9500 switches.

Contractor: Sentinel Technologies

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

### **20215735 Replace IATA Building HVAC Roof Top Units | Cost: \$253,342.**

Scope: Replaced existing HVAC units for IATA building.

Contractor: Pueblo Mechanical and Controls

## **FEDERAL AND STATE FUNDING**

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The TAA participates in the FAA's Airport Improvement Program (AIP), which provides Airport and Airway Trust Fund funds for airport development, airport planning, and noise compatibility programs. The FAA offers both entitlement and discretionary grants for eligible projects. Grants received under this program in FY 2021 totaled \$32,799,824. The FAA has awarded \$183,065,140 in grants to the TAA during the past ten years.

The State of Arizona also provides grant assistance to airports. These grants may cover up to half of the TAA's required match for AIP projects or full funding for projects of smaller size and scope. Grants received under this program in FY 2021 totaled \$1,338,930. ADOT has awarded \$14,898,877 million to the TAA during the past ten years.

## **PASSENGER FACILITY CHARGE PROGRAM**

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In 1990, Congress approved the Aviation Safety and Capacity Expansion Act which authorized domestic airports to impose Passenger Facility Charges (PFCs) fees on enplaned passengers to generate revenues for airport projects that increase capacity, enhance competition among and between air carriers, enhance

safety or security, or mitigate noise impacts. Airport sponsors planning to impose PFCs must apply to the FAA and meet specific requirements set forth in the enabling legislation. Airport operators may impose PFCs after receiving written approval and authorization from the FAA.

The TAA currently has approval from the FAA to collect \$117,744,485 under PFC application 97-01-C-03-TUS, \$44,194,512 under PFC application 06-02-C-00-TUS, and \$17,351,019 under PFC application 17-03-C-00-

## Major Initiatives (continued)

TUS, extending through February 1, 2027. As of September 30, 2020, the TAA had earned \$141,100,560 in PFCs since the inception of the program, plus associated interest.

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

## Financial Policies and Practices

### BUDGETARY CONTROLS

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An annual budget is prepared on a residual cost basis as established by Section 5.03(a) of the Airport Use Agreement dated April 27, 1977, and amended thereafter to September 30, 2023, for all accounts and funds established by the agreement. The annual budget serves as a foundation for the TAA's financial planning and control. All appropriations, except for those for open project accounts, lapse at the end of each fiscal year. Since there is no legal requirement for the TAA to report on a budgetary basis, no additional budget information is presented in the accompanying financial statements.

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

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

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

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

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

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

**Preferential Rights** | Rights provided to individual airlines through the Airport Use Agreement for the use

## Financial Policies and Practices (continued)

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

The formula consists of four elements:

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

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

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### LONG-TERM FINANCIAL PLANNING

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

## **Financial Policies and Practices** (continued)

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

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

### **CAPITAL FINANCING AND DEBT MANAGEMENT**

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

Capital expenditures for FY 2021 were financed through a combination of federal and state grants, internal financing from unrestricted reserve funds, and funds generated through the Airport System Income Requirement formula.

### **INTERNAL CONTROLS**

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Management of the TAA is responsible for establishing and maintaining adequate internal controls designed to ensure that assets are protected from loss, theft, or misuse; to promote efficiency of operations; to comply with applicable laws and regulations; and to ensure that accurate accounting records are kept, allowing for the preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The TAA works to ensure that its internal control processes are sufficiently documented and that the performers of the controls are trained to perform them.

## **Other Information**

### **REQUESTS FOR INFORMATION**

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

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

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

## AWARDS AND ACKNOWLEDGEMENTS

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TAA for its Annual Report for the fiscal year ended September 30, 2020. This was the 27th consecutive year that the TAA achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both GAAP and applicable legal requirements.

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

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

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

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

Respectfully submitted,



Danette M. Bewley, A.A.E.

President/Chief Executive Officer



Kirk Eickhoff, CPA

Vice President and Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
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Presented to

**Tucson Airport Authority  
Arizona**

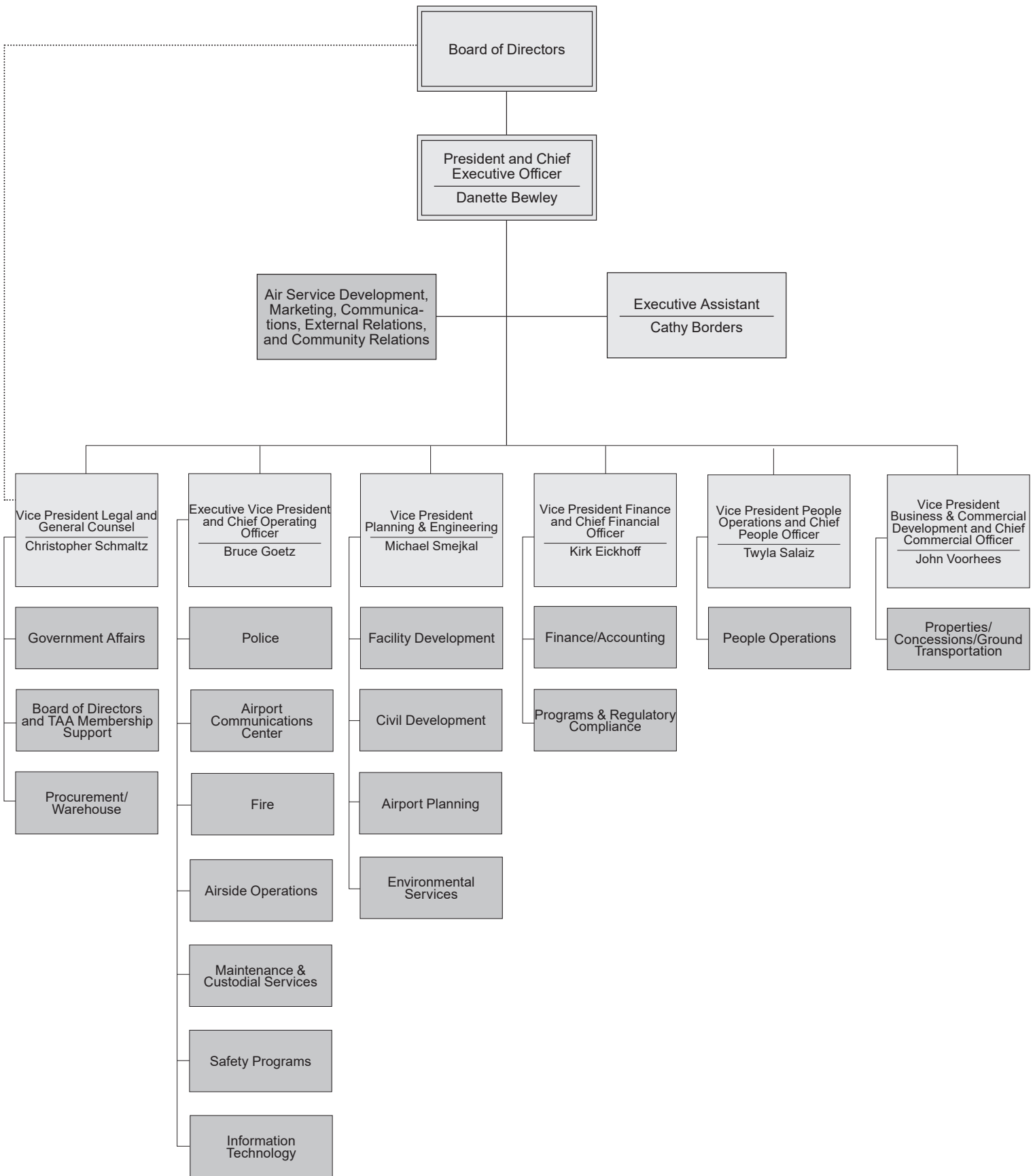
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morrill*

Executive Director/CEO

# Organizational Structure





# Airlines and Tenants As Of September 30, 2021

## PASSENGER AIRLINES

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

## CARGO AIRLINES

Ameriflight  
 Federal Express

## CAR RENTALS

Alamo  
 Avis  
 Budget  
 Dollar  
 Enterprise  
 Hertz  
 National

## RYAN AIRFIELD

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

## TUCSON INTERNATIONAL AIRPORT

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

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

Matheson Flight Extenders, Inc.  
 Military Lounge  
 Million Air  
 Mitsubishi Heavy Industrial – RJ Aviation  
 Pima Community College  
 Pima County Sheriff's Department  
 PrimeFlight Aviation Services  
 Prospect International Airport Services, Inc.  
 Raytheon Missiles & Defense  
 Real Air Hangar, Inc.  
 Rolls Royce  
 Simplicity USA Ground Services  
 Smarte Carte, Inc.  
 Southwest Airport Services  
 SOS Security  
 Southwest Heliservices  
 Swissport Fueling Services  
 Transportation Security Administration  
 Tucson Aviation, LLC  
 Tucson Executive Center  
 Tucson Fuel Facilities, LLC  
 Tucson Jet Center  
 Tucson Police Department  
 Two-Shakes of a Lambs Tail Baggage Delivery Service  
 Uber  
 Tucson Stagecoach Express  
 Universal Avionics

U.S. Customs & Border Protection  
 U.S. REIF Tucson Commerce Center  
 VIP Cab  
 Verizon Wireless  
 Victor II, Ltd.  
 Wright Flight, Inc.  
 Yellow Cab

# FINANCIAL SECTION

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FINANCIAL



# Independent Auditors' Report



## Independent Auditors' Report

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

We have audited the accompanying financial statements of Tucson Airport Authority, Inc., which comprise the statement of net position as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

**BeachFleischman PLLC • [beachfleischman.com](http://beachfleischman.com)**  
1985 E. River Rd., Suite 201, Tucson, AZ 85718-7176 • 520.321.4600  
2201 E. Camelback Rd., Suite 200, Phoenix, AZ 85016-3431 • 602.265.7011

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## Independent Auditors' Report (continued)

### **Opinion**

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

### **Prior Period Financial Statements**

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

### **Other Matter**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tucson Airport Authority, Inc.'s basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of Tucson Airport Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tucson Airport Authority, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tucson Airport Authority, Inc.'s internal control over financial reporting and compliance.

*BeadFleischman PLLC*

Tucson, Arizona  
September 21, 2022

# Management's Discussion and Analysis

September 30, 2021

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

The TAA 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 TAA's basic financial statements.

## AIRPORT ACTIVITIES & HIGHLIGHTS

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

Total aircraft operations (take-offs and landings) at TUS increased 14.3% in FY 2021 after decreasing 6.7% in FY 2020 and increasing 0.2% in FY 2019. Total FY 2021 operations comprised 74,758 general aviation operations, 45,023 air carrier and air taxi (passenger airline, cargo airline, and charter) operations and 20,401 military operations. In contrast to air carrier and air taxi operations that generate landing fee revenue, general aviation and military operations do not directly generate revenue for the TAA. The increase in operations for FY 2021 was primarily attributed to an increase in military and general aviation of 21.1% and 19.5%, respectively. The decrease in operations for FY 2020 was primarily attributed to a decrease in air carrier and military operations of 25.9% and 9.7%, respectively, which was partially offset by an increase of 5.1% in general aviation.

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

Mail and express cargo shipments increased by 7.0% in FY 2021 from FY 2020, following a decrease of 4.0% in FY 2020 and an increase of 4.0% in FY 2019. The changes in mail and express cargo shipments in each of these years were primarily a result of changes experienced by Federal Express, the single major cargo carrier operating scheduled flights at TUS.

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

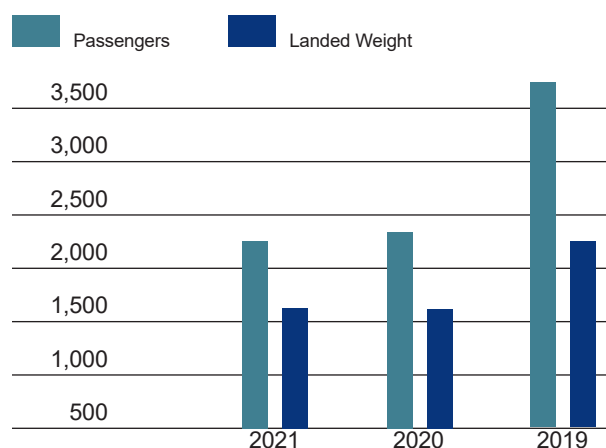
# Management's Discussion and Analysis (continued)

September 30, 2021

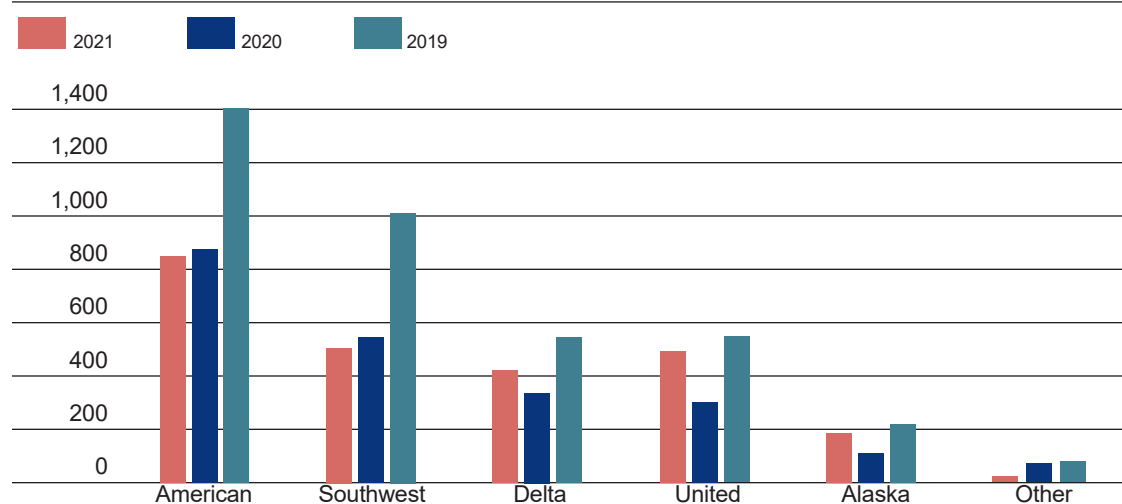
## AIRPORT ACTIVITIES & HIGHLIGHTS (continued)

<u>Activities &amp; Highlights</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total passengers	2,257,581	2,283,777	3,783,535
% increase/decrease(-)	-1.1%	-39.6%	6.5%
Average daily seat capacity	4,308	4,663	6,212
% increase/decrease(-)	-7.6%	-24.9%	9.6%
Aircraft operations	140,182	122,631	131,416
% increase/decrease(-)	14.3%	-6.7%	0.2%
Landed weight (1,000 lb. Units)	1,633,047	1,677,958	2,243,559
% increase/decrease(-)	-2.7%	-25.2%	7.9%
Mail & express cargo (pounds)	67,643,468	63,246,903	65,916,153
% increase/decrease(-)	7.0%	-4.0%	4.0%

### Total Passengers and Landed Weight (Thousands)



### Passengers by Airline (Thousands)

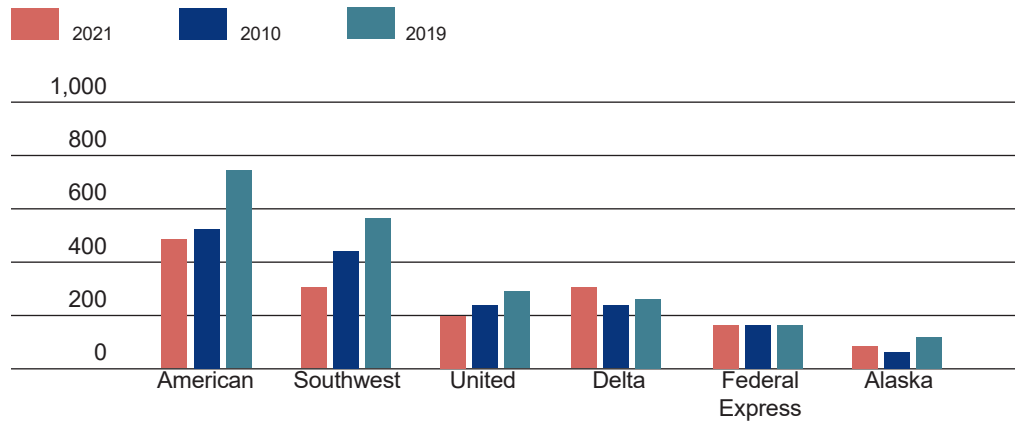


# Management's Discussion and Analysis (continued)

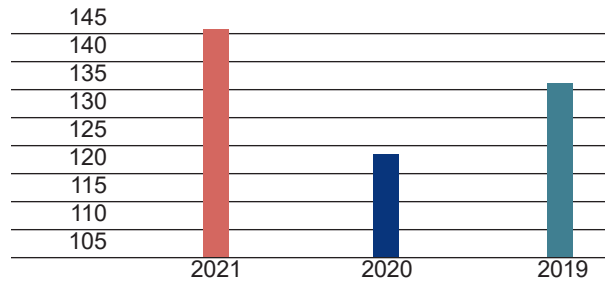
September 30, 2021

## AIRPORT ACTIVITIES & HIGHLIGHTS (continued)

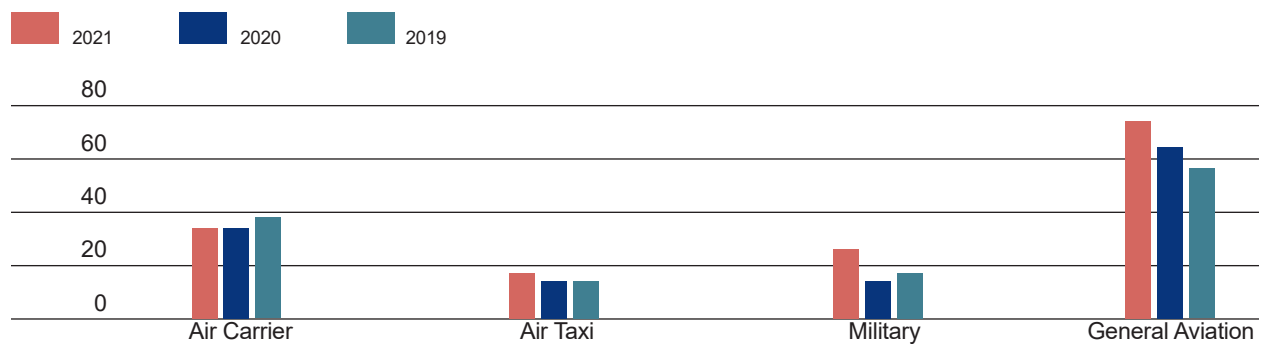
### Landed Weight by Airline (Thousands)



### Aircraft Operations (Thousands)



### Operations by Type (Thousands)



# Management's Discussion and Analysis (continued)

September 30, 2021

## FINANCIAL HIGHLIGHTS

The TAA's assets and deferred outflows exceeded liabilities and deferred inflows at the end of FY 2021 by \$439.4 million, compared to \$423.9 million and \$396.0 million at the end of FY 2020 and FY 2019, respectively. Unrestricted net position for fiscal years 2021, 2020 and 2019 was \$106.9 million, \$99.6 million and \$86.2 million, respectively. The TAA experienced increases in net position of \$15.5 million, \$27.8 million and \$9.0 million for FY 2021, FY 2020 and FY 2019, respectively, compared to the previous years. The FY 2021 decrease is largely attributable to a decrease in both non-operating revenues of \$6.0 million due to a large gain on disposed fixed assets in FY 2020 and a decrease in capital contributions of \$5.1 million due to large draws on federal grant funding in FY 2020. The FY 2020 increase is largely attributable to capital contributions of \$16.8 million and other nonoperating grants-in-aid of \$14.2 million, offset by an \$8.4 million decrease in operating revenues due to the global response to the COVID-19 pandemic.

The TAA's total noncurrent liabilities decreased by \$40.5 million in FY 2021 over FY 2020 and decreased by \$0.1 million in FY2020 over FY 2019. These decreases reflect changes in the net pension liability, long-term debt and noncurrent environmental liabilities. Particular to FY 2021, the TAA made a lump sum contribution payment of \$27.2 million to the Public Safety Personnel Retirement System (PSPRS) during the year for its fire department and police department pension plans to reduce the associated net pension liabilities for each.

## SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

Summary of Operations and Changes in Net Position	2021	2020	2019
Operating revenues	\$ 36,328,027	\$ 38,869,374	\$ 47,261,051
Operating expenses	30,484,383	33,313,961	32,907,346
Operating income before depreciation & amortization	5,843,644	5,555,413	14,353,705
Depreciation & amortization	20,148,835	19,514,629	18,393,628
Operating (loss)	(14,305,191)	(13,959,216)	(4,039,923)
Nonoperating revenues	20,400,093	26,394,334	12,364,496
Nonoperating expenses	(2,205,762)	(1,354,548)	(2,664,201)
Income (loss) before capital contributions	3,889,140	11,080,570	5,660,372
Capital contributions	11,614,274	16,763,540	3,386,455
Increase in net position	15,503,414	27,844,110	9,046,827
Net position, beginning of year	423,861,783	396,017,673	386,970,845
Net position, end of year	\$ 439,365,197	\$ 423,861,783	\$ 396,017,672

Total operating revenues decreased \$2.5 million (6.5%) in FY 2021 over FY 2020 and decreased \$8.4 million (17.8%) in FY 2020 over FY 2019. Decreases in operating revenues in FY 2020 were primarily related to decreases in space rental revenue during the pandemic as rent relief (including waivers of minimum annual guarantees) was provided to tenants during FY2021. Decreases in operating revenues in FY 2020 were primarily related to decreases in concessions and landing fees due to travel restrictions during the pandemic.

Total operating expenses in FY 2021 decreased by \$2.8 million (8.5%) over FY 2020. The decrease was largely attributable to decreases in personnel and other operating expenses partially offset by an increase in contractual services. Total operating expenses in FY 2020 increased by \$0.4 million (1.2%) over FY 2019, with increases in personnel and other operating expenses partially offset by a decrease in contractual services.



## Management's Discussion and Analysis (continued)

September 30, 2021

Non-operating revenues in FY 2021 decreased 22.7% compared to FY 2020. This was mainly due to a decrease gain on disposition of fixed assets in FY 2021 compared to FY 2020. FY 2020 increased 113.5% compared to FY 2019. This was primarily attributable to an increase in the gain on disposition of capital assets resulting from a one-time land sale and other non-operating revenue, which includes federal assistance related to the pandemic. Non-operating expenses increased by 62.8% in FY 2021 due to increased environmental expenses. This follows a decrease in FY 2020 by 49.2% compared to FY 2019, which was primarily due to decreases in environmental expense and interest expense in that year.

Capital contributions in FY 2021 decreased by 30.7% from FY 2020 and FY 2020 increased by 395.0% over FY 2019. Year-to-year variances in capital contributions are determined by factors such as grant availability and project timing and are not generally expected to be consistent between years.

### FINANCIAL POSITION

<u>Summary of Net Position</u>	2021	2020	Increase (decrease)	% Increase decrease (-)
<u>Assets</u>				
Current (unrestricted)	\$ 154,267,021	\$ 176,314,340	\$ (22,047,319)	-13.9%
Current (restricted)	23,678,719	23,014,065	664,654	2.9%
Net capital assets	335,774,792	331,407,192	4,367,600	1.3%
Net Pension/OPEB Asset	1,711,563	0	1,711,563	100.00%
Other noncurrent assets	88,995	298,252	(209,257)	-70.2%
Total assets	515,521,090	531,033,849	(17,224,322)	-3.2%
Deferred outflows of resources	4,180,444	6,091,332	(1,910,888)	-31.4%
Total assets and deferred outflows of resources	\$ 519,701,534	\$ 537,125,181	\$ (19,135,210)	-3.6%
<u>Liabilities</u>				
Current (payable from unrestricted assets)	16,842,881	17,556,125	(713,245)	-4.1%
Current (payable from restricted assets)	392,447	402,420	(9,973)	-2.5%
Noncurrent	55,643,245	94,435,684	(40,504,000)	-42.9%
Total liabilities	72,878,574	112,394,229	(41,227,218)	-36.7%
Deferred inflows of resources	7,457,762	869,169	6,588,593	758.0%
Total liabilities and deferred inflows of resources	80,336,336	113,263,398	(34,638,625)	721.4%
<u>Net position</u>				
Net investment in capital assets	309,147,343	301,652,819	7,494,524	2.5%
Restricted	23,286,272	22,611,645	674,627	3.0%
Unrestricted	106,931,583	99,597,319	7,334,264	7.4%
Net position	\$ 439,365,198	\$ 423,861,783	\$ 15,503,415	3.7%

# Management's Discussion and Analysis (continued)

September 30, 2021

## FINANCIAL POSITION (continued)

<u>Summary of Net Position</u>	2020	2019	Increase (decrease)	% Increase decrease (-)
<u>Assets</u>				
Current (unrestricted)	\$ 176,314,340	\$ 158,585,935	\$ 17,728,405	11.2%
Current (restricted)	23,014,065	21,646,775	1,367,290	6.3%
Net capital assets	331,407,192	321,124,814	10,282,378	3.2%
Other noncurrent assets	298,252	501,534	(203,282)	-40.5%
Total assets	531,033,849	501,859,059	29,174,790	5.8%
Deferred outflows of resources	6,091,332	3,992,003	2,099,329	52.6%
Total assets and deferred outflows of resources	\$ 537,125,181	\$ 505,851,062	\$ 31,274,119	6.2%
<u>Liabilities</u>				
Current (payable from unrestricted assets)	17,556,125	13,853,564	3,702,561	26.7%
Current (payable from restricted assets)	402,420	149,762	252,658	168.7%
Noncurrent	94,435,684	94,486,891	(51,207)	-0.1%
Total liabilities	112,394,229	108,490,217	3,904,012	3.6%
Deferred inflows of resources	869,169	1,343,173	(474,004)	-35.3%
Total liabilities and deferred inflows of resources	113,263,398	109,833,390	3,430,008	3.1%
<u>Net position</u>				
Net investment in capital assets	301,652,819	288,319,668	13,333,151	4.6%
Restricted	22,611,645	21,497,013	1,114,632	5.2%
Unrestricted	99,597,319	86,200,991	13,396,328	15.5%
Net position	\$ 423,861,783	\$ 396,017,672	\$ 27,844,111	7.0%

# Management's Discussion and Analysis (continued)

September 31, 2021

## FINANCIAL POSITION (continued)

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Current unrestricted assets decreased in FY 2021 over FY 2020 \$22.0M and increased in FY 2020 over FY 2019 by \$17.7 million. The FY 2021 decrease was primarily due to a decrease in cash and cash equivalents of \$56.2 million, partially offset by an increase in investments of \$42.4 million. The FY 2020 increase was due mainly to an increase in cash and cash equivalents of \$43.5 million and grants receivable of \$16.5 million, partially offset by a \$40.8 million decrease in investments. Current restricted assets increased by \$0.7 million in FY 2021 following an increase of \$1.4 million in FY 2020. The increase in FY 2021 resulted from an increase in investments in both the Passenger Facility Charge (PFC) fund and Land Acquisition fund, offset by a decrease in cash in both funds. The increase in FY 2020 resulted from an increase in cash, offset by a decrease in investments. Net capital assets increased by \$4.4 million in FY 2021 over FY 2020 and increased by \$10.3 million in FY 2020 over FY 2019, both years being impacted by projects in the TAA's capital improvement program.

Current liabilities payable from unrestricted assets in FY 2021 decreased \$0.7 million compared to FY 2020. There was little change in current liabilities payable from restricted assets in FY 2021 compared to FY 2020, with both years totaling \$0.4 million. Current liabilities payable from unrestricted assets in FY 2020 increased \$3.7 million compared to FY 2019. Current liabilities payable from restricted assets in FY 2020 increased \$0.3 million compared to FY 2019. Total noncurrent liabilities decreased by \$38.8 million in FY 2021 compared to FY 2020 and decreased by \$0.1 million in FY 2020 compared to FY 2019. The decrease in FY 2021 was primarily due to a decrease in the net pension liability of \$36.8 million. The TAA made a lump sum payment during FY 2021 to PSPRS of \$27.2 million to reduce the net pension liability for both its fire department and police department pension programs. The decrease in FY 2020 was primarily due to normal debt service, offset by an increase in net pension/other post-employment benefits (OPEB) liability.

The largest portion of the TAA's net position, 70.4% for FY 2021, 71.2% for FY 2020 and 72.8% for FY 2019, represents its investment in capital assets (e.g., land, buildings, machinery and equipment), less outstanding debt used to acquire those assets. The TAA uses these assets to provide services to its passengers, visitors and tenants that generate future revenue streams. Although the TAA's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to retire these liabilities.

An additional portion of the TAA's net position, 5.3% for both FY 2021 and FY 2020 and 5.4% for FY 2019, represents resources that are subject to restrictions from government grantors, bond resolutions and State and Federal regulators on how they may be used. The changes in restricted net position over the three-year period are primarily attributable to passenger facility charge funds that are accumulating for retirement of debt used to finance completed terminal expansion and concourse renovation projects, offset by decreases in assets restricted for payment of environmental remediation expenses. The remaining unrestricted net position balances of \$106.9 million for FY 2021, \$99.6 million for FY 2020 and \$86.2 million for FY 2019 may be used for any lawful purpose of the TAA.

## REVENUES

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In FY 2021, total revenues of \$68.3 million were less than the prior fiscal year by 16.7%, whereas FY 2020 revenues of \$82.0 million were more than FY 2019 by 30.2%.

Operating revenues decreased in FY 2021 over FY 2020 by \$2.5 million (6.5%). Revenue category changes included decreases in space rentals of \$2.7 million and airport services of \$0.3 million, and an increase in concession revenue of \$0.5 million. The largest decrease over prior year was for space rentals (18.2%) and it is generally attributable to rent relief that was provided to airport tenants during FY 2021 due to the COVID-19 pandemic.

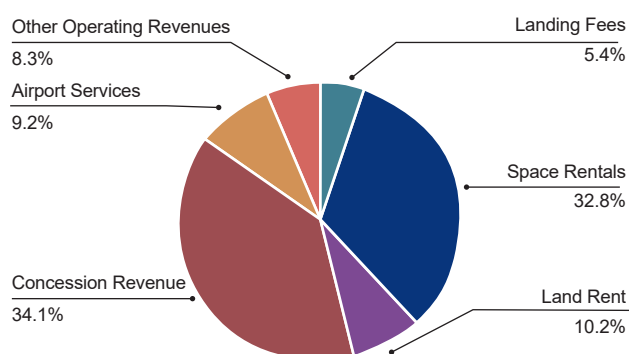
## Management's Discussion and Analysis (continued)

September 30, 2021

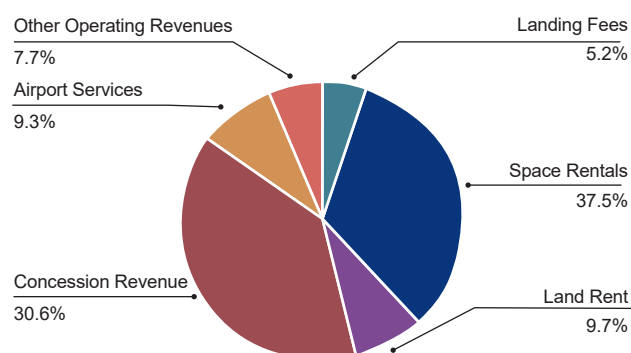
<b>Revenues by Major Source</b>	2021	2020	Increase (decrease)	% Increase decrease (-)
Landing fees	\$ 1,973,618	\$ 2,037,041	\$ (63,423)	-3.1%
Space rentals	11,906,284	14,560,223	(2,653,939)	-18.2%
Land rent	3,705,607	3,789,349	(83,742)	-2.2%
Concession revenue	12,386,429	11,878,384	508,045	4.3%
Airport services	3,354,818	3,611,852	(257,034)	-7.1%
Other operating revenues	3,001,271	2,992,525	8,746	0.3%
Total operating revenues	36,328,027	38,869,374	(2,541,347)	-6.5%
Interest income	485,673	2,330,044	(1,844,371)	-79.2%
Net increase (decrease) in fair value of investments	(169,672)	47,394	(217,066)	-458.0%
Passenger facility charges	4,628,663	4,265,140	363,523	8.5%
Gain on disposition of fixed assets	(22,866)	5,538,871	(5,561,737)	-100.4%
Nonoperating grants-in-aid	15,478,295	14,153,997	1,324,298	9.4%
Other nonoperating revenue	-	58,888	(58,888)	0.0%
Total nonoperating revenues	20,400,093	26,394,334	(5,994,241)	-22.7%
Capital contributions	11,614,274	16,763,541	(5,149,267)	-30.7%
Total revenues	\$ 68,342,394	\$ 82,027,249	\$ (13,684,855)	-16.7%

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

**Operating Revenues FY 2021**



**Operating Revenues FY 2020**



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

# Management's Discussion and Analysis (continued)

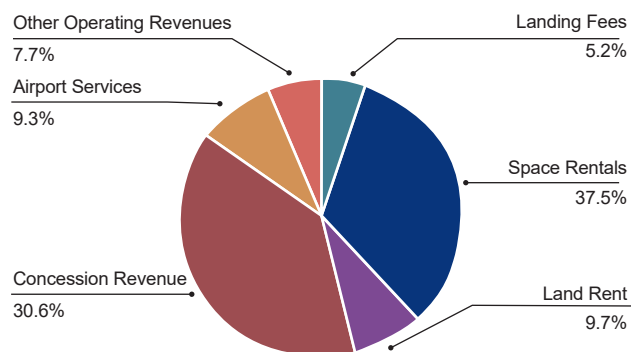
September 30, 2021

## REVENUES (continued)

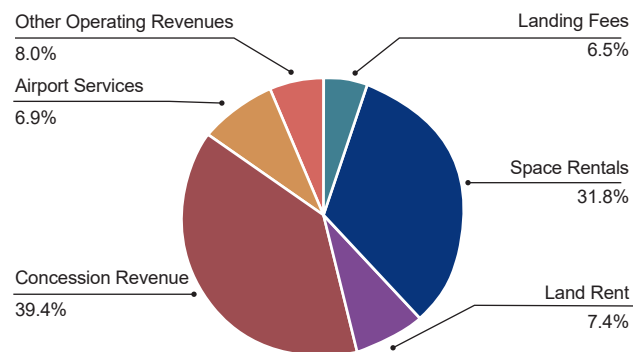
Revenues by Major Source	2020	2019	Increase (decrease)	% Increase decrease (-)
Landing fees	\$ 2,037,041	\$ 3,070,839	\$ (1,033,798)	-33.7%
Space rentals	14,560,223	15,046,170	(485,947)	-3.2%
Land rent	3,789,349	3,515,665	273,684	7.8%
Concession revenue	11,878,384	18,624,434	(6,746,050)	-36.2%
Airport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

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

**Operating Revenues FY 2020**



**Operating Revenues FY 2019**



Nonoperating revenues consist mainly of income on investments, gain on disposition of capital assets, federal grant assistance related to the pandemic reported in other nonoperating revenue, and passenger facility charges (PFCs). PFC revenue fluctuates based on passenger levels. FY 2021 nonoperating revenues decreased \$6.0 million (22.7%) over FY 2020 due to lower gain on disposition of capital assets of \$5.6 million attributable to a one-time land sale in FY 2020 and a decrease in interest income of \$1.8 million due to various factors in the larger economy, offset by an increase in federal grant assistance by \$1.4 million. FY 2020 nonoperating revenues increased \$14.0 million (113.5%) over FY 2019 due to higher gain on disposition of capital assets of \$5.5 million attributable to a one-time land sale and an increase in federal grant assistance by \$13.9 million, offset by a decrease in PFC revenue of \$3.0 million and lower interest income and net increase in fair value of investments that combined represented a decrease of \$2.5 million from FY 2019.

# Management's Discussion and Analysis (continued)

September 30, 2021

## CAPITAL CONTRIBUTIONS

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

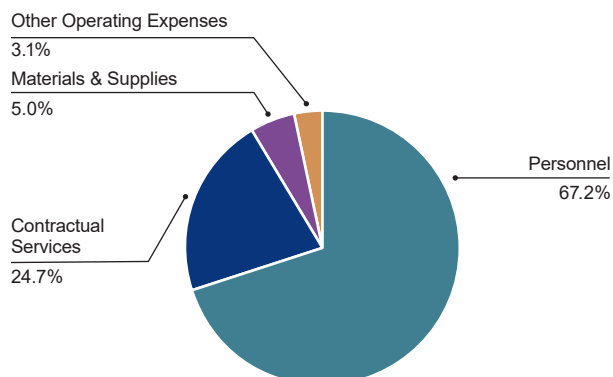
## EXPENSES

Total expenses for FY 2021 decreased 2.5% from FY 2020 due primarily to decreases in most operating expenses, offset by increases in nonoperating expenses. Operating expenses decreased \$2.8 million (8.5%). The increase in operating expenses was a result of decreases across all operating expense categories except contractual services. Nonoperating expenses were \$0.9 million (62.8%) higher in FY 2021 than FY 2020, caused primarily by an increase in environmental expenses of \$0.9 million.

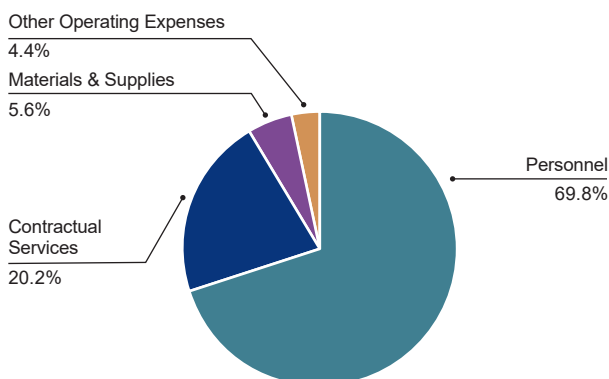
<b>Expenses by Major Category</b>	2021	2020	Increase (decrease)	% Increase decrease (-)
Personnel	\$ 20,489,377	\$ 23,272,979	\$ (2,783,602)	-12.0%
Contractual services	7,516,420	6,726,582	789,838	11.7%
Materials and supplies	1,533,550	1,859,050	(325,500)	-17.5%
Other operating expenses	945,036	1,455,350	(510,314)	-35.1%
Total operating expenses	30,484,383	33,313,961	(2,829,578)	-8.5%
Depreciation and amortization	20,148,835	19,514,629	634,206	3.2%
Interest expense	871,573	960,095	(88,522)	-9.2%
Environmental expenses	1,334,189	394,453	939,736	238.2%
Total nonoperating expenses	2,205,762	1,354,548	851,214	62.8%
Total expenses	\$ 52,838,980	\$ 54,183,138	\$ (1,344,158)	\$ -2.5%

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

### Operating Expenses FY 2021



### Operating Expenses FY 2020



# Management's Discussion and Analysis (continued)

September 30, 2021

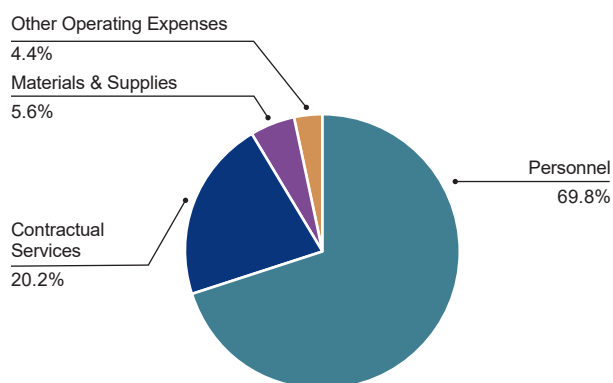
## EXPENSES (continued)

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

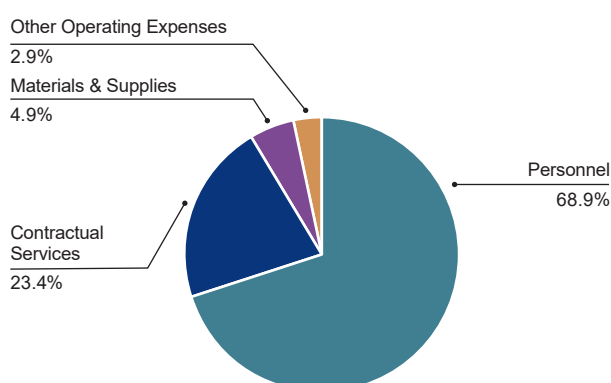
<b>Expenses by Major Category</b>	2020	2019	Increase (decrease)	% Increase decrease (-)
Personnel	\$ 23,272,979	\$ 22,646,456	\$ 626,523	2.8%
Contractual services	6,726,582	7,710,016	(983,434)	-12.8%
Materials and supplies	1,859,050	1,595,222	263,828	16.5%
Other operating expenses	1,455,350	955,652	499,698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

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

**Operating Expenses FY 2020**



**Operating Expenses FY 2019**



## Management's Discussion and Analysis (continued)

September 30, 2021

### CAPITAL ASSETS

Net capital assets increased \$4.4 million (1.3%) in FY 2021 over FY 2020. The increase resulted from spending on capital improvement program projects. The most significant FY 2021 CIP projects were undertaken on the airfield and included taxiway construction and a continuation of the multi-year airfield safety enhancement project (ASE).

<b>Net Capital Assets</b>	2021	2020	Increase (decrease)	% Increase decrease (-)
Land	\$ 51,555,292	\$ 51,555,292	\$ (0)	0.0%
Air avigation easement	29,990,090	29,990,090	-	0.0%
Land improvements	211,389,499	203,936,506	7,452,993	3.7%
Buildings and improvements	269,243,354	266,982,123	2,261,231	0.8%
Utilities	5,951,108	5,951,108	(0)	0.0%
Computer software	7,088,492	6,421,357	667,135	10.4%
Furniture, fixtures, machinery and equipment	49,984,905	47,836,856	2,148,049	4.5%
Artwork	493,188	481,798	11,390	2.4%
Construction in progress	46,291,185	34,708,397	11,582,788	33.4%
Gross capital assets	671,987,111	647,863,527	24,123,584	3.7%
Less accumulated depreciation	336,212,319	316,456,335	19,755,984	6.2%
Net capital assets	\$ <u>335,774,792</u>	\$ <u>331,407,192</u>	\$ <u>4,367,600</u>	<u>1.3%</u>

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

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

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



## Management's Discussion and Analysis (continued)

September 30, 2021

### DEBT ACTIVITY

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

<b>Outstanding Long-term Debt</b>	<u>2021</u>	<u>2020</u>	Increase (decrease)	% Increase decrease (-)
TAA revenue bonds:				
Series 2018 subordinate lien	\$ 26,475,000	\$ 29,540,000	\$ (3,065,000)	-10.4%
Unamortized premium	152,449	214,373	(61,924)	-28.9%
Total long-term debt	<u>\$ 26,627,449</u>	<u>\$ 29,754,373</u>	<u>\$ (3,126,924)</u>	<u>-10.5%</u>

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

<b>Outstanding Long-term Debt</b>	<u>2020</u>	<u>2019</u>	Increase (decrease)	% Increase decrease (-)
TAA revenue bonds:				
Series 2018 subordinate lien	\$ 29,540,000	\$ 32,520,000	\$ (2,980,000)	-9.2%
Unamortized premium	214,373	285,147	(70,774)	-24.8%
Total long-term debt	<u>\$ 29,754,373</u>	<u>\$ 32,805,147</u>	<u>\$ (3,050,774)</u>	<u>-9.3%</u>

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

# Management's Discussion and Analysis (continued)

September 30, 2021

## DEBT SERVICE COVERAGE

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

In FY 2021, net airport system revenues available for subordinate lien bond debt service was 2.57 times subordinate lien debt service, compared to 2.77 and 3.98 for FY 2020 and FY 2019, respectively. The TAA had no senior lien debt outstanding during fiscal years 2021, 2020 and 2019. Variances in the debt service coverage year-over-year are primarily attributable to normal debt service and changes in net airport system revenue.

## AIRLINE RATES AND CHARGES

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The TAA 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 TAA through a schedule of rates and charges. Following are some of the key rates and charges included in the agreement:

<b><u>Signatory Airline Rates and Charges</u></b>		<u>2021</u>	<u>2020</u>	<u>2019</u>
Ticketing	per sq. ft.	\$ 65.21	\$ 83.42	\$ 83.42
Hold room	per gate	95,080.52	121,640.78	121,640.78
Baggage claim	per sq. ft.	61.84	79.11	79.11
Baggage makeup	per sq. ft.	21.73	27.80	27.80
Into plane hydrant flowage	per gallon	N/A	N/A	N/A
Landing fee	per 1,000 lbs.	1.15	1.15	1.32

During FY 2020, the TAA negotiated an extension of the previously expired airline use agreement with the signatory airlines. The extension expired on September 30, 2021. A new extension was executed in October 2021 and continues under the same terms of the previously expired agreement for two additional years, to allow for time to negotiate a new agreement. The current extension will expire on September 30, 2023.

## Management's Discussion and Analysis (continued)

September 30, 2021

### AIRLINE COST PER ENPLANEMENT

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

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

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

# Statements of Net Position

September 30, 2021 and 2020

<b><u>ASSETS</u></b>	2021	2020
Current assets:		
Unrestricted assets:		
Cash and cash equivalents - Note 3	\$ 15,279,421	\$ 71,520,407
Investments - Note 3	125,667,536	83,278,353
Accounts receivable, net of allowance for doubtful accounts of \$257,121 for 2021 and \$313,380 for 2020	2,317,691	1,976,854
Accrued interest receivable	163,925	185,231
Grants receivable	9,464,454	18,303,874
Inventories - Note 4	395,531	328,256
Prepaid expenses and other assets	978,463	721,365
Total unrestricted current assets	154,267,021	176,314,340
Restricted assets:		
Cash and cash equivalents - Note 3	1,835,653	10,132,836
Investments - Note 3	20,923,339	12,423,496
Accounts receivable	876,384	410,268
Accrued interest receivable	43,342	47,465
Total restricted current assets	23,678,719	23,014,065
Total current assets	177,945,739	199,328,405
Noncurrent assets:		
Capital assets, not depreciated	128,329,755	116,735,577
Capital assets, depreciated, net	207,445,038	214,671,615
Total capital assets	335,774,793	331,407,192
Deferred rent	88,995	298,252
Net pension/OPEB asset	1,711,563	-
Total noncurrent assets	337,575,351	331,705,444
Total assets	515,521,090	531,033,849
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred outflows related to pensions/OPEB	4,180,444	6,091,332
	\$ 519,701,534	\$ 537,125,181

See Accompanying Notes.

# Statements of Net Position (continued)

September 30, 2021 and 2020

<b><u>LIABILITIES</u></b>	2021	2020
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 970,307	\$ 1,263,230
Accrued expenses	1,707,257	1,855,990
Unearned revenues	2,832,961	2,733,808
Construction contracts payable	4,088,828	5,205,743
Current portion of bonds payable	1,565,000	1,510,000
Current portion of environmental remediation payable, restricted	5,678,529	4,987,354
Total payable from unrestricted assets	16,842,882	17,556,125
Payable from restricted assets:		
Current portion of environmental remediation payable, restricted	392,447	402,420
Total payable from unrestricted assets	392,447	402,420
Total current liabilities	17,235,328	17,958,545
Noncurrent liabilities:		
Payable from unrestricted assets:		
Bonds payable, net of current portion	25,062,449	28,244,373
Net pension/OPEB liability	12,730,870	47,884,399
Environmental remediation payable, net of current portion	17,849,926	18,306,912
Total payable from unrestricted assets	55,643,245	94,435,684
Total liabilities	72,878,574	112,394,229
Deferred inflows of resources:		
Deferred inflows related to pensions/OPEB	7,457,762	869,169
Total deferred inflows of resources	7,457,762	869,169
Commitments and contingencies - Notes 13 and 14		
Net position:		
Net investment in capital assets	309,147,344	301,652,819
Restricted	23,286,271	22,611,645
Unrestricted	106,931,583	99,597,319
Total net position	\$ 439,365,198	\$ 423,861,783

See Accompanying Notes.

# Statements of Revenues, Expenses and Changes in Net Position

Years ended September 30, 2021 and 2020

	2021	2020
Operating revenues:		
Landing fees	\$ 1,973,618	\$ 2,037,041
Space rentals	11,906,284	14,560,223
Land rent	3,705,607	3,789,349
Concession revenue	12,386,429	11,878,384
Airport services	3,354,818	3,611,852
Other operating revenues	3,001,271	2,992,525
Total operating revenues	36,328,027	38,869,374
Operating expenses:		
Personnel expenses	20,489,377	23,272,979
Contractual services	7,516,419	6,726,582
Materials and supplies	1,533,550	1,859,050
Other operating expenses	945,036	1,455,350
Total operating expenses	30,484,382	33,313,961
Depreciation and amortization	20,148,835	19,514,629
Operating (loss)	(14,305,190)	(13,959,216)
Nonoperating revenues (expenses):		
Interest income	485,673	2,330,044
Net increase in fair value of investments	(169,672)	47,394
Passenger facility charges	4,628,663	4,265,140
Interest expense and fiscal charges	(871,573)	(960,095)
Gain /(loss) on disposition of capital assets	(22,866)	5,538,871
Environmental remediation expenses	(1,334,189)	(394,453)
Nonoperating grants-in-aid	15,478,295	14,153,997
Other nonoperating revenue	-	58,888
	18,194,331	25,039,786
Income before capital contributions	3,889,141	11,080,570
Capital contributions:		
Federal	10,707,449	15,808,720
State	906,825	954,821
	11,614,274	16,763,541
Change in net position	15,503,415	27,844,111
Net position, beginning of year	423,861,783	396,017,672
Net position, end of year	\$ 439,365,198	\$ 423,861,783

See Accompanying Notes.

# Statements of Cash Flows

Years ended September 30, 2021 and 2022

	2021	2020
Cash flows from operating activities:		
Receipts from airlines and tenants	\$ 35,882,080	\$ 41,072,196
Federal and state grants-in-aid	450,465	360,737
Payments to suppliers	(10,753,858)	(10,237,179)
Payments for personnel services	(48,862,167)	(21,799,749)
Payments for environmental remediation	(1,112,484)	(1,276,064)
Net cash provided by/(used in) operating activities	(24,395,964)	8,119,941
Cash flows from capital and related financing activities:		
Federal and state capital contribution receipts	11,179,259	13,226,314
Acquisition of capital assets	(25,666,340)	(28,386,427)
Proceeds from sale of capital assets	13,860	6,885,682
Principal paid on long-term debt	(3,065,000)	(2,980,000)
Passenger facility charge receipts	4,162,547	4,480,982
Interest paid on long-term debt	(933,894)	(971,981)
Nonoperating grants-in-aid receipts	24,715,786	1,196,887
Net cash provided by / (used in) investing activities	10,406,218	(6,548,543)
Cash flows from investing activities:		
Interest on investments	809,727	3,129,849
Maturity and calls of investments	113,751,261	275,531,926
Purchase of investments	(165,109,411)	(229,225,886)
Net cash provided by (used in) financing activities	(50,548,423)	49,435,889
Net increase (decrease) in cash and cash equivalents	(64,538,169)	51,007,287
Cash and cash equivalents, beginning	81,653,243	30,645,956
Cash and cash equivalents, ending	\$ 17,115,074	\$ 81,653,243

See Accompanying Notes.

## Statements of Cash Flows (continued)

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (14,305,190)	\$ (13,959,216)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	20,148,835	19,514,629
Payments for environmental remediation	(1,112,484)	(1,276,064)
Changes in operating assets and liabilities:		
Accounts receivables	(94,636)	1,519,059
Inventories	(67,275)	(16,952)
Prepaid expenses	(257,099)	(164,668)
Accounts payable	(292,924)	383,699
Accrued expenses	(148,735)	(109,114)
Unearned revenues	99,153	1,044,500
Net pension liability and related changes in deferred outflows and inflows of resources	(28,365,609)	1,184,068
Total adjustments	<u>(10,090,774)</u>	<u>22,079,157</u>
Net cash provided by (used in) operating activities	\$ <u>(24,395,964)</u>	\$ <u>8,119,941</u>
Noncash nonoperating, capital, financing and investing activities:		
Grants receivable included in capital contributions	\$ <u>5,723,101</u>	\$ <u>5,288,086</u>
Additions to capital assets included in accounts payable	\$ <u>4,088,828</u>	\$ <u>5,205,743</u>
Net appreciation/(depreciation) in fair value of investments	\$ <u>(169,672)</u>	\$ <u>47,394</u>
Increase/(Decrease) in estimate of environmental remediation liability	\$ <u>(1,334,189)</u>	\$ <u>394,453</u>

See Accompanying Notes.



# Notes to Financial Statements

September 30, 2021 and 2020

## NOTE 1 – DESCRIPTION OF ORGANIZATION

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

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

Five passenger airlines utilizing TUS have entered into a Signatory Airport Use Agreement with the TAA and are referred to as Signatory Airlines. In general, the Airport Use Agreement provides that fixed rentals are to be paid monthly by each Signatory Airline for use and occupancy of certain terminal space and other facilities. In addition, the Signatory Airlines collectively pay landing fees which are determined so that the aggregate landing fees paid in each fiscal year by all Signatory Airlines, after taking into consideration other revenues of the TAA, is an amount which provides sufficient operating funds to cover annual debt service bonds, annual operating expenses and satisfies other bond resolution requirements. The existing Signatory Airport Use Agreement expires on September 30, 2023.

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

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statements of net position. In accordance with Governmental Accounting Standards Board (GASB)

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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Statement No. 63, Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position, net position is displayed in three components net investment in capital assets, restricted and unrestricted. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

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

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

#### *Budgets:*

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

#### *Estimates and assumptions:*

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

#### *Cash and cash equivalents and investments:*

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

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

#### *Fair value measurements:*

Fair value is defined as the price to sell an asset or transfer a liability between market participants in an orderly exchange in the principal or most advantageous market for that asset or liability. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

#### *Grant and accounts receivable:*

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

#### *Inventories:*

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

#### *Bond issuance costs:*

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

#### *Capital assets:*

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

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

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

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

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### *Restricted assets:*

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

#### *Compensated absences:*

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

#### *Long term obligations:*

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

#### *Deferred outflows and inflows of resources:*

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

#### *Postemployment benefits:*

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

#### *Net position:*

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### *Passenger facility charges:*

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

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

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

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

#### *Environment remediation costs:*

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

#### *New accounting standards:*

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

- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. The TAA implemented this Statement in fiscal year 2021 with no effect.
- GASB Statement No. 93, Replacement of Interbank Offered Rates. The requirements of this Statement have multiple effective dates that are applicable based on specific identified paragraphs of the statement. The dates range from June 15, 2020 to June 15, 2021. The TAA implemented this Statement in fiscal year 2021 with no effect.
- GASB Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The TAA implemented this Statement in fiscal year 2021.

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. The TAA implemented this Statement, and the clarifying guidance in the related Implementation Guide 2019 2, Fiduciary Activities, in fiscal year 2020 with no effect.
- GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No, 61. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. The TAA implemented this Statement in fiscal year 2020 with no effect.
- Implementation of the following GASB statements was effective for fiscal year 2021: Implementation Guide No. 2018 1, Implementation Guidance Update – 2018 provides clarifying guidance for various previously issued GASB Statements and implementation guides and was effective for years beginning after June 15, 2019. The TAA implemented this Guide in fiscal year 2020 with no effect.
- Implementation Guide No. 2019 1, Implementation Guidance Update – 2019 provides clarifying guidance for various previously issued GASB Statements and was effective for years beginning after June 15, 2019. The TAA implemented this Guide in fiscal year 2020 with no effect.
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance postponed effective dates by one year for Statements originally applicable to periods beginning after June 15, 2018 and later. The statement was effective upon issuance in May 2020 and was implemented by the TAA in fiscal 2020 with no effect.

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

- GASB Statement No. 87, Leases, provides new guidance for recognition of operating leases and the related assets. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 91, Conduit Debt Obligations, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issues, arrangements associated with conduit debt obligations, and related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.
- GASB Statement No. 92, Omnibus 2020. The effective dates of this Statement are as follows:
  - The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019 3, Leases, reinsurance recoveries, and terminology used to refer to derivative instruments were effective upon issuance and were implemented by the TAA in fiscal year 2020 with no effect.
  - The requirements related to intra entity transfers of assets, the applicability of Statements No. 73 and 74, the application of Statement No. 84 to postemployment benefit arrangements and fair value measurements of assets or liabilities, including those associated with asset retirement obligations in a government acquisition, are effective for fiscal years beginning after June 15, 2021. The TAA will implement the requirements in fiscal year 2022.

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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- GASB Statement No. 94, Public Private and Public Public Partnerships and Availability Payment Arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96, Subscription Based Information Technology Arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The TAA will implement this Statement in fiscal year 2023.
- GASB Statement No. 100, Accounting Changes and Error Corrections an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.
- GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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The TAA maintains a cash, cash equivalents and investment pool (Pooled Investment Fund) for all funds except environmental remediation trust assets, which are maintained in a separate investment pool (Master Environmental Trust Fund). The TAA maintains detailed records sufficient to meet 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:*

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

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

#### *Investments:*

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

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

The TAA invests in obligations of the U.S. Government and its agencies. Some of these obligations are classified as cash equivalents on the accompanying statements of net position as the amounts are in money market fund pools of such securities. The amount shown in the table below includes all U.S.

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

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

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Government securities, regardless of classification. The TAA's mutual fund investments are invested exclusively in short term, U.S. Government Treasury obligations. The investments are valued at amortized cost, which approximates market. These assets are classified as cash equivalents.

#### *Interest rate risk:*

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

#### *Credit risk:*

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

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

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

#### Concentration of credit risk:

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

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



## Notes to Financial Statements (continued)

September 30, 2021 and 2020

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

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

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

The TAA measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a three tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

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

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

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

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

At September 30, 2021, the fair value of investments measured on a recurring basis is as follows:

	Fair value	Level 1	Level 2	Level 3
Pooled investment fund:				
U.S. Agency securities:				
Federal Farm Credit Bank	\$ 7,457,775	-	\$ 7,457,775	-
Federal Agricultural Mortgage Corp.	19,465,290	-	19,465,290	-
Federal Home Loan Bank	44,177,925	-	44,177,925	-
Federal Home Loan Mortgage Corp.	27,488,965	-	27,488,965	-
Federal National Mortgage Association	10,015,700	-	10,015,700	-
U.S. Treasury Bills	37,985,220	-	37,985,220	-
	<u>\$ 146,590,875</u>	<u>-</u>	<u>\$ 146,590,875</u>	<u>-</u>

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

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

At September 30, 2020, the fair value of investments measured on a recurring basis is as follows:

	Fair value	Level 1	Level 2	Level 3
Pooled investment fund:				
U.S. Agency securities:				
Federal Farm Credit Bank	\$ 33,498,705	\$ -	\$ 33,498,705	\$ -
Federal Agricultural Mortgage Corp.	2,062,720	-	2,062,720	-
Federal Home Loan Bank	12,457,550	-	12,457,550	-
Federal Home Loan Mortgage Corp.	22,507,975	-	22,507,975	-
Federal National Mortgage Association	10,000,000	-	10,000,000	-
U.S. Treasury Bills	15,174,899	-	15,174,899	-
	<u>\$ 95,701,849</u>	<u>\$ -</u>	<u>\$ 95,701,849</u>	<u>\$ -</u>

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

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

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

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

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

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

At September 30, 2021, the TAA's investments are scheduled to mature as follows:

	Investment maturities (in months)				
	Fair value	Less than 12	12-24	24-36	36-48
Pooled investment fund:					
U.S. Treasury and					
Agency securities	\$ 146,590,875	\$ 22,240,140	\$ 27,968,010	\$ 81,516,133	\$ 14,866,592

### NOTE 4 – CAPITAL ASSETS

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

	2021	2020
Capital assets	\$ 671,987,112	\$ 647,863,527
Less accumulated depreciation	(336,212,319)	(316,456,335)
Less outstanding debt	\$ (26,627,449)	\$ (29,754,373)
	\$ 309,147,344	\$ 301,652,819

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

	Beginning balance	Increases	Decreases	Ending balance
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 51,555,292	\$ -	\$ -	\$ 51,555,292
Air Avigation Easements	29,990,090	-	-	29,990,090
Artwork	481,798	11,390	-	493,188
Construction in progress	34,708,397	11,582,788	-	46,291,185
Total assets not being depreciated	116,735,577	11,594,178	-	128,329,755
Capital assets being depreciated:				
Land improvements	203,936,506	7,452,993	-	211,389,499
Buildings and improvements	266,982,123	2,261,231	-	269,243,354
Utilities	5,951,108	-	-	5,951,108
Computer software	6,421,357	667,135	-	7,088,492
Furniture, fixtures, machinery and equipment	47,836,856	2,563,765	(415,717)	49,984,904
Total assets being depreciated	\$ 531,127,950	\$ 12,945,124	\$ (415,717)	\$ 543,657,357
Less accumulated depreciation for:				
Land improvements	\$ (113,662,328)	\$ (9,068,309)	\$ -	\$ (122,730,637)
Buildings and improvements	(159,987,045)	(7,844,704)	-	(167,831,749)
Utilities	(5,939,586)	(1,921)	-	(5,941,507)
Computer software	(6,064,186)	(162,664)	-	(6,226,850)
Furniture, fixtures, machinery and equipment	(30,803,190)	(3,071,237)	392,851	(33,481,576)
Total accumulated depreciation	(316,456,335)	(20,148,835)	392,851	(336,212,319)
Total capital assets, depreciated, net	214,671,615	(7,203,711)	(22,866)	207,445,038
Total capital assets, net	\$ 331,407,192	\$ 4,390,467	\$ (22,866)	\$ 335,774,793

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 4 – CAPITAL ASSETS (continued)

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

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 5 – UNEARNED REVENUES

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

At September 30, 2021 and 2020, the TAA has received rent from certain tenants and certain other payments applicable to the subsequent year. Such amounts have been classified as unearned revenue.

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

A detail of unearned revenues at September 30, 2021 and 2020 follows:

	2021	2020
Forfeiture funds	\$ 36,030	\$ 35,765
Marketing/Refurbishment funds	696,425	562,242
Tenant rent payments	2,100,506	2,135,801
	<u>\$ 2,832,961</u>	<u>\$ 2,733,808</u>

### NOTE 6 – BONDS PAYABLE

	2021	2020
\$37,330,000 Subordinate Lien Airport Revenue Refunding Bonds, Series 2018. Bonds due in semi annual amounts, with principal repayments ranging from \$920,000 to \$3,345,000, beginning April 1, 2019 through April 1, 2031. Interest is payable semiannually at 3.243%.	\$ 26,475,000	\$ 29,540,000
Unamortized premium Series 2018 bonds	152,449	214,373
	<u>26,627,449</u>	<u>29,754,373</u>
Less current portion	1,565,000	1,510,000
	<u>\$ 25,062,449</u>	<u>\$ 28,244,373</u>

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

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 6 – BONDS PAYABLE (continued)

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

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

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

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

The TAA's bond resolutions require periodic transfers from gross operating income to bond funds restricted for the payment of principal and interest. Other transfers to certain accounts are required by the bond resolutions after payment of operating and maintenance expenses. At September 30, 2021 and 2020, the TAA was in compliance with these and other bond resolution covenants.

Under U.S Treasury regulations, all governmental tax exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax exempt bond proceeds, which exceed related interest expenditure on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issue. The TAA's practice is to engage an independent consultant to evaluate outstanding tax exempt debt for arbitrage liability and the TAA is of the opinion that no liability has been incurred as of September 30, 2021 and 2020.

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS:

Long-term debt at September 30, 2021 and 2020 follows:

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

At September 30, 2021, the TAA reported in the statements of net position and statements of revenues, expenses, and changes in net position the following amounts related to all Pension/OPEB plans it participants in:

September 30, 2020	ASRS	PSPRS – Fire Department	PSPRS – Police Department	Net
Net pension/ OPEB liability	\$ 12,730,870	\$ (426,421)	\$ (1,285,142)	\$ 11,019,307
Deferred outflows of resources:				
Difference between projected and actual investment earnings	\$ -	\$ -	\$ -	\$ -
Difference between actual and expected experience	207,432	502,061	870,104	1,579,597
Changes of assumptions related to pensions	1,750,759	142,723	218,467	2,111,949
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,223	1,004	6,799	9,026
Contributions subsequent to the measurement date	327,803	63,259	88,810	479,872
Total deferred outflows	\$ 2,287,217	\$ 709,047	\$ 1,184,180	\$ 4,180,444
Deferred inflows of resources:				
Difference between actual and expected resources	\$ 4,384,922	\$ 1,046,783	\$ 1,144,741	\$ 6,576,446
Changes in proportion and differences between employer contributions and proportionate share of contributions	322,614	1,748	6,782	331,144
Difference between actual and expected experience	174,884	13,232	315,071	503,187
Changes of assumptions related to pensions	46,667	318	-	46,985
Total deferred inflows	4,929,087	1,062,081	1,466,594	7,457,762
Net deferred outflows and (inflows)	\$ (2,641,870)	\$ (353,034)	\$ (282,414)	\$ (3,277,318)
Pension/OPEB expense	\$ 914,249	\$ 1,575,044	\$ 1,546,657	\$ 4,035,950

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

At September 30, 2020, the TAA reported in the statements of net position and statements of revenues, expenses, and changes in net position the following amounts related to all Pension/OPEB plans it participants in:

September 30, 2020	ASRS	PSPRS – Fire Department	PSPRS – Police Department	Net
Net pension/ OPEB liability	\$ 17,506,107	\$ 13,515,076	\$ 16,863,216	\$ 47,884,399
Deferred outflows of resources:				
Difference between projected and actual investment earnings	\$ 1,771,150	\$ 308,846	\$ 310,699	\$ 2,390,695
Other deferred outflows:				
Difference between actual and expected experience	165,074	480,717	1,264,662	1,910,453
Changes of assumptions related to pensions	48,757	326,892	345,579	721,228
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,409	-	-	1,409
Contributions subsequent to the measurement date	314,268	305,542	447,737	1,067,547
Total other deferred outflows	529,508	1,113,151	2,057,978	3,700,637
Total deferred outflows	\$ 2,300,658	\$ 1,421,997	\$ 2,368,677	\$ 6,091,332
Difference between actual and expected experience	\$ 145,617	\$ 17,801	\$ 65,083	\$ 228,501
Changes of assumptions related to pensions	-	1,898	470	2,368
Changes in proportion and differences between employer contributions and proportionate share of contributions	638,300	-	-	638,300
Total deferred inflows	783,917	19,699	65,553	869,169
Pension/OPEB expense	\$ 1,512,597	\$ 1,681,898	\$ 2,067,798	\$ 5,262,293

#### Arizona State Retirement System (ASRS):

##### Plan description:

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



## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (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%

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 September 30, 2021 and 2020, active ASRS members and

	<u>2021</u>	<u>2020</u>
Employee contribution rates:		
Retirement	12.04%	11.94%
Long-term disability	0.18%	0.17%
	<u>12.22%</u>	<u>12.11%</u>
Employer contribution rates:		
Retirement	11.65%	11.45%
Health insurance premium benefit	0.39%	0.49%
Long-term disability	0.18%	0.17%
	<u>12.22%</u>	<u>12.11%</u>

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension liability At September 30, 2021 and 2020, the TAA reported a liability of \$12,730,870 and \$17,506,107 for its proportionate share of the ASRS' net pension/OPEB liability. The net pension/OPEB liability was measured as of June 30, 2021 and 2020 (the total pension/OPEB liability used to calculate the net pension/OPEB liability was determined using updated procedures to roll forward the total pension/OPEB liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021.) The TAA's proportion of the net pension/OPEB liability was based on the TAA's actual contributions to the plan relative to the total of all participating employers' contributions for the years ended June 30, 2021 and 2020. The TAA's proportions, measured as of June 30, 2021 and 2020 were as follows:

	2020	2019	Decrease
Pension	0.10053%	0.10101%	(0.00048)%
Health benefit supplement	0.10249%	0.10295%	(0.00046)%
Long term disability	0.10180%	0.10213%	(0.00033)%

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

	September 30, 2021		September 30, 2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 207,432	\$ 174,884	\$ 165,074	\$ 145,617
Net difference between projected and actual earnings on pension plan investments	-	4,384,922	1,771,150	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,223	322,614	1,409	638,300
Changes in assumptions	1,750,759	46,667	48,757	-
Contributions subsequent to the measurement date	327,803	-	314,268	-
	<u>\$ 2,287,217</u>	<u>\$ 4,929,087</u>	<u>\$ 2,300,658</u>	<u>\$ 783,917</u>

The \$327,803 reported as deferred outflows of resources related to TAA contributions subsequent to the measurement date will be recognized as a reduction of the net pension/OPEB liability in the year ending September 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension/OPEBs, including those for contributions subsequent to the measurement date, will be recognized in pension/OPEB expense as follows:

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Pension discount rate and OPEB investment rate of return	7.0%
Projected salary increases pension	2.9%-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates pension and health	2017 SRA Scale U MP
Recovery rates long term disability	2012 GLDT

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2016.

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

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%	2.45%
Fixed Income - credit	20%	1.04%
Fixed income - interest rate sensitive	10%	0.07%
Real estate	20%	1.14%
Total	100%	4.70%

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

#### *Discount rate*

The discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which is more than the long term expected rate of return of 4.7%. The discount rate decreased by 0.5% from the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the Retirement Funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension/OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
TAA's proportionate share of the net pension/OPEB liability	\$ <u>20,473,706</u>	\$ <u>12,730,870</u>	\$ <u>6,271,834</u>

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

#### *Public Safety Personnel Retirement System (PSPRS):*

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

	Tier 1	Tier 2	Tier 3
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecu- tive months of last 20 years	Highest 60 consecu- tive months of last 15 years
Benefit percent:			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement, whichever is greater		
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retire- ment, whichever is greater		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited ser- vice (not to exceed 20 years) divided by 20		
Survivor benefit:			
Retired members	80% to 100% of retired member's pension benefit		
Active member	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

#### Contributions:

State statutes establish the pension/OPEB contribution requirements for active PSPRS employees. In accordance with State statutes, employer contribution requirements for PSPRS pension/OPEB and health insurance premium benefits are determined by the annual actuarial valuations. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the Plan years ended June 30, 2021 and 2020, the TAA and active PSPRS members were required to contribute at the following rates, and the TAA's contributions to the pension/OPEB plan, which included the required contributions for the health insurance premium benefit, were as follows:

	<u>Fire</u>		<u>Police</u>	
	2021	2020	2021	2020
Employer contribution rates (Tier 1 & 2):	95.19%	99.85%	97.55%	95.30%
Employer health contribution rates	0.00%	0.00%	0.02%	0.22%
Employer pension contributions rates	95.19%	99.85%	95.53%	95.08%
Employer contributions	\$13,031,387	\$1,227,825	\$16,507,129	\$1,554,910
Employer contributions rates Tier 3	89.39%	94.91%	92.43%	89.25%
Employer pension legacy cost rates	79.45%	84.97%	82.49%	79.31%
Employer health contributions rates	0.26%	0.26%	0.26%	0.26%
Employer pension contributions rates	9.68%	9.68%	9.68%	9.68%
Employee contribution rates:				
Tier 1	7.65%	7.65%	7.65%	7.65%
Tier 2	11.65%	11.65%	11.65%	11.65%
Tier 3	9.94%	9.94%	9.94%	9.94%

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Liability At September 30, 2021 and 2020, the TAA reported the following net pension/OPEB liabilities (assets) for its PSPRS pension/OPEB plans:

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

The net pension/OPEB liabilities were measured as of June 30, 2021 and 2020, and the total pension/OPEB liability used to calculate the net pension/OPEB liability (asset) was determined by an actuarial valuation as of these dates.

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

Asset valuation method	Fair value of assets
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Investment rate of return	7.3%, net of investment and administrative expense
Payroll growth	3.50%
Inflation	2.22%
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, 2021 valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2017.

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

**Discount rate** At June 30, 2020, the discount rate used to measure the total pension/OPEB liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability (asset).



# Notes to Financial Statements (continued)

September 30, 2021 and 2020

## NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Measurement date June 30, 2021

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

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

Measurement date June 30, 2020

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Measurement date June 30, 2021

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

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

Measurement date June 30, 2020

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the Plan's net pension liability (asset) to changes in the discount rate The following table presents the Plan's net pension/OPEB liability (asset) calculated using the single discount rate of 7.30%, as well as what the Plan's net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.30%) or 1 percentage point higher (8.30%) than the current rate:

	1% decrease (6.5%)	Current discount rate (7.5%)	1% increase (8.5%)
TAA's net pension/OPEB liability (asset)			
Fire Department	\$ 2,130,062	\$ (426,421)	\$ (2,513,761)
TAA's net pension/OPEB liability (asset)			
Police Department	\$ <u>1,557,641</u>	\$ <u>(1,285,142)</u>	\$ <u>(3,617,412)</u>

#### *Plan fiduciary net position*

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

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

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from TAA contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending September 30,		Pension
2023	\$	43,863
2024		14,753
2025		(156,256)
2026		(318,653)
	\$	<u>(416,293)</u>

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

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from TAA contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending September 30,		Pension
2023	\$	181,530
2024		175,103
2025		(372,676)
2026		(355,181)
	\$	(371,224)

### NOTE 8 – PASSENGER FACILITY CHARGES

Passenger Facility Charges (PFCs) are collected in accordance with the Aviation Safety and Capacity Expansion Act of 1990, which allows allowing airports to impose a charge on enplaning passengers. As described in the summary of significant accounting policies, the TAA was granted permission to begin collection of such charges in February 1998. The total amount of PFCs to be collected under this FAA approved application was based on the estimated costs of approved PFC projects. The FAA approval letter provided total aggregate collection authority of \$101,234,420.

In April 2006, the FAA approved an amendment to the approved PFC application. The amendment approved an increase in the collection level from \$3.00 to \$4.50 for the following projects of the TAA: terminal expansion, land acquisition for airport expansion and land acquisition for noise mitigation. The increase in rate was effective October 1, 2006. In June 2006, the FAA approved an additional application to include the concourse renovation project. On December 15, 2017, the TAA received approval under a new PFC application for the Terminal Optimization Project. The total effect of approved applications and amendments results in total aggregate collection authority of \$179,290,015. During the years ended September 30, 2021 and 2020, the TAA earned PFCs of \$4,628,663 and \$4,265,140.

### NOTE 9 – RISK MANAGEMENT

The TAA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TAA carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Other than for certain environmental remediation liabilities as discussed in Note 11, the financial statements do not include any liability for uninsured claims at September 30, 2021 and 2020.

### NOTE 10 – COMMITMENTS

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 10 – COMMITMENTS (continued)

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Operating leases:

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

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

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

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

### NOTE 11 – ENVIRONMENTAL MATTERS, LITIGATION AND CONTINGENCIES

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

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

In 1999, the TAA and other obligated parties entered into another Consent Decree (the “Soils Consent Decree”) with the EPA. The Soils Consent Decree requires performance of and funding for certain soil and shallow groundwater remediation activities on TAA property.

In 1999, the TAA and several other parties entered into a settlement pursuant to which other parties paid certain amounts to TAA, there was an allocation of responsibility for obligations under both of the above referenced Consent Decrees, and the TAA funded a trust for the purpose of providing primary funding for the TAA’s financial responsibilities under the Consent Decrees. The Trust is referred to as the “Environmental Remediation Trust.”

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 11 – ENVIRONMENTAL MATTERS, LITIGATION AND CONTINGENCIES (continued)

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

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

Changes in the estimated environmental remediation liability for the years ended September 30, 2020 and 2019 follow:

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

#### *1,4 Dioxane Remedial Investigation and Feasibility Study:*

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

## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 11 –ENVIRONMENTAL MATTERS, LITIGATION AND CONTINGENCIES (continued)

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#### *Landfill Investigation:*

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

#### *Federal and State Grants:*

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

#### *Legal proceedings:*

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

#### *Other contingencies:*

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

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

### NOTE 12 –CONCENTRATIONS:

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



## Notes to Financial Statements (continued)

September 30, 2021 and 2020

### NOTE 13 – RESTRICTED NET POSITION

Restricted net position includes restricted assets required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements; less liabilities payable from these assets. For fiscal years September 30, 2021 and 2020, restricted net position is as follows:

September 30, 2021

	Environmental Trust		Debt service		Capital projects		Total restricted
<b>Assets</b>							
Cash and cash equivalents	\$ 392,447	\$	-	\$	1,443,206	\$	1,833,184
Investments	-		-		20,923,339		20,923,339
Accounts receivable	-		-		876,384		876,384
Accrued interest receivable	-		-		43,342		43,342
Total restricted assets	<u>\$ 392,447</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>23,286,271</u>	<u>\$</u>	<u>23,676,249</u>
<b>Liabilities</b>							
Environmental remediation payable -	\$ 392,447	\$	-	\$	-	\$	389,978
Total Restricted Net Position	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>23,286,271</u>	<u>\$</u>	<u>23,286,271</u>

September 30, 2020

	Environmental Trust		Debt service		Capital projects		Total restricted
<b>Assets</b>							
Cash and cash equivalents	\$ 402,420	\$	-	\$	9,730,416	\$	10,132,836
Investments	-		-		12,423,496		12,423,496
Accounts receivable	-		-		410,268		410,268
Accrued interest receivable	-		-		47,465		47,465
Total restricted assets	<u>\$ 402,420</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>22,611,645</u>	<u>\$</u>	<u>23,014,065</u>
<b>Liabilities</b>							
Environmental remediation payable -	\$ 402,420	\$	-	\$	-	\$	402,420
Total Restricted Net Position	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>22,611,645</u>	<u>\$</u>	<u>22,611,645</u>

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REQUIRED  
SUPPLEMENTARY  
INFORMATION  
–Unaudited

## Required Supplementary Information - Unaudited

### 1. Budgetary basis of accounting:

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

### 2. Pension and OPEB plan schedules:

#### Actuarially determined contribution rates:

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

Actuarial cost method	Entry age normal
Remaining amortization period as of the 2019 actuarial valuation	17 years
Asset valuation method	7 year smoothed market; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%
Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4%-8% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% – 8.5% to 4% – 8%. In the 2013 actuarial valuation, projected salary increases were decreased from 5% – 9% to 4.5% – 8.5%.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4%. In the 2013 actuarial valuation, wage growth was decreased from 5% to 4.5%.
Retirement age	Experience based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP 2014 tables, with 75% of MP 2016 fully generational projection scales. RP 2000 mortality table (adjusted by 105% for both males and females).

#### Factors that affect trends:

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



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

(2013 – 2012 information not available)

Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
TAA's proportion of the net pension liability	0.10053%	0.101010%	0.106740%	0.108140%
TAA's proportionate share of the net pension liability	13,209,196 \$	17,501,518 \$	15,531,912 \$	15,081,724
TAA's covered payroll	11,255,969	10,979,377	11,198,483	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	117.00%	159.40%	138.70%	140.32%
Plan fiduciary net position as a percentage of total pension liability	78.58%	69.33%	73.24%	73.00%

	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
	0.105060%	0.110640%	0.116260%	0.120267%	-%	-%
\$	16,366,300	\$ 17,858,407	\$ 18,108,646	\$ 17,795,379	-	-
	10,234,127	10,309,250	10,708,240	10,840,726	-	-
	159.92%	173.23%	169.11%	164.15%	-%	-%
	69.92%	67.06%	68.08%	69.49%	-%	-%



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

(2016 – 2012 information not available)

### Health Benefit Subsidy (HBS)

Reporting date (September 30) (Measurement date (June 30))	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA's proportion of the net pension liability	0.10249%	0.102950%	0.108880%	0.109890%
TAA's proportionate share of the net pension liability	\$ (499,340)	\$ (72,888)	(30,089)	(39,570)
TAA's covered payroll	11,255,969	10,979,377	11,198,483	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	-4.436224%	-0.66%	-0.27%	-0.37%
Plan fiduciary net position as a percentage of total pension liability	130.24%	104.33%	101.62%	102.00%

### Long-term Disability (LTD)

Reporting date (September 30) (Measurement date (June 30))	2021 (2021)	2020 (2020)	2019 (2019)	2018 (2018)
TAA's proportion of the net pension liability	0.10180%	0.102130%	0.108170%	0.108620%
TAA's proportionate share of the net pension liability	\$ 21,014	\$ 77,477	\$ 70,467	\$ 56,754
TAA's covered payroll	11,255,969	10,979,377	10,748,407	10,748,407
TAA's proportionate share of the net pension liability as a percentage of its covered payroll	0.186692%	0.71%	0.66%	0.53%
Plan fiduciary net position as a percentage of total pension liability	90.38%	68.01%	72.85%	78.00%

	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
	0.106520%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
\$	(57,989)	\$ -	\$ -	\$ -	\$ -	\$ -
	10,234,127	-	-	-	-	-
	-0.57%	0.00%	0.00%	0.00%	0.00%	0.00%
	103.57%	0.00%	0.00%	0.00%	0.00%	0.00%

	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
	0.105590%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
\$	38,274	\$ -	\$ -	\$ -	\$ -	\$ -
	10,234,127	-	-	-	-	-
	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%
	84.44%	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 – 2012 information not available)

Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
<b>Total pension liability</b>				
Service cost	\$ 260,136	\$ 266,691	\$ 156,487	\$ 237,359
Interest on total pension liability	1,378,221	1,345,422	1,263,139	1,221,934
Benefit changes	-	-	-	-
Difference between expected and actual experience	186,264	212,900	394,075	127,803
Assumption changes	-	-	354,435	-
Benefit payments, including refunds of employee contributions	(1,120,205)	(1,119,994)	(1,212,840)	(923,319)
Net change in total pension liability	704,416	705,019	955,296	663,777
Total pension liability, beginning	19,179,700	18,474,681	17,519,385	16,855,608
Total pension liability, ending (a)	\$ 19,884,116	\$ 19,179,700	\$ 18,474,681	\$ 17,519,385
<b>Plan fiduciary net position</b>				
Contributions employer	\$ 13,262,977	\$ 1,216,474	\$ 1,006,544	\$ 862,196
Contributions employee	91,288	94,483	92,740	89,302
Pension plan net investment income	2,405,826	69,458	279,715	346,270
Benefit payments, including refunds of employee contributions	(1,120,205)	(1,119,994)	(1,212,840)	(923,319)
Hall/Parker Settlement	-	-	-	(207,683)
Pension plan administrative expense	(10,777)	(5,664)	(5,860)	(5,970)
Other	1,100	-	-	59
Net change in fiduciary net position	14,630,209	254,757	160,299	160,855
Plan fiduciary net position, beginning	5,575,724	5,353,106	5,192,807	5,031,952
Adjustment to Beginning of Year	-	(32,139)	-	-
Plan fiduciary net position, ending (b)	\$ 20,205,933	\$ 5,575,724	\$ 5,353,106	\$ 5,192,807
Net pension liability (asset), ending (a)–(b)	\$ (321,817)	\$ 13,603,976	\$ 13,121,575	\$ 12,326,578
Plan fiduciary net position as a percentage of total pension liability	101.62%	29.07%	28.98%	29.64%
Covered payroll	\$ 1,054,218	\$ 1,120,421	\$ 1,140,342	\$ 1,051,655
Net pension liability as a percentage of covered valuation payroll	-30.53%	1214.18%	1150.67%	1172.11%

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

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

(2016 – 2012 information not available)

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

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

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

(2013 – 2012 information not available)

Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
<b>Total pension liability</b>				
Service cost	\$ 362,628	\$ 273,444	\$ 180,206	\$ 281,283
Interest on total pension liability	1,608,573	1,518,631	1,412,577	1,369,937
Benefit changes	0	0	0	-
Difference between expected and actual experience	(322,419)	1,190,195	608,502	(2,801)
Assumption changes	0	0	572,330	-
Benefit payments, including refunds of employee contributions	(1,272,921)	(1,843,580)	(1,023,805)	(1,199,709)
Net change in total pension liability	375,861	1,138,690	1,749,810	448,710
Total pension liability, beginning	22,309,081	21,170,391	19,420,581	18,971,871
Total pension liability, ending (a)	\$ <u>22,684,942</u>	\$ <u>22,309,081</u>	\$ <u>21,170,391</u>	\$ <u>19,420,581</u>
Contributions employer	\$ 16,841,672	1,446,138	1,323,808	\$ 1,032,770
Contributions employee	261,526	123,872	162,627	120,133
Pension plan net investment income	2,647,896	71,363	273,290	323,004
Benefit payments, including refunds of employee contributions	(1,272,921)	(1,843,580)	(1,023,805)	(1,199,709)
Hall/Parker Settlement	-	-	-	(237,532)
Pension plan administrative expense	(11,729)	(5,818)	(5,745)	(5,616)
Other	0	0	34,779	81,265
Net change in fiduciary net position	18,466,444	(208,025)	764,954	114,315
Plan fiduciary net position, beginning	5,354,296	5,609,193	4,847,914	4,733,599
Adjustment to beginning of year	0	(46,872)	(3,675)	-
Plan fiduciary net position, ending (b)	\$ <u>23,820,740</u>	\$ <u>5,354,296</u>	\$ <u>5,609,193</u>	\$ <u>4,847,914</u>
Net pension liability (asset), ending (a)–(b)	\$ (1,135,798)	16,954,785	15,561,198	\$ 14,572,667
Plan fiduciary net position as a percentage of total pension liability	105.01%	24.00%	26.50%	24.96%
Covered payroll	\$ 1,527,913	1,481,859	1,351,250	\$ 1,329,942
Net pension liability as a percentage of covered valuation payroll	-74.34%	1144.16%	1151.62%	1095.74%

	2017 (2017)	2016 (2016)	2015 (2015)	2014 (2014)	2013 (2013)	2012 (2012)
\$	313,234	\$ 253,073	\$ 258,524	\$ 256,981	\$ -	\$ -
	1,267,411	1,213,721	1,171,149	965,854	-	-
	230,905	212,521	-	342,709	-	-
	213,612	163,868	195,045	178,695	-	-
	672,391	607,920	-	1,778,168	-	-
	(935,761)	(1,150,547)	(1,008,807)	(807,083)	-	-
	1,761,792	1,300,556	615,911	2,715,324	-	-
	17,210,079	15,910,153	15,294,242	12,578,918	-	-
\$	<u>18,971,871</u>	<u>\$ 17,210,709</u>	<u>\$ 15,910,153</u>	<u>\$ 15,294,242</u>	<u>\$ -</u>	<u>\$ -</u>
\$	871,881	\$ 860,997	\$ 614,539	\$ 576,148	\$ -	\$ -
	164,792	172,693	280,628	150,551	-	-
	497,677	24,385	154,668	511,958	-	-
	(935,761)	(1,150,547)	(1,008,807)	(807,083)	-	-
	-	-	-	-	-	-
	(4,804)	(3,909)	(4,150)	-	-	-
	46	1,450	(3,035)	(209,036)	-	-
	593,831	(94,931)	33,843	222,538	-	-
	4,139,768	4,234,699	4,200,856	3,978,318	-	-
	-	-	-	-	-	-
\$	<u>4,733,599</u>	<u>\$ 4,139,768</u>	<u>\$ 4,234,699</u>	<u>\$ 4,200,856</u>	<u>\$ -</u>	<u>\$ -</u>
\$	14,238,272	\$ 13,070,311	\$ 11,675,454	\$ 11,093,386	\$ -	\$ -
	24.95%	24.05%	26.62%	27.47%	0.00%	0.00%
\$	1,395,872	\$ 1,309,901	\$ 1,364,568	\$ 1,305,875	\$ -	\$ -
	1020.03%	997.81%	855.62%	849.50%	0.00%	0.00%



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

(2016 – 2012 information not available)

Reporting date (September 30)	2021	2020	2019	2018
Measurement date (June 30)	(2021)	(2020)	(2019)	(2018)
<b>Total OPEB liability</b>				
Service cost	\$ 6,216	\$ 6,144	\$ 4,655	\$ 4,389
Interest on total OPEB liability	18,089	19,806	23,538	21,564
Benefit changes	0	0	0	-
Difference between expected and actual experience	-35,104	-29,483	-67,403	14,339
Assumption changes	0	0	3,635	-
Benefit payments, including refunds of employee contributions	-16,320	-16,486	-16,186	(15,983)
<b>Net change in total OPEB liability</b>	-27,119	-20,019	-51,761	24,309
<b>Total OPEB liability, beginning</b>	249,733	269,752	321,513	297,204
<b>Total OPEB liability, ending (a)</b>	\$ <u>222,614</u>	\$ <u>249,733</u>	\$ <u>269,752</u>	\$ <u>321,513</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 3,496	\$ 6,626	\$ 4,763	\$ 862
Contributions - employee	0	0	0	-
OPEB plan net investment income	79,480	3,728	15,633	19,711
Benefit payments, including refunds of employee contributions	-16,320	-16,486	-16,186	(15,983)
Hall/Parker Settlement	0	0	0	-
OPEB plan administrative expense	-327	-303	-270	(300)
Other	0	0	0	1
<b>Net change in fiduciary net position</b>	66,329	-6,435	3,940	4,291
<b>Plan fiduciary net position, beginning</b>	294,432	300,867	293,252	288,961
<b>Adjustment to beginning of year</b>	-	-	3,675	-
<b>Plan fiduciary net position, ending (b)</b>	\$ <u>360,761</u>	\$ <u>294,432</u>	\$ <u>300,867</u>	\$ <u>293,252</u>
<b>Net OPEB liability (asset), ending (a) - (b)</b>	\$ -138,147	\$ -44,699	\$ -31,115	\$ 28,261
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	162.06%	117.90%	111.53%	91.21%
<b>Covered payroll</b>	\$ 1,527,913	\$ 1,481,859	\$ 1,351,250	\$ 1,329,942
<b>Net OPEB liability as a percentage of covered valuation payroll</b>	-9.04%	-3.02%	-2.30%	2.12%

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

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

(2018 – 2012 information not available)

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

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

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

(2018 – 2012 information not available)

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

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

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

(2018 – 2012 information not available)

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

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



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

(2018 – 2012 information not available)

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

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

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# STATISTICAL SECTION

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# Statistical Section

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Financial Trends.....	98-99
These schedules contain trend information to help the reader understand how the TAA's financial performance and well-being have changed over time.	
Revenue Capacity.....	100-103
These schedules contain information to help the reader assess the factors affecting the TAA's ability to generate its airline and non-airline revenues.	
Debt Capacity.....	104-107
These schedules present information to help the reader assess the affordability of the TAA's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information.....	108-111
These schedules offer demographic and economic indicators to help the reader understand the environment within which the TAA's financial activities take place and to help make comparisons over time with other airports.	
Operating Information.....	112-124
These schedules contain information about the TAA's operations and resources to help the reader understand how its financial information relates to the services the TAA provides and the activities it performs.	

## Net Position and Changes in Net Position

Fiscal Years Ended September 30

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

	2016		2017		2018		2019		2020		2021
\$	2,793,333	\$	2,761,273	\$	2,242,036	\$	3,070,839	\$	2,037,041	\$	1,973,618
	15,563,025		14,983,380		14,443,728		15,046,170		14,560,223		11,906,284
	2,754,715		2,963,840		3,510,909		3,515,665		3,789,349		3,705,607
	15,146,036		16,014,764		17,153,120		18,624,434		11,878,384		12,386,429
	-		-		-		-		-		-
	3,239,181		3,451,629		3,799,364		3,278,715		3,611,852		3,354,818
	2,624,624		2,733,868		2,876,372		3,725,228		2,992,525		3,001,271
	42,120,914		42,908,754		44,025,529		47,261,051		38,869,374		36,328,027
	1,533,109		1,757,178		2,252,824		3,079,095		2,330,044		485,673
	6,071,068		6,477,205		6,754,513		7,229,199		4,265,140		4,628,663
	(47,097)		(866,155)		(1,164,745)		1,799,527		19,799,150		15,285,757
	7,557,080		7,368,228		7,842,592		12,107,821		26,394,334		20,400,093
	49,677,994		50,276,982		51,868,121		59,368,872		65,263,708		56,728,120
	19,887,460		20,124,552		20,323,973		22,646,456		23,272,979		20,489,377
	6,165,827		6,120,706		6,089,002		7,710,016		6,726,582		7,516,420
	1,311,559		1,422,945		1,544,793		1,595,222		1,859,050		1,533,550
	-		-		-		-		-		-
	884,209		853,019		1,047,945		955,652		1,455,350		945,036
	14,534,836		17,404,890		18,255,710		18,393,628		19,514,629		20,148,835
	42,783,891		45,926,112		47,261,423		51,300,974		52,828,590		50,633,218
	2,542,271		2,408,925		2,249,588		1,077,162		960,095		871,573
	440,980		1,405,893		2,964,165		1,587,039		394,453		1,334,189
	17,250		752		8,928		-		-		-
	3,000,501		3,815,570		5,222,681		2,664,201		1,354,548		2,205,762
	45,784,392		49,741,682		52,484,104		53,965,175		54,183,138		52,838,980
	7,812,027		12,881,611		19,822,884		3,686,455		16,763,540		11,614,274
	-		-		-		-		-		-
\$	11,705,629	\$	13,416,911	\$	19,206,901	\$	9,045,827	\$	27,844,110	\$	15,503,414
\$	251,798,899	\$	269,064,332	\$	290,739,199	\$	288,319,668	\$	301,652,819	\$	309,147,343
	38,342,080		37,881,459		19,754,254		21,497,013		22,611,645		23,286,272
	64,194,536		60,818,153		76,477,392		86,200,991		99,597,319		106,931,583
\$	354,335,515	\$	367,763,944	\$	386,970,845	\$	396,017,672	\$	423,861,783	\$	439,365,198
	11,518		-		-		-		-		-
\$	354,347,033	\$	367,763,944	\$	386,970,845	\$	396,017,672	\$	423,861,783	\$	439,365,198

# Principal Revenue Sources

Fiscal Years Ended September 30

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

Source: TAA audited financial statements and records.



	2016	2017	2018	2019	2020	2021
\$	2,377,507	\$ 2,358,611	\$ 1,932,402	\$ 2,588,507	\$ 1,699,498	\$ 1,580,914
	9,012,994	8,998,645	8,962,562	9,445,182	9,277,131	7,274,870
	2,010,660	2,039,015	2,388,206	2,087,021	2,348,792	2,400,220
	-	-	-	-	-	-
	268,989	168,086	30,870	178,869	191,321	162,175
	13,670,150	13,564,357	13,314,040	14,299,579	13,516,742	11,418,180
	6,392,766	6,900,338	7,342,654	7,829,129	4,676,532	4,708,206
	6,114,720	6,417,509	6,193,649	6,832,969	4,673,326	5,662,859
	679,767	492,237	1,308,953	1,400,778	841,794	665,940
	1,242,012	1,241,351	1,137,726	1,247,586	792,004	677,545
	716,771	963,329	1,170,139	1,313,972	894,728	671,878
	15,146,036	16,014,764	17,153,120	18,624,434	11,878,384	12,386,429
	6,059,773	5,818,658	5,343,938	5,287,792	4,910,259	4,287,459
	2,754,715	2,963,840	3,483,678	3,488,464	3,761,964	3,678,279
	224,858	92,715	95,850	95,850	95,850	(95,850)
	216,621	203,237	160,329	203,104	313,543	330,064
	265,400	267,005	273,105	296,329	300,983	310,744
	422,306	438,212	454,743	480,470	444,718	548,390
	390,311	388,385	348,645	423,015	360,770	413,520
	1,197,810	1,209,425	1,239,323	1,327,100	863,955	784,247
	195,554	203,969	218,176	226,769	145,445	164,881
	1,577,380	1,744,187	1,940,583	2,508,145	2,276,759	2,101,685
	13,304,728	13,329,633	13,558,369	14,337,038	13,474,247	12,523,419
	42,120,914	42,908,754	44,025,529	47,261,051	38,869,374	36,328,027
	1,533,109	1,757,178	2,252,824	3,079,094	2,330,044	485,673
	6,071,068	6,477,205	6,754,513	7,229,199	4,265,140	4,628,663
	(47,097)	(866,155)	(1,164,745)	2,056,204	19,799,150	15,285,757
	7,557,080	7,368,228	7,842,592	12,364,497	26,394,334	20,400,093
\$	49,677,994	\$ 50,276,981	\$ 51,868,122	\$ 59,625,547	\$ 65,263,708	\$ 56,728,120

## Principal Revenue Source Ratios

Fiscal Years Ended September 30

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

Source: Enplaned passengers as reported by airlines.

## Rates and Charges

Fiscal Years Ended September 30

	2012	2013	2014	2015
<b>Signatory airlines</b>				
Landing fee (per 1,000 lbs.)	\$ 1.32	\$ 1.31	\$ 1.41	\$ 1.31
Ticketing space (per sq. ft. per year)	\$ 73.86	\$ 76.30	\$ 76.30	\$ 78.81
Baggage claim (per sq. ft. per year)	\$ 70.04	\$ 72.36	\$ 72.36	\$ 74.74
Baggage makeup (per sq. ft. per year)	\$ 24.61	\$ 25.42	\$ 25.42	\$ 26.26
Baggage claim office (per sq. ft. per year)	\$ 73.86	\$ 76.30	\$ 76.30	\$ 78.81
Operations space (per sq. ft. per year)	\$ 62.76	\$ 64.84	\$ 64.84	\$ 66.97
Hold room (per gate per year)	\$ 107,700.75	\$ 111,263.62	\$ 111,265.62	\$ 114,926.26
Aircraft parking position (per gate per year)	\$ 7,726.84	\$ 7,982.45	\$ 7,982.60	\$ 8,245.20
<b>Parking</b>				
Hourly lot (per hour)	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Daily lot (per day)	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
Garage	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
Economy uncovered (per day)	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Economy covered	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
<b>Rental car privilege fee (% of gross receipts)</b>				
On-airport operators	10.0%	10.0%	10.0%	10.0%
Off-airport operators	10.0%	10.0%	10.0%	10.0%

	2016	2017	2018	2019	2020	2021
	32.5%	31.6%	30.2%	30.3%	34.8%	31.4%
	36.0%	37.3%	39.0%	39.4%	30.6%	34.1%
	67.5%	68.4%	69.8%	69.7%	65.2%	68.6%
	1,618,304	1,711,518	1,782,050	1,897,590	1,144,018	1,137,279
\$	8.45	\$ 7.93	\$ 7.47	\$ 7.54	\$ 11.82	\$ 10.04
\$	9.36	\$ 9.36	\$ 9.63	\$ 9.81	\$ 10.38	\$ 10.89
\$	26.03	\$ 25.07	\$ 24.70	\$ 24.91	\$ 33.98	\$ 31.94
\$	30.70	\$ 29.38	\$ 29.11	\$ 31.42	\$ 57.05	\$ 49.88

	2016	2017	2018	2019	2020	2021
\$	1.30	\$ 1.29	\$ 1.04	\$ 1.32	\$ 1.15	\$ 1.15
\$	78.81	\$ 80.91	\$ 80.91	\$ 83.42	\$ 83.42	\$ 65.21
\$	74.74	\$ 76.73	\$ 76.73	\$ 79.11	\$ 79.11	\$ 61.84
\$	26.26	\$ 26.96	\$ 26.96	\$ 27.80	\$ 27.80	\$ 21.73
\$	78.81	\$ 80.91	\$ 80.91	\$ 83.42	\$ 83.42	\$ 65.21
\$	66.97	\$ 68.75	\$ 68.75	\$ 70.88	\$ 70.88	\$ 55.40
\$	114,926.26	\$ 117,983.30	\$ 117,983.30	\$ 121,640.78	\$ 121,640.78	\$ 95,080.52
\$	8,245.23	\$ 8,464.55	\$ 8,464.55	\$ 8,726.95	\$ 8,726.95	\$ 9,095.23
\$	2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
\$	9.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
\$	9.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
\$	4.00	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
\$	5.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

\*Parking rates were increased in February 2017

N.A.: Not applicable.

Source: TAA records.

## Ratios of Outstanding Debt, Debt Service and Debt Limits

Fiscal Years Ended September 30

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

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

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

Source: TAA audited financial statements.

	2016	2017	2018	2019	2020	2021
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	50,635,000	47,785,000	37,330,000	32,520,000	29,540,000	26,475,000
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	50,635,000	\$ 47,785,000	\$ 37,330,000	\$ 32,520,000	\$ 29,540,000	\$ 26,475,000
	1,618,304	1,711,518	1,782,050	1,897,590	1,144,018	1,137,279
	31.29	27.92	20.95	17.14	25.82	23.28
\$	42,120,914	\$ 42,908,754	\$ 44,025,529	\$ 47,261,051	\$ 38,869,374	\$ 36,328,027
	1.20	1.11	0.85	0.69	0.76	0.73
\$	49,677,994	\$ 50,276,981	\$ 51,868,122	\$ 59,368,872	\$ 56,231,967	\$ 56,728,120
	1.02	0.95	0.72	0.55	0.53	0.47
\$	2,710,000	\$ 2,850,000	\$ 2,990,000	\$ 4,810,000	\$ 2,980,000	\$ 3,065,000
	2,688,815	2,551,315	3,089,878	1,216,903	1,030,869	933,498
\$	5,398,815	\$ 5,401,315	\$ 6,079,878	\$ 6,026,903	\$ 4,010,869	\$ 3,998,498
\$	3.34	\$ 3.16	\$ 3.41	\$ 3.18	\$ 3.51	\$ 3.52
\$	45,784,392	\$ 49,756,927	\$ 52,484,536	\$ 53,581,703	\$ 53,170,753	\$ 52,838,980
	0.12	0.11	0.12	0.11	0.08	0.08
	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

# Airport Revenue Bond Coverage Per Bond Resolutions

Fiscal Years Ended September 30

	2012	2013	2014	2015
<b>Senior Lien Revenue Bond Debt Service Coverage</b>				
Operating revenues	\$ 47,842,526	\$ 42,594,975	\$ 41,350,858	\$ 41,986,785
Interest income (1)	423,027	408,225	558,471	783,869
Transfer from airline reserve fund (2)	1,867,127	1,828,523	170,566	4,015,500
Total revenues	50,132,680	44,831,723	42,079,895	46,786,154
Operation and maintenance expenses	(29,286,727)	(28,555,886)	(31,512,439)	(28,389,788)
Net revenues	20,845,953	16,275,837	10,567,456	18,396,366
<b>Senior lien debt service requirement</b>				
Series 2001A,B,C	-	-	-	-
Series 2003 refunding	4,738,833	3,157,000	-	-
Total senior lien debt service	\$ 4,738,833	\$ 3,157,000	\$ -	\$ -
Senior lien revenue bond debt service coverage	4.40	5.16	-	-
Required minimum coverage	1.25	1.25	1.25	1.25
<b>Subordinate Lien Revenue Bond Debt Service Coverage</b>				
Net revenues	\$ 20,845,953	\$ 16,275,837	\$ 10,567,456	\$ 18,396,366
PFC revenues transferred for				
subordinate lien debt service	4,897,807	4,836,868	4,805,218	4,763,643
Subtotal	25,743,760	21,112,705	15,372,674	23,160,009
Senior lien debt service	(4,738,833)	(3,157,000)	-	-
Net revenues available for				
subordinate lien debt service	21,004,927	17,955,705	15,372,674	23,160,009
<b>Subordinate lien debt service requirement</b>				
Series 2001	2,882,873	2,826,757	2,843,423	2,844,923
Series 2006	2,576,642	2,570,475	2,573,183	2,516,683
Series 2018	-	-	-	-
Total subordinate lien debt service	\$ 5,459,515	\$ 5,397,232	\$ 5,416,606	\$ 5,361,606
Subordinate lien revenue bond debt service coverage	3.85	3.33	2.84	4.32
Required minimum coverage	1.10	1.10	1.10	1.10
<b>Total Revenue Bond Debt Service Coverage</b>				
Net revenues	\$ 20,845,953	\$ 16,275,837	\$ 10,567,456	\$ 18,396,366
PFC revenues transferred for				
subordinate lien debt service	4,897,807	4,836,868	4,805,218	4,763,643
Subtotal	25,743,760	21,112,705	15,372,674	23,160,009
<b>Total revenue bond debt service requirement</b>				
Senior lien bonds	4,738,833	3,157,000	-	-
Subordinate lien bonds	5,459,515	5,397,232	5,416,606	5,361,606
Junior subordinate lien bonds	-	-	-	-
Total revenue bond debt service	\$ 10,198,348	\$ 8,554,232	\$ 5,416,606	\$ 5,361,606
Total revenue bond debt service coverage	2.52	2.47	2.84	4.32
Required minimum coverage	1.00	1.00	1.00	1.00

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

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

	2016	2017	2018	2019	2020	2021
\$	42,120,914	\$ 42,908,754	\$ 44,025,529	\$ 47,261,051	\$ 38,869,374	\$ 36,328,027
	897,339	1,022,053	1,517,699	2,067,717	1,534,472	322,437
	-	-	1,100,000	-	-	-
	43,018,253	43,930,807	46,643,228	49,328,768	40,403,846	36,650,464
	(28,249,055)	(28,521,222)	(29,005,713)	(32,576,858)	(33,308,319)	(30,484,383)
	14,769,198	15,409,585	17,637,515	16,751,910	7,095,527	6,166,081
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	1.25	1.25	1.25	1.25	1.25	1.25
\$	14,769,198	\$ 15,409,585	\$ 17,637,515	\$ 16,751,910	\$ 7,095,527	\$ 6,166,081
	4,656,554	4,823,054	5,096,988	7,229,199	4,265,140	4,628,663
	19,425,752	20,232,639	22,734,503	23,981,109	11,360,667	10,794,744
	-	-	-	-	-	-
	19,425,752	20,232,639	22,734,503	23,981,109	11,360,667	10,794,744
	2,792,315	2,862,257	2,814,230	-	-	-
	2,445,225	2,573,225	2,540,043	-	-	-
	-	-	347,245	6,026,903	4,010,869	3,998,498
\$	5,237,540	\$ 5,435,482	\$ 5,701,518	\$ 6,026,903	\$ 4,010,869	\$ 3,998,498
	3.71	3.72	3.99	3.98	2.83	2.70
	1.10	1.10	1.10	1.10	1.10	1.10
\$	14,769,198	\$ 15,409,585	\$ 17,637,515	\$ 16,751,910	\$ 7,095,527	\$ 6,166,081
	4,656,554	4,823,054	5,096,988	7,229,199	4,265,140	4,628,663
	19,425,752	20,217,394	22,734,071	23,981,109	11,360,667	10,794,744
	-	-	-	-	-	-
	5,237,540	5,435,482	5,701,518	6,026,903	4,010,869	3,998,498
	-	-	-	-	-	-
\$	5,237,540	\$ 5,435,482	\$ 5,701,518	\$ 6,026,903	\$ 4,010,869	\$ 3,998,498
	3.71	3.72	3.99	3.98	2.83	2.70
	1.00	1.00	1.00	1.00	1.00	1.00

Source: TAA audited financial statements and bond resolutions.

## Population in the Air Service Area

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

	2012	2013	2014	2015	2016
<b>Primary service area</b>					
Pima County, Arizona	990,380	996,046	1,007,162	1,009,371	1,013,103
Annual % change	0.4%	0.6%	1.1%	0.2%	0.4%
<b>Secondary service area</b>					
Cochise County, Arizona	130,752	130,906	129,628	129,112	128,343
Graham County, Arizona	37,314	37,872	38,315	38,475	38,303
Greenlee County, Arizona	8,599	10,913	10,476	10,555	10,433
Pinal County, Arizona	389,192	393,813	396,237	406,468	413,312
Santa Cruz County, Arizona	48,724	49,218	49,554	50,270	50,581
Total secondary service area	614,581	622,722	624,210	634,880	640,972
Annual % change	0.9%	1.3%	0.2%	1.7%	1.0%
<b>Total primary and secondary service areas</b>					
Annual % change	0.6%	0.9%	0.8%	0.8%	0.6%
<b>State of Arizona</b>					
Annual % change	0.9%	1.3%	1.3%	1.4%	1.1%
<b>United States</b>					
Annual % change	0.7%	0.7%	0.4%	1.3%	0.5%

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

	2012	2013	2014	2015	2016
<b>Primary Service Area</b>					
Pima County, Arizona	7.3%	6.9%	6.3%	5.7%	5.0%
<b>Secondary service area</b>					
Cochise County, Arizona	8.2%	8.5%	8.3%	7.6%	6.3%
Graham County, Arizona	8.9%	8.1%	6.9%	7.7%	6.7%
Greenlee County, Arizona	6.0%	6.7%	6.5%	8.5%	7.7%
Pinal County, Arizona	8.9%	8.4%	7.4%	6.6%	5.6%
Santa Cruz County, Arizona	17.2%	18.0%	16.2%	14.6%	10.1%
Total secondary service area	9.3%	9.1%	8.2%	7.6%	6.2%
<b>Total primary and secondary service areas</b>					
State of Arizona	8.3%	8.0%	8.0%	6.0%	5.4%
United States	8.1%	7.4%	6.2%	5.1%	4.9%

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



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

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

## Major Employers in the Air Service Area

Full-time Equivalent Employees

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

Source: Arizona Daily Star, Star 200 survey. Participation in the survey is voluntary. Includes employers in the TAA'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.

2015	2016	Percentage of Total Employment	2017 (3)	2018 (3)	2019 (3)	2020 (3)	2021 (3)
11,235	11,251	1.8%					
9,600	9,600	1.5%					
8,524	8,580	1.4%					
8,335	8,406	1.3%					
7,023	7,060	1.1%					
7,134	6,770	1.1%					
6,542	6,272	1.0%					
6,470	5,739	0.9%					
5,800	5,530	0.9%					
5,400	5,500	0.9%					
5,314	5,477	0.9%					
4,882	4,595	0.7%					
4,350	4,350	0.7%					
3,943	3,860	0.6%					
2,976	3,162	0.5%					
2,255	2,464	0.4%					
2,300	2,413	0.4%					
2,136	2,346	0.4%					
2,207	2,235	0.4%					
2,427	2,200	0.4%					
2,200	2,100	0.3%					
2,220	1,900	0.3%					
1,904	1,889	0.3%					
1,917	1,852	0.3%					
1,789	1,739	0.3%					
1,625	1,705	0.3%					
1,640	1,640	0.3%					
1,800	1,600	0.3%					
(1)	1,600	0.3%					
1,600	1,592	0.3%					
1,651	1,585	0.3%					
1,496	1,531	0.2%					
1,459	1,419	0.2%					
(1)	1,411	0.2%					
1,754	1,404	0.2%					
(2)	(2)	0.0%					

# TAA Employees

Authorized Full-Time Equivalent Positions as of September 30

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

Source: TAA records.

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

# Airport Information

## Tucson International Airport

As of September 30

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

		2012	2013	2014	2015
Land area (acres):		8,343	8,343	8,343	8,282
Runways:	11L-29R	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.
	3-21	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.	7,000 x 150 ft.
	11R-29L	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
	TAA use	12,076	12,076	23,862	23,862
	Mechanical	76,730	76,730	76,730	76,730
	Total (sq. ft.)	452,025	452,025	463,811	463,811
	Number of gate positions	19	19	19	19
	Number of active gates	18	18	18	18
	Apron (sq. ft.)	1,941,985	1,941,985	1,941,985	1,941,985
Consolidated	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	4	3
	Apron (sq. ft.)	1,301,767	1,301,767	1,301,767	1,301,767

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

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

Source: TAA records.

	2016	2017	2018	2019	2020	2021
	8,282	8,282	8,282	8,282	7,985	7,985
10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	10,996 x 150 ft.	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.	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.	8,408 x 75 ft.
	202,451	202,451	197,268	197,268	197,268	197,268
	35,067	35,067	30,309	30,309	30,309	30,309
	10,401	10,401	22,531	22,531	22,531	22,531
	115,300	115,300	132,070	132,070	132,070	132,070
	23,862	23,862	28,904	28,904	28,904	28,904
	76,730	76,730	56,333	56,333	56,333	56,333
	463,811	463,811	467,415	467,415	467,415	467,415
	19	19	19	19	19	19
	18	19	19	19	19	19
	1,941,985	1,941,985	1,941,985	1,941,985	1,941,985	1,941,985
	7	7	7	7	7	7
	7	7	7	7	7	7
	18,000	18,000	18,000	18,000	18,000	18,000
	697	697	697	697	697	697
	661	661	661	661	661	661
	605	605	605	605	605	605
	469	469	469	469	469	469
	908	908	908	908	908	908
	308	308	308	308	308	308
	5,337	5,337	5,337	5,337	5,337	5,337
	7,022	7,022	7,022	7,022	7,022	7,022
	3	3	3	3	3	3
	35,000	35,000	35,000	69,156	69,156	69,156
	819,000	819,000	819,000	819,000	819,000	819,000
	3	3	3	4	4	4
	1,301,767	1,301,767	1,301,767	1,301,767	1,301,767	1,301,767

# Airport Information

## Ryan Airfield

As of September 30

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

		2012	2013	2014	2015
Land area (acres):		1,804	1,804	1,804	1,804
Runways:	6R-24L	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.	5,500 x 75 ft.
	6L-24R	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.	4,900 x 75 ft.
	15-33	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.	4,000 x 75 ft.
Terminal:		None	None	None	None
FBO services:	Number of FBOs (1)	1	1	1	1
	Apron (sq. ft.)	465,000	465,000	436,000	436,000

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

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

Source: TAA records.



	2016	2017	2018	2019	2020	2021
	17,999	17,999	17,999	1,876	1,876	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.	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.	4,900 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.	4,010 x 75 ft.	4,010 x 75 ft.
None	None	None	None	None	None	None
1	1	1	1	1	1	1
436,000	436,000	436,000	436,000	436,000	436,000	436,000

# Passenger, Cargo and Mail Summary

## Tucson International Airport

Fiscal Years Ended September 30

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

Source: TAA records based on airline reporting.

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

## Aircraft Operations Summary

Fiscal Years Ended September 30

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

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

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

## Enplaned Passengers By Scheduled Carrier

Fiscal Years Ended September 30

Carrier	2012	2013	2014	2015	2016	2017
American Airlines	638,794	605,261	638,006	628,962	616,346	661,910
Southwest Airlines	623,484	592,375	530,680	506,260	497,687	493,566
Delta Air Lines	199,117	181,950	179,842	181,236	216,432	240,113
United Airlines	262,245	222,485	198,926	203,459	215,208	234,805
Alaska Airlines	57,391	53,546	73,777	70,404	72,631	77,694
Aeromar	-	-	-	-	-	3,430
Frontier Airlines	45,015	-	-	-	-	-
Sun Country Airlines	-	-	-	-	-	-
Via Air	-	-	-	-	-	-
Allegiant	-	-	-	-	-	-
<b>Total</b>	<b>1,826,046</b>	<b>1,655,617</b>	<b>1,621,231</b>	<b>1,590,321</b>	<b>1,618,304</b>	<b>1,711,518</b>

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

Source: TAA records based on airline reports.

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

2018	2019	2020	2021	% of Total
677,895	693,686	418,268	409,360	36.0%
482,524	508,820	295,328	269,352	23.7%
258,946	274,970	167,583	204,827	18.0%
257,997	267,808	162,945	158,903	14.0%
97,314	115,511	68,336	76,038	6.7%
-	-	-	-	0.0%
-	15,280	9,252	5,987	0.5%
5,598	7,503	5,282	3,645	0.3%
1,776	695	-	-	0.0%
-	13,317	17,024	9,167	0.8%
1,782,050	1,897,590	1,144,018	1,137,279	100.0%

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

Fiscal Years Ended September 30

Carrier	2012	2013	2014	2015	2016
<b>Passenger carriers</b>					
American Airlines	683,765	668,463	704,729	682,507	696,297
Southwest Airlines	810,352	708,544	600,950	582,838	575,400
Delta Air Lines	213,304	191,419	188,555	185,116	243,961
United Airlines	299,888	242,435	215,279	217,723	241,336
Alaska Airlines	58,787	53,504	76,872	71,231	71,857
Aeromar	-	-	-	-	-
Frontier Airlines	46,009	-	-	-	-
Sun Country Airlines	-	-	-	-	-
Via Air					
Allegiant					
<b>Total</b>	<b>2,112,104</b>	<b>1,864,365</b>	<b>1,786,385</b>	<b>1,739,415</b>	<b>1,828,851</b>
<b>Cargo carriers</b>					
Federal Express	145,331	149,664	146,110	149,500	158,676
Ameriflight	9,044	9,617	9,323	8,211	7,955
Air Cargo Carriers					
<b>Total</b>	<b>154,374</b>	<b>159,281</b>	<b>155,433</b>	<b>157,711</b>	<b>166,631</b>
<b>Grand total</b>	<b>2,266,479</b>	<b>2,023,646</b>	<b>1,941,818</b>	<b>1,897,126</b>	<b>1,995,482</b>

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

Source: TAA records based on airline reports.

	2017	2018	2019	2020	2021	% of Total
	706,789	717,591	741,559	508,479	498,697	33.9%
	543,476	523,176	570,286	415,488	321,528	21.9%
	264,562	276,239	296,347	231,215	318,569	21.7%
	269,875	290,204	303,460	230,195	199,846	13.6%
	76,197	100,332	127,475	85,560	100,472	6.8%
	7,109		-		-	0.0%
	-		13,651	11,645	9,239	0.6%
	-	6,948	9,701	7,022	5,267	0.4%
		4,085	-	-	-	0.0%
			19,198	25,471	17,102	1.2%
	1,868,008	1,918,575	2,062,479	1,515,076	1,470,720	100.0%
	138,292	152,203	152,225	153,727	153,599	94.6%
	19,256	1,960	1,643	2,396	1,889	1.2%
		6,708	6,864	6,760	6,838	4.2%
	157,548	160,871	160,732	162,882	162,326	100.0%
	2,025,556	2,079,446	2,223,211	1,677,958	1,633,045	

# Scheduled Air Service Information

## Tucson International Airport

Month of September

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of daily nonstop destinations	14	14	14	13	13	14	15	14	10	14
Number of nonstop flights per day										
Albuquerque	2	-	-	-	-	-	-	-	-	-
Atlanta	2	2	2	2	2	2	2	2	1	2
Charlotte	-	-	-	-	-	-	1	-	-	-
Chicago Midway	2	2	1	1	1	1	1	1	-	1
Chicago O'Hare	2	1	1	1	1	3	3	2	-	3
Dallas/Fort Worth	7	7	7	6	6	6	6	7	5	6
Denver	4	4	5	5	5	6	6	5	4	6
Houston Hobby	-	-	-	-	-	-	-	-	-	1
Houston Bush	4	4	4	3	3	2	3	2	1	3
Las Vegas	4	4	4	3	3	3	4	4	2	2
Los Angeles International	9	9	8	8	10	9	8	8	1	7
Minneapolis	-	-	-	-	-	-	-	-	-	-
Portland	-	-	1	-	-	-	-	-	-	-
Phoenix	8	9	9	10	9	7	6	7	4	5
Salt Lake City	3	3	3	3	2	2	3	3	3	3
San Diego	3	3	3	3	3	2	2	2	-	1
San Francisco	1	1	1	1	2	2	2	3	2	2
San Jose	-	-	-	-	-	1	1	2	-	-
Seattle	1	1	1	1	1	1	1	1	1	2
Total	52	50	50	47	48	47	49	49	24	44
Average scheduled seats per day	5,518	4,990	5,041	4,634	4,892	4,934	5,145	5,267	2,544	4,788

Source: Official Airline Guide.





7250 South Tucson Blvd  
Suite 300  
Tucson, AZ 85756  
520.573.8100

