

Tulsa Airports Improvement Trust

(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT

June 30, 2022

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2022

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Independent Auditor's Report

RSM US LLP

Board of Trustees
Tulsa Airports Improvement Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Tulsa Airports Improvement Trust (TAIT), a component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise TAIT's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TAIT, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TAIT's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TAIT's basic financial statements. The detailed schedule of operating revenue information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the detailed schedule of operating revenue information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises those schedules listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of TAIT'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 TAIT'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 TAIT's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
December 2, 2022

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2022

As management of the Tulsa Airports Improvement Trust (“TAIT”), we offer readers of TAIT’s financial statements this narrative overview and analysis of the financial activities of TAIT for the fiscal year ended June 30, 2022.

Following Management’s Discussion and Analysis are the financial statements of TAIT together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. We encourage readers to consider the information presented here in conjunction with TAIT’s financial statements.

	<u>2022</u>	<u>2021</u>
Enplaned Passengers	1,335,340	826,170
Airfreight (Tons)	59,772	60,312
Airline/Aircraft Movements (TUL)	87,757	76,465
Airline/Aircraft Movements (RVS)	216,754	169,508
Landed weights	1,988,449,721	1,608,862,805

Airport Activities Highlights

Tulsa Airports Improvement Trust operates Tulsa International Airport (TUL or TIA) and Tulsa Riverside Airport (RVS). As of June 30, 2022 there are seven airlines serving Tulsa International Airport, along with several charter carriers, and two signatory mainline freight carriers, one non-signatory mainline freight carrier and several non-mainline freight carriers.

Tulsa’s passenger activity increased in FY22 to 1,335,340, an increase from 826,170 in FY21. For FY22, American Airlines (mainline and regional affiliates) enplaned the largest share of passengers at Tulsa International Airport with 33.77% of enplanements, followed by Southwest with 31.91%. The market share of mainline carriers increased to 65.06% in FY22 from 60.52% in FY21, while the market share of regional affiliates decreased to 34.94% in FY22 from 34.94% in FY21.

Year-over-year seat capacity at TIA increased 34.8% for FY22 as the industry continued to recover from the COVID-19 pandemic. United Airlines capacity was up 60.8%, as they returned service fully to Denver, Houston, and Chicago. American Airlines began service to Austin, Miami, and Washington, D.C. in November 2021, as well as returned capacity in their other five markets served from TUL. In addition, American also announced daily, nonstop service to New York City (LaGuardia) which began in November 2022. Southwest Airlines capacity was up 20.2% year-over-year, with new service to Austin and Chicago-Midway beginning in Spring 2022. Ultra-low-cost-carrier Allegiant Air began service to three new markets, Austin, Phoenix-Mesa, and Sarasota, increasing their capacity by 31.0%. Delta Air Lines continued to restore capacity to Atlanta and Salt Lake City, increasing capacity overall in TUL by 25.4%. New ultra-low-cost-carrier Breeze Airways introduced over 50,000 seats to the Tulsa market, beginning service to Tampa, Nashville, San Antonio, and New Orleans. Breeze also announced the commencement of nonstop service to Orlando International in March 2022.

Tulsa Airports Improvement Trust

(A Component Unit of the City of Tulsa, Oklahoma)

Management's Discussion and Analysis

June 30, 2022

Tulsa's airline capacity has fully returned to pre-pandemic levels, and passenger enplanement activity exceeded 2019 levels in September 2022.

Financial Position Summary as of June 30, 2022 (in thousands of dollars)

- The assets and deferred outflows of resources of TAIT exceeded liabilities and deferred inflows of resources at the close of the most recent year by \$307,822.
- Net position increased \$7,796 from \$300,026 at June 30, 2021 to \$307,822 at June 30, 2022.
- Total liabilities decreased \$2,372 from \$174,810 at June 30, 2021 to \$172,438 at June 30, 2022.
- Cash and cash equivalents increased \$1,211 from \$42,769 at June 30, 2021 to \$43,980 at June 30, 2022.

Overview of the Financial Statements

The Trust is reported by the City of Tulsa, Oklahoma (the City) as a discretely presented component unit in the City's Annual Comprehensive Financial Report. The primary function of TAIT is to operate and maintain the City's two airports and finance capital improvements.

This discussion and analysis is intended to serve as an introduction to TAIT's financial statements. The basic financial statements include: 1) Statements of Net Position, 2) Statements of Revenues, Expenses, and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Financial Statements.

Financial Statements

The Trust's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board ("GASB"). The Trust is structured as a single-purpose business-type activity with revenues recognized when earned and expenses recognized when incurred. The Statement of Net Position includes all of TAIT's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TAIT is improving or deteriorating. All of TAIT's current year revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows provides information about cash receipts, cash payments, and changes in cash resulting from operating, investing, and capital financing activities.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2022

Summary of Net Position

<i>(in thousands of dollars)</i>	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 100,112	\$ 73,345
Capital assets, net	<u>398,285</u>	<u>397,996</u>
Total assets	<u>498,397</u>	<u>471,341</u>
Deferred outflows of resources	<u>11,278</u>	<u>8,447</u>
Liabilities		
Current and other liabilities	14,144	14,272
Long-term debt outstanding	<u>158,294</u>	<u>160,538</u>
Total liabilities	<u>172,438</u>	<u>174,810</u>
Deferred inflows of resources	<u>29,415</u>	<u>4,952</u>
Net position		
Net investment in capital assets	264,184	260,282
Restricted	21,256	13,762
Unrestricted	<u>22,382</u>	<u>25,982</u>
Total net position	<u>\$ 307,822</u>	<u>\$ 300,026</u>

The largest portion of TAIT's net position as of June 30, 2022 and 2021, represent investment in capital assets less related debt outstanding to acquire those capital assets. The Trust uses the capital assets to provide safe, secure, and user-friendly services to its passengers and visitors at its airports. Although TAIT's investment in capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations and specifically identified nonoperating revenues.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2022

Summary of Changes in Net Position

(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 39,492	\$ 30,259
Nonoperating revenues, including capital grants	<u>19,861</u>	<u>25,118</u>
Total revenues	<u>59,353</u>	<u>55,377</u>
Operating expenses	<u>42,738</u>	37,203
Nonoperating expenses	<u>8,819</u>	7,801
Total expenses	<u>51,557</u>	<u>45,004</u>
Increase in net position	<u>\$ 7,796</u>	<u>\$ 10,373</u>

- FY22 operating revenues, which consist primarily of rents and service fees, increased 30.5% due to increased activity levels. In FY21 operating revenues decreased 12.6%.
- Non-operating revenues decreased 20.9% in FY22 from FY21 due to a decrease in the level of non-capital Federal grants. In FY21, nonoperating revenues decreased 1.1% due to a decrease Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) receipts.
- Operating expenses increased by 15% for FY22 driven by the increase in personnel compensation and benefits due to filling prior fiscal year vacant positions and increases in both materials, equipment, supplies and insurance. In addition, the airport addressed several deferred maintenance items in the fiscal year. In FY21 operating expenses decreased 10.6% due to decreases in personnel compensation, service contracts, materials, equipment, supplies and other expenses.
- Non-operating expenses increased for FY22 by 13% from FY21 primarily due to increases in bond issuance costs, decreases in fair value of investments and losses on sale of capital assets. FY21 non-operating expenses decreased by 9.2% due to a reduction in interest expense, amortization of bond discount/premium and bond issuance costs.

Tulsa Airports Improvement Trust
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Management's Discussion and Analysis
June 30, 2022

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are defined as cash and highly liquid investments with an original maturity of three months or less.

<i>(in thousands of dollars)</i>	<u>2022</u>	<u>2021</u>
Cash flows		
Provided by operating activities	\$ 12,969	\$ 11,257
Provided by non-capital and related financing activities	1,770	18,219
Provided by (used in) capital and related financing activities	(13,301)	(17,820)
Provided by (used in) investing activities	<u>(227)</u>	<u>1,636</u>
Net increase (decrease) in cash and cash equivalents	1,211	13,292
Cash and cash equivalents		
Beginning of year	42,769	29,477
End of year	<u>\$ 43,980</u>	<u>\$ 42,769</u>

Capital Assets (in thousands of dollars)

The Trust's investment in capital assets amounted to \$398,285 (net of accumulated depreciation). The Trust paid \$19,048 and \$8,454 related to the acquisition and construction of capital assets for the years ended June 30, 2022 and 2021, respectively.

<i>(in thousands of dollars)</i>	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 398,414	\$ 386,700
Easements	70,838	70,838
Buildings	291,259	284,231
Art	461	261
Equipment	<u>30,246</u>	<u>26,947</u>
	791,218	768,977
Less: Accumulated depreciation	396,197	379,301
Construction-in-progress	<u>3,264</u>	<u>8,320</u>
Capital assets, net	<u>\$ 398,285</u>	<u>\$ 397,996</u>

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2022**

Long-Term Debt (in thousands of dollars)

At June 30, 2022, TAIT had outstanding long-term portion of general revenue bonds of \$142,148. The bonds are collateralized by and payable from the revenues of TAIT. The bonds mature per a set schedule with the last maturity occurring on June 1, 2048.

	(in thousands of dollars)	
	<u>2022</u>	<u>2021</u>
Revenue bonds	<u>\$ 142,148</u>	<u>\$ 149,788</u>

The Trust's long-term debt decreased by \$7,640 in FY22 and decreased by \$8,601 in FY21. Fiscal Year 2021 decreased with the issuance of the Airport Trustees General Airport Revenue Refunding Bonds Series 2021A of \$2 million and 2021B of \$56 million.

Signatory Airline Rates and Charges

Effective July 1, 2018 to allow completion of negotiations of a new five year Airline-Airport Use and Lease Agreements and Cargo Carrier Use and Lease Agreements in the ordinary course, the Airport Trustees and the Signatory Airlines and Signatory Cargo Airlines approved a one year amendment that extends the current Airline-Airport Use and Lease Agreements and Cargo Carrier Use and Lease Agreements to June 30, 2019. In connection with the one year extension, the rate making process was eliminated through the agreement to extend current rates and charges and placing a cap on certain signatory airline revenues paid to the Airport Trustees at the amount received over past years, or approximately \$11.5 million annually.

TAIT entered into a new Signatory Airline Use and Lease Agreement for a term beginning July 1, 2019 and continuing until June 30, 2024, unless otherwise terminated in accordance with its terms. During the initial Term only, rates, fees and charges do not change. Pursuant to each Use and Lease Agreement, each Signatory Airline, upon the consent of the Airport, has the option to extend the term of its Agreement for two additional three year terms, or to June 30, 2030. The revenue sharing component of the Airport-Airline Use and Lease Agreement is based upon Airport liquidity thresholds ("Days of Cash", as defined under the Agreement). The first threshold is met when the Airport reaches 365 Days of Cash. When the Airport reaches this threshold, the revenue share to the Signatory Airlines will be 10% of net revenues. As the Days of Cash thresholds go up (400 days, 487 days, 609 days, 730 days) the net revenue share scales up in increments of 25%, 30%, and 40%, respectively. The maximum threshold is 730 Days of Cash and the net revenue share would be 50%. Provided the threshold for liquidity is met in any given fiscal year, the revenue share is allocated to each signatory based upon their market share at the Airport.

Signatory Airline Terminal rental rates for FY22, and FY21 ranged from \$24.22 to \$96.88 per square foot. Signatory landing fees were \$3.62 per 1000 lbs for FY22 and FY21.

Tulsa Airports Improvement Trust (A Component Unit of the City of Tulsa, Oklahoma) Management's Discussion and Analysis June 30, 2022

Economic Factors

The City of Tulsa, located in northeastern Oklahoma, is the second largest city in the State. Tulsa is the central city of the Tulsa Metropolitan Statistical Area (the "Tulsa MSA"). The City is approximately 193 square miles in size whereas the Tulsa MSA covers approximately 5,161 square miles. The Tulsa MSA is comprised of seven counties: Okmulgee, Creek, Osage, Pawnee, Rogers, Tulsa and Wagoner counties. In 2021, the aggregate population of the Tulsa MSA was estimated to be 1,023,988 or 25% percent of the population of the state of Oklahoma.

Tulsa's major industries are aerospace (including aerospace manufacturing and aviation), health care, energy, machinery and electrical equipment manufacturing, transportation, distribution and logistics. Several clusters, or groups of companies within industries that buy or sell to each other in the manufacture of goods for export from the area, have disproportionately large concentrations of employment relative to the U.S. concentrations and are positioned to grow within the Tulsa MSA.

As of June 30, 2022 Tulsa's unemployment rate was in-line with the national average at 3.5% when compared the U.S. national average of 3.8%. Additionally leisure and hospitality and transportation sectors experienced a 5.7% and 3.1% growth when comparing calendar year 2021 to 2020, respectively.

COVID-19

On March 11, 2020, the World Health Organization declared a pandemic caused by Coronavirus Disease (COVID-19), a severe respiratory disease caused by a strain of coronavirus that can be easily spread from person to person. This global health emergency has had drastic impacts on people and financial markets throughout the world. In an effort to mitigate the financial impact of the global pandemic, the United States Government implemented relief funding programs throughout industries. The airport industry received governmental funding in the form of CARES ACT, Airport Coronavirus Recovery Grant Program, and the Airport Rescue Grant.

The duration or extent of the COVID-19 pandemic including any of the variants is unknown. In an effort to mitigate the financial impact of the global pandemic, the United States Government implemented relief funding programs throughout industries. The airport industry received governmental funding in the forms of the CARES ACT, Airport Coronavirus Recovery Grant Program, and the Airport Rescue Grant.

In December 2021, the TAIT Board received two noncapital grants from the FAA. These grants are, the Airport Rescue Grant in the amount of \$12,534,920 for TUL and the Airport Rescue Grant in the amount of \$148,000 for RVS. In January 2022, the TAIT Board received the Concessionaire Rent Relief Grant in the amount of \$1,291,689.

Contacting TAIT's Financial Management

Questions about this report or requests for additional financial information can be directed to the Executive Vice President and Chief Financial Officer, 7777 Airport Dr., Room A211, Tulsa, OK 74115.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statement of Net Position
June 30, 2022

(in thousands of dollars)

Assets

Current assets

Cash and cash equivalents	\$ 29,817
Cash and cash equivalents - restricted	2,065
Investments - restricted	1,129
Receivables	
Trade, less allowance for doubtful accounts of \$23	2,773
Intergovernmental receivable	1,062
Customer facility charges receivable	261
Lease receivables	1,028
Inventories	1,490
Other current assets	800
Total current assets	<u>40,425</u>

Noncurrent assets

Cash and cash equivalents - restricted	12,098
Investments - unrestricted	2,488
Investments - restricted	16,622
Passenger facility charges receivable - restricted	530
Capital assets not being depreciated	147,136
Capital assets, net of accumulated depreciation	251,149
Advance to primary government	1
Lease receivables - noncurrent	27,948
Total noncurrent assets	<u>457,972</u>

Total assets	<u>498,397</u>
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Deferred Outflows of Resources

Deferred charges on refunding	8,327
Pension related amounts	2,951
Total deferred outflows of resources	<u>\$ 11,278</u>

The accompanying notes are an integral part of these financial statements.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statement of Net Position, continued
June 30, 2022

(in thousands of dollars)

Liabilities

Current liabilities

Accounts payable	\$ 1,896
Current portion of compensated absences	241
Unearned revenue	498
Current portion of bonds payable	8,998
Liabilities payable from restricted assets:	
Accounts payable	1,996
Customer deposits	78
Accrued interest payable	437
Total current liabilities	<u>14,144</u>

Noncurrent liabilities

Compensated absences	767
Net pension liability	15,379
Bonds payable, including premium	142,148
Total noncurrent liabilities	<u>158,294</u>
Total liabilities	<u>172,438</u>

Deferred Inflows of Resources

Lease related amounts	28,395
Pension related amounts	1,020
Total deferred inflows of resources	<u>29,415</u>

Net position

Net investment in capital assets	<u>264,184</u>
Restricted for:	
Restricted by bond indenture for operations	7,450
Debt service	767
Capital projects	12,856
Other purposes	183
Total restricted net position	<u>21,256</u>
Unrestricted	22,382
Total net position	<u>\$ 307,822</u>

The accompanying notes are an integral part of these financial statements.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

(in thousands of dollars)

Operating revenue

Aeronautical operating revenues

Landing fees - signatory and non-signatory	\$ 7,080
Passenger airline terminal revenue - signatory and non-signatory	6,761
Other aeronautical revenue	4,344
Total aeronautical revenue	<u>18,185</u>

Non-aeronautical operating revenue

Terminal revenues	3,206
Rental car revenues	5,868
Parking revenues	9,685
Other non-aeronautical operating revenue	1,314
Total non-aeronautical operating revenue	<u>20,073</u>

Revenue from Tulsa Riverside Airport	<u>1,234</u>
Total operating revenues	<u>39,492</u>

Operating expenses

Personnel compensation and benefits	12,611
Service contracts	5,994
Materials, equipment & supplies	2,170
Utilities and communications	2,074
Insurance, claims	791
Other	1,466
Total operating expenses, excluding depreciation	<u>25,106</u>

Net operating income before depreciation	<u>14,386</u>
Depreciation	17,632
Net operating (loss)	<u>(3,246)</u>

Nonoperating revenues (expenses)

Investment (loss) and change in fair value of investments	(1,785)
Lease interest income	697
Interest expense	(5,935)
Amortization of bond discount/premium and deferred charges on refunding	(5)
Debt issuance costs	(883)
Passenger facility charges	5,323
Customer facility charges	2,770
Federal grants noncapital	2
Other, net	(211)
Net nonoperating revenues (expenses)	<u>(27)</u>

Capital contributions and grants

Federal grants	11,315
State grants	(246)
Total capital contributions and grants	<u>11,069</u>

Increase in net position	<u>7,796</u>
Net position, beginning of year	<u>300,026</u>
Net position, end of year	<u>\$ 307,822</u>

The accompanying notes are an integral part of these financial statements.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statement of Cash Flows
Year Ended June 30, 2022

(in thousands of dollars)

Cash flows from operating activities	
Cash received from customers, including cash deposits	\$ 37,568
Cash payments to suppliers for goods and services	(12,646)
Cash payments to employees for services	(11,953)
Net cash provided by operating activities	<u>12,969</u>
Cash flows from non-capital and related financing activities	
Proceeds from non-capital grants, donations and reimbursements	<u>1,770</u>
Net cash provided by non-capital and related financing activities	<u>1,770</u>
Cash flows from capital and related financing activities	
Construction and purchase of capital assets	(19,048)
Interest paid on long-term debt	(5,110)
Passenger facility charges received	5,602
Customer facility charges received	2,737
Proceeds from issuance of long-term debt	57,955
Premium received, on debt issuance	181
Principal paid on long-term debt	(8,015)
Payments to escrow agent for debt refunding	(59,772)
Debt issuance costs	(883)
Proceeds from sale of capital assets	65
Interest received on leases	697
Proceeds from federal capital grants	<u>12,290</u>
Net cash (used in) capital and related financing activities	<u>(13,301)</u>
Cash flows from investing activities	
Purchase of investments	(10,293)
Proceeds from sale or maturity of investments	9,849
Interest received on investments	<u>217</u>
Net cash (used in) investing activities	<u>(227)</u>
Net increase in cash and cash equivalents	1,211
Cash and cash equivalents	
Beginning of year	<u>42,769</u>
End of year	<u><u>\$ 43,980</u></u>

(continued)

The accompanying notes are an integral part of these financial statements.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows, continued
Years Ended June 30, 2022 and 2021

(in thousands of dollars)

**Reconciliation of Cash and Cash Equivalents to
the Statements of Net Position**

Current unrestricted cash and cash equivalents	\$ 29,817
Current restricted cash and cash equivalents	2,065
Noncurrent restricted cash and cash equivalents	<u>12,098</u>
Total cash and cash equivalents	<u>\$ 43,980</u>

**Reconciliation of operating loss to net cash
provided by operating activities**

Operating loss	\$ (3,246)
Adjustments to reconcile operating activities to net cash provided by operating activities:	
Depreciation	17,632
Changes in operating assets and liabilities:	
Decrease (increase) in accounts receivable, trade	(1,037)
Decrease (increase) in lease related amounts	(582)
Decrease (increase) in inventories	175
Decrease in other current and noncurrent assets	(451)
(Decrease) increase in unearned revenue	252
Decrease in accounts payable and accrued liabilities	(306)
Change in pension-related amounts	532
Net cash provided by operating activities	<u>\$ 12,969</u>

Noncash investing activities:

Decrease in fair value of investments	<u>\$ (1,864)</u>
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Noncash capital and financing activities:

Capital asset acquisitions included in accounts payable	<u>\$ (794)</u>
Federal capital grant revenue included in receivables	<u>\$ 1,062</u>
Passenger facility charge revenue included in receivables	<u>\$ 530</u>
Customer facility charge revenue included in receivables	<u>\$ 262</u>

The accompanying notes are an integral part of these financial statements.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars)
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

NATURE OF BUSINESS - The Tulsa Airports Improvement Trust (the “Trust” or “TAIT” or the “Airports”) was organized in 1967 as a public trust with the City of Tulsa (the "City") as its sole beneficiary. The Trust's purpose is to operate, maintain, construct, improve and/or lease airport facilities serving the City and to incur indebtedness as may be necessary to provide such facilities. Any indebtedness is payable solely from revenues of TAIT, as it has no authority to levy taxes. All revenues generated by the Airports must be used for airport purposes.

Effective January 1, 2014, the City of Tulsa and the Tulsa Airports Improvement Trust entered into an Amended and Restated Lease Agreement for the land encompassing Tulsa International Airport and R.L. Jones Jr. Airport. The lease agreement shall end on December 31, 2023, or on such later date on which all Bonds of the Trustees issued in connection with the Airports have been paid or provision for the payment thereof has been made. The Trust shall have the option to extend the terms for up to four periods of ten years each.

The accompanying financial statements include the accounts and activity of TAIT and the Tulsa Airport Authority (TAA). All amounts in the notes to the financial statements, unless otherwise indicated, are expressed in thousands of dollars.

BASIS OF ACCOUNTING AND PRESENTATION- The financial statements of TAIT are prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to business-type activities of governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting.

The financial statements of TAIT have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses, as well as debt related expenses.

REPORTING ENTITY – The Trust and TAA trustees are appointed by the Mayor and approved by City Council. The Trust is a component unit of the City and is included in the City’s annual comprehensive financial report as a discretely presented component unit.

CASH AND CASH EQUIVALENTS – The Trust considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

INVESTMENTS - Investments consist of obligations of the U.S. Treasury and various federal agencies and instrumentalities, certificates of deposit and money market funds. These investments are held by bond trustees and invested in accordance with the requirements and terms of various bond indentures. Investments in the U.S. Treasury and federal agencies are recorded at fair value. Investments in money market funds are recorded at amortized cost. The Trust experienced a decrease in the fair value of investments of approximately \$2,037 for the year ended June 30, 2022.

FAIR VALUE MEASUREMENTS – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Trust categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority’s own assumptions as there is little, if any, related activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

INVENTORIES – Inventories consist principally of consumable supplies and replacement parts for fixtures and equipment. Inventories are stated at the lower of cost (first-in, first-out) or market.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

RESTRICTED ASSETS – Certain cash, cash equivalents and investments of TAIT are restricted under the terms of its bond indentures. Other assets are restricted by TAIT’s collection of passenger facility charges.

CAPITAL ASSETS – Capital assets are carried at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 20 to 50 years for buildings, 5 to 20 years for roads, ramps, and runways, 3 to 20 years for equipment, and 1 to 20 years for leasehold improvements. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in nonoperating revenues and expenses. Costs of maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Interest incurred during construction periods is expensed.

LEASES

Lessor: TAIT is a lessor for noncancellable leases. TAIT recognizes a lease receivable and deferred inflow of resources on the statement of net position. At the commencement of a lease, TAIT initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how TAIT determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- TAIT uses its estimated incremental borrowing rate as the discount rate for the leases or a rate based on the economic characteristics of the transaction.
- The lease term includes the noncancellable period of the lease. Lease receipts include in the measurement of the lease receivable are composed of the fixed payments from the lessee.

TAIT monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

BOND DISCOUNTS/PREMIUMS Discounts/premiums on revenue bonds are being accreted/amortized over the life of the bonds to which they relate, using a method which approximates the effective interest method.

DEFERRED CHARGES ON REFUNDING Deferred charges on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow of resources, amortized using a method which approximates the effective interest method, and recognized as a component of amortization expense over the term of the old or new debt, whichever is shorter.

COMPENSATED ABSENCES Vacation leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and TAIT is obligated to make payment even if the employee terminates. Full-time employees accrue 1 day (8 hours) of sick leave for each full calendar month of service and may accrue a maximum of 150 working days (1,200 hours) of sick leave. Employees may convert accrued sick leave in excess of 120 days (960 hours) to vacation leave, provided the total accrued vacation leave does not exceed the maximum allowed under the Vacation Policy. Upon retirement (age 55 or older) or death, employees with at least 120 days (960 hours) of accrued sick leave will receive payment for accrued sick leave at a rate of 1 day of pay for every 2 days of sick leave up to a maximum of 75 days (600 hours) of pay, at the employee's rate of pay at the time of separation. The liability for compensated absences attributable to TAIT is charged to operating expenses during the period earned by the employee and a corresponding liability is established.

DEFERRED OUTFLOW/INFLOW OF RESOURCES Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Trust records deferred outflows of resources and deferred inflows of resources related to its participation in the Municipal Employees' Retirement Plan (MERP). The Trust also records deferred inflows of resources related to lease receivables.

UNEARNED REVENUE Unearned revenue represents payments and/or revenue received but not recognized since it has not yet been earned. Unearned revenue primarily consists of rental payments received in advance.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

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

FEDERAL AND STATE GRANTS – Contributions resulting from federal and state grants are generally restricted for the acquisition or construction of property and equipment. Funding provided from government grants is considered earned when all eligibility requirements have been satisfied, primarily as a result of the approved capital outlays or expenditures being incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed to be material. Federal grants receivable represents the earned portions, based on the related expenditures, of various grants that have not been remitted by the grantor. The unexpended portions of such grants are properly not reflected in the financial statements and as of June 30, 2022 totaled \$16,883.

NET POSITION – Net Position of TAIT represents the difference between assets, liabilities, and deferred inflows/outflows of resources. The net position of TAIT is comprised of these categories:

NET INVESTMENT IN CAPITAL ASSETS Reflects TAIT's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets, excludes unspent bond proceeds of \$10,714 as of June 30, 2022. The Trust uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

RESTRICTED NET POSITION Represents resources that are subject to enabling legislation adopted by TAIT or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

UNRESTRICTED NET POSITION Represents remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets or restricted.

The Trust first applies restricted resources when an expense or outlay is incurred for purposes for which both restricted and unrestricted resources are available.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

OPERATING RESERVE The Trust has an operating reserve, which was established in the Amended and Restated Bond Indenture (“Indenture”). The Indenture requires the reserve to be established and maintained at approximately one-fourth of the estimated and budgeted operating expenses (excluding depreciation and certain other costs as defined in the Indenture) of TAIT. The reserve can be used to pay operating expenses or to pay interest, principal and premium on bonds.

FEDERAL INCOME TAXES The Trust, as a political subdivision of the State of Oklahoma with the City of Tulsa as beneficiary, is excluded from taxation under Section 115(1) of the Internal Revenue Code.

REVENUES AND EXPENSES Operating revenues consist principally of landing and operating fees charged to airlines using the airport facilities, fuel sales fees, parking fees, and concession fees and rentals. Long-term use and lease agreements govern the rates charged to the major airlines using the airport. Under the terms of these agreements, the airlines have agreed to pay amounts which, when combined with other revenues, will be sufficient to pay operating and maintenance costs of the airports and the annual debt service on TAIT's outstanding revenue bonds for which the Trust's revenues are pledged as collateral.

Operating expenses consist of all costs incurred to administer the airport system, including depreciation of capital assets. All revenues and expenses not meeting these descriptions are considered nonoperating revenues and expenses or capital grants, contributions, and charges.

PASSENGER FACILITY CHARGE – In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act (“ASCEA”) of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a \$1, \$2, or \$3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century (“AIR-21”), which allowed airports to levy a PFC of \$4.00 or \$4.50 per eligible enplaned passenger.

The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

Effective August 1, 1992, TAIT began the assessment of a \$3.00 PFC, which increased to \$4.50 in November 2010. The charge is collected by all carriers and remitted to TAIT, less a minor handling fee. The proceeds from the PFC are restricted for use by TAIT for certain FAA-approved capital improvement projects and debt payments. PFC revenues are reflected as nonoperating revenues when collected by the Airlines. As of June 30, 2022, TAIT has submitted a total of ten applications. Under the five approved open applications, TAIT is authorized to collect \$127,967 of PFC revenue until August 1, 2034.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

CUSTOMER FACILITY CHARGE Effective July 1, 2004, TAIT began the assessment of a Customer Facility Charge ("CFC"). Effective August 1, 2010, this rate was set at \$4.00. The charge is collected by all rental car concessionaires and remitted to TAIT. The proceeds from the CFC are designated for use by TAIT for certain rental car capital improvement projects, industry operating costs, and debt service requirements. CFC revenues are reflected in nonoperating revenues and are recognized as earned (when the rental transaction occurs).

CAPITAL CONTRIBUTIONS – Capital contributions include cash payments made by other governments for facility improvements and are recognized as revenue when eligibility requirements have been satisfied, as a result of expenditures incurred. Capital contributions also include donated assets, which are recorded at their acquisition value.

USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

2. **CASH AND INVESTMENTS**

INVESTMENTS In accordance with the bond indentures and state statutes, authorized investments consist of obligations of the U.S. Treasury, agencies and instrumentalities, certain municipal bonds, and money market accounts.

The Trust's investments as of June 30, 2022 are as follows:

(in thousands of dollars)

Type	June 30, 2022				Fair Value Measurement
	Carrying Value	Maturities in Years			
		Less than 1	1-5	6-10	
Investments reported at fair value:					
US Treasury Bill	\$ 1,130	\$ 1,130	\$ -	\$ -	Level 2
Federal National Mortgage Association	1	-	1	-	Level 2
Federal Home Loan Bank	8,402	-	-	8,402	Level 2
Federal Farm Credit Banks	10,706	-	10,706	-	Level 2
	<u>\$ 20,239</u>	<u>\$ 1,130</u>	<u>\$ 10,707</u>	<u>\$ 8,402</u>	

INTEREST RATE RISK – The Trust does not have a formal policy limiting its exposure to fair value losses arising from rising interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. See charts above for maturity dates of investments held.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

2. **CASH AND INVESTMENTS**, continued

CREDIT RISK – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfil its obligations.

Investments – At June 30, 2022, TAIT’s investments in U. S. agencies obligations not directly guaranteed by the U. S. government were rated AA+ and AAA by Standard & Poor’s and Moody’s, respectively. TAIT’s U.S. Treasury Bills are not subject to credit risk disclosures.

CUSTODIAL CREDIT RISK – For deposits, custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, TAIT will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Deposits and investments – The Trust’s deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. At June 30, 2022 there were no deposits or money market accounts exposed to custodial credit risk. All of the underlying securities for TAIT’s investments in U.S. agency obligations at June 30, 2022 are registered in TAIT’s name.

CONCENTRATION OF CREDIT RISK – The Trust places no limit on the amount that may be invested in any one issuer.

Investments – At June 30, 2022, TAIT’s investment in Federal Home Loan Bank (“FHLB”) constituted 42% of its total investments. At June 30, 2022, TAIT’s investment in Federal Farm Credit Banks constituted 53% of its total investments. Money market accounts are not subject to concentration of credit risk disclosure.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

3. **CAPITAL ASSETS**

The changes in capital assets during 2022 are summarized as follows:

<i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 72,573	\$ -	\$ -	\$ -	\$ 72,573
Easements	70,838	-	-	-	70,838
Artwork	261	200	-	-	461
Construction-in-progress	8,320	16,653	-	(21,709)	3,264
Total capital assets not being depreciated	<u>151,992</u>	<u>16,853</u>	<u>-</u>	<u>(21,709)</u>	<u>147,136</u>
Capital assets being depreciated					
Land improvements	314,127	18	-	11,696	325,841
Buildings	284,231	-	(573)	7,601	291,259
Equipment	26,947	1,343	(456)	2,412	30,246
Total capital assets being depreciated	<u>625,305</u>	<u>1,361</u>	<u>(1,029)</u>	<u>21,709</u>	<u>647,346</u>
Accumulated depreciation					
Land improvements	206,018	8,001	-	-	214,019
Buildings	158,202	7,838	(324)	-	165,716
Equipment	15,081	1,793	(412)	-	16,462
Total accumulated depreciation	<u>379,301</u>	<u>17,632</u>	<u>(736)</u>	<u>-</u>	<u>396,197</u>
Total capital assets being depreciated, net	<u>246,004</u>	<u>(16,271)</u>	<u>(293)</u>	<u>21,709</u>	<u>251,149</u>
Capital assets, net	<u>\$ 397,996</u>	<u>\$ 582</u>	<u>\$ (293)</u>	<u>\$ -</u>	<u>\$ 398,285</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

4. REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The changes in revenue bonds payable and other long-term liabilities during 2022 are summarized as follows:

(in thousands of dollars)

Series and Maturity Dates	Issue (Authorized) Amount	Interest Rate	Beginning Balance	Increase	Decrease	Refunded/Defeased	Ending Balance	Portion Due Within One Year
Revenue bonds								
Series 2010C, 2026	\$ 13,520	4% - 5.25%	\$ 2,335	\$ -	\$ -	\$ (2,335)	\$ -	\$ -
Series 2013A, 2043	33,665	5% - 5.625%	30,350	-	(765)	(28,780)	805	805
Series 2013B, 2024	3,275	1.389% - 5.087%	1,550	-	(280)	-	1,270	290
Series 2015A, 2045	44,045	2% - 5%	28,765	-	(2,990)	(22,415)	3,360	2,810
Series 2015C, 2045	895	2% - 4.25%	775	-	(20)	-	755	20
Series 2016A, 2027	1,500	2% - 5%	634	-	(105)	-	529	108
Series 2017A, 2037	54,180	3.82%	53,160	-	(1,130)	-	52,030	1,270
Series 2018A, 2048	19,825	1.888% - 3.977%	19,825	-	(385)	-	19,440	405
Series 2020A, 2028	15,965	4% - 5.25%	14,000	-	(2,020)	-	11,980	2,075
Series 2021A, 2026	1,655	4.00%	-	1,975	(320)	-	1,655	420
Series 2021B, 2045	55,980	0.496%-3.099%	-	55,980	-	-	55,980	795
Total revenue bonds payable			151,394	57,955	(8,015)	(53,530)	147,804	8,998
Unamortized premium (discount)			6,527	181	(602)	(2,764)	3,342	-
Total revenue bonds payable, net			157,921	58,136	(8,617)	(56,294)	151,146	8,998
Other long-term liabilities								
Compensated absences			1,027	532	(551)	-	1,008	241
Net pension liability			9,837	5,542	-	-	15,379	-
Total other long-term liabilities			10,864	6,074	(551)	-	16,387	241
Total long-term liabilities			\$ 168,785	\$ 64,210	\$ (9,168)	\$ (56,294)	\$ 167,533	\$ 9,239

Pursuant to the Amended and Restated Bond Indenture dated November 1, 2009 and various supplemental bond indentures (the "Indentures"), TAIT has issued revenue bonds for the purpose of constructing improvements to the airport facilities and refunding prior issues of revenue bonds. The bonds issued are collateralized by and payable from the revenues of TAIT. The Indentures provide, among other things, for the establishment of certain restricted accounts for the receipt and expenditure of the bond proceeds and for the pledged revenues to be administered by a trustee bank. The TAIT revenue bonds are subject to acceleration if TAIT defaults.

For the purposes of complying with the Rate Covenant, the Indenture requires that Airport Trustees impose, adjust, enforce and collect such rates, rentals, fees and charges to ensure that Dedicated Revenues for such period plus Gross Revenues will equal at least (i) an amount equal to 1.25 times Debt Service due during the Fiscal Year; (ii) an amount equal to estimated and budgeted Operating Expenses during the Fiscal Year; and (iii) an amount equal to the aggregate of deficiencies in any fund or accounts (or so much as is required to be repaid during such Fiscal year) held under the Indenture.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

4. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES**, continued

REVENUES PLEDGED - The Trust has pledged future gross revenues derived from the operation of the airports to repay all of its revenue bonds issued. Proceeds from the bonds provided financing for various capital projects and debt refundings. The bonds are payable solely from gross revenues and are payable through 2048. Annual principal and interest payments on the bonds required 24% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$203,613. Principal and interest paid for the year was \$13,125, excluding the debt refunding. Net revenues available for debt services (after reducing by operating expenses) in fiscal year 2022 was \$35,769.

ECONOMIC GAIN/LOSS ON REFUNDING – General Revenue Bonds, Refunding Series – On September 22, 2021, the Trust issued the Series 2021A and 2021B Revenue Bonds in the amounts of \$1,975 and \$55,980, respectively. The proceeds of this issue were used to advance refund the Airport Trustees General Airport Revenue Bonds, Taxable Refunding Series 2010C, 2013A and 2015A, and to pay the costs of issuance of the 2021 Bonds. This transaction reduced debt service payments by approximately \$14,262 over the next 23 years and results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$9,037. This refunding resulted in a deferred charge of \$3,663, which will be amortized over the life of the new bonds.

FUTURE MATURITIES

Future maturities of revenue bonds are as follows:

(in thousands of dollars)

Fiscal Year	Principal	Interest	Total
2023	\$ 8,998	\$ 5,240	\$ 14,238
2024	8,072	4,858	12,930
2025	8,431	4,565	12,996
2026	8,676	4,294	12,970
2027	8,642	4,010	12,652
2028-2032	34,790	16,325	51,115
2033-2037	38,600	10,252	48,852
2038-2042	19,460	4,707	24,167
2043-2047	10,860	1,491	12,351
2048-2049	1,275	67	1,342
	<u>\$ 147,804</u>	<u>\$ 55,809</u>	<u>\$ 203,613</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

5. **PENSION AND RETIREMENT BENEFITS**

Plan description: Employees of TAIT are provided with pensions through the Municipal Employee Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP’s financial statements and required supplementary information are included in the City of Tulsa’s Annual Comprehensive Financial Report (ACFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103.

Benefits provided: MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee’s highest 30 months of pensionable wages during the last five-years of service and a multiplier based on the years of service. Employees entering the plan prior to July 1, 2018, are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee’s age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018, are eligible for full retirement at age 65, with at least 5 years of service, or when the years of service plus the employee’s age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early Retirement). Benefits for Early Retirement are reduced 6.0% per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse’s election, a refund of contribution plus interest or a life annuity of 50% of the member’s accrued benefit determined based on final average earnings and service as of the date of death.

Contributions: Contributions are set per City of Tulsa ordinance. Employees were required to contribute 7.5% of their pensionable wages for the year ended June 30, 2022. The Trust was required to contribute 16.5% of pensionable wages for the year ended June 30, 2022. The Trust is also responsible for Actuarially Determined Employer Contributions (ADEC) that exceed the 16.5% of payroll. Actual contributions to the pension plan from TAIT were \$1,277 for the year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, TAIT reported a liability of \$15,379 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Standard update procedures were used to roll forward the total pension liability to June 30, 2022. The Trust’s proportion of the net pension liability was based on TAIT’s share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2022, TAIT’s proportion was 5.7216%.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

5. **PENSION AND RETIREMENT BENEFITS, continued**

For the year ended June 30, 2022, TAIT recognized pension expense of \$1,954. At June 30, 2022, TAIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ 346	\$ (21)
Changes of assumptions	1,034	(412)
Net difference between projected and actual earnings on pension plan investments	1,037	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	534	(587)
Total	<u>\$ 2,951</u>	<u>\$ (1,020)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2022, will be recognized in pension expense as follows:

Years ended June 30:

2023	\$ 609
2024	310
2025	(71)
2026	1,083
	<u>\$ 1,931</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, except as otherwise noted.

Inflation	2.50%
Salary increases	3.50-9.50%, including inflation (2.5%)
Investment rate of return	6.75%, compounded annually, net of investment expense and including inflation (2.5%)

2022—Mortality rates were based on the Pub-2010 General Employee Mortality Table, projected with the ultimate rates of Scale MP-2021, from the 2010 base year.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

5. **PENSION AND RETIREMENT BENEFITS, continued**

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	2.75%
Domestic equity	36%	6.00%
International equity	24%	4.50%
Real estate	12%	5.25%
Commodities/Timber	7%	4.50%
Cash	1%	0.50%
	100%	

Discount rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning January 1, 2021, to June 30, 2022, it is assumed that the employer contribution rate will be 16.50% of payroll and 17.65% thereafter. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

5. **PENSION AND RETIREMENT BENEFITS, continued**

Sensitivity of TAIT’s proportionate share of the net pension liability to changes in the discount rate: The following presents TAIT’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what TAIT’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Trust's proportionate share of the net pension liability	\$ 20,877	\$ 15,379	\$ 10,778

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the City of Tulsa’s ACFR, which can be located at www.cityoftulsa.org.

6. **LEASES**

Tulsa Airports Improvement Trust (TAIT), as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

For the purpose of GASB Statement No. 87 implementation, TAIT leases have been categorized as follows:

- In-Scope Leases
- Excluded - Short-term Leases
- Excluded - Regulated Leases

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

6. **LEASES**, continued

In-Scope Leases

In accordance with GASB Statement No. 87, TAIT recognizes a lease receivable and a deferred inflow of resources for leases classified as In-Scope. For these leases, TAIT is reporting lessor lease receivable of \$28.9M, lease expense of \$115K and interest revenue of \$697K related to lease payments received for the fiscal year ending June 30, 2022.

The GASB No. 87 In-scope Leases are summarized as follows:

Real Estate

TAIT leases land classified as unregulated for terms that extend up to 60 years. The terms of the real estate leases include a fixed revenue component based on acreage. TAIT received fixed real estate revenue of \$1.1M for the fiscal year ending June 30, 2022. The terms of the real estate lease agreements do not include a variable revenue component.

Concessions

TAIT has various concession leases for terms that range from 5 to 64 years. The terms of the concession lease agreements include a fixed revenue component or Minimum Annual Guarantee (MAG). For certain concession agreements, a temporary waiver of MAG exists in the event of reduced passenger activity. Therefore, TAIT determined this waiver excluded the MAG portion of these leases from the in-scope GASB87 calculations. However, provisions not subject to this waiver were included in the in-scope calculations.

TAIT recognized for the fiscal year ending June 30, 2022 the following revenue amounts from all provisions for these in-scope Concessionaire leases:

- Rental Cars: \$4.8M
- Food and Beverage: \$852k
- Retail: \$1.2M
- Hotel: \$242k.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

6. **LEASES**, continued

Minimum future lease receipts for the next five fiscal years and then each five year increment are:

Future payments to be received as of June 30, 2022:

Period	Principal	Interest	Total
July 1, 2022-June 30, 2023	\$ 924	\$ 713	\$ 1,637
July 1, 2023-June 30, 2024	706	694	1,400
July 1, 2024-June 30, 2025	691	677	1,368
July 1, 2025-June 30, 2026	691	660	1,351
July 1, 2026-June 30, 2027	536	644	1,180
July 1, 2027-June 30, 2032	2,393	3,053	5,446
July 1, 2032-June 30, 2037	3,016	2,713	5,729
July 1, 2037-June 30, 2042	4,097	2,275	6,372
July 1, 2042-June 30, 2047	4,806	1,694	6,500
July 1, 2047-June 30, 2052	1,378	1,266	2,644
July 1, 2052-June 30, 2057	1,187	1,123	2,310
July 1, 2057-June 30, 2062	1,360	962	2,322
July 1, 2067-June 30, 2072	1,347	793	2,140
July 1, 2072-June 30, 2077	1,671	606	2,277
July 1, 2077-June 30, 2081	2,080	372	2,452
Report Total	1,915	92	2,007
	<u>\$ 28,798</u>	<u>\$ 18,337</u>	<u>\$ 47,135</u>

Excluded - Short-Term leases

In accordance with GASB No. 87, TAIT does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are classified as leases containing a lease term of twelve (12) months or less. The term of the lease includes all options to extend, regardless of their probability of being exercised. For short term lease payments, TAIT recognizes these as inflows of resources based on the Agreement. For leases which provide payment in advance TAIT recognizes a liability at the time of payment.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

6. **LEASES, continued**

Excluded - Regulated leases

In accordance with GASB Statement No. 87, TAIT does not recognize a lease receivable and deferred inflow of resources for regulated leases. Regulated leases are classified as leases that are subject to external laws, regulations, or legal rulings, such as requirements from the U. S. Department of Transportation and the Federal Aviation Administration. All leases that have been determined to be regulated leases include but are not limited to Signatory Passenger and Cargo Airlines under a long term Use and Lease Agreement, Fixed Base Operators (FBO), as well as Private and Commercial Land Leases with explicit Aeronautical purposes. TAIT has Use and Lease Agreements with Signatory Airlines which provide preferential use of nine Passenger Boarding Bridges owned by TAIT.

TAIT recognized for the fiscal year ending June 30, 2022 the following fixed revenue amounts for these regulated leases by type:

- Signatory Passenger and Cargo Airlines: \$6.4M
- Real Estate - TUL: \$2.8M
- Real Estate - RVS: \$1.0M

TAIT recognized for the fiscal year ending June 30, 2022 the following variable revenue amounts for these regulated leases by type:

- Signatory Passenger and Cargo Airlines: \$6.7M
- Real Estate - TUL: \$811k
- Real Estate - RVS: \$175k

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

6. **LEASES, continued**

Minimum future lease receipts for the next five fiscal years and then each five year increment are:

Fiscal Year	Signatory Airline	Real Estate - TUL	Real Estate - RVS	Total
July 1, 2022-June 30, 2023	\$ 6,164	\$ 2,774	\$ 914	\$ 9,852
July 1, 2023-June 30, 2024	6,164	2,519	902	9,585
July 1, 2024-June 30, 2025	-	2,478	826	3,304
July 1, 2025-June 30, 2026	-	2,491	795	3,286
July 1, 2026-June 30, 2027	-	2,446	732	3,178
July 1, 2027-June 30, 2032	-	8,964	3,260	12,224
July 1, 2032-June 30, 2037	-	5,851	2,623	8,474
July 1, 2037-June 30, 2042	-	4,138	1,992	6,130
July 1, 2042-June 30, 2047	-	2,890	821	3,711
July 1, 2047-June 30, 2052	-	1,296	2	1,298
July 1, 2052-June 30, 2057	-	955	-	955
July 1, 2057-June 30, 2062	-	117	-	117
Total	\$ 12,328	\$ 36,919	\$ 12,867	\$ 62,114

7. **RISK MANAGEMENT**

The Trust maintains commercial insurance coverage for property and equipment, bodily injury, automotive (personal liability and property damage off-airport), workers compensation on all employees and liability insurance coverage for its board members and directors. The Trust's current health and welfare insurance policies cover a 12-month period ending December 31, 2022. There were no significant reductions in TAIT's insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

8. **COMMITMENTS AND CONTINGENCIES**

As of June 30, 2022, TAIT had open commitments for construction projects of approximately \$20,677, which will be primarily funded by the FAA, revenue, and discretionary funds.

There are other various suits and claims pending against TAIT which have arisen in the course of operations. Management believes any losses resulting from any such actions will not have a material adverse impact on the financial position or results of operations of TAIT.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2022

8. **COMMITMENTS AND CONTINGENCIES, continued**

Accordingly, management cannot presently estimate the overall operational and financial impact to the Trust, but such an impact could have a material adverse effect on the financial condition of the Trust.

9. **RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2022, TAIT conducted the following transactions with related parties.

(In thousands of dollars)

Payments to City of Tulsa - General Fund for support services	\$ 43
Advance to City of Tulsa	\$ 1

10. **MAJOR CUSTOMERS**

The Trust has four customers that provide in excess of 10% of the enplaned passengers. American Airlines enplaned the largest share of passengers in fiscal year 2022 at 34%. Southwest Airlines, Delta Airlines and United Airlines also exceeded 10% in fiscal year 2022 at 32%, 12% and 16%, respectively.

11. **SUBSEQUENT EVENTS**

On July 6, 2022, S&P Global reviewed TAIT's financial position and upgraded their long-term and underlying rating to A from A- with a stable outlook for Tulsa Airports Improvement Trust's general airport revenue bonds issued for Tulsa International Airport. The upgrade was based on TUL's financial strength and increased passenger traffic levels.

On September 22, 2022 Moody's Investor Services reviewed TAIT's financial positions upgraded Tulsa Airports Improvement Trust's (TAIT) credit rating from Baa1 to A3, with a stable outlook. This improved rating is driven by the strong passenger enplanement recovery at Tulsa International Airport throughout the pandemic, and also the projected deleveraging over the next several years owing to a lack of debt issuance plans from prudent financial management.

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Required Supplementary Information (in thousands of dollars)
Municipal Employees' Retirement Plan
June 30, 2022**

Schedule of Proportionate Share of the Net Pension Liability

Year	Trust's Proportion of Net Pension Liability	Trust's Proportionate Share of Net Pension Liability	Trust's Covered Payroll	Trust's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2022	5.7216%	\$ 15,379	\$ 7,739	198.72%	66.62%
2021	5.4394%	9,837	7,050	139.53%	76.92%
2020	5.9750%	15,174	7,774	195.19%	65.22%
2019	5.8549%	13,749	7,265	189.25%	66.91%
2018	5.8319%	11,449	6,929	165.23%	70.61%
2017	5.5364%	10,938	6,696	163.35%	69.39%
2016	5.9357%	12,840	6,848	187.50%	65.62%
2015	5.8186%	7,288	6,316	115.39%	77.13%

* Information prior to 2015 is not available.

Schedule of Employer Contributions - Last Ten Years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 1,277	\$ 1,277	\$ -	\$ 7,739	16.5%
2021	1,128	1,128	-	7,050	16.0%
2020	1,371	1,205	166	7,774	15.5%
2019	1,126	1,126	-	7,265	15.5%
2018	1,074	1,074	-	6,929	15.5%
2017	770	770	-	6,696	11.5%
2016	785	785	-	6,848	11.5%
2015	748	748	-	6,316	11.8%
2014	665	659	6	N/A	N/A
2013	672	840	(168)	N/A	N/A

Changes of assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.5%. In 2019, the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00% – 11.75% to 3.5% – 11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%.

In 2021, salary increases changed from 3.5%–11.25% to 3.5%–9.50%, investment rate of return (and discount rate) decreased from 7.00% to 6.75%, and the mortality table changed to the Pub-2010 General Employee.

In 2022, amounts reported as changes of assumptions resulted from use of an updated mortality projection scale and updated contingent survivor table.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Supplementary Information
Detailed Schedule of Operating Revenue
Year Ended June 30, 2022

(in thousands of dollars)

Aeronautical operating revenues

Landing fees - signatory and non-signatory

Passenger airline landing fees	\$ 5,496
Cargo airline landing fees	1,541
Military joint use fees	43
Total landing fees	<u>7,080</u>

**Passenger airline terminal revenue -
signatory and non-signatory**

Airline terminal rentals	4,103
Baggage system rentals	2,461
Other terminal area airline fees	197
Total terminal area passenger airline fees	<u>6,761</u>

Total landing fees and terminal area passenger airline revenues	<u>13,841</u>
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Other Aeronautical Revenue

FBO revenue	759
Hangar, cargo space and ground rents	2,385
Fuel flowage fees	811
Security reimbursements	124
Other aeronautical revenue	265
Total other aeronautical revenue	<u>4,344</u>

Total Aeronautical Revenue	<u>18,185</u>
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Non-Aeronautical Operating Revenue

Terminal Revenues

Food and beverage	852
Retail	1,199
Other terminal concessions and revenue (excludes rental car counter space)	1,155
Total non-aeronautical Terminal Revenue	<u>3,206</u>

Other Non-Aeronautical Operating Revenue

Rental car revenues	5,868
Parking revenues	9,685
Hotel revenues	202
Ground rents and facilities leases (excludes aeronautical & car rental)	541
Other non-aeronautical revenue	571
Total Other Non-Aeronautical Operating Revenues	<u>16,867</u>

Total Non-Aeronautical Operating Revenue	<u>20,073</u>
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Revenue from Tulsa Riverside Airport

Total operating revenues	<u>1,234</u>
	<u>\$ 39,492</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2022

Policy Coverage	Issuer	Limit of Liability	Self Insurance	Expiration Date	Premium
Primary coverage on bodily injury, single limit bodily injury and property damage liability.	ACE Property and Casualty Insurance Company	Personal injury and advertising injury aggregate \$50,000,000.	None	6/30/2023	\$ 71,178
Property damage (including boilers and machinery and scheduled automotive equipment) fire and extended coverage.	AIG Specialty Insurance Company	Real and personal property damage not to exceed \$421,368,089 with \$100,000 deductible.	None	6/30/2023	\$ 578,000
Automotive personal liability and property damage off-airport.	Granite State Insurance Company	\$1,000,000 bodily injury and property damage, combined single limit, each occurrence and in the aggregate. No deductible.	None	6/30/2023	\$ 80,306
Workers compensation insurance	Old Republic Insurance Company	Bodily injury by accident, \$1,000,000 each accident; disease \$1,000,000 each employee. No deductible.	None	6/30/2023	\$ 102,201
Directors and Officers Liability	Navigators Specialty Insurance Co.	\$1,000,000 all loss, \$100,000 non-monetary, \$500,000 add excess, \$25,000 retainage.	None	6/30/2023	\$ 31,800

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Net Revenues Available for Debt Service and Debt Coverage
(Unaudited)
Year Ended June 30, 2022

Gross revenues as defined by the Bond Indenture as supplemented	
Operating revenue	\$ 39,606,425
Interest available for debt service (1)	232,243
Airport Improvement Fund balance (2)	5,164,975
Airport Improvement Fund transfers (2)	8,515,313
PFC funds available for debt service (3)	5,318,207
CFC revenues	2,769,764
Other nonoperating	82,543
Total gross revenues	61,689,470
Gross expenses as defined by the Bond Indenture as supplemented	
Combined operating expenses, excluding non-cash pension expense	24,446,594
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemented	1,473,393
Total operating expenses	25,919,987
Net revenues available for debt service	\$ 35,769,483
Debt service (4)	\$ 14,105,205
Debt coverage	2.54

- (1) Interest available for debt service includes interest earned on invested funds, net of construction fund interest earnings and certain other nonoperating revenues and expenses, as defined by the Bond Indenture.
- (2) The Bond Indenture provides that transfers from the Airport Improvement Fund to other funds are considered as Gross Revenues for the next ensuing fiscal year as well as the opening balance in the fund.
- (3) PFC are Dedicated Revenues, which the Trustee have dedicated to pay an amount up to 1.25 times principal and or interest on the Bonds.
- (4) The Bond Indenture defines debt service as the aggregate amount required to be deposited during the year in the Bond fund to provide for the payment of interest (to the extent not capitalized) and principal on the Bonds.

The above schedule may have differences from the audited financial statements due to rounding.

The above schedule excludes the effect of implementing GASB Statement No. 87, *Leases*, and therefore has differences from the audited financial statements that aren't considered material.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Funds on Deposit and Invested (Unaudited)
Year Ended June 30, 2022

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Revenue Funds						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	3.00%	10,691,330	\$ 10,691,330	\$ 10,691,330
Revenue Receipts Demand Deposit Account	On Demand	0.00%	0.00%	89,426	89,426	89,426
Parking Receipts Demand Deposit Account	On Demand	0.00%	0.00%	341	341	341
Total Revenue Funds					<u>10,781,097</u>	<u>10,781,097</u>
Coverage Account						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.93%	1,067,353	1,067,353	1,067,353
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	2,800,000	2,800,000	2,486,848
Total Coverage Account					<u>3,867,353</u>	<u>3,554,201</u>
Customer Facility Charge Account						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.93%	208,101	208,101	208,101
Total Customer Facility Charge Accounts					<u>208,101</u>	<u>208,101</u>
Passenger Facility Charge Revenue Fund						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.93%	1,675,348	1,675,348	1,675,348
PFC Demand Deposit Account	On Demand	0.00%	0.00%	1,014	1,014	1,014
Total Passenger Facility Charge Revenue Fund					<u>1,676,362</u>	<u>1,676,362</u>
Operating Reserve Fund						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.93%	1,953,219	1,953,219	1,953,219
FFCB @ 0.640% DUE 01/05/2027	01/05/2027	0.64%	0.70%	2,000,000	2,000,000	1,792,420
FFCB @ 0.790% DUE 06/21/2027	06/21/2027	0.79%	0.90%	3,100,000	3,100,000	2,735,874
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	1,090,000	1,090,000	968,094
FNMA POOL #4593	05/01/2024	4.70%	4.60%	322	344	324
Total Operating Reserve Fund					<u>8,143,563</u>	<u>7,449,931</u>
Airport Improvement Fund						
BLACKROCK LIQ FEDFD-CSH RES #0083	On Demand	0.00%	0.93%	8,477,715	8,477,715	8,477,715
FHLB @ 1.050% DUE 08/18/2028	8/18/2028	0.01%	1.20%	2,445,000	2,445,000	2,171,551
Total Airport Improvement Fund					<u>10,922,715</u>	<u>10,649,266</u>
Bond Reserve Funds						
BLACKROCK LIQ FEDFD-CSH RES #00U3 - Tax Exempt	On Demand	0.00%	0.93%	9,777	9,777	9,777
FFCB @ 0.790% DUE 06/21/2027	06/21/2027	0.79%	0.90%	2,000,000	2,000,000	1,765,080
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	1,735,000	1,735,000	1,540,958
BLACKROCK LIQ FEDFD-CSH RES #00U3 - Taxable	On Demand	0.00%	0.93%	23,605	23,605	23,605
FFCB @ 0.790% DUE 06/21/2027	06/21/2027	0.79%	0.90%	5,000,000	5,000,000	4,412,700
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	1,390,000	1,390,000	1,234,542
Total Bond Reserve Funds					<u>10,158,382</u>	<u>8,986,662</u>

(Continued)

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Funds on Deposit and Invested (Unaudited)
Year Ended June 30, 2022

Continued - Schedule of Funds on Deposit and Invested

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Bond Principal and Interest Accounts						
BLACKROCK LIQ FEDFD-CSH RES #0083 2013A Int	On Demand	0.00%	0.93%	3,354	\$ 3,354	\$ 3,354
BLACKROCK LIQ FEDFD-CSH RES #0083 2013A Prin	On Demand	0.00%	0.93%	1,560	1,560	1,560
US TREASURY BILL 05/18/2023 2013A Prin	5/18/2023	0.00%	2.43%	67,000	65,542	65,454
BLACKROCK LIQ FEDFD-CSH RES #0083 2013B Int	On Demand	0.00%	0.93%	5,348	5,348	5,348
BLACKROCK LIQ FEDFD-CSH RES #0083 2013B Prin	On Demand	0.00%	0.93%	689	689	689
US TREASURY BILL 05/18/2023 2013B Prin	5/18/2023	0.00%	2.43%	24,000	23,478	23,446
BLACKROCK LIQ FEDFD-CSH RES #0083 2015A Int	On Demand	0.00%	0.93%	88	88	88
US TREASURY BILL 10/25/2022 2015A Int	10/25/2022	0.00%	1.91%	14,000	13,912	13,910
BLACKROCK LIQ FEDFD-CSH RES #0083 2015A Prin	On Demand	0.00%	0.93%	5,331	5,331	5,331
US TREASURY BILL 05/18/2023 2015A Prin	5/18/2023	0.00%	2.43%	234,000	228,909	228,599
BLACKROCK LIQ FEDFD-CSH RES #0083 2015C Int	On Demand	0.00%	0.93%	2,559	2,559	2,559
BLACKROCK LIQ FEDFD-CSH RES #0083 2015C Prin	On Demand	0.00%	0.93%	1,667	1,667	1,667
BLACKROCK LIQ FEDFD-CSH RES #0083 2016A Int	On Demand	0.00%	0.93%	1,686	1,686	1,686
BLACKROCK LIQ FEDFD-CSH RES #0083 2016A Prin	On Demand	0.00%	0.93%	8,847	8,847	8,847
BLACKROCK LIQ FEDFD-CSH RES #0083 2017 Prin	On Demand	0.00%	0.93%	3,118	3,118	3,118
US TREASURY BILL 05/18/2023 2017 Prin	5/18/2023	0.00%	2.43%	105,000	102,715	102,577
BLACKROCK LIQ FEDFD-CSH RES #0083 2017 Int	On Demand	0.00%	0.93%	1,565	1,565	1,565
US TREASURY BILL 10/25/2022 2017 Int	10/25/2022	0.00%	2.43%	162,000	160,985	160,958
BLACKROCK LIQ FEDFD-CSH RES #0083 2018 Prin	On Demand	0.00%	0.93%	1,468	1,468	1,468
US TREASURY BILL 05/18/2023 2018A Prin	5/18/2023	0.00%	2.43%	33,000	32,282	32,238
BLACKROCK LIQ FEDFD-CSH RES #0083 2018 Int	On Demand	0.00%	0.93%	1,393	1,393	1,393
US TREASURY BILL 10/25/2022 2018A Int	10/25/2022	0.00%	2.43%	77,000	76,518	76,505
BLACKROCK LIQ FEDFD-CSH RES #0083 2020A Interest	On Demand	0.00%	0.93%	1,224	1,224	1,224
US TREASURY BILL 10/25/2022 2020A Int	10/25/2022	0.00%	2.43%	49,000	48,693	48,685
BLACKROCK LIQ FEDFD-CSH RES #0083 2020A Principal	On Demand	0.00%	0.93%	4,659	4,659	4,659
US TREASURY BILL 05/18/2023 2020A Prin	5/18/2023	0.00%	2.43%	172,000	168,258	168,030
BLACKROCK LIQ FEDFD-CSH RES #0083 2021A Interest	On Demand	0.00%	0.93%	5,517	5,517	5,517
BLACKROCK LIQ FEDFD-CSH RES #0083 2021A Prin	On Demand	0.00%	0.93%	5,786	5,786	5,786
US TREASURY BILL 05/18/2023 2021A Prin	5/18/2023	0.00%	2.43%	34,000	33,260	33,215
BLACKROCK LIQ FEDFD-CSH RES #0083 2021B Interest	On Demand	0.00%	0.93%	1,649	1,649	1,649
US TREASURY BILL 10/25/2022 2021B Int	10/25/2022	0.00%	2.43%	113,000	112,292	112,273
BLACKROCK LIQ FEDFD-CSH RES #0083 2021B Prin	On Demand	0.00%	0.93%	6,845	6,845	6,845
US TREASURY BILL 05/18/2023 2021B Prin	5/18/2023	0.00%	2.43%	65,000	63,586	63,500
					<u>1,194,783</u>	<u>1,193,743</u>
Construction Funds						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.93%	1,726,999	1,726,999	1,726,999
Total Construction Funds					<u>1,726,999</u>	<u>1,726,999</u>
Capital Projects Clearing Fund						
Grant Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1,000	1,000	1,000
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.93%	801,178	801,178	801,178
Total Capital Projects Clearing Fund					<u>802,178</u>	<u>802,178</u>
Other Funds						
ICS Deposit Account	On Demand	0.50%	0.50%	4,084,403	4,084,403	4,084,403
BLACKROCK LIQ FEDFD-CSH RES #00U3 SPEC PGRM	On Demand	0.00%	0.93%	10,744,969	10,744,969	10,744,969
BLACKROCK LIQ FEDFD-CSH RES #00U3 STATE GRANT	On Demand	0.00%	0.93%	183,129	183,129	183,129
General Operating Deposit Account	On Demand	0.00%	0.00%	1,663,787	1,663,787	1,663,787
Special Programs Demand Deposit Account	On Demand	0.00%	0.00%	357,941	357,941	357,941
Payroll Demand Deposit Account	On Demand	0.00%	0.00%	30,808	30,808	30,808
Arvest Bank Demand Deposit Account	On Demand	0.00%	0.00%	122,209	122,209	122,209
Petty Cash	On Demand	0.00%	0.00%	2,500	2,500	2,500
Total Other Funds					<u>17,189,746</u>	<u>17,189,746</u>
Total Funds on Deposit and Invested					<u>\$ 66,671,279</u>	<u>\$ 64,218,286</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2022

Five Year Construction In Progress – The Airport’s total estimated cost for the years ending 2023 through 2027 (in thousands):

Estimated 5-Year Cost Of Airports Improvements (FY2023-FY2027) ⁽¹⁾
(Dollars in Thousands)

	<u>Estimated Total Cost⁽¹⁾</u>	<u>Estimated⁽²⁾ Federal Assistance</u>	<u>Estimated⁽³⁾ Local/ Other Assistance</u>	<u>Payable by Airport</u>
Terminal Building Improvements	18,135	-	11,290	6,845
Airfield Improvements	101,330	27,747	63,000	10,583
Parking and Roadway Improvements (Landslide)	8,585	1,234	5,741	1,610
Tulsa Riverside Airport. CIP	9,102	6,867	1,325	910
Total Estimated Cost of Improvements	137,152	35,848	81,356	19,948

The approved Airport Trustees’ Fiscal Year 2023-2027 Capital Improvement Plan (CIP) identifies projects and potential non-operating funding sources to complete improvements to airside and landside facilities at Tulsa International Airport and Tulsa Riverside Airport. The CIP is updated annually and covers a 5-year planning horizon. Anticipated funding sources for improvements include eligible Federal financial assistance (AIP Grants), Passenger Facility Charges and local funding or a combination thereof when applicable.

- (1) Estimated costs provided by Airport Staff.
- (2) Amounts not funded from federal grants must be funded from available Airport Trustees’ funds and other sources, including Passenger Facility Charges and proceeds of Bonds. Figures for Tulsa Riverside Airport. also include estimated State Assistance.
- (3) Local and other assistance is reference to state, city, county and other grant funds that the airport staff is in the process of or has secured for specific capital projects outside of FAA entitlement or FAA discretionary funds.

Tulsa International Airport (TUL) has several large project listed in the Fiscal Year 2023-2027 Capital Improvement Plan. The most notable capital project listed is the construction of a new air traffic control tower at TUL. Additionally TUL is in the process of constructing a new Federal Inspection Service facility which will service as the new operational location for the U.S. Customs inspection as well as provide international terminal gates to increase services to the traveling public. TUL will also be performing an airfield pavement management study, pavement rehabilitation work and upgrades to the airfield guidance signs. TUL will be rehabilitating the cargo building area pavement on the landside location of the facilities. TUL is also in the process of installing electric vehicle charging stations in the parking garage facility. Tulsa Riverside Airport (RVS) will undergo several runway projects in their Capital Improvement Plan for Fiscal Years 2023-2027. RVS will rebuild connector taxiways to RW1L-19R as well as rehabilitation and widening of runway 13/31. RVS will also under go rehabilitation to pavement taxiway A, J, NE hangar area with work pavement work to be performed on perimeter road and the west side road.

The Airports staff anticipates that other capital improvements may also occur in the future. There is no assurance that any such future capital improvements will occur or that the improvements referred to above represent all potential future capital improvements.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2022

Monthly Enplaned Passengers – The following table is a summary presentation of the monthly enplaned passengers for the past five calendar years:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
January	99,274	104,504	104,444	45,885	79,725
February	94,170	100,646	99,746	44,761	78,296
March	112,353	120,220	53,652	77,299	112,010
April	119,958	119,016	5,137	82,058	113,528
May	138,128	142,857	17,784	108,597	136,740
June	145,456	142,978	38,293	122,932	140,555
July	143,302	143,738	58,136	130,295	143,676
August	127,719	126,539	54,038	105,127	125,614
September	120,448	122,033	54,386	103,317	130,222
October	136,698	135,003	61,684	114,911	143,437
November	129,418	119,197	58,878	111,436	N/A (1)
December	121,647	127,553	57,516	109,400	N/A (1)
Annual	<u>1,488,571</u>	<u>1,504,284</u>	<u>663,694</u>	<u>1,156,018</u>	<u>1,203,803</u>

⁽¹⁾ Not available

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Last Five Fiscal Years

Average Daily Scheduled Flights:

Airline	2018		2019		2020		2021		2022	
	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total
Allegiant Air	2	2.11%	2	1.98%	2	2.33%	2	3.03%	3	3.41%
American	24	25.26%	28	27.72%	26	27.73%	21	31.82%	30	34.09%
Delta	15	15.79%	15	14.85%	12	13.95%	10	15.15%	11	12.50%
Southwest	26	27.37%	25	24.75%	22	25.58%	17	25.76%	20	22.73%
United	27	28.42%	30	29.70%	24	27.91%	15	22.73%	22	25.00%
Other	1	1.05%	1	0.99%	-	0.00%	1	1.52%	2	2.27%
	<u>95</u>	<u>100.00%</u>	<u>101</u>	<u>100.00%</u>	<u>86</u>	<u>100.00%</u>	<u>66</u>	<u>100.00%</u>	<u>88</u>	

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Last Five Fiscal Years

Airline Enplaned Passengers:

Airline	2018		2019		2020		2021		2022	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Allegiant Air	56,095	3.92%	54,152	3.59%	42,761	3.91%	40,073	4.85%	59,294	4.44%
American	333,806	23.33%	318,662	21.11%	237,009	21.68%	182,527	22.09%	275,450	20.63%
American/Compass	-	0.00%	5,790	0.38%	15,778	1.44%	-	N/A	-	N/A
American Eagle/Envoy	9,167	0.64%	21,129	1.40%	11,748	1.07%	37,645	4.56%	52,038	3.90%
American/Express Jet	-	0.00%	-	0.00%	-	N/A	-	N/A	-	N/A
American/Mesa/Envoy	28,937	2.02%	48,848	3.24%	62,710	5.74%	39,171	4.74%	53,425	4.00%
American/PSA/US Airways	-	0.00%	-	0.00%	-	N/A	-	N/A	-	N/A
American/US Airways	32,367	2.26%	23,480	1.56%	14,681	1.34%	19,487	2.36%	25,982	1.95%
American/SkyWest	8,284	0.58%	535	0.04%	439	0.04%	16,900	2.05%	44,030	3.30%
Breeze	-	0.00%	-	0.00%	-	0.00%	-	0.00%	11,116	0.83%
Delta	112,414	7.86%	101,820	6.75%	77,515	7.09%	43,071	5.21%	111,376	8.34%
Delta Connection/ASA/Express Jet	32,250	2.25%	5,879	0.39%	-	N/A	-	N/A	-	N/A
Delta Connection/Compass	-	0.00%	64	0.00%	72	0.01%	-	N/A	-	N/A
Delta/GoJet	-	0.00%	505	0.03%	-	N/A	-	N/A	-	N/A
Delta/Pinnacle/Endeavor	2,240	0.16%	43,110	2.86%	28,647	2.62%	20,330	2.46%	7,874	0.59%
Delta Connection/SkyWest	58,295	4.07%	62,697	4.15%	41,642	3.81%	25,571	3.10%	43,037	3.22%
Frontier	19,545	1.37%	43,876	2.91%	10,872	0.99%	13,321	1.61%	10,329	0.77%
Miami Air	348	0.02%	-	0.00%	168	0.02%	-	N/A	-	N/A
Southwest	486,535	34.00%	497,107	32.93%	354,720	32.45%	266,510	32.26%	426,133	31.91%
Sun Country/MN Airlines	1,418	0.10%	1,504	0.10%	1,014	0.09%	-	N/A	-	N/A
United	33,421	2.34%	66,273	4.39%	39,385	3.60%	7,873	0.95%	55,844	4.18%
United/Air Wisconsin	3,885	0.27%	12,609	0.84%	5,094	0.47%	618	0.07%	1,386	0.10%
United Express/Express Jet	61,202	4.28%	70,527	4.67%	40,423	3.70%	21,471	2.60%	41,407	3.10%
United Express/GoJet	19,884	1.39%	15,482	1.03%	12,684	1.16%	15,426	1.87%	10,138	0.76%
United Express/Mesa	38,963	2.72%	41,403	2.74%	23,533	2.15%	26,371	3.19%	13,173	0.99%
United Express/Republic	30,218	2.11%	9,375	0.62%	7,991	0.73%	3,883	0.47%	65	0.00%
United Express/SkyWest	57,828	4.04%	43,319	2.87%	46,842	4.29%	44,558	5.39%	92,491	6.93%
United Express/Trans State	2,731	0.19%	18,915	1.25%	17,076	1.56%	-	N/A	-	N/A
Via Air	520	0.04%	1,836	0.12%	-	N/A	-	N/A	-	N/A
Other	556	0.04%	556	0.04%	315	0.03%	1,364	0.17%	752	0.06%
	<u>1,430,909</u>	100.00%	<u>1,509,453</u>	100.00%	<u>1,093,119</u>	100.00%	<u>826,170</u>	100.00%	<u>1,335,340</u>	100.00%

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Last Five Fiscal Years

Airline – Air Cargo Landed Weight (in pounds):

Airline / Air Cargo Carrier	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total
Allegiant Air, LLC	56,879,128	2.62%	54,937,404	2.39%	48,578,590	2.54%	55,169,341	3.43%	66,007,280	3.32%
American	399,341,523	18.42%	417,147,318	18.11%	330,462,916	17.30%	254,559,020	15.82%	317,779,088	15.98%
American / Compass	-	N/A	6,745,500	0.29%	20,836,100	1.09%	-	N/A	-	N/A
American Eagle / Envoy	38,342,870	1.77%	66,526,710	2.89%	87,761,650	4.60%	46,159,740	2.87%	68,163,200	3.43%
American / Express Jet	-	N/A	67,000	0.00%	-	N/A	-	N/A	-	N/A
American / Envoy / Mesa	11,808,000	0.54%	25,528,800	1.11%	17,001,100	0.89%	45,386,800	2.82%	35,552,100	1.79%
American / SkyWest	11,319,000	0.52%	1,340,000	0.06%	670,000	0.04%	26,982,000	1.68%	87,239,250	4.39%
American / US Airways	41,906,500	1.93%	28,702,900	1.25%	18,808,800	0.98%	25,067,200	1.56%	32,169,200	1.62%
Compass	74,950	0.00%	-	N/A	-	N/A	-	N/A	20,802,308	1.05%
Delta	136,666,800	6.30%	118,601,320	5.15%	103,931,919	5.44%	77,971,520	4.85%	134,039,726	6.74%
Delta / Compass	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Delta Connection (ASA) (Express Jet)	38,355,200	1.77%	6,566,000	0.29%	-	N/A	-	N/A	-	N/A
Delta Connection (Compass)	-	N/A	75,177	0.00%	89,000	0.00%	-	N/A	-	N/A
Delta (Pinnacle) (Endeavor)	3,023,000	0.14%	50,951,400	2.21%	35,348,400	1.85%	31,992,600	1.99%	8,711,600	0.44%
Delta / Republic	74,957	0.00%	670,000	0.03%	-	N/A	-	N/A	-	N/A
Delta Connection (SkyWest)	76,463,324	3.53%	80,631,893	3.50%	58,792,879	3.08%	48,404,367	3.01%	54,905,984	2.76%
Frontier	23,294,029	1.07%	48,781,434	2.12%	9,982,301	0.52%	15,272,508	0.95%	11,619,752	0.58%
Southwest	606,890,000	28.00%	600,816,000	26.08%	496,144,000	25.98%	402,924,800	25.04%	482,338,800	24.26%
Sun Country / Mn Airlines	4,139,500	0.19%	5,413,100	0.23%	5,086,300	0.27%	1,901,900	0.12%	438,900	0.02%
United	48,948,100	2.26%	94,326,500	4.10%	57,018,600	2.99%	12,925,200	0.80%	70,936,000	3.57%
United / Air Wisconsin	3,995,000	0.19%	14,382,000	0.62%	6,110,000	0.32%	799,000	0.05%	1,551,000	0.08%
United Express / Express Jet	63,630,842	2.94%	73,297,994	3.18%	49,613,330	2.60%	23,395,508	1.45%	44,135,643	2.22%
United Express / GoJet	25,594,000	1.18%	18,023,000	0.78%	23,992,000	1.26%	24,827,000	1.54%	14,457,000	0.73%
United Express / Mesa	49,583,800	2.29%	57,448,300	2.49%	37,256,600	1.95%	39,247,600	2.44%	16,777,600	0.84%
United Express / Republic	40,584,250	1.87%	13,613,040	0.59%	12,055,680	0.63%	6,461,700	0.40%	72,310	0.00%
United Express / SkyWest	63,418,000	2.93%	49,633,500	2.16%	54,760,500	2.87%	58,391,600	3.63%	103,765,300	5.22%
United Express / Transtates	2,866,500	0.13%	19,773,270	0.86%	18,071,300	0.95%	-	N/A	-	N/A
US Airways Charter	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Other Non-Sig Passenger Carriers	4,313,762	0.20%	10,690,661	0.46%	2,181,850	0.11%	1,820,064	0.11%	-	N/A
Air Transport	86,413,000	3.99%	93,060,000	4.04%	40,675,000	2.13%	-	N/A	-	N/A
Ameriflight	1,250,000	0.06%	11,300	0.00%	1,645,200	0.09%	672,200	0.04%	440,276	0.02%
Federal Express	193,309,300	8.92%	197,361,700	8.57%	184,344,900	9.65%	192,923,700	11.99%	225,646,200	11.35%
Federal Express / Empire	17,409,840	0.80%	16,179,996	0.70%	15,360,765	0.80%	12,595,996	0.78%	-	N/A
Federal Express / Mountain Air Cargo	166,456	0.01%	94,136	0.00%	47,068	0.00%	36,160	0.00%	-	N/A
Martinaire	4,309,500	0.20%	4,080,000	0.18%	4,284,000	0.22%	3,493,500	0.22%	2,584,000	0.13%
Suburban Air	3,381,000	0.16%	4,073,300	0.18%	4,121,600	0.22%	4,202,100	0.26%	4,202,100	0.21%
UPS	103,816,960	4.79%	111,087,280	4.82%	126,080,800	6.60%	144,163,440	8.96%	139,179,000	7.00%
Other Cargo Carriers	6,174,992	0.28%	12,961,930	0.56%	38,630,806	2.02%	51,116,241	3.18%	44,936,104	2.26%
Totals	2,167,744,083	100.00%	2,303,599,863	100.02%	1,909,743,954	100.00%	1,608,862,805	100.00%	1,988,449,721	100.01%

Tulsa Airports Improvement Trust

Compliance Report
June 30, 2022

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RSM US LLP

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

Board of Trustees
Tulsa Airport Improvement Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Tulsa Airports Improvement Trust (the Trust), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Kansas City, Missouri
December 2, 2022

**Report on Compliance for the Major Federal Program,
Report on Internal Control Over Compliance and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Trustees
Tulsa Airport Improvement Trust

Report on Compliance for the Major Federal Program

Opinion on The Major Federal Program

We have audited the Tulsa Airports Improvement Trust's (the Trust) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Trust's major federal program for the year ended June 30, 2022. The Trust's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Trust complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Trust's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Trust's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Trust's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Trust as of and for the year ended June 30, 2022, and have issued our report thereon dated December 2, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
December 2, 2022

Tulsa Airports Improvement Trust

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures
U.S. Department of Transportation—Federal Aviation Administration (Direct):			
Airport Improvement Programs:			
Shift or Reconfigure Existing Taxiway (Design Phase I)	20.106	3-40-0098-035-2021	\$ 222,000
Update Airport Master Plan or Study	20.106	3-40-0098-037-2021	397,580
Rehabilitate Runway 18R/36L	20.106	3-40-0099-094-2020	4,823,799
Construct/Extend/Improve Safety Area Runway 18R/36L	20.106	3-40-0099-095-2020	3,117,358
Pavement Management Program	20.106	3-40-0099-097-2021	86,077
ARFF Vehicles and Snow Equipment	20.106	3-40-0099-098-2021	2,277,989
COVID-19 - TUL Airport Coronavirus Relief Grant Program	20.106	3-40-0099-099-2021	2,176
Rehabilitate Service Road (Design)	20.106	3-40-0099-101-2021	190,000
Total U.S. Department of Transportation— Federal Aviation Administration			\$ 11,116,979

See notes to schedule of expenditures of federal awards.

Tulsa Airports Improvement Trust

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Tulsa Airports Improvement Trust (Trust) for the year ended June 30, 2022. All federal awards received directly from federal agencies as well as those awards that are passed through other governmental agencies are included on the schedule of expenditures of federal awards. The information presented in this schedule is in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note 2. Significant Accounting Policies

Expenditures of federal awards are recognized under the accrual basis of accounting. Such expenditures are reported following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Subrecipients

There were no federal awards passed through to subrecipients for the year ended June 30, 2022.

Note 4. Indirect Cost Rate

The Trust has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Tulsa Airports Improvement Trust

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings* .

Tulsa Airports Improvement Trust

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)? _____ Yes x No

Identification of the major program:

Federal Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program and COVID-19 - Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x Yes _____ No

(Continued)

Tulsa Airports Improvement Trust

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022**

II. Financial Statement Findings

A. Internal Control

No matters to report

B. Compliance Findings

No matters to report

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters to report

B. Instances of Noncompliance

No matters to report