

Tulsa Airports Improvement Trust

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

FINANCIAL REPORT

June 30, 2023

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2023

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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, 2023, 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, 2023, 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 (*Government Auditing Standards*). 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 as other information, 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 5, 2023 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 5, 2023

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2023**

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, 2023.

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>2023</u>	<u>2022</u>
Enplaned Passengers	1,530,643	1,335,340
Airfreight (Tons)	57,520	59,772
Airline/Aircraft Movements (TUL)	96,508	87,757
Airline/Aircraft Movements (RVS)	239,480	216,754
Landed weights	2,226,004,318	1,988,449,721

Airport Activities Highlights

Tulsa Airports Improvement Trust operates Tulsa International Airport (TUL or TIA) and Tulsa Riverside Airport (RVS). As of June 30, 2023, there are six 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 FY23 to 1,530,643, an increase from 1,335,340 in FY22. For FY23, Southwest enplaned the largest share of passengers at Tulsa International Airport with 37% of enplanements, followed by American Airlines (mainline and affiliates) with 31%. The market share of mainline carriers increased to 69% in FY23 from 66% in FY22, while the market share of regional affiliates decreased to 31% in FY23 from 35% in FY22.

Year-over-year seat capacity at TUL increased 16.6% for FY23 as the industry continued to recover from the COVID-19 pandemic. Southwest Airlines led the growth with a 52% increase in seat capacity from new nonstops to Austin, Chicago-Midway, and Orlando, as well as frequency increases in existing markets. American Airlines launched new daily, nonstop service to New York City (LaGuardia) in November 2022. United Airlines capacity rose 12%, as smaller regional aircraft were removed from the market in favor of larger gauge aircraft. Delta Air Lines capacity remained relatively flat; however, they announced daily, nonstop service to New York City (LaGuardia) beginning in May 2024. Breeze Airways introduced twice weekly service to Orlando in March 2023.

Tulsa’s airline capacity has fully returned and exceeded pre-pandemic levels, and passenger enplanement activity continued to exceed 2019 levels.

Tulsa Airports Improvement Trust

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

Management's Discussion and Analysis

June 30, 2023

Financial Position Summary as of June 30, 2023 (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 \$325,395.
- Net position increased \$17,573 from \$307,822 at June 30, 2022, to \$325,395 at June 30, 2023.
- Total liabilities decreased \$10,110 from \$172,438 at June 30, 2022 to \$162,337 at June 30, 2023.
- Cash and cash equivalents increased \$9,245 from \$43,980 at June 30, 2022 to \$53,225 at June 30, 2023.

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, 2023

Summary of Net Position

(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 111,565	\$ 100,112
Capital assets, net	<u>395,306</u>	<u>398,285</u>
Total assets	<u>506,871</u>	<u>498,397</u>
Deferred outflows of resources	<u>10,016</u>	<u>11,278</u>
Liabilities		
Current and other liabilities	13,376	14,144
Noncurrent liabilities	<u>148,961</u>	<u>158,294</u>
Total liabilities	<u>162,337</u>	<u>172,438</u>
Deferred inflows of resources	<u>29,155</u>	<u>29,415</u>
Net position		
Net investment in capital assets	267,526	264,184
Restricted	26,475	21,256
Unrestricted	<u>31,394</u>	<u>22,382</u>
Total net position	<u>\$ 325,395</u>	<u>\$ 307,822</u>

The largest portion of TAIT's net position as of June 30, 2023, and 2022, 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, 2023

Summary of Changes in Net Position

(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 44,796	\$ 39,492
Nonoperating revenues, including capital grants	<u>22,960</u>	<u>19,861</u>
Total revenues	<u>67,756</u>	<u>59,353</u>
Operating expenses	44,857	42,738
Nonoperating expenses	<u>5,326</u>	<u>8,819</u>
Total expenses	<u>50,183</u>	<u>51,557</u>
Increase in net position	<u>\$ 17,573</u>	<u>\$ 7,796</u>

- FY23 operating revenues, which consist primarily of rents and service fees, increased 13.4% due to increased activity levels. In FY22 operating revenues increased 30.5% which reflected the recovery in activity levels as the impacts from the pandemic eased.
- Non-operating revenues increased 15.6% in FY23 from FY22 due to an increase in the amount of investment income. In FY22, nonoperating revenues decreased 20.9% due to a decrease in the level of non-capital Federal grants.
- Operating expenses increased by 5.0% for FY23 driven by the increase in personnel compensation and increases in service contracts, utilities and insurance. Operating expenses increased by 15% for FY22 driven by the increase in personnel compensation and benefits due to filing prior fiscal year vacancies and increases in both materials, equipment, supplies and insurance. In addition, the airport addressed several deferred maintenance items in FY22.
- Non-operating expenses decreased for FY23 by 39.6% from FY22 primarily due to decreases in bond issuance costs and decreases in interest expense. Non-operating expenses increased for FY22 by 13% primarily due to increases in bond issuance costs, decreases in fair value of investments and losses on sale of capital assets.

Tulsa Airports Improvement Trust
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Management's Discussion and Analysis
June 30, 2023

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.

(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Cash flows		
Provided by operating activities	\$ 18,594	\$ 12,969
Provided by non-capital and related financing activities	5,720	1,770
Provided by (used in) capital and related financing activities	(16,976)	(13,301)
Provided by (used in) investing activities	<u>1,907</u>	<u>(227)</u>
Net increase (decrease) in cash and cash equivalents	9,245	1,211
Cash and cash equivalents		
Beginning of year	<u>43,980</u>	42,769
End of year	<u>\$ 53,225</u>	<u>\$ 43,980</u>

Capital Assets (in thousands of dollars)

The Trust's investment in capital assets amounted to \$395,306 (net of accumulated depreciation). The Trust paid \$14,318 and \$19,048 related to the acquisition and construction of capital assets for the years ended June 30, 2023, and 2022, respectively.

(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 399,201	\$ 398,414
Easements	70,596	70,838
Right to use - subscription assets	165	-
Buildings	295,494	291,259
Art	461	461
Equipment	<u>33,927</u>	<u>30,246</u>
	799,844	791,218
Less: Accumulated depreciation	414,282	396,197
Construction-in-progress	9,744	3,264
Capital assets, net	<u>\$ 395,306</u>	<u>\$ 398,285</u>

**Tulsa Airports Improvement Trust
 (A Component Unit of the City of Tulsa, Oklahoma)
 Management's Discussion and Analysis
 June 30, 2023**

Long-Term Debt (in thousands of dollars)

At June 30, 2023, TAIT had total outstanding general revenue bonds of \$141,633. 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>2023</u>	<u>2022</u>
Revenue bonds	<u>\$ 141,633</u>	<u>\$ 151,146</u>

The Trust’s long-term debt decreased by \$9,513 in FY23 and decreased by \$7,640 in FY22 due to scheduled payments of principal.

Signatory Airline Rates and Charges

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 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 FY23, and FY22 ranged from \$24.22 to \$96.88 per square foot. Signatory landing fees were \$3.62 per 1000 lbs for FY23 and FY22.

Tulsa Airports Improvement Trust (A Component Unit of the City of Tulsa, Oklahoma) Management's Discussion and Analysis June 30, 2023

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 2022, the aggregate population of the Tulsa MSA was estimated to be 1,034,123 or 25.7% 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.

Tulsa's unemployment rate was in-line with the national average at 3.4% when compared the U.S. national average of 3.6% for the most recent available date. Additionally, leisure and hospitality, transportation and warehousing sectors experienced a 54%, 3.0%, and 12.5% growth when comparing calendar year 2022 to 2021, respectively.

COVID-19

Public health and safety concerns have affected air travel demand from time to time, as evidenced by the COVID-19 pandemic. The COVID-19 pandemic had a material adverse effect on passenger traffic and financial performance of TAIT. Future outbreaks or pandemics may lead to a decrease in passenger traffic, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in revenues.

In addition, the Authority's operation and finances could be significantly affected in the future due to health and safety concerns relating to a resurgence in COVID-19 or other viruses, which could result in permanent changes in air travel behavior and patterns as a result of the traveling public's response to the outbreak. TAIT cannot predict the extent and duration of changes in air traffic volume because of a resurgence of the COVID-19 pandemic and potential economic impacts.

Contacting TAIT's Financial Management

Questions about this report or requests for additional financial information can be directed to the Director, Finance and Asset Management, 7777 Airport Drive, Room A211, Tulsa, OK 74115.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statement of Net Position
June 30, 2023

(in thousands of dollars)

Assets

Current assets

Cash and cash equivalents	\$ 35,127
Cash and cash equivalents - restricted	2,822
Investments - restricted	1,019
Receivables	
Trade, less allowance for doubtful accounts of \$23	2,334
Intergovernmental receivable	4,866
Customer facility charges receivable	297
Lease receivables	795
Inventories	1,418
Other current assets	529
Total current assets	<u>49,207</u>

Noncurrent assets

Cash and cash equivalents - restricted	15,276
Investments - unrestricted	2,383
Investments - restricted	16,158
Passenger facility charges receivable - restricted	549
Capital assets not being depreciated	153,374
Capital assets, net of accumulated depreciation	241,932
Advance to primary government	1
Lease receivables - noncurrent	27,991
Total noncurrent assets	<u>457,664</u>
 Total assets	 <u>506,871</u>

Deferred Outflows of Resources

Deferred charges on refunding	7,704
Pension related amounts	2,312
Total deferred outflows of resources	<u>\$ 10,016</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, 2023

(in thousands of dollars)

Liabilities

Current liabilities

Accounts payable	\$ 1,596
Current portion of compensated absences	201
Unearned revenue	370
Current portion of SBITA liability	24
Current portion of bonds payable	8,063
Liabilities payable from restricted assets:	
Accounts payable	2,664
Customer deposits	54
Accrued interest payable	404
Total current liabilities	<u>13,376</u>

Noncurrent liabilities

Compensated absences	772
Net pension liability	14,556
SBITA liability	63
Bonds payable, including premium	133,570
Total noncurrent liabilities	<u>148,961</u>
Total liabilities	<u>162,337</u>

Deferred Inflows of Resources

Lease related amounts	27,690
Pension related amounts	1,465
Total deferred inflows of resources	<u>29,155</u>

Net position

Net investment in capital assets	<u>267,526</u>
Restricted for:	
Restricted by bond indenture for operations	8,102
Debt service	727
Capital projects	17,458
Other purposes	188
Total restricted net position	<u>26,475</u>
Unrestricted	31,394
Total net position	<u>\$ 325,395</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, 2023

(in thousands of dollars)

Operating revenue

Aeronautical operating revenues

Landing fees - signatory and non-signatory	\$ 7,755
Passenger airline terminal revenue - signatory and non-signatory	6,794
Other aeronautical revenue	4,655
Total aeronautical revenue	<u>19,204</u>

Non-aeronautical operating revenue

Terminal revenues	3,311
Rental car revenues	6,275
Parking revenues	13,297
Other non-aeronautical operating revenue	1,417
Total non-aeronautical operating revenue	<u>24,300</u>

Revenue from Tulsa Riverside Airport

	<u>1,292</u>
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Total operating revenues	<u>44,796</u>
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Operating expenses

Personnel compensation and benefits	12,990
Service contracts	6,598
Materials, equipment & supplies	2,001
Utilities and communications	2,409
Insurance, claims	1,041
Other	1,431
Total operating expenses, excluding depreciation	<u>26,470</u>

Net operating income before depreciation

18,326

Depreciation

18,387

Net operating (loss)	<u>(61)</u>
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Nonoperating revenues (expenses)

Investment (loss) and change in fair value of investments	1,368
Lease interest income	716
Interest expense	(5,208)
Amortization of bond discount/premium and deferred charges on refunding	(118)
Passenger facility charges	5,911
Customer facility charges	3,103
Federal grants noncapital	5,941
Other, net	82
Net nonoperating revenues (expenses)	<u>11,795</u>

Capital contributions and grants

Federal grants	3,040
State grants	2,374
Capital contributions	425
Total capital contributions and grants	<u>5,839</u>

Increase in net position

17,573

Net position, beginning of year

307,822

Net position, end of year

\$ 325,395

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, 2023

(in thousands of dollars)

Cash flows from operating activities	
Cash received from customers, including cash deposits	\$ 44,649
Cash payments to suppliers for goods and services	(13,290)
Cash payments to employees for services	(12,765)
Net cash provided by operating activities	<u>18,594</u>
Cash flows from non-capital and related financing activities	
Proceeds from non-capital grants, donations and reimbursements	<u>5,720</u>
Net cash provided by non-capital and related financing activities	<u>5,720</u>
Cash flows from capital and related financing activities	
Construction and purchase of capital assets	(14,318)
Interest paid on long-term debt	(5,242)
Passenger facility charges received	5,892
Customer facility charges received	3,068
Principal paid on long-term debt	(9,006)
Proceeds from sale of capital assets	301
Interest received on leases	716
Proceeds from state grants	(14)
Proceeds from federal capital grants	<u>1,627</u>
Net cash (used in) capital and related financing activities	<u>(16,976)</u>
Cash flows from investing activities	
Purchase of investments	(10,198)
Proceeds from sale or maturity of investments	10,551
Interest received on investments	<u>1,554</u>
Net cash provided by investing activities	<u>1,907</u>
Net increase in cash and cash equivalents	9,245
Cash and cash equivalents	
Beginning of year	<u>43,980</u>
End of year	<u>\$ 53,225</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
Year Ended June 30, 2023

(in thousands of dollars)

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

Current unrestricted cash and cash equivalents	\$ 35,127
Current restricted cash and cash equivalents	2,822
Noncurrent restricted cash and cash equivalents	<u>15,276</u>
Total cash and cash equivalents	<u>\$ 53,225</u>

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

Operating loss	\$ (61)
Adjustments to reconcile operating activities to net cash provided by operating activities:	
Depreciation	18,387
Changes in operating assets and liabilities:	
Decrease (increase) in accounts receivable, trade	495
Decrease (increase) in lease related amounts	(426)
Decrease (increase) in inventories	72
Decrease in other current and noncurrent assets	348
(Decrease) increase in unearned revenue	(128)
Decrease in accounts payable and accrued liabilities	(357)
Change in pension-related amounts	265
Net cash provided by operating activities	<u>\$ 18,595</u>

Noncash investing activities:

Decrease in fair value of investments	<u>\$ (521)</u>
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Noncash capital and financing activities:

Capital asset acquisitions included in accounts payable	<u>\$ (2,961)</u>
Federal capital grant revenue included in receivables	<u>\$ 2,721</u>
State capital grant revenue included in receivables	<u>\$ 2,145</u>
Passenger facility charge revenue included in receivables	<u>\$ 549</u>
Customer facility charge revenue included in receivables	<u>\$ 297</u>
Capital asset acquisition from non-cash capital contribution	<u>\$ 425</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, 2023

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 Tulsa Riverside Airport. The lease agreement shall end on December 31, 2033, 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 –TAA members are appointed by the Mayor and approved by City Council. Appointed members of TAA become TAIT Trustees pursuant to the TAIT Trust Indenture. 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, 2023

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 \$521 for the year ended June 30, 2023.

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, 2023

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, 2023

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

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

Lessee: TAIT is a lessee for noncancelable subscription IT arrangements (similar to a lease) for the right-to-use information technology hardware and software (subscription IT arrangements). At the commencement of a subscription, TAIT initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of the subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT asset is amortized into depreciation expense on a straight-line basis over the useful life of the asset.

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.

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, 2023

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

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.

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, 2023 totaled \$13,556.

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 \$8,961 as of June 30, 2023. The Trust uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

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, 2023

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

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.

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.

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, 2023

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

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, 2023, 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 June 1, 2032.

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.

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, 2023

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, 2023 are as follows:

(in thousands of dollars)

Type	June 30, 2023				Fair Value Measurement
	Carrying Value	Maturities in Years			
		Less than 1	1-5	6-10	
Investments reported at fair value:					
US Treasury Bill	\$ 1,017	\$ 1,017	\$ -	\$ -	Level 2
Federal National Mortgage Association	1	1	-	-	Level 2
Federal Home Loan Bank	8,005	-	-	8,005	Level 2
Federal Farm Credit Banks	10,537	-	10,537	-	Level 2
	<u>\$ 19,560</u>	<u>\$ 1,018</u>	<u>\$ 10,537</u>	<u>\$ 8,005</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.

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, 2023, 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, 2023 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, 2023 are registered in TAIT’s name.

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, 2023

2. **CASH AND INVESTMENTS, continued**

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

Investments – At June 30, 2023, TAIT’s investment in Federal Home Loan Bank (“FHLB”) constituted 41% of its total investments. At June 30, 2023, TAIT’s investment in Federal Farm Credit Banks constituted 54% of its total investments. Money market accounts and US Treasury Bills are not subject to concentration of credit risk disclosure.

3. **CAPITAL ASSETS**

The changes in capital assets during 2023 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	-	(242)	-	70,596
Artwork	461	-	-	-	461
Construction-in-progress	3,264	13,438	-	(6,958)	9,744
Total capital assets not being depreciated	<u>147,136</u>	<u>13,438</u>	<u>(242)</u>	<u>(6,958)</u>	<u>153,374</u>
Capital assets being depreciated					
Land improvements	325,841	7	-	780	326,628
Buildings	291,259	435	-	3,800	295,494
Right to use - subscription assets	-	165	-	-	165
Equipment	30,246	1,608	(305)	2,378	33,927
Total capital assets being depreciated	<u>647,346</u>	<u>2,215</u>	<u>(305)</u>	<u>6,958</u>	<u>656,214</u>
Accumulated depreciation					
Land improvements	214,019	8,347	-	-	222,366
Buildings	165,716	8,041	-	-	173,757
Right to use - subscription assets	-	17	-	-	17
Equipment	16,462	1,982	(302)	-	18,142
Total accumulated depreciation	<u>396,197</u>	<u>18,387</u>	<u>(302)</u>	<u>-</u>	<u>414,282</u>
Total capital assets being depreciated, net	<u>251,149</u>	<u>(16,172)</u>	<u>(3)</u>	<u>6,958</u>	<u>241,932</u>
Capital assets, net	<u>\$ 398,285</u>	<u>\$ (2,734)</u>	<u>\$ (245)</u>	<u>\$ -</u>	<u>\$ 395,306</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, 2023

4. REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The changes in revenue bonds payable and other long-term liabilities during 2023 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 2013A, 2023	\$ 33,665	5% - 5.25%	\$ 805	\$ -	\$ (805)	\$ -	\$ -	\$ -
Series 2013B, 2024	3,275	1.389% - 5.087%	1,270	-	(290)	-	980	980
Series 2015A, 2024	44,045	2% - 5%	3,360	-	(2,810)	-	550	550
Series 2015C, 2045	895	2% - 4.25%	755	-	(20)	-	735	20
Series 2016A, 2027	1,500	3.82%	529	-	(116)	-	413	103
Series 2017A, 2037	54,180	1.888% - 3.977%	52,030	-	(1,270)	-	50,760	1,765
Series 2018A, 2048	19,825	4% - 5.25%	19,440	-	(405)	-	19,035	425
Series 2020A, 2028	15,965	5.00%	11,980	-	(2,075)	-	9,905	2,135
Series 2021A, 2026	1,975	4.00%	1,655	-	(420)	-	1,235	445
Series 2021B, 2045	55,980	0.496 - 3.099%	55,980	-	(795)	-	55,185	1,640
Total revenue bonds payable			147,804	-	(9,006)	-	138,798	8,063
Unamortized premium (discount)			3,342	-	(507)	-	2,835	-
Total revenue bonds payable, net			151,146	-	(9,513)	-	141,633	8,063
Other long-term liabilities								
Compensated absences			1,008	487	(522)	-	973	201
Subscription based lease liability			-	165	(78)	-	87	24
Net pension liability			15,379	-	(823)	-	14,556	-
Total other long-term liabilities			16,387	652	(1,423)	-	15,616	225
Total long-term liabilities			\$ 167,533	\$ 652	\$ (10,936)	\$ -	\$ 157,249	\$ 8,288

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, 2023

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 18% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$189,366. Principal and interest paid for the year was \$14,248. Net revenues available for debt services (after reducing by operating expenses) in fiscal year 2023 was \$52,198.

FUTURE MATURITIES

Future maturities of revenue bonds are as follows:

(in thousands of dollars)

Fiscal Year	Principal	Interest	Total
2024	\$ 8,063	\$ 4,857	\$ 12,920
2025	8,431	4,565	12,996
2026	8,676	4,294	12,970
2027	8,643	4,010	12,653
2028	7,405	3,718	11,123
2029-2033	34,575	15,185	49,760
2034-2038	35,040	8,876	43,916
2039-2043	20,140	4,026	24,166
2044-2048	7,825	1,037	8,862
	<u>\$ 138,798</u>	<u>\$ 50,568</u>	<u>\$ 189,366</u>

The net book value of the assets under subscription-based agreements was \$148 at June 30, 2023. During the fiscal year ended June 30, 2023, TAIT recorded \$17 in amortization expense and \$1 in interest expense for the right-to-use subscription assets.

Future maturities of subscription-based lease liabilities are as follows:

(in thousands of dollars)

Fiscal Year	Principal	Interest	Total
2024	\$ 24	\$ 2	\$ 26
2025	44	1	45
2026	19	-	19
	<u>\$ 87</u>	<u>\$ 3</u>	<u>\$ 90</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, 2023

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 through September 24, 2022, and then 8.0% for the remainder of the year ended June 30, 2023. The Trust was required to contribute 16.5% of pensionable wages through September 24, 2022, and then 17.0% for the remainder of the year ended June 30, 2023. The Trust is also responsible for Actuarially Determined Employer Contributions (ADEC) that exceed the 17.0% of payroll. Actual contributions to the pension plan from TAIT were \$1,354 for the year ended June 30, 2023.

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

At June 30, 2023, TAIT reported a liability of \$14,556 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to June 30, 2023. 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, 2023, TAIT's proportion was 5.1918%.

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, 2023

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

For the year ended June 30, 2023, TAIT recognized pension expense of \$1,630. At June 30, 2023, 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	\$ 1,241	\$ (4)
Changes of assumptions	424	(257)
Net difference between projected and actual earnings on pension plan investments	320	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	327	(1,204)
Total	<u>\$ 2,312</u>	<u>\$ (1,465)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2023, will be recognized in pension expense as follows:

Years ended June 30:	
2024	\$ 189
2025	(131)
2026	903
Thereafter	(114)
	<u>\$ 847</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2023, 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%)

2023—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, 2023

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

The actuarial assumptions used in the January 1, 2023 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 September 24, 2022, it is assumed that the employer contribution rate will be 16.50% of payroll and 17.00% 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, 2023

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	\$ 19,932	\$ 14,556	\$ 10,069

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, 2023

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 \$28.8M, lease expense of \$203K and interest revenue of \$717K related to lease payments received for the fiscal year ending June 30, 2023.

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 \$1.2M for the fiscal year ending June 30, 2023. 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, 2023 the following revenue amounts from all provisions for these in-scope Concessionaire leases:

- Rental Cars: \$5.2M
- Food and Beverage: \$908k
- Retail: \$1.2M
- Hotel: \$274k.

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, 2023

6. **LEASES, continued**

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

Future payments to be received as of June 30, 2023:

Period	Principal	Interest	Total
July 1, 2023-June 30, 2024	\$ 795	\$ 709	\$ 1,504
July 1, 2024-June 30, 2025	802	690	1,492
July 1, 2025-June 30, 2026	788	670	1,458
July 1, 2026-June 30, 2027	635	652	1,287
July 1, 2027-June 30, 2028	545	639	1,184
July 1, 2028-June 30, 2033	2,701	2,988	5,689
July 1, 2033-June 30, 2038	3,139	2,622	5,761
July 1, 2038-June 30, 2043	4,418	2,147	6,565
July 1, 2043-June 30, 2048	4,399	1,548	5,947
July 1, 2048-June 30, 2053	999	1,231	2,230
July 1, 2053-June 30, 2058	1,244	1,093	2,337
July 1, 2058-June 30, 2063	1,352	928	2,280
July 1, 2063-June 30, 2068	1,386	759	2,145
July 1, 2068-June 30, 2073	1,747	563	2,310
July 1, 2073-June 30, 2078	2,170	319	2,489
July 1, 2078-June 30, 2083	1,666	51	1,717
Report Total	\$ 28,786	\$ 17,609	\$ 46,395

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, 2023

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, 2023 the following fixed revenue amounts for these regulated leases by type:

- Signatory Passenger and Cargo Airlines: \$6.6M
- Real Estate - TUL: \$2.8M
- Real Estate - RVS: \$1.1M

TAIT recognized for the fiscal year ending June 30, 2023 the following variable revenue amounts for these regulated leases by type:

- Signatory Passenger and Cargo Airlines: \$7.1M
- Real Estate - TUL: \$784k
- Real Estate - RVS: \$172k

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, 2023

6. **LEASES, continued**

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

Fiscal Year	Signatory Airline	Real Estate - TUL	Real Estate - RVS	Total
July 1, 2023 - June 30, 2024	\$ 6,164	\$ 2,594	\$ 1,046	\$ 9,804
July 1, 2024 - June 30, 2025	-	2,554	970	3,524
July 1, 2025 - June 30, 2026	-	2,567	939	3,506
July 1, 2026 - June 30, 2027	-	2,475	876	3,351
July 1, 2027 - June 30, 2028	-	2,321	864	3,185
July 1, 2028 - June 30, 2033	-	8,090	3,774	11,864
July 1, 2033 - June 30, 2038	-	5,646	3,182	8,828
July 1, 2038 - June 30, 2043	-	3,945	2,548	6,493
July 1, 2043 - June 30, 2048	-	2,478	1,122	3,600
July 1, 2048 - June 30, 2053	-	1,261	-	1,261
July 1, 2053 - June 30, 2058	-	833	-	833
Total	\$ 6,164	\$ 34,764	\$ 15,321	\$ 56,249

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, 2023.

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, 2023, TAIT had open commitments for construction projects of approximately \$12,907, 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.

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.

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, 2023

9. **RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2023, TAIT conducted the following transactions with related parties.

(In thousands of dollars)

Payments to City of Tulsa - General Fund for support services	<u>\$</u> <u>42</u>
Advance to City of Tulsa	<u>\$</u> <u>1</u>

10. **MAJOR CUSTOMERS**

The Trust has four customers that provide in excess of 10% of the enplaned passengers. Southwest Airlines enplaned the largest share of passengers in fiscal year 2023 at 37%. American Airlines, Delta Airlines and United Airlines also exceeded 10% in fiscal year 2023 at 31%, 11% and 16%, respectively.

**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, 2023**

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
2023	5.1918%	\$ 14,556	\$ 8,021	181.47%	67.16%
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
2023	\$ 1,354	\$ 1,354	\$ -	\$ 8,021	16.88%
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

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, 2023

(in thousands of dollars)

Aeronautical operating revenues

Landing fees - signatory and non-signatory

Passenger airline landing fees	\$ 6,386
Cargo airline landing fees	1,326
Military joint use fees	43
Total landing fees	<u>7,755</u>

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

Airline terminal rentals	4,123
Baggage system rentals	2,461
Other terminal area airline fees	210
Total terminal area passenger airline fees	<u>6,794</u>

Total landing fees and terminal area passenger airline revenues	<u>14,549</u>
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Other Aeronautical Revenue

FBO revenue	805
Hangar, cargo space and ground rents	2,693
Fuel flowage fees	784
Security reimbursements	122
Other aeronautical revenue	251
Total other aeronautical revenue	<u>4,655</u>

Total Aeronautical Revenue	<u>19,204</u>
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Non-Aeronautical Operating Revenue

Terminal Revenues

Food and beverage	908
Retail	1,210
Other terminal concessions and revenue (excludes rental car counter space)	1,193
Total non-aeronautical Terminal Revenue	<u>3,311</u>

Other Non-Aeronautical Operating Revenue

Rental car revenues	6,275
Parking revenues	13,297
Hotel revenues	233
Ground rents and facilities leases (excludes aeronautical & car rental)	580
Other non-aeronautical revenue	604
Total Other Non-Aeronautical Operating Revenues	<u>20,989</u>

Total Non-Aeronautical Operating Revenue	<u>24,300</u>
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Revenue from Tulsa Riverside Airport

Total operating revenues	<u>\$ 44,796</u>
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Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2023

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	6/30/2024	\$ 70,804
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	6/30/2024	\$ 675,650
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	6/30/2024	\$ 115,375
Workers compensation insurance	Milford Casualty Insurance Company	Bodily injury by accident, \$1,000,000 each accident; disease \$1,000,000 each employee. No deductible.	None	6/30/2024	\$ 88,138
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	6/30/2024	\$ 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, 2023

Gross revenues as defined by the Bond Indenture as supplemented	
Operating revenue	\$ 44,998,089
Interest available for debt service (1)	1,354,369
Airport Improvement Fund balance (2)	10,649,267
Airport Improvement Fund transfers (2)	14,101,301
PFC funds available for debt service (3)	5,470,710
CFC revenues	3,103,332
Other nonoperating	325,477
Total gross revenues	<u>80,002,545</u>
Gross expenses as defined by the Bond Indenture as supplemented	
Combined operating expenses, excluding non-cash pension expense	26,188,797
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemented	1,616,150
Total operating expenses	<u>27,804,947</u>
Net revenues available for debt service	<u>\$ 52,197,598</u>
Debt service (4)	\$ 14,120,230
Debt coverage	3.70

- (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.

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, 2023

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Revenue Funds						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	12,766,075	12,766,075	12,766,075
Revenue Fund Deposit Account	On Demand	0.00%	0.00%	202,760	202,760	202,760
Revenue Receipts Demand Deposit Account	On Demand	0.00%	0.00%	2,362	2,362	2,362
Parking Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1	1	1
Total Revenue Funds					<u>12,971,198</u>	<u>12,971,198</u>
Coverage Account						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	871,201	871,201	871,201
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	2,800,000	2,800,000	2,382,856
Total Coverage Account					<u>3,671,201</u>	<u>3,254,057</u>
Customer Facility Charge Account						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	442,525	442,525	442,525
Total Customer Facility Charge Accounts					<u>442,525</u>	<u>442,525</u>
Passenger Facility Charge Revenue Fund						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	2,769,703	2,769,703	2,769,703
PFC Revenue Fund Deposit Account	On Demand	0.00%	0.00%	518,133	518,133	518,133
PFC Demand Deposit Account	On Demand	0.00%	0.00%	11,729	11,729	11,729
Total Passenger Facility Charge Revenue Fund					<u>3,299,565</u>	<u>3,299,565</u>
Operating Reserve Fund						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	2,726,622	2,726,622	2,726,622
FFCB @ 0.640% DUE 01/05/2027	01/05/2027	0.64%	0.70%	2,000,000	2,000,000	1,750,480
FFCB @ 0.790% DUE 06/21/2027	06/21/2027	0.79%	0.90%	3,100,000	3,100,000	2,696,845
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	1,090,000	1,090,000	927,612
FNMA POOL #4593	05/01/2024	4.70%	4.80%	138	148	137
Total Operating Reserve Fund					<u>8,916,769</u>	<u>8,101,696</u>
Airport Improvement Fund						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	11,528,962	11,528,962	11,528,962
FHLB @ 1.050% DUE 08/18/2028	8/18/2028	1.05%	1.20%	2,445,000	2,445,000	2,080,744
Total Airport Improvement Fund					<u>13,973,962</u>	<u>13,609,706</u>
Bond Reserve Funds						
GS FIN SQ GOVT-ADM #0466 - Tax Exempt	On Demand	Variable	4.76%	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	1,739,900
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	1,735,000	1,735,000	1,476,520
GS FIN SQ GOVT-ADM #0466 - Taxable	On Demand	Variable	4.76%	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	4,349,750
FHLB @ 1.050% DUE 08/18/2028	08/18/2028	1.05%	1.20%	1,390,000	1,390,000	1,182,918
Total Bond Reserve Funds					<u>10,158,382</u>	<u>8,782,469</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, 2023

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						
GS FIN SQ GOVT-ADM #0466 2013B Int	On Demand	Variable	4.76%	4,154	4,154	4,154
GS FIN SQ GOVT-ADM #0466 2013B Prin	On Demand	Variable	4.76%	3,802	3,802	3,802
US TREASURY BILL 05/24/2024 2013B Prin	5/24/2024	2.00%	2.10%	80,000	77,747	77,554
GS FIN SQ GOVT-ADM #0466 2015A Int	On Demand	Variable	4.76%	2,292	2,292	2,292
GS FIN SQ GOVT-ADM #0466 2015A Prin	On Demand	Variable	4.76%	2,034	2,034	2,034
US TREASURY BILL 05/24/2024 2015A Prin	5/24/2024	2.00%	2.10%	45,000	43,733	43,624
GS FIN SQ GOVT-ADM #0466 2015C Int	On Demand	Variable	4.76%	2,515	2,515	2,515
GS FIN SQ GOVT-ADM #0466 2015C Prin	On Demand	Variable	4.76%	1,667	1,667	1,667
GS FIN SQ GOVT-ADM #0466 2016A Int	On Demand	Variable	4.76%	0	0	0
GS FIN SQ GOVT-ADM #0466 2016A Prin	On Demand	Variable	4.76%	5	5	5
GS FIN SQ GOVT-ADM #0466 2017 Prin	On Demand	Variable	4.76%	1,087	1,087	1,087
US TREASURY BILL 05/24/2024 2017 Prin	5/24/2024	2.00%	2.10%	150,000	145,775	145,413
GS FIN SQ GOVT-ADM #0466 2017 Int	On Demand	Variable	4.76%	2,879	2,879	2,879
US TREASURY BILL 11/30/2023 2017 Int	11/30/2023	0.00%	0.00%	160,000	156,587	156,538
GS FIN SQ GOVT-ADM #0466 2018 Prin	On Demand	Variable	4.76%	1,351	1,351	1,351
US TREASURY BILL 05/24/2024 2018A Prin	5/24/2024	2.00%	2.10%	35,000	34,014	33,930
GS FIN SQ GOVT-ADM #0466 2018 Int	On Demand	Variable	4.76%	2,823	2,823	2,823
US TREASURY BILL 11/30/2023 2018A Int	11/30/2023	0.00%	0.00%	75,000	73,400	73,377
GS FIN SQ GOVT-ADM #0466 2020A Interest	On Demand	Variable	4.76%	2,124	2,124	2,124
US TREASURY BILL 11/30/2023 2020A Int	11/30/2023	0.00%	0.00%	40,000	39,147	39,134
GS FIN SQ GOVT-ADM #0466 2020A Principal	On Demand	Variable	4.76%	2,721	2,721	2,721
US TREASURY BILL 05/24/2024 2020A Prin	5/24/2024	2.00%	2.10%	180,000	174,930	174,496
GS FIN SQ GOVT-ADM #0466 2021A Interest	On Demand	Variable	4.76%	4,117	4,117	4,117
GS FIN SQ GOVT-ADM #0466 2021A Prin	On Demand	Variable	4.76%	3,017	3,017	3,017
US TREASURY BILL 05/24/2024 2021A Prin	5/24/2024	2.00%	2.10%	35,000	34,014	33,930
GS FIN SQ GOVT-ADM #0466 2021B Interest	On Demand	Variable	4.76%	5,959	5,959	5,959
US TREASURY BILL 11/30/2023 2021B Int	11/30/2023	0.00%	0.00%	110,000	107,653	107,620
GS FIN SQ GOVT-ADM #0466 2021B Prin	On Demand	Variable	4.76%	5,270	5,270	5,270
US TREASURY BILL 05/24/2024 2021B Prin	5/24/2024	2.00%	2.10%	135,000	131,198	130,872
					<u>1,066,015</u>	<u>1,064,302</u>
Construction Funds						
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	178,531	178,531	178,531
Total Construction Funds					<u>178,531</u>	<u>178,531</u>
Capital Projects Clearing Fund						
Grant Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1,001	1,001	1,001
GS FIN SQ GOVT-ADM #0466	On Demand	Variable	4.76%	286,982	286,982	286,982
Total Capital Projects Clearing Fund					<u>287,983</u>	<u>287,983</u>
Other Funds						
ICS Deposit Account	On Demand	4.25%	4.25%	5,575,043	5,575,043	5,575,043
GS FIN SQ GOVT-ADM #0466 SPEC PGRM	On Demand	Variable	4.76%	13,061,695	13,061,695	13,061,695
GS FIN SQ GOVT-ADM #0466 STATE GRANT	On Demand	Variable	4.76%	188,487	188,487	188,487
General Operating Deposit Account	On Demand	0.00%	0.00%	1,634,955	1,634,955	1,634,955
Special Programs Demand Deposit Account	On Demand	0.00%	0.00%	170,467	170,467	170,467
Payroll Demand Deposit Account	On Demand	0.00%	0.00%	36,598	36,598	36,598
Arvest Bank Demand Deposit Account	On Demand	0.00%	0.00%	121,985	121,985	121,985
Petty Cash	On Demand	0.00%	0.00%	2,500	2,500	2,500
Total Other Funds					<u>20,791,730</u>	<u>20,791,730</u>
Total Funds on Deposit and Invested					<u>75,757,860</u>	<u>72,783,761</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2023

Five Year Construction In Progress – The Airport’s total estimated cost for the years ending 2024 through 2028 (in thousands):

Estimated 5-Year Cost Of Airports Improvements (FY2024-FY2028) ⁽¹⁾
(Dollars in Thousands)

	Estimated Total Cost⁽¹⁾	Estimated⁽²⁾ Federal Assistance	Estimated⁽³⁾ Local/ Other Assistance	Payable by Airport
Terminal Building Improvements	49,810	16,230	5,000	28,580
Airfield Improvements	145,830	138,087	0	7,743
Land Acquisition	750	0	0	750
Parking and Roadway Improvements (Landslide)	10,838	2,599	0	8,239
Tulsa Riverside Airport. CIP	7,162	6,446	0	716
Total Estimated Cost of Improvements	214,390	163,362	5,000	46,028

The approved Airport Trustees’ Fiscal Year 2024-2028 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 or FAA AIG.

Tulsa International Airport (TUL) has several large project listed in the Fiscal Year 2024-2028 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 2024-2028. 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.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2023

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

	2019	2020	2021	2022	2023
January	104,504	104,444	45,885	79,725	102,021
February	100,646	99,746	44,761	78,296	99,310
March	120,220	53,652	77,299	112,010	130,628
April	119,016	5,137	82,058	113,528	119,913
May	142,857	17,784	108,597	136,740	145,812
June	142,978	38,293	122,932	140,555	149,862
July	143,738	58,136	130,295	143,676	147,928
August	126,539	54,038	105,127	125,614	128,812
September	122,033	54,386	103,317	130,222	132,888
October	135,003	61,684	114,911	143,437	149,876
November	119,197	58,878	111,436	125,876	N/A (1)
December	127,553	57,516	109,400	114,192	N/A (1)
Annual	<u>1,504,284</u>	<u>663,694</u>	<u>1,156,018</u>	<u>1,443,871</u>	<u>1,307,050</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	2019		2020		2021		2022		2023	
	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	1.98%	2	2.33%	2	3.03%	3	3.41%	2	2.11%
American	28	27.72%	26	27.73%	21	31.82%	30	34.09%	30	31.58%
Delta	15	14.85%	12	13.95%	10	15.15%	11	12.50%	11	11.58%
Southwest	25	24.75%	22	25.58%	17	25.76%	20	22.73%	30	31.58%
United	30	29.70%	24	27.91%	15	22.73%	22	25.00%	22	23.16%
Other	1	0.99%	-	0.00%	1	1.52%	2	2.27%	-	0.00%
	<u>101</u>	100.00%	<u>86</u>	100.00%	<u>66</u>	100.00%	<u>88</u>	100.00%	<u>95</u>	100.00%

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

Airline Enplaned Passengers:

Airline	2019		2020		2021		2022		2023	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Allegiant Air	54,152	3.59%	42,761	3.91%	40,073	4.85%	59,294	4.44%	61,636	4.03%
American	318,662	21.11%	237,009	21.68%	182,527	22.09%	275,450	20.63%	290,426	18.97%
American/Compass	5,790	0.38%	15,778	1.44%	-	N/A	-	N/A	-	N/A
American Eagle/Envoy	21,129	1.40%	11,748	1.07%	37,645	4.56%	52,038	3.90%	104,237	6.81%
American/Mesa/Envoy	48,848	3.24%	62,710	5.74%	39,171	4.74%	53,425	4.00%	12,474	0.81%
American/US Airways	23,480	1.56%	14,681	1.34%	19,487	2.36%	25,982	1.95%	31,634	2.07%
American/SkyWest	535	0.04%	439	0.04%	16,900	2.05%	44,030	3.30%	40,586	2.65%
Breeze	-	0.00%	-	0.00%	-	0.00%	11,116	0.83%	5,688	0.37%
Delta	101,820	6.75%	77,515	7.09%	43,071	5.21%	111,376	8.34%	126,488	8.26%
Delta Connection/ASA/Express Jet	5,879	0.39%	-	N/A	-	N/A	-	N/A	-	N/A
Delta Connection/Compass	64	0.00%	72	0.01%	-	N/A	-	N/A	-	N/A
Delta/GoJet	505	0.03%	-	N/A	-	N/A	-	N/A	-	N/A
Delta/Pinnacle/Endeavor	43,110	2.86%	28,647	2.62%	20,330	2.46%	7,874	0.59%	-	N/A
Delta Connection/SkyWest	62,697	4.15%	41,642	3.81%	25,571	3.10%	43,037	3.22%	42,013	2.74%
Frontier	43,876	2.91%	10,872	0.99%	13,321	1.61%	10,329	0.77%	-	N/A
Miami Air	-	0.00%	168	0.02%	-	N/A	-	N/A	-	N/A
Southwest	497,107	32.93%	354,720	32.45%	266,510	32.26%	426,133	31.91%	568,171	37.12%
Sun Country/MN Airlines	1,504	0.10%	1,014	0.09%	-	N/A	-	N/A	1,663	0.11%
United	66,273	4.39%	39,385	3.60%	7,873	0.95%	55,844	4.18%	76,059	4.97%
United/Air Wisconsin	12,609	0.84%	5,094	0.47%	618	0.07%	1,386	0.10%	4,388	0.29%
United Express/Express Jet	70,527	4.67%	40,423	3.70%	21,471	2.60%	41,407	3.10%	43,587	2.85%
United Express/GoJet	15,482	1.03%	12,684	1.16%	15,426	1.87%	10,138	0.76%	-	N/A
United Express/Mesa	41,403	2.74%	23,533	2.15%	26,371	3.19%	13,173	0.99%	22,722	1.48%
United Express/Republic	9,375	0.62%	7,991	0.73%	3,883	0.47%	65	0.00%	40	0.00%
United Express/SkyWest	43,319	2.87%	46,842	4.29%	44,558	5.39%	92,491	6.93%	98,145	6.41%
United Express/Trans State	18,915	1.25%	17,076	1.56%	-	N/A	-	N/A	-	N/A
Via Air	1,836	0.12%	-	N/A	-	N/A	-	N/A	-	N/A
Other	556	0.04%	315	0.03%	1,364	0.17%	752	0.06%	686	0.04%
	<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%	<u>1,530,643</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 2019		FY 2020		FY 2021		FY 2022		FY 2023	
	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total
Allegiant Air, LLC	54,937,404	2.39%	48,578,590	2.54%	55,169,341	3.43%	66,007,280	3.32%	59,258,915	2.66%
American	417,147,318	18.11%	330,462,916	17.30%	254,559,020	15.82%	317,779,088	15.98%	327,931,762	14.73%
American / Compass	6,745,500	0.29%	20,836,100	1.09%	-	N/A	-	N/A	-	N/A
American Eagle / Envoy	66,526,710	2.89%	87,761,650	4.60%	46,159,740	2.87%	68,163,200	3.43%	134,277,630	6.03%
American / Express Jet	67,000	0.00%	-	N/A	-	N/A	-	N/A	-	N/A
American / Envoy / Mesa	25,528,800	1.11%	17,001,100	0.89%	45,386,800	2.82%	35,552,100	1.79%	15,189,200	0.68%
American / SkyWest	1,340,000	0.06%	670,000	0.04%	26,982,000	1.68%	87,239,250	4.39%	50,875,000	2.29%
American / US Airways	28,702,900	1.25%	18,808,800	0.98%	25,067,200	1.56%	32,169,200	1.62%	38,336,200	1.72%
Breeze	-	N/A	-	N/A	-	N/A	20,802,308	1.05%	15,722,917	0.71%
Delta	118,601,320	5.15%	103,931,919	5.44%	77,971,520	4.85%	134,039,726	6.74%	144,376,696	6.49%
Delta Connection (ASA) (Express Jet)	6,566,000	0.29%	-	N/A	-	N/A	-	N/A	-	N/A
Delta Connection (Compass)	75,177	0.00%	89,000	0.00%	-	N/A	-	N/A	-	N/A
Delta (Pinnacle) (Endeavor)	50,951,400	2.21%	35,348,400	1.85%	31,992,600	1.99%	8,711,600	0.44%	-	N/A
Delta / Republic	670,000	0.03%	-	N/A	-	N/A	-	N/A	-	N/A
Delta Connection (SkyWest)	80,631,893	3.50%	58,792,879	3.08%	48,404,367	3.01%	54,905,984	2.76%	53,968,832	2.42%
Frontier	48,781,434	2.12%	9,982,301	0.52%	15,272,508	0.95%	11,619,752	0.58%	142,198	0.01%
Southwest	600,816,000	26.08%	496,144,000	25.98%	402,924,800	25.04%	482,338,800	24.26%	733,732,000	32.96%
Sun Country / Mn Airlines	5,413,100	0.23%	5,086,300	0.27%	1,901,900	0.12%	438,900	0.02%	3,803,800	0.17%
United	94,326,500	4.10%	57,018,600	2.99%	12,925,200	0.80%	70,936,000	3.57%	90,988,300	4.09%
United / Air Wisconsin	14,382,000	0.62%	6,110,000	0.32%	799,000	0.05%	1,551,000	0.08%	5,452,000	0.24%
United Express / Express Jet	73,297,994	3.18%	49,613,330	2.60%	23,395,508	1.45%	44,135,643	2.22%	44,885,656	2.02%
United Express / GoJet	18,023,000	0.78%	23,992,000	1.26%	24,827,000	1.54%	14,457,000	0.73%	-	N/A
United Express / Mesa	57,448,300	2.49%	37,256,600	1.95%	39,247,600	2.44%	16,777,600	0.84%	27,091,100	1.22%
United Express / Republic	13,613,040	0.59%	12,055,680	0.63%	6,461,700	0.40%	72,310	0.00%	72,300	0.00%
United Express / SkyWest	49,633,500	2.16%	54,760,500	2.87%	58,391,600	3.63%	103,765,300	5.22%	110,494,300	4.96%
United Express / Transtates	19,773,270	0.86%	18,071,300	0.95%	-	N/A	-	N/A	-	N/A
Other Non-Sig Passenger Carriers	10,690,661	0.46%	2,181,850	0.11%	1,820,064	0.11%	-	N/A	210,000	0.01%
Air Transport	93,060,000	4.04%	40,675,000	2.13%	-	N/A	-	N/A	-	N/A
Ameriflight	11,300	0.00%	1,645,200	0.09%	672,200	0.04%	440,276	0.02%	491,294	0.02%
Federal Express	197,361,700	8.57%	184,344,900	9.65%	192,923,700	11.99%	225,646,200	11.35%	207,001,600	9.30%
Federal Express/Empire	16,179,996	0.70%	15,360,765	0.80%	12,595,996	0.78%	-	N/A	-	N/A
Federal Express / Mountain Air Cargo	94,136	0.00%	47,068	0.00%	36,160	0.00%	-	N/A	-	N/A
Martinaire	4,080,000	0.18%	4,284,000	0.22%	3,493,500	0.22%	2,584,000	0.13%	2,592,500	0.12%
Suburban Air	4,073,300	0.18%	4,121,600	0.22%	4,202,100	0.26%	4,202,100	0.21%	4,137,700	0.19%
UPS	111,087,280	4.82%	126,080,800	6.60%	144,163,440	8.96%	139,179,000	7.00%	109,996,160	4.94%
Other Cargo Carriers	12,961,930	0.56%	38,630,806	2.02%	51,116,241	3.18%	44,936,104	2.26%	44,976,258	2.02%
Totals	2,303,599,863	100.00%	1,909,743,954	100.00%	1,608,862,805	100.00%	1,988,449,721	100.00%	2,226,004,318	100.00%

Tulsa Airports Improvement Trust

Compliance Report
June 30, 2023

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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, 2023, 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 5, 2023.

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 5, 2023

**Report on Compliance for Each 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 Each Major Federal Program

Opinion on Each 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 each of the Trust's major federal programs for the year ended June 30, 2023. The Trust's major federal programs are 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 each 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 each 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, 2023, and have issued our report thereon dated December 5, 2023, 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 5, 2023

Tulsa Airports Improvement Trust

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

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	\$ 111,333
Update Airport Master Plan or Study	20.106	3-40-0098-037-2021	167,895
RVS Airport Rescue Grant	20.106	3-40-0098-038-2022	148,000
Shift/Reconfigure Taxiways (Phase 1 of Construction)	20.106	3-40-0098-039-2022	1,793,508
Rehabilitate Runway 18R/36L	20.106	3-40-0099-094-2020	47,238
Construct/Extend/Improve Safety Area Runway 18R/36L	20.106	3-40-0099-095-2020	58,796
Conduct or Update Miscellaneous Study (Pavement Management Program Update)	20.106	3-40-0099-097-2021	34,055
ARFF Vehicles and Snow Equipment	20.106	3-40-0099-098-2021	798,826
TUL Airport Rescue Grant	20.106	3-40-0099-102-2022	5,792,609
Acquire SRE (Blower) and ARFF Equipment	20.106	3-40-0099-104-2022	28,125
Total U.S. Department of Transportation— Federal Aviation Administration			<u>\$ 8,980,385</u>

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, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Tulsa Airports Improvement Trust (Trust) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Trust, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Trust.

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 the Uniform Guidance, 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, 2023.

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, 2023**

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, 2023

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 No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes 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 No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

Tulsa Airports Improvement Trust

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

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