

Tulsa Airports Improvement Trust

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

FINANCIAL REPORT

June 30, 2019 and 2018

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Index
June 30, 2019 and 2018

	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Basic Financial Statements	15
Required Supplementary Information	
Municipal Employees’ Retirement Plan	36
Supplementary Information	
Detailed Schedules of Operating Revenue	37
Other Information (Unaudited)	
Schedule of Insurance in Force	38
Schedule of Net Revenues Available for Debt Service and Debt Coverage	39
Schedule of Funds on Deposit and Invested	40
Five-Year Construction in Progress	43
Monthly Enplaned Passengers	43
Average Daily Scheduled Flights	44
Airline Enplaned Passengers	45
Airline – Air Cargo Landed Weight	46



RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Airports Improvement Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Tulsa Airports Improvement Trust (TAIT), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise TAIT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIT, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedules of operating revenue information, listed in the table of contents as supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule 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. Such 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The accompanying Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Kansas City, Missouri
November 6, 2019

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2019 and 2018**

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 years ended June 30, 2019 and 2018.

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>2019</u>	<u>2018</u>	<u>2017</u>
Enplaned Passengers	1,509,453	1,430,909	1,380,299
Airfreight (Tons)	69,789	68,541	55,379
Airline/Aircraft Movements (TUL)	93,428	101,519	111,640
Airline/Aircraft Movements (RVS)	186,282	189,910	195,175
Landed weights	2,303,599,863	2,167,744,083	2,015,399,558

Airport Activities Highlights

Tulsa Airports Improvement Trust operates Tulsa International Airport (TUL) and R.L. Jones, Jr. Airport (RVS). As of June 30, 2019 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 FY19 to 1,509,453 continuing the growth experienced in FY18. For FY19, Southwest Airlines enplaned the largest share of passengers at Tulsa International Airport with 33% of enplanements, followed by American Airlines (mainline and regional affiliates) with 28%. The market share of mainline carriers decreased to 65.2% in FY19 from 67.5% in FY18, while the market share of regional affiliates increased to 34.8% in FY19 from 32.5% in FY18.

Year over year seat capacity increased 5.85% in FY19 with significant increases from U.S. major carriers American Airlines and United Airlines. United increased frequency and aircraft gauge to all three of their nonstop destinations: Houston, Chicago and Denver. American launched new daily nonstop service to Los Angeles in addition to increasing frequency by double digits to Dallas and Chicago and increasing aircraft gauge to Charlotte. Frontier Airlines operated service to five new cities, increasing their total capacity investment at TIA by 108%. Allegiant Airlines commenced new nonstop service to Destin-Ft. Walton beach in July 2019 on a 186 seat A320 aircraft. Delta’s overall capacity is up 2.6% year over year after the addition of a second daily nonstop to Salt Lake City. Southwest’s capacity decreased by 1.9%, as the grounding of the 737 MAX aircraft required capacity cuts across their network to accommodate the grounding of the 737 MAX aircraft. Via Air ceased commercial service from all U.S. airports, leading to the elimination of nonstop service to Austin from TIA. In FY19, airlines provided 2,024,172 seats on 17,438 flights from TIA.

Tulsa Airports Improvement Trust

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

Management's Discussion and Analysis

June 30, 2019 and 2018

Financial Position Summary as of June 30, 2019 (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 \$279,857.
- Net position increased \$4,142 from \$275,715 at June 30, 2018 to \$279,857 at June 30, 2019.
- Total liabilities increased \$12,381 from \$186,840 at June 30, 2018 to \$199,221 at June 30, 2019.
- Cash and cash equivalents increased \$10,087 from \$19,705 at June 30, 2018 to \$29,792 at June 30, 2019.

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 Comprehensive Annual 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, 2019 and 2018

Summary of Net Position

<i>(in thousands of dollars)</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current and other assets	\$ 68,112	\$ 50,801	\$ 46,086
Capital assets, net	<u>400,047</u>	<u>400,716</u>	<u>401,342</u>
Total assets	<u>468,159</u>	<u>451,517</u>	<u>447,428</u>
Deferred outflows of resources	<u>11,589</u>	<u>11,847</u>	<u>8,117</u>
Liabilities			
Current and other liabilities	15,545	17,903	12,507
Long-term debt outstanding	<u>183,676</u>	<u>168,937</u>	<u>170,672</u>
Total liabilities	<u>199,221</u>	<u>186,840</u>	<u>183,179</u>
Deferred inflows of resources	<u>670</u>	<u>809</u>	<u>1,844</u>
Net position			
Net investment in capital assets	260,554	252,981	252,778
Restricted	11,545	11,434	9,324
Unrestricted	<u>7,758</u>	<u>11,300</u>	<u>8,420</u>
Total net position	<u>\$ 279,857</u>	<u>\$ 275,715</u>	<u>\$ 270,522</u>

The largest portion (93%) and (92%) of TAIT's net position as of June 30, 2019 and 2018, respectively, 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, 2019 and 2018

Summary of Changes in Net Position

(in thousands of dollars)

	2019	2018	2017
Operating revenues	\$ 34,520	\$ 37,066	\$ 33,785
Nonoperating revenues, including capital grants	20,965	17,852	13,652
Total revenues	55,485	54,918	47,437
Operating expenses	42,364	40,201	38,605
Nonoperating expenses	8,979	9,524	10,163
Total expenses	51,343	49,725	48,768
Increase (decrease) in net position	\$ 4,142	\$ 5,193	\$ (1,331)

- FY19 operating revenues, which consist primarily of rents and service fees, decreased 6.9% due to recognizing the FY18 net revenue share agreement and FY19 net revenue share cap agreements with the Signatory Airlines in FY19. FY18 operating revenues increased 9.7% due to an increase in non-aeronautical operating revenues. In FY18 only FY17 net revenue share agreement was recognized.
- Nonoperating revenues increased 17.4% in FY19 due to an increase in the level of federal grant receipts and an increase in fair value of investments. The increase of 30.8% in FY18 was due to changes in the level of federal and state grant receipts.
- Operating expenses increased \$2,163 for FY19 due to increased personnel compensation as well as increased depreciation expense as capital projects were completed and closed. Operating expenses increased \$1,596 for FY18 due to increased depreciation expense as capital projects were completed and closed.
- Nonoperating expenses decreased for FY19 by 5.7% from FY18 primarily due to a reduction in bond issuance costs. FY18 nonoperating expenses decreased by 6.29% due to a reduction in interest expenses.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2019 and 2018

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>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows			
Provided by operating activities	\$ 13,233	\$ 13,435	\$ 11,399
Provided by non-capital and related financing activities	43	17	7
Provided by (used in) capital and related financing activities	2,828	(11,223)	(23,927)
Provided by (used in) investing activities	(6,017)	444	(1,387)
	<u>10,087</u>	<u>2,673</u>	<u>(13,908)</u>
Cash and cash equivalents			
Beginning of year	19,705	17,032	30,940
End of year	<u>\$ 29,792</u>	<u>\$ 19,705</u>	<u>\$ 17,032</u>

Capital Assets (in thousands of dollars)

The Trust's investment in capital assets amounted to \$400,047 (net of accumulated depreciation). The Trust paid \$21,032 and \$11,818 related to the acquisition and construction of capital assets for the years ended June 30, 2019 and 2018, respectively.

(in thousands of dollars)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 370,141	\$ 355,309	\$ 348,705
Easements	70,838	70,838	70,838
Buildings	274,538	269,805	267,122
Art	275	275	275
Equipment	25,539	22,202	21,088
	<u>741,331</u>	<u>718,429</u>	<u>708,028</u>
Less: Accumulated depreciation	(344,832)	(328,409)	(312,352)
Construction-in-progress	3,548	10,696	5,666
Capital assets, net	<u>\$ 400,047</u>	<u>\$ 400,716</u>	<u>\$ 401,342</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2019 and 2018

Long-Term Debt (in thousands of dollars)

At June 30, 2019, TAIT had outstanding long-term portion of general revenue bonds of \$168,886. 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)		
	2019	2018	2017
Revenue bonds	<u>\$ 168,886</u>	<u>\$ 156,422</u>	<u>\$ 158,518</u>

The Trust's long-term debt increased by \$12,464 in FY19 and decreased by \$2,096 in FY18. Fiscal Year 2019 increased with the issuance of the Airport Trustees General Airport Revenue Bond Series 2018A of \$19.8 million.

Signatory Airline Rates and Charges

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

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

Signatory Airline Terminal rental rates for FY19, FY18 and FY17 ranged from \$24.22 to \$96.88 per square foot. Signatory landing fees were \$3.62 per 1000 lbs for FY19, FY18 and FY17.

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2019 and 2018**

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 2019, the aggregate population of the Tulsa MSA was estimated to be 991,561 or 25% percent of the population of the state of Oklahoma.

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

In the five-year period ending 2018, nearly all sectors in the Tulsa economy showed positive average annual growth. The highest growth occurred in the construction and leisure and hospitality sectors with 3.7% and 3.4% annual average growth, respectively. Tulsa’s target sectors of mining, manufacturing, transportation, business and professional service, and health services (with education) aggregately gained jobs, 53% growth in total employment in 2019.

Contacting TAIT’s Financial Management

Questions about this report or requests for additional financial information can be directed to the Chief Financial Officer, 7777 E. Apache St., Room A217, Tulsa, OK 74115.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Net Position
June 30, 2019 and 2018

(in thousands of dollars)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 17,249	\$ 14,143
Cash and cash equivalents - restricted	1,735	5,562
Investments - restricted	1,546	1,462
Receivables		
Trade, less allowance for doubtful accounts of \$35 and \$57, respectively	2,140	2,260
Intergovernmental receivable	3,017	2,644
Customer facility charges receivable	315	294
Inventories	1,517	1,580
Other current assets	407	487
Total current assets	<u>27,926</u>	<u>28,432</u>
Noncurrent assets		
Cash and cash equivalents - restricted	10,808	-
Investments	-	3,539
Investments - restricted	28,364	17,400
Passenger facility charges receivable - restricted	862	880
Accrued interest receivable - restricted	24	8
Capital assets not being depreciated	147,234	154,382
Capital assets, net of accumulated depreciation	252,813	246,334
Advance to primary government	128	128
Other	-	414
Total noncurrent assets	<u>440,233</u>	<u>423,085</u>
Total assets	<u>468,159</u>	<u>451,517</u>
Deferred Outflows of Resources		
Deferred charges on refunding	9,185	9,965
Pension related amounts	2,404	1,882
Total deferred outflows of resources	<u>\$ 11,589</u>	<u>\$ 11,847</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)
Statements of Net Position, continued
June 30, 2019 and 2018

(in thousands of dollars)

	<u>2019</u>	<u>2018</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 3,153	\$ 1,898
Current portion of compensated absences	118	139
Other accrued expenses	158	158
Unearned revenue	529	550
Current portion of bonds payable	8,441	8,020
Liabilities payable from restricted assets:		
Accounts payable	2,437	6,476
Customer deposits	47	49
Accrued interest payable	662	613
Total current liabilities	<u>15,545</u>	<u>17,903</u>
Noncurrent liabilities		
Compensated absences	998	851
Other accrued expenses	43	215
Net pension liability	13,749	11,449
Bonds payable, including premium	168,886	156,422
Total noncurrent liabilities	<u>183,676</u>	<u>168,937</u>
Total liabilities	<u>199,221</u>	<u>186,840</u>
Deferred inflows of resources, pension related amounts	<u>670</u>	<u>809</u>
Net position		
Net investment in capital assets	<u>260,554</u>	<u>252,981</u>
Restricted for		
Restricted by bond indenture for operations	6,646	6,321
Debt service	733	671
Capital projects	3,985	4,264
Other purposes	181	178
Total restricted net position	<u>11,545</u>	<u>11,434</u>
Unrestricted	7,758	11,300
Total net position	<u>\$ 279,857</u>	<u>\$ 275,715</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)
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

<i>(in thousands of dollars)</i>	<u>2019</u>	<u>2018</u>
Operating revenue		
Aeronautical operating revenues		
Landing fees - signatory and non-signatory	\$ 6,763	\$ 8,100
Passenger airline terminal revenue - signatory and non-signatory	3,502	6,073
Other aeronautical revenue	3,773	3,670
Total aeronautical revenue	<u>14,038</u>	<u>17,843</u>
Non-aeronautical operating revenue		
Terminal revenues	2,760	2,490
Rental car revenues	5,085	4,772
Parking revenues	10,195	9,778
Other non-aeronautical operating revenue	1,211	994
Total non-aeronautical operating revenue	<u>19,251</u>	<u>18,034</u>
Revenue from R. L. Jones, Jr. Airport	1,121	1,094
Revenue from Okmulgee Airport	110	95
Total operating revenues	<u>34,520</u>	<u>37,066</u>
Operating expenses		
Personnel compensation and benefits	13,074	11,301
Service contracts	7,049	6,962
Materials, equipment & supplies	1,671	2,049
Utilities and communications	1,703	1,653
Insurance, claims	300	314
Other	1,008	897
Total operating expenses, excluding depreciation	<u>24,805</u>	<u>23,176</u>
Net operating income before depreciation	9,715	13,890
Depreciation	17,559	17,025
Net operating (loss)	<u>(7,844)</u>	<u>(3,135)</u>
Nonoperating revenues (expenses)		
Investment income and change in fair value of investments	1,523	297
Interest expense	(7,972)	(8,003)
Amortization of bond discount/premium and deferred charges on refunding	(412)	(352)
Debt issuance costs	(595)	(1,109)
Passenger facility charges	5,940	5,673
Customer facility charges	3,297	3,190
Other, net	30	(60)
Net nonoperating revenues (expenses)	<u>1,811</u>	<u>(364)</u>
Capital contributions and grants		
Federal grants	10,168	8,603
State grants	-	89
Other contributions - City of Tulsa	7	-
Total capital contributions and grants	<u>10,175</u>	<u>8,692</u>
Increase in net position	4,142	5,193
Net position, beginning of year	275,715	270,522
Net position, end of year	<u>\$ 279,857</u>	<u>\$ 275,715</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)
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

(in thousands of dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from customers, including cash deposits	\$ 34,619	\$ 36,420
Cash payments to suppliers for goods and services	(10,069)	(11,716)
Cash payments to employees for services	(11,317)	(11,269)
Net cash provided by operating activities	<u>13,233</u>	<u>13,435</u>
Cash flows from non-capital and related financing activities		
Proceeds from non-capital grants, donations and reimbursements	43	17
Net cash provided by non-capital and related financing activities	<u>43</u>	<u>17</u>
Cash flows from capital and related financing activities		
Construction and purchase of capital assets	(21,032)	(11,818)
Interest paid on long-term debt	(7,922)	(7,215)
Passenger facility charges received	5,958	5,570
Customer facility charges received	3,276	3,184
Proceeds from issuance of long-term debt	19,825	54,180
Premium received, on debt issuance	1,447	-
Principal paid on long-term debt	(8,020)	(8,448)
Payments to escrow agent for debt refunding	-	(53,065)
Debt issuance costs	(595)	(1,109)
Proceeds from sale of capital assets	96	88
Proceeds from state grants	-	131
Proceeds from federal capital grants	9,795	7,279
Net cash provided by (used in) capital and related financing activities	<u>2,828</u>	<u>(11,223)</u>
Cash flows from investing activities		
Purchase of investments	(32,481)	(13,564)
Proceeds from sale or maturity of investments	25,542	13,525
Interest received on investments	922	483
Net cash provided by (used in) investing activities	<u>(6,017)</u>	<u>444</u>
Net increase in cash and cash equivalents	10,087	2,673
Cash and cash equivalents		
Beginning of year	<u>19,705</u>	<u>17,032</u>
End of year	<u>\$ 29,792</u>	<u>\$ 19,705</u>

(continued)

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows, continued
Years Ended June 30, 2019 and 2018

(in thousands of dollars)

	<u>2019</u>	<u>2018</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current unrestricted cash and cash equivalents	\$ 17,249	\$ 14,143
Current restricted cash and cash equivalents	1,735	5,562
Noncurrent restricted cash and cash equivalents	<u>10,808</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 29,792</u>	<u>\$ 19,705</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (7,844)	\$ (3,135)
Adjustments to reconcile operating activities to net cash provided by operating activities:		
Depreciation	17,559	17,025
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable, trade	120	(708)
Decrease (increase) in inventories	63	(92)
Decrease in other current and noncurrent assets	519	1
(Decrease) increase in unearned revenue	(21)	62
Increase in accounts payable and accrued liabilities	1,199	244
Change in pension-related amounts	1,638	38
Net cash provided by operating activities	<u>\$ 13,233</u>	<u>\$ 13,435</u>
Noncash investing activities:		
Depreciation (appreciation) of fair value of investments	<u>\$ 75</u>	<u>\$ (493)</u>
Noncash capital and financing activities:		
Capital asset acquisitions included in accounts payable	<u>\$ (4,039)</u>	<u>\$ 4,746</u>
Capital contributions	<u>\$ 7</u>	<u>\$ -</u>
Federal capital grant revenue included in receivables	<u>\$ 3,002</u>	<u>\$ 2,629</u>
Passenger facility charge revenue included in receivables	<u>\$ 862</u>	<u>\$ 880</u>
Customer facility charge revenue included in receivables	<u>\$ 315</u>	<u>\$ 294</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, 2019 and 2018

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

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

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

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

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

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

REPORTING ENTITY – The Trust and TAA trustees are appointed by the Mayor and approved by City Council. The Trust is a component unit of the City and is included in the City's comprehensive annual 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, 2019 and 2018

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 (with the exception of the certificates of deposit) 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 certificates of deposit and money market funds are recorded at amortized cost. The Trust experienced an increase/(decrease) in the fair value of investments of approximately \$570 and \$(212) for the years ended June 30, 2019 and June 30, 2018, respectively.

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, 2019 and 2018

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.

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, 2019 and 2018

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).

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 represent 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, 2019 and 2018, totaled \$10,081 and \$8,189, respectively.

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:

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, 2019 and 2018

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

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 \$31,086 and \$13,218 as of June 30, 2019 and 2018, respectively. The Trust uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

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

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

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

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.

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, 2019 and 2018

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

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

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

Effective August 1, 1992, TAIT began the assessment of a \$3.00 PFC, which increased to \$4.50 in November 2010. The charge is collected by all carriers and remitted to TAIT, less a minor handling fee. The proceeds from the PFC are restricted for use by TAIT for certain FAA-approved capital improvement projects and debt payments. PFC revenues are reflected as nonoperating revenues when collected by the Airlines. As of June 30, 2019, TAIT has submitted a total of nine applications. Under the five approved open applications TAIT is authorized to collect \$153,435 of PFC revenue until August 1, 2033.

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

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

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

2. **CASH AND INVESTMENTS**

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

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, 2019 and 2018

2. **CASH AND INVESTMENTS, continued**

The Trust's investments as of June 30, 2019 are as follows:

Type	Carrying Value	June 30, 2019			Fair Value Measurement
		Maturities in Years			
		Less than 1	1-5	6-10	
<i>(in thousands of dollars)</i>					
Investments reported at fair value:					
US Treasury Bill	\$ 8,317	\$ 8,317	\$ -	\$ -	Level 2
Federal Home Loan Bank	18,075	-	18,075	-	Level 2
Federal National Mortgage Association	1,320	-	1,320	-	Level 2
Federal Home Loan Mortgage Corporation	1,996	-	1,996	-	Level 2
	<u>29,708</u>	<u>\$ 8,317</u>	<u>\$ 21,391</u>	<u>\$ -</u>	
Investments reported at amortized cost:					
Certificates of deposit	202				
	<u>\$ 29,910</u>				

The Trust's investments as of June 30, 2018 are as follows:

Type	Carrying Value	June 30, 2018			Fair Value Measurement
		Maturities in Years			
		Less than 1	1-5	6-10	
<i>(in thousands of dollars)</i>					
Investments reported at fair value:					
US Treasury Bill	\$ 1,261	\$ 1,261	\$ -	\$ -	Level 2
Federal Home Loan Bank	17,718	-	17,718	-	Level 2
Federal National Mortgage Association	1,268	-	-	1,268	Level 2
Federal Home Loan Mortgage Corporation	1,953	-	1,953	-	Level 2
	<u>22,200</u>	<u>\$ 1,261</u>	<u>\$ 19,671</u>	<u>\$ 1,268</u>	
Investments reported at amortized cost:					
Certificates of deposit	201				
	<u>\$ 22,401</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 fulfill its obligations.

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, 2019 and 2018

2. **CASH AND INVESTMENTS**, continued

Investments – At June 30, 2019 and 2018, 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 and U.S. Treasury Notes 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, 2019 and 2018 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, 2019 and 2018 are registered in TAIT’s name.

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

Investments – At June 30, 2019 and 2018, TAIT’s investment in Federal Home Loan Bank (“FHLB”) constituted 60% and 80%, respectively, of its total investments. At June 30, 2019 and 2018, TAIT’s investment in Federal Home Loan Mortgage Corporation constituted 7% and 9%, respectively, of its total investments. At June 30, 2019 and 2018, TAIT’s investment in Federal National Mortgage Association constituted 4% and 6%, respectively, of its total investments. Money market accounts and certificates of deposit are not subject to concentration of credit risk disclosure.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2019 and 2018

3. CAPITAL ASSETS

The changes in capital assets during 2019 and 2018 are summarized as follows:

2019: <i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 72,573	\$ -	\$ -	\$ -	\$ 72,573
Easements	70,838	-	-	-	70,838
Artwork	275	-	-	-	275
Construction-in-progress	10,696	16,031	(54)	(23,125)	3,548
Total capital assets not being depreciated	<u>154,382</u>	<u>16,031</u>	<u>(54)</u>	<u>(23,125)</u>	<u>147,234</u>
Capital assets being depreciated					
Land improvements	282,736	-	(676)	15,508	297,568
Buildings	269,805	-	(5)	4,738	274,538
Equipment	22,202	1,034	(576)	2,879	25,539
Total capital assets being depreciated	<u>574,743</u>	<u>1,034</u>	<u>(1,257)</u>	<u>23,125</u>	<u>597,645</u>
Accumulated depreciation					
Land improvements	181,981	7,956	(666)	-	189,271
Buildings	135,248	8,056	(5)	-	143,299
Equipment	11,180	1,547	(465)	-	12,262
Total accumulated depreciation	<u>328,409</u>	<u>17,559</u>	<u>(1,136)</u>	<u>-</u>	<u>344,832</u>
Total capital assets being depreciated, net	<u>246,334</u>	<u>(16,525)</u>	<u>(121)</u>	<u>23,125</u>	<u>252,813</u>
Capital assets, net	<u>\$ 400,716</u>	<u>\$ (494)</u>	<u>\$ (175)</u>	<u>\$ -</u>	<u>\$ 400,047</u>
2018: <i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 72,573	\$ -	\$ -	\$ -	\$ 72,573
Easements	70,838	-	-	-	70,838
Artwork	275	-	-	-	275
Construction-in-progress	5,666	15,246	-	(10,216)	10,696
Total capital assets not being depreciated	<u>149,352</u>	<u>15,246</u>	<u>-</u>	<u>(10,216)</u>	<u>154,382</u>
Capital assets being depreciated					
Land improvements	276,132	-	(615)	7,219	282,736
Buildings	267,122	22	(163)	2,824	269,805
Equipment	21,088	1,349	(408)	173	22,202
Total capital assets being depreciated	<u>564,342</u>	<u>1,371</u>	<u>(1,186)</u>	<u>10,216</u>	<u>574,743</u>
Accumulated depreciation					
Land improvements	174,909	7,654	(582)	-	181,981
Buildings	127,253	8,048	(53)	-	135,248
Equipment	10,190	1,323	(333)	-	11,180
Total accumulated depreciation	<u>312,352</u>	<u>17,025</u>	<u>(968)</u>	<u>-</u>	<u>328,409</u>
Total capital assets being depreciated, net	<u>251,990</u>	<u>(15,654)</u>	<u>(218)</u>	<u>10,216</u>	<u>246,334</u>
Capital assets, net	<u>\$ 401,342</u>	<u>\$ (408)</u>	<u>\$ (218)</u>	<u>\$ -</u>	<u>\$ 400,716</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, 2019 and 2018

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

The changes in revenue bonds payable and other long-term liabilities during 2019 are summarized as follows:

(in thousands of dollars)

Series and Maturity Dates	Issue (Authorized) Amount	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 2010A, 2021	\$ 5,770	4.57 - 5.00%	\$ 2,050	\$ -	\$ (655)	\$ 1,395	\$ 680
Series 2010B, 2021	8,215	6.00 - 6.50%	2,740	-	(855)	1,885	915
Series 2010C, 2026	13,520	4.00 - 5.25%	4,110	-	(585)	3,525	580
Series 2013A, 2043	33,665	5.00 - 5.625%	32,435	-	(660)	31,775	695
Series 2013B, 2024	3,275	1.389 - 5.087%	2,325	-	(255)	2,070	255
Series 2015A, 2045	44,045	2.00 - 5.00%	38,155	-	(3,025)	35,130	3,210
Series 2015C, 2045	895	2.00 - 4.25%	835	-	(20)	815	20
Series 2015D, 2028	24,395	2.00 - 5.00%	21,835	-	(1,850)	19,985	1,940
Series 2016A, 2027	1,500	3.82%	915	-	(85)	830	96
Series 2017A, 2037	54,180	1.888 - 3.977%	53,400	-	(30)	53,370	50
Series 2018A, 2048	19,825	4% - 5.25%	-	19,825	-	19,825	-
Total revenue bonds payable			158,800	19,825	(8,020)	170,605	8,441
Unamortized discount (premium)			(5,642)	(1,447)	367	(6,722)	-
Total revenue bonds payable, net			164,442	21,272	(8,387)	177,327	8,441
Other long-term liabilities							
Compensated absences			990	683	(557)	1,116	118
Net pension liability			11,449	2,300	-	13,749	-
Total other long-term liabilities			12,439	2,983	(557)	14,865	118
Total long-term liabilities			\$ 176,881	\$ 24,255	\$ (8,944)	\$ 192,192	\$ 8,559

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, 2019 and 2018

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

The changes in revenue bonds payable and other long-term liabilities during 2018 are summarized as follows:

2018:

(in thousands of dollars)

Series and Maturity Dates	Issue (Authorized) Amount	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 2009D, 2031	\$ 56,615	2.726 - 7.759%	\$ 47,530	\$ -	\$ (47,530)	\$ -	\$ -
Series 2010A, 2021	5,770	4.57 - 5.00%	2,675	-	(625)	2,050	655
Series 2010B, 2021	8,215	6.00 - 6.50%	3,550	-	(810)	2,740	855
Series 2010C, 2026	13,520	4.00 - 5.25%	4,670	-	(560)	4,110	585
Series 2013A, 2043	33,665	5.00 - 5.625%	33,065	-	(630)	32,435	660
Series 2013B, 2024	3,275	1.389 - 5.087%	2,570	-	(245)	2,325	255
Series 2015A, 2045	44,045	2.00 - 5.00%	40,595	-	(2,440)	38,155	3,025
Series 2015B, 2018	6,670	2.00 - 4.00%	1,720	-	(1,720)	-	-
Series 2015C, 2045	895	2.00 - 4.25%	855	-	(20)	835	20
Series 2015D, 2028	24,395	2.00 - 5.00%	21,895	-	(60)	21,835	1,850
Series 2016A, 2027	1,500	3.82%	1,002	-	(87)	915	85
Series 2017A, 2037	54,180	1.888 - 3.977%	-	-	(780)	53,400	30
Total revenue bonds payable			160,127	54,180	(55,507)	158,800	8,020
Unamortized discount (premium)			(6,052)	-	410	(5,642)	-
Total revenue bonds payable, net			166,179	54,180	(55,917)	164,442	8,020
Other long-term liabilities							
Compensated absences			996	613	(619)	990	139
Net pension liability			10,938	511	-	11,449	-
Total other long-term liabilities			11,934	1,124	(619)	12,439	139
Total long-term liabilities			\$ 178,113	\$ 55,304	\$ (56,536)	\$ 176,881	\$ 8,159

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, 2019 and 2018

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

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.

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 35% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$267,223. Principal and interest paid for the year was \$15,942. Net revenues available for debt services (after reducing by operating expenses) in FY 2019 were \$30,583.

DEFEASED DEBT - Series 2000A Revenue Bonds – The Trust has placed the proceeds of refunding bonds and cash received from a tenant of TAIT, in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow accounts and the defeased bonds are not included in TAIT's financial statements. The defeased 2000A Revenue bonds are considered extinguished and had an outstanding balance of \$960 and \$1,865 at June 30, 2019 and 2018, respectively.

ECONOMIC GAIN/LOSS ON REFUNDING – General Revenue Bonds, Refunding Series – On September 6, 2017, the Trust issued the Series 2017A Revenue Bonds in the amount of \$54,180. The proceeds of this issue were used to advance refund the Airport Trustees General Airport Revenue Bonds, Taxable Refunding Series 2009D, and to pay the costs of issuance of the 2017A Bonds. This transaction will reduce debt service payments by approximately \$9,178 over the next 15 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$3,186. This refunding resulted in a deferred charge of \$8,185, which will be amortized over the life of the new bonds.

The 2009D defeased revenue bonds were paid off on June 1, 2019.

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, 2019 and 2018

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

FUTURE MATURITIES

Future maturities of revenue bonds are as follows:

(in thousands of dollars)

Fiscal Year	Principal	Interest	Total
2020	\$ 8,441	\$ 7,943	\$ 16,384
2021	8,760	7,519	16,279
2022	8,253	7,076	15,329
2023	8,388	6,694	15,082
2024	7,517	6,302	13,819
2025-2029	38,146	26,279	64,425
2030-2034	33,710	18,648	52,358
2035-2039	31,090	10,791	41,881
2040-2044	19,995	4,651	24,646
2045-2048	6,305	715	7,020
	<u>\$ 170,605</u>	<u>\$ 96,618</u>	<u>\$ 267,223</u>

5. **CONDUIT DEBT OBLIGATIONS**

To pay the costs of certain modifications, rehabilitations, and reconstruction to a special facility located adjacent to Tulsa International Airport, TAIT has issued a series of Special Facility Revenue Bonds. At June 30, 2019 and 2018, Special Facility Revenue Bonds outstanding aggregated \$0 and \$10,120, respectively, as the conduit bonds were paid off in August 2018. The obligations are payable solely from and collateralized by a pledge of rentals to be received from a lease agreement between the airport and Biz Jet International. The bonds do not constitute a debt or pledge of the faith and credit of TAIT, the City, or the State and, accordingly, they have not been reported in the accompanying financial statements.

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, 2019 and 2018

6. **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 Comprehensive Annual Financial Report (CAFR). 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 6.5% of their pensionable wages for the years ended June 30, 2019 and 2018. The Trust was required to contribute 15.5% of pensionable wages for the years ended June 30, 2019 and 2018. The Trust is also responsible for Actuarially Determined Employer Contributions (ADEC) that exceed the 15.5% of payroll. Actual contributions to the pension plan from TAIT were \$1,126 and \$1,074 for the years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2019, TAIT reported a liability of \$13,749 for its proportionate share of the net pension liability. The liability for June 30, 2018 was \$11,449. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to June 30, 2019. 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, 2019 and 2018, TAIT's proportion was 5.8549% and 5.8319%, respectively.

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, 2019 and 2018

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

For the years ended June 30, 2019 and 2018, TAIT recognized pension expense of \$2,764 and \$1,117, respectively. At June 30, 2019 and 2018, 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
2019:		
Differences between expected and actual plan experience	\$ 65	\$ (459)
Changes of assumptions	1,594	-
Net difference between projected and actual earnings on pension plan investments	410	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	335	(211)
Total	<u>\$ 2,404</u>	<u>\$ (670)</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
2018:		
Differences between expected and actual plan experience	\$ 125	\$ (283)
Changes of assumptions	1,160	(49)
Net difference between projected and actual earnings on pension plan investments	-	(98)
Changes in proportion and differences between Trust contributions and proportionate share of contributions	597	(379)
Total	<u>\$ 1,882</u>	<u>\$ (809)</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, 2019 and 2018

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2019, will be recognized in pension expense as follows:

Years ended June 30:

2020	\$	769
2021		153
2022		455
2023		357
	<u>\$</u>	<u>1,734</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions changed from 2018 as follows: Inflation 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 decreased from 7.50 to 7.00%.

Inflation	2.50 percent
Salary increases	3.50 to 11.25 percent, including inflation
Investment rate of return	7.00 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on the RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

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, 2019 and 2018

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

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 geometric 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	24%	1.16%
Domestic equity	36	6.19
International equity	24	6.59
Real estate	8	4.24
Commodities	3	0.40
Timber	4	4.15
Cash	1	0.11
	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.0%. 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 July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50% of payroll, which is the actuarially determined contribution rate. 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, 2019 and 2018

6. **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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate. The discount rate in 2018 was 7.50%.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2019:			
Trust's proportionate share of the net pension liability	\$ 18,717	\$ 13,749	\$ 9,605
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
2018:			
Trust's proportionate share of the net pension liability	\$ 16,001	\$ 11,449	\$ 7,635

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

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, 2019 and 2018

7. RENTAL INCOME FROM OPERATING LEASES

The Trust leases space in the Tulsa International Airport terminal along with other land and buildings on a fixed fee as well as contingent rental basis. Many of the leases provide for a periodic review and predetermination of the rental amounts. Substantially all depreciable capital assets are held by TAIT for the purpose of rental or related use.

Minimum future rentals under non-cancellable operating leases as of June 30, 2019, are as follows (presented on a calendar year basis):

(In thousands of dollars)

2020	\$ 14,603
2021	14,214
2022	13,683
2023	13,298
2024	13,005
2025 -2029	41,702
2030 -2034	8,620
2035 -2039	4,578
2040 -2044	1,951
2045 -2049	1,102
2050 -2054	1,071
2055 -2059	316
2060 -2063	306
	<u>\$ 128,449</u>

Under the Use and Lease Agreements between the airlines and TAIT, the airlines have agreed to pay rates, fees and charges determined prior to the beginning of each fiscal year in an amount sufficient (a) to pay 125% of the debt service on bonds secured by the bond indenture; (b) to pay operating expense for the next succeeding fiscal year; (c) to provide for any deficiencies in the funds or accounts held under the bond indenture.

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 TAIT, 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 TAIT liquidity thresholds (“Days of Cash”, as defined under the Agreement). The first threshold is met when the TAIT reaches 365 Days of Cash. When the TAIT reaches this threshold, the revenue share to the Signatory Airlines will be 10% of net revenues. As the Days of Cash thresholds go up (400 days, 487 days, 609 days, 730 days) the net revenue share scales up in increments of 25%, 30%, and 40%, respectively. The maximum threshold is 730 Days of cash and the net revenue share would be 50%. Provided the threshold for liquidity is met in any given fiscal year, the revenue share is allocated to each signatory based upon their market share at TAIT.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements (in thousands of dollars), continued
June 30, 2019 and 2018

8. **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 an 18-month period ending December 31, 2018. 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.

9. **COMMITMENTS AND CONTINGENCIES**

As of June 30, 2019, TAIT had open commitments for construction projects of approximately \$19,793, 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 operating TAIT. 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.

10. **RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2019 and 2018, TAIT conducted the following transactions with related parties.

(In thousands of dollars)

	<u>2019</u>	<u>2018</u>
Payments to City of Tulsa - General Fund for support services	<u>\$ 52</u>	<u>\$ 51</u>
Payments to City of Tulsa - General Fund for fire services	<u>\$ 1,871</u>	<u>\$ 1,812</u>
Capital contribution from the City of Tulsa	<u>\$ 7</u>	<u>\$ -</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, 2019 and 2018

11. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for TAIT beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Trust must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. TAIT's management has not yet determined the effect this statement will have on the financial statements.

12. 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 both fiscal year 2019 and 2018 at 33% and 34%, respectively. American Airlines, Delta Airlines and United Airlines also exceeded 10% in fiscal year 2019 at 28%, 14% and 18%, respectively and for 2018 at 29%, 14% and 17%, respectively.

13. SUBSEQUENT EVENT

On October 10, 2019, the Trustees of the Tulsa Airports Improvement Trust approved up to \$20,000,000 of General Airport Revenue Refunding Bonds, Tax Exempt Series 2020A. The Trust expects to close the bonds in March 2020. This is a refunding and refinancing of the 2015D Bonds for interest rate savings. The date of maturity will remain unchanged, June 1, 2028.

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, 2019

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
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
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	-	N/A	N/A
2013	672	840	-	N/A	N/A
2012	720	700	-	N/A	N/A
2011	572	358	-	N/A	N/A
2010	517	370	-	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%.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Supplementary Information
Detailed Schedules of Operating Revenue
Years Ended June 30, 2019 and 2018

(in thousands of dollars)

	2019	2018
Aeronautical operating revenues		
Landing fees - signatory and non-signatory		
Passenger airline landing fees	\$ 5,293	\$ 6,367
Cargo airline landing fees	1,427	1,690
Military joint use fees	43	43
Total landing fees	<u>6,763</u>	<u>8,100</u>
Passenger airline terminal revenue - signatory and non-signatory		
Airline terminal rentals	3,238	4,252
Baggage system rentals	2,016	2,231
Other terminal area airline fees	(1,752)	(410)
Total terminal area passenger airline fees	<u>3,502</u>	<u>6,073</u>
Total landing fees and terminal area passenger airline revenues	<u>10,265</u>	<u>14,173</u>
Other Aeronautical Revenue		
FBO revenue	897	883
Hangar, cargo space and ground rents	1,803	1,723
Fuel flowage fees	791	753
Security reimbursements	133	123
Other aeronautical revenue	149	188
Total other aeronautical revenue	<u>3,773</u>	<u>3,670</u>
Total Aeronautical Revenue	<u>14,038</u>	<u>17,843</u>
Non-Aeronautical Operating Revenue		
Terminal Revenues		
Food and beverage	919	758
Retail	751	705
Other terminal concessions and revenue (excludes rental car counter space)	1,090	1,027
Total non-aeronautical Terminal Revenue	<u>2,760</u>	<u>2,490</u>
Other Non-Aeronautical Operating Revenue		
Rental car revenues	5,085	4,772
Parking revenues	10,195	9,778
Hotel revenues	244	245
Ground rents and facilities leases (excludes aeronautical & car rental)	547	527
Other non-aeronautical revenue	420	222
Total Other Non-Aeronautical Operating Revenues	<u>16,491</u>	<u>15,544</u>
Total Non-Aeronautical Operating Revenue	<u>19,251</u>	<u>18,034</u>
Revenue from R. L. Jones, Jr. Airport	1,121	1,094
Revenue from Okmulgee Airport	110	95
Total operating revenues	<u>\$ 34,520</u>	<u>\$ 37,066</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2019

Policy Coverage	Issuer	Limit of Liability	Self Insuranc	Expiration Date	Premium
Primary coverage on bodily injury, single limit bodily injury and property damage liability.	Phoenix Aviation Managers, Inc	Up to \$75,000,000 for any one accident, or occurrence with \$25,000 deductible each loss, and \$100,000 annual aggregate deductible.	None	11/20/2021	\$ 72,500
Property damage (including boilers and machinery and scheduled automotive equipment) fire and extended coverage.	Public Entity Property Insurance Program	Real and personal property damage not to exceed \$375,000,000 with \$100,000 deductible.	None	7/01/2020	\$ 197,409
Automotive personal liability and property damage off-airport.	Mid-Continent Casualty Co.	Excess of \$250,000 up to \$1,000,000 bodily injury and property damage, combined single limit, each occurrence and in the aggregate.	None	7/19/2020	\$ 27,674
Workers compensation insurance	Compsource	Bodily injury by accident, \$1,000,000 each accident; Disease \$1,000,000 each employee	None	10/01/2020	\$ 174,767
Directors and Officers Liability	Navigators Specialty Insurance Co.	\$1,000,000 all loss, \$100,000 non-monetary, \$500,000 add excess	None	6/22/2020	\$ 24,990

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, 2019

Gross revenues as defined by the Bond Indenture as supplemented	
Operating revenue	\$ 34,520,371
Interest available for debt service (1)	652,512
Airport Improvement Fund balance (2)	2,084,276
Airport Improvement Fund transfers (2)	7,223,278
Nonoperating funds available for debt service (4)	487,102
PFC funds available for debt service (3)	6,245,711
CFC revenues	3,296,684
Other nonoperating	141,116
Total gross revenues	<u>54,651,050</u>
Gross expenses as defined by the Bond Indenture as supplemented	
Combined operating expenses, excluding non-cash pension expense	23,040,511
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemented	1,027,343
Total operating expenses	<u>24,067,854</u>
Net revenues available for debt service	<u><u>\$ 30,583,196</u></u>
Debt service (5)	\$ 15,415,684
Debt coverage	1.98

- (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) Nonoperating sources of funds specifically identified for debt service.
- (5) 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.

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, 2019

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Revenue Funds						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	7,828,592	\$ 7,828,592	\$ 7,828,592
Revenue Receipts Demand Deposit Account	On Demand	0.00%	0.00%	22,219	22,219	22,219
Parking Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1	1	1
Total Revenue Funds					<u>7,850,812</u>	<u>7,850,812</u>
Coverage Account						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	4,093,741	4,093,741	4,093,741
Total Coverage Account					<u>4,093,741</u>	<u>4,093,741</u>
Commerce Bank						
Commerce Bank - Time Deposit 6220649706	11/30/2019	0.35%	0.35%	50,526	50,526	50,526
Commerce Bank - Time Deposit 6220649739	11/30/2019	0.35%	0.35%	151,579	151,579	151,579
Total Commerce Bank					<u>202,105</u>	<u>202,105</u>
Customer Facility Charge Account						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	1,855,363	1,855,363	1,855,363
Total Customer Facility Charge Accounts					<u>1,855,363</u>	<u>1,855,363</u>
Passenger Facility Charge Revenue Fund						
PFC Demand Deposit Account	On Demand	0.00%	0.00%	1,163	1,163	1,163
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	2,321,606	2,321,829	2,321,829
Total Passenger Facility Charge Revenue Fund					<u>2,322,992</u>	<u>2,322,992</u>
Operating Reserve Fund						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	186,359	186,359	186,359
FHLB STP RT DUE 06/08/2021	6/8/2021	1.50%	1.50%	2,945,000	2,945,000	2,940,965
FHLMC STP RT DUE 06/30/2021	6/30/2021	1.50%	1.50%	2,000,000	2,000,000	1,995,900
FNMA STP RT DUE 07/27/2023	7/27/2023	1.50%	1.50%	1,330,000	1,330,000	1,319,320
FNMA POOL #20086	7/1/2024	5.00%	5.00%	452	452	455
FNMA POOL #4593	5/1/2024	4.50%	4.50%	1,029	1,099	1,037
Total Operating Reserve Fund					<u>6,462,910</u>	<u>6,444,036</u>
Airport Improvement Fund						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	800,000	800,000	800,000
Total Airport Improvement Fund					<u>800,000</u>	<u>800,000</u>
General Operating Funds						
ICS Deposit Account	On Demand	1.85%	1.85%	2,488,825	2,488,825	2,488,825
General Operating Deposit Account	On Demand	0.00%	0.00%	469,546	469,546	469,546
Total General Operating Funds					<u>\$ 2,958,371</u>	<u>\$ 2,958,371</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, 2019

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Bond Principal and Interest Accounts						
BLACKROCK LIQ FEDFD-CSH RES #00U3 2010A	On Demand	1.95%	1.95%	1,305	\$ 1,305	\$ 1,305
US TREASURY BILL 05/21/2020 2010A	5/21/2020	0.00%	1.77%	57,000	56,074	56,018
US TREASURY BILL 11/29/2019 2010A	11/29/2019	0.00%	1.90%	5,000	4,959	4,957
BLACKROCK LIQ FEDFD-CSH RES #00U3 2010B	On Demand	1.95%	1.95%	718	718	718
US TREASURY BILL 05/21/2020 2010B	5/21/2020	0.00%	1.77%	77,000	75,749	75,674
US TREASURY BILL 11/29/2019 2010B	11/29/2019	0.00%	1.90%	10,000	9,918	9,914
BLACKROCK LIQ FEDFD-CSH RES #00U3 2010C	On Demand	1.95%	1.95%	433	433	433
US TREASURY BILL 05/21/2020 2010C	5/21/2020	0.00%	1.77%	49,000	48,204	48,156
US TREASURY BILL 11/29/2019 2010C	11/29/2019	0.00%	1.90%	14,000	13,885	13,879
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013A Int	On Demand	1.95%	1.95%	896	896	896
US TREASURY BILL 11/29/2019 2013A Int	11/29/2019	0.00%	1.90%	144,000	142,813	142,756
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013A Prin	On Demand	1.95%	1.95%	859	859	859
US TREASURY BILL 05/21/2020 2013A Prin	5/21/2020	0.00%	1.77%	58,000	57,057	57,001
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013B Int	On Demand	1.95%	1.95%	365	365	365
US TREASURY BILL 05/21/2020 2013B Int	5/21/2020	0.00%	1.77%	8,000	7,934	7,931
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013B Prin	On Demand	1.95%	1.95%	556	556	556
US TREASURY BILL 05/21/2020 2013B Prin	5/21/2020	0.00%	1.77%	23,000	22,626	22,604
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015A Int	On Demand	1.95%	1.95%	587	587	587
US TREASURY BILL 11/29/2019 2015A Int	11/29/2019	0.00%	1.90%	147,000	145,788	145,730
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015A Prin	On Demand	1.95%	1.95%	914	914	914
US TREASURY BILL 05/21/2020 2015A Prin	5/21/2020	0.00%	1.77%	271,000	266,595	266,333
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015C Int	On Demand	1.95%	1.95%	688	688	688
US TREASURY BILL 11/29/2019 2015C Int	11/29/2019	0.00%	1.90%	2,000	1,984	1,983
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015C Prin	On Demand	1.95%	1.95%	1,668	1,668	1,668
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015D Int	On Demand	1.95%	1.95%	955	955	955
US TREASURY BILL 11/29/2019 2015D Int	11/29/2019	0.00%	1.90%	83,000	82,316	82,283
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015D Prin	On Demand	1.95%	1.95%	332	332	332
US TREASURY BILL 05/21/2020 2015D Prin	5/21/2020	0.00%	1.77%	164,000	161,334	161,176
BLACKROCK LIQ FEDFD-CSH RES #00U3 2016A Int	On Demand	1.95%	1.95%	2,727	2,727	2,727
BLACKROCK LIQ FEDFD-CSH RES #00U3 2016A Prin	On Demand	1.95%	1.95%	7,807	7,807	7,807
BLACKROCK LIQ FEDFD-CSH RES #00U3 2017 Prin	On Demand	1.95%	1.95%	611	611	611
US TREASURY BILL 05/21/2020 2017 Prin	5/21/2020	0.00%	1.77%	4,000	3,935	3,931
BLACKROCK LIQ FEDFD-CSH RES #00U3 2017 Int	On Demand	1.95%	1.95%	898	898	898
US TREASURY BILL 11/29/2019 2017 Int	11/29/2019	0.00%	1.90%	166,000	164,632	164,566
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018 Prin	On Demand	1.95%	1.95%	3,537	3,537	3,537
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018 Int	On Demand	1.95%	1.95%	407	407	407
US TREASURY BILL 11/29/2019 2018 Int	11/29/2019	0.00%	1.90%	80,000	79,341	79,309
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018 CINT	On Demand	1.95%	1.95%	1,475,297	1,475,297	1,475,297
Total Bond Principal and Interest Accounts					<u>2,846,704</u>	<u>2,845,761</u>
Construction Funds						
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013A Con	On Demand	1.95%	1.95%	31,962	31,962	31,962
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018A Con	On Demand	1.95%	1.95%	6,849,689	6,849,689	6,849,689
US TREASURY BILL 08/15/2019 2018A Con	8/15/2019	1.95%	1.95%	5,000,000	4,906,764	4,986,950
US TREASURY BILL 11/07/2019 2018A Con	11/7/2019	2.52%	2.52%	2,000,000	1,949,631	1,985,260
FHLB STP RT DUE 06/08/2021 2018A Con	6/8/2021	1.50%	1.50%	3,850,000	3,850,000	3,844,726
Total Construction Funds					<u>\$ 17,588,046</u>	<u>\$ 17,698,587</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, 2019

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Bond Reserve Funds						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	\$ 620,222	\$ 620,222	\$ 620,222
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	1,926	1,926	1,926
FHLB STP RT DUE 06/08/2021	6/8/2021	1.50%	1.50%	4,000,000	4,000,000	3,994,520
FHLB STP RT DUE 06/08/2021	6/8/2021	1.50%	1.50%	7,305,000	7,305,000	7,294,992
Total Bond Reserve Funds					<u>11,927,148</u>	<u>11,911,660</u>
Capital Projects Clearing Fund						
Grant Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1,000	1,000	1,000
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	1.95%	1.95%	104,889	104,889	104,889
Total Capital Projects Clearing Fund					<u>105,889</u>	<u>105,889</u>
Other Funds						
Special Programs Demand Deposit Account	On Demand	0.00%	0.00%	52,003	52,003	52,003
Payroll Demand Deposit Account	On Demand	0.00%	0.00%	5,438	5,438	5,438
Arvest Bank (Purchasing Card) Demand Deposit Account	On Demand	0.00%	0.00%	47,465	47,465	47,465
Petty Cash	On Demand	0.00%	0.00%	2,500	2,500	2,500
BLACKROCK LIQ FEDFD-CSH RES #00U3 SPEC PGRM	On Demand	1.95%	1.95%	324,829	324,829	324,829
BLACKROCK LIQ FEDFD-CSH RES #00U3 STATE GRANT	On Demand	1.95%	1.95%	180,987	180,987	180,987
Total Other Funds					<u>613,222</u>	<u>613,222</u>
Total Funds on Deposit and Invested					<u>\$ 59,627,303</u>	<u>\$ 59,702,539</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2019

Five Year Construction In Progress – The Airport’s total estimated cost for the years ending 2020 through 2024 (in thousands):

	<u>Total</u>	<u>Federal</u>	<u>Local</u>
Airfield	\$ 31,668	\$ 28,110	\$ 3,558
Terminal	16,370	-	16,370
Landslide	3,200	-	3,200
RVS	3,569	3,169	400
Total Estimated Cost	<u>\$ 54,807</u>	<u>\$ 31,279</u>	<u>\$ 23,528</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
January	92,882	95,061	94,979	99,274	104,504
February	87,205	92,295	91,635	94,170	100,646
March	109,223	107,894	116,942	112,353	120,220
April	111,916	105,538	109,419	119,958	119,016
May	131,583	125,223	130,587	138,128	142,857
June	129,831	130,343	133,482	145,456	142,978
July	134,521	124,759	129,121	143,302	143,738
August	111,419	111,063	116,857	127,719	126,539
September	111,424	112,387	107,552	120,448	122,033
October	123,830	119,812	129,805	136,698	N/A (1)
November	114,588	117,507	120,605	129,418	N/A (1)
December	116,164	117,727	117,630	121,647	N/A (1)
Annual	<u>1,374,586</u>	<u>1,359,609</u>	<u>1,398,614</u>	<u>1,488,571</u>	<u>1,122,531</u>

⁽¹⁾ Not available

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2019

Average Daily Scheduled Flights:

Airline	2015		2016		2017		2018		2019	
	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	3	2.66%	4	4.00%	3	3.00%	2	2.11%	2	1.98%
American	32	28.32%	26	26.00%	24	24.20%	24	25.26%	28	27.73%
Delta	17	15.04%	16	16.00%	17	17.20%	15	15.79%	15	14.85%
Southwest	25	22.12%	25	25.00%	27	27.30%	26	27.37%	25	24.75%
United	36	31.86%	29	29.00%	28	28.30%	27	28.42%	30	29.70%
Other	-	0.00%	-	0.00%	-	0.00%	1	1.05%	1	0.99%
	<u>113</u>	<u>100.00%</u>	<u>100</u>	<u>100.00%</u>	<u>99</u>	<u>100.00%</u>	<u>95</u>	<u>100.00%</u>	<u>101</u>	<u>100.00%</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2019

Airline Enplaned Passengers:

Airline	2015		2016		2017		2018		2019	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Allegiant Air	24,461	1.78%	42,882	3.14%	56,979	4.13%	56,095	3.92%	54,152	3.59%
American	293,645	21.37%	293,879	21.48%	336,958	24.41%	333,806	23.33%	318,662	21.11%
American / Compass	-	N/A	-	N/A	-	N/A	-	N/A	5,790	0.38%
American Eagle	66,678	4.85%	39,387	2.88%	19,456	1.41%	9,167	0.64%	21,129	1.40%
American/ Express Jet	-	N/A	22,280	1.63%	8,190	0.59%	-	N/A	-	N/A
American /Mesa /Envoy	9,475	0.69%	15,739	1.15%	12,582	0.91%	28,937	2.02%	48,848	3.24%
American / PSA	-	N/A	-	N/A	-	N/A	32,367	2.26%	23,480	1.56%
American / US Airways	-	N/A	42,385	3.10%	45,931	3.33%	-	N/A	-	N/A
American/SkyWest	-	N/A	-	0.00%	2,467	0.18%	8,284	0.58%	535	0.04%
Delta	76,875	5.60%	107,113	7.83%	100,063	7.25%	112,414	7.86%	101,820	6.75%
Delta Connection / ASA	65,026	4.73%	40,665	2.97%	47,812	3.46%	32,250	2.25%	5,879	0.39%
Delta Connection/Compass	-	N/A	1,096	0.08%	3,578	0.26%	-	N/A	64	0.00%
Delta / GoJet	-	N/A	-	N/A	-	N/A	-	N/A	505	0.03%
Delta/Pinnacle/Endeavor	-	N/A	3,879	0.28%	5,629	0.41%	2,240	0.16%	43,110	2.86%
Delta / Republic	-	N/A	-	N/A	-	N/A	61	0.00%	-	N/A
Delta Connection / SkyWest	30,247	2.20%	37,421	2.74%	35,693	2.59%	58,295	4.07%	62,697	4.15%
Frontier	-	N/A	-	N/A	-	N/A	19,545	1.37%	43,876	2.91%
Miami Air	-	N/A	-	N/A	272	0.02%	348	0.02%	-	N/A
Northwest Airlinl / Pinnacle	16,043	1.17%	-	N/A	-	N/A	-	N/A	-	N/A
Southwest	482,598	35.13%	461,705	33.74%	454,881	32.96%	486,535	34.00%	497,107	32.93%
Sun Country/MN Airlines	1,479	0.11%	2,377	0.17%	1,992	0.14%	1,418	0.10%	1,504	0.10%
United	1,852	0.13%	44,506	3.25%	48,970	3.55%	33,421	2.34%	66,273	4.39%
United / Air Wisconsin	-	N/A	-	N/A	-	N/A	3,885	0.27%	12,609	0.84%
United / Other	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
United Express / Express Jet	141,588	10.31%	96,252	7.03%	94,854	6.87%	61,202	4.28%	70,527	4.67%
United Express / GoJet	34,903	2.54%	20,765	1.52%	21,313	1.54%	19,884	1.39%	15,482	1.03%
United Express / Mesa	11,881	0.86%	38,057	2.78%	17,128	1.24%	38,963	2.72%	41,403	2.74%
United Express/Republic	651	0.05%	66	0.00%	20,498	1.49%	30,218	2.11%	9,375	0.62%
United Express / SkyWest	47,799	3.48%	41,347	3.02%	33,912	2.46%	57,828	4.04%	43,319	2.87%
United Express / Trans State	29,799	2.17%	15,729	1.15%	10,402	0.75%	2,731	0.19%	18,915	1.25%
U.S. Airways	37,900	2.76%	-	N/A	-	N/A	-	N/A	-	N/A
Via Air	-	N/A	-	N/A	-	N/A	520	0.04%	1,836	0.12%
Other	932	0.07%	770	0.06%	739	0.05%	495	0.04%	556	0.04%
	<u>1,373,832</u>	100.00%	<u>1,368,300</u>	100.00%	<u>1,380,299</u>	100.00%	<u>1,430,909</u>	100.00%	<u>1,509,453</u>	100.00%

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Other Information (Unaudited)
Year Ended June 30, 2019

Airline – Air Cargo Landed Weight (in pounds):

Airline / Air Cargo Carrier	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total
Allegiant Air, LLC	22,489,974	1.10%	42,722,015	2.18%	59,111,065	2.93%	56,879,128	2.62%	54,937,404	2.39%
American	409,217,700	20.00%	352,657,500	17.97%	398,264,600	19.76%	399,341,523	18.42%	417,147,318	18.11%
American / Compass	-	N/A	-	N/A	-	N/A	-	N/A	6,745,500	0.29%
American Eagle / Envoy	77,955,746	3.81%	44,145,231	2.25%	20,491,343	1.02%	38,342,870	1.77%	66,526,710	2.89%
American / Express Jet	-	N/A	23,687,292	1.21%	9,626,554	0.48%	-	N/A	67,000	0.00%
American / Envoy / Mesa	11,244,000	0.55%	20,633,000	1.05%	14,077,000	0.70%	11,808,000	0.54%	25,528,800	1.11%
American / SkyWest	-	N/A	-	N/A	4,002,000	0.20%	11,319,000	0.52%	1,340,000	0.06%
American / US Airways	48,599,950	2.38%	48,805,000	2.49%	51,906,800	2.58%	41,906,500	1.93%	28,702,900	1.25%
Compass	-	N/A	-	N/A	-	N/A	74,950	0.00%	-	N/A
Delta	102,449,000	5.01%	134,310,600	6.85%	125,777,300	6.24%	136,666,800	6.30%	118,601,320	5.15%
Delta / Compass	-	N/A	-	N/A	5,144,223	0.25%	-	N/A	-	N/A
Delta Connection (ASA) (Express Jet)	84,555,500	4.13%	51,082,900	2.60%	62,842,800	3.12%	38,355,200	1.77%	6,566,000	0.29%
Delta Connection (Compass)	-	N/A	1,275,143	0.06%	-	N/A	-	N/A	75,177	0.00%
Delta (Pinnacle) (Endeavor)	20,602,100	1.01%	5,473,100	0.28%	8,082,700	0.40%	3,023,000	0.14%	50,951,400	2.21%
Delta / Republic	-	N/A	-	N/A	-	N/A	74,957	0.00%	670,000	0.03%
Delta Connection (SkyWest)	37,035,800	1.81%	45,409,200	2.31%	45,298,500	2.25%	76,463,324	3.53%	80,631,893	3.50%
Frontier	-	0.00%	-	N/A	-	N/A	23,294,029	1.07%	48,781,434	2.12%
Southwest	595,800,000	29.12%	556,814,000	28.37%	581,014,000	28.83%	606,890,000	28.00%	600,816,000	26.08%
Sun Country / Mn Airlines	3,053,700	0.15%	6,307,500	0.32%	6,002,700	0.30%	4,139,500	0.19%	5,413,100	0.23%
United	2,194,500	0.11%	67,996,200	3.46%	76,639,000	3.80%	48,948,100	2.26%	94,326,500	4.10%
United / Air Wisconsin	-	N/A	-	N/A	-	N/A	3,995,000	0.19%	14,382,000	0.62%
United Express / Express Jet	157,643,985	7.70%	100,204,680	5.11%	98,844,210	4.90%	63,630,842	2.94%	73,297,994	3.18%
United Express / GoJet	42,813,000	2.09%	23,919,000	1.22%	25,929,000	1.29%	25,594,000	1.18%	18,023,000	0.78%
United Express / Mesa	16,604,100	0.81%	51,456,300	2.62%	22,395,100	1.11%	49,583,800	2.29%	57,448,300	2.49%
United Express / Republic	-	N/A	-	N/A	28,518,630	1.41%	40,584,250	1.87%	13,613,040	0.59%
United Express / SkyWest	58,277,700	2.85%	46,724,800	2.38%	37,798,100	1.87%	63,418,000	2.93%	49,633,500	2.16%
United Express / Transtates	32,697,322	1.60%	18,102,600	0.92%	11,683,150	0.58%	2,866,500	0.13%	19,773,270	0.86%
US Airways Charter	97,000	0.00%	-	N/A	-	N/A	-	N/A	-	N/A
Other Non-Sig Passenger Carriers	3,989,545	0.19%	3,377,230	0.17%	5,176,698	0.26%	4,313,762	0.20%	10,690,661	0.46%
Air Transport	-	N/A	-	N/A	-	N/A	86,413,000	3.99%	93,060,000	4.04%
Ameriflight	7,787,700	0.38%	7,933,046	0.41%	9,021,420	0.45%	1,250,000	0.06%	11,300	0.00%
Federal Express	203,559,400	9.95%	199,551,300	10.17%	187,344,900	9.30%	193,309,300	8.92%	197,361,700	8.57%
Federal Express / Empire	10,731,504	0.52%	9,746,492	0.50%	11,719,267	0.58%	17,409,840	0.80%	16,179,996	0.70%
Federal Express / Mountain Air Cargo	202,616	0.01%	202,616	0.01%	-	N/A	166,456	0.01%	94,136	0.00%
Martinaire	4,479,500	0.22%	4,454,000	0.23%	4,292,500	0.21%	4,309,500	0.20%	4,080,000	0.18%
Surburban Air	-	N/A	-	N/A	-	N/A	3,381,000	0.16%	4,073,300	0.18%
UPS	89,450,560	4.37%	88,398,720	4.50%	99,767,200	4.95%	103,816,960	4.79%	111,087,280	4.82%
Other Cargo Carriers	2,635,760	0.13%	7,056,364	0.36%	4,628,798	0.23%	6,174,992	0.28%	12,961,930	0.56%
Totals	2,046,167,662	100.00%	1,962,445,829	100.00%	2,015,399,558	100.00%	2,167,744,083	100.00%	2,303,599,863	100.02%

