

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

LITTLE ROCK MUNICIPAL AIRPORT COMMISSION
A COMPONENT UNIT OF THE CITY OF LITTLE ROCK, ARKANSAS



CLINTON
NATIONAL AIRPORT





BILL AND HILLARY
CLINTON
NATIONAL AIRPORT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

BILL AND HILLARY CLINTON NATIONAL AIRPORT
A COMPONENT UNIT OF THE CITY OF LITTLE ROCK, ARKANSAS

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

Prepared by:

Bill and Hillary Clinton National Airport Finance Department

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INTRODUCTORY SECTION



BILL AND HILLARY
CLINTON
NATIONAL AIRPORT

INTRODUCTORY SECTION CONTENTS:

State Airport Locations and LIT Service Area

Little Rock Municipal Airport Commission

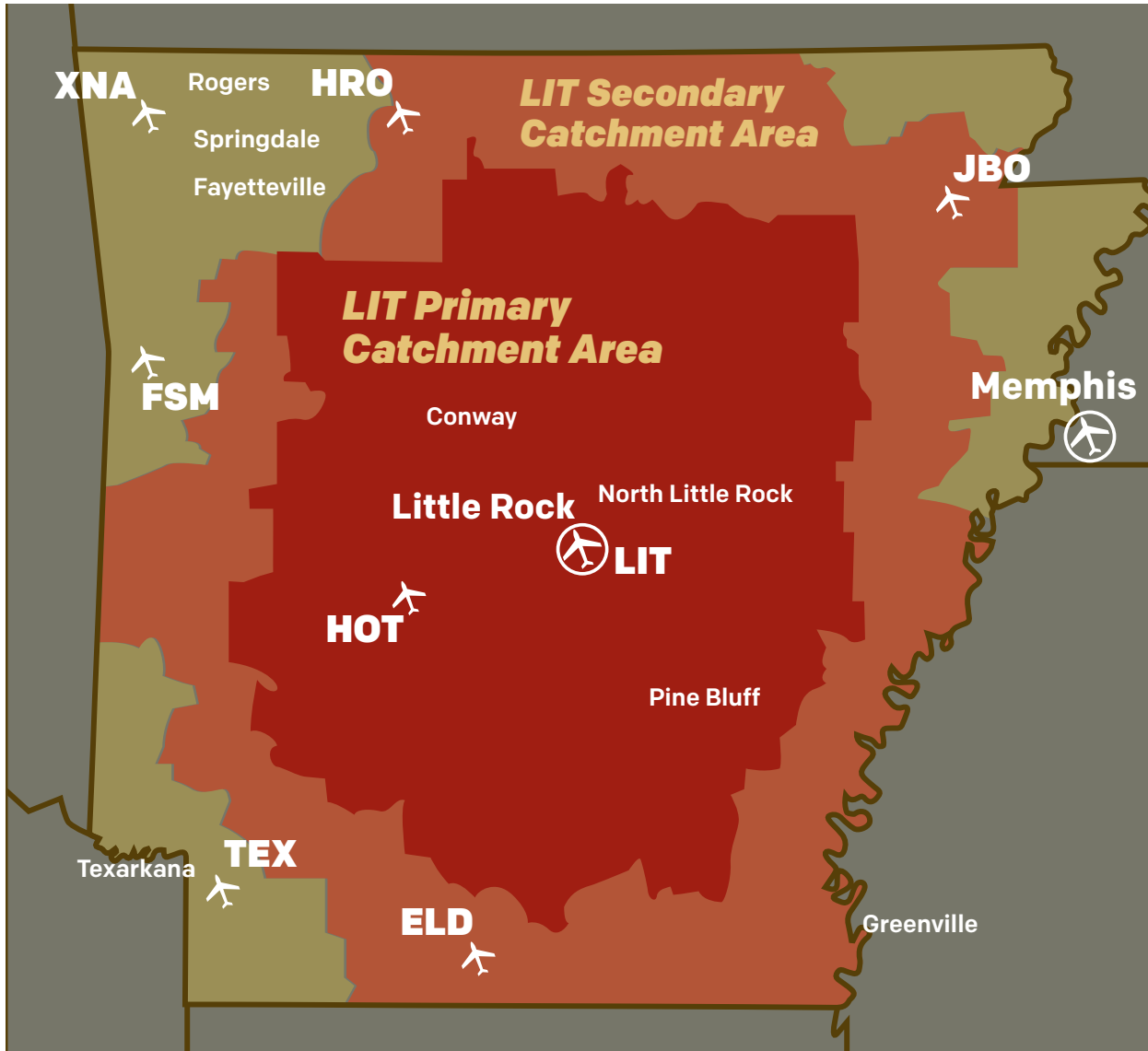
Organizational Structure

Airport Executive Leadership

Letter of Transmittal to the Airport Commission

Certificate of Achievement for Excellence in Financial Reporting

STATE AIRPORT LOCATIONS AND LIT SERVICE AREA



LITTLE ROCK MUNICIPAL AIRPORT COMMISSION



JILL FLOYD
Chair



STACY HURST
Vice Chair / Treasurer



BILL WALKER
Secretary



JOHN RUTLEDGE
Commissioner



TIFFANY MAYS O'GUINN
Commissioner

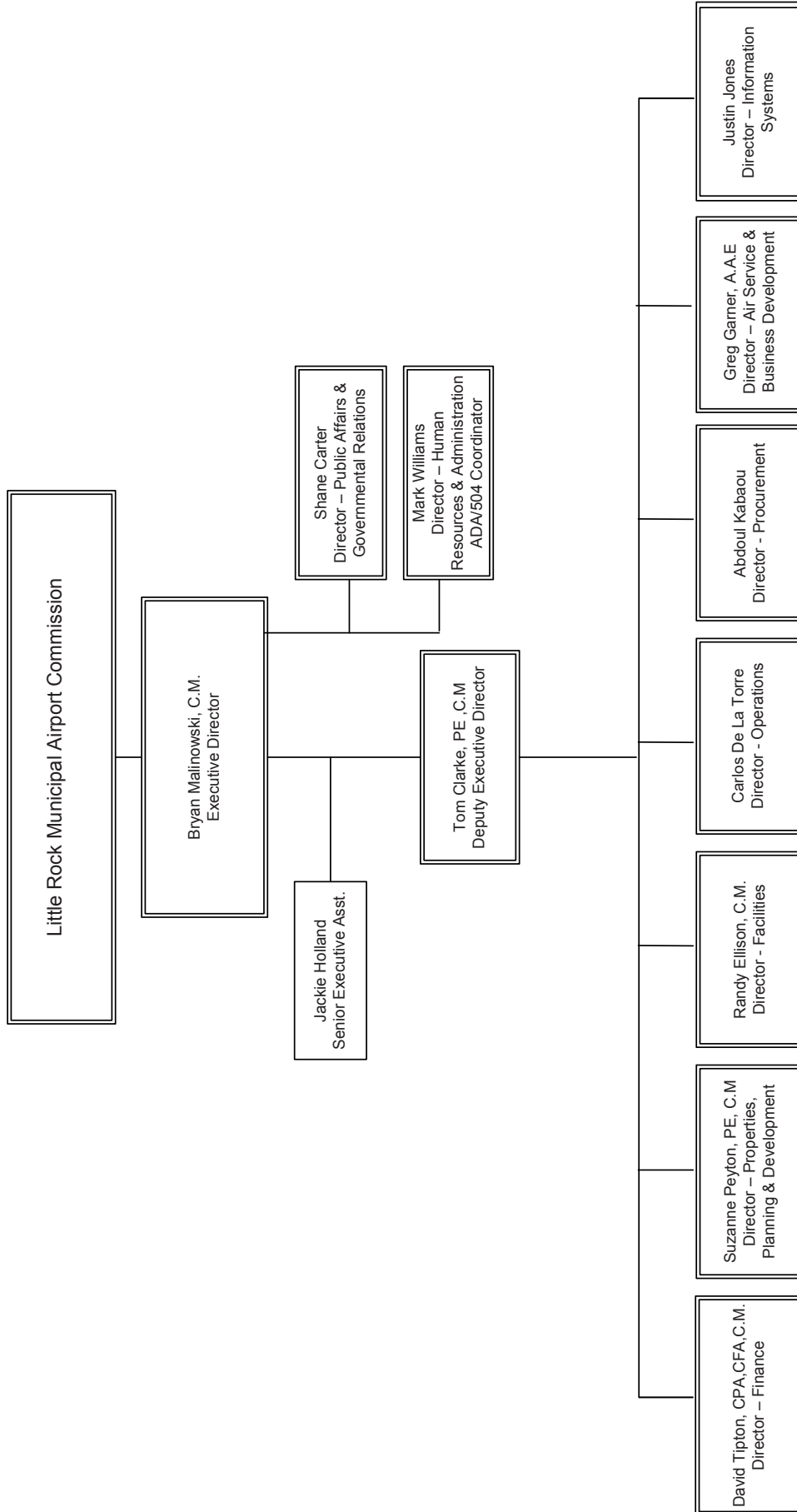


PATRICK SCHUECK
Commissioner



HAROLD BETTON
Commissioner

Bill & Hillary Clinton National Airport
Administration



AIRPORT EXECUTIVE LEADERSHIP



BRYAN MALINOWSKI, C.M.
Executive Director



THOMAS CLARKE, P.E.
Deputy Executive Director



DAVID TIPTON, C.P.A.
Director – Finance / CFO



SHANE CARTER, C.M.
Director – Public Affairs and
Governmental Relations



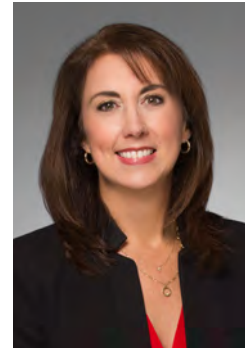
MARK WILLIAMS
Director – Human Resources
and Administration



ABDOUL KABAOU
Director – Procurement



RANDY ELLISON, C.M.
Director – Facilities



SUZANNE PEYTON, PE, C.M.
Director – Properties, Planning &
Development



CARLOS DE LA TORRE
Director – Operations



GREG GARNER
Director – Air Service &
Business Development



JUSTIN JONES
Director – Information Systems

July 13, 2023

Little Rock Municipal Airport Commission
Little Rock, Arkansas

We are pleased to submit the Annual Comprehensive Financial Report for the Bill and Hillary Clinton National Airport (Airport or LIT) for the fiscal year ended December 31, 2022. The Annual Comprehensive Financial Report, which was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA), contains financial statements and statistical data that fully disclose all material financial operations of the Airport. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Airport management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the Airport. All disclosures necessary to enable the reader to gain an understanding of the Airport's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The Airport's MD&A can be found on Pages 25 through 41 of this report.

Profile of the Government

The Airport operates as a self-sustaining component unit of the City of Little Rock, Arkansas. The Little Rock Municipal Airport Commission (Commission) was created by referendum in 1951. The Commission consists of seven members who are appointed by the City of Little Rock Board of Directors in accordance with state law. They are empowered to do all things necessary to manage, operate, improve, extend, and maintain the Airport, related properties and facilities, and to adopt such rules and regulations as deemed necessary. On May 3, 2013, the Commission officially changed the name of the Airport from the Little Rock National Airport to the Bill and Hillary Clinton National Airport.

As a business-type activity, the operation of the Airport depends on revenues received from airlines and other tenants serving the Airport. The airlines operate by permit under rates established by resolution and based on an airfield residual and terminal compensatory rate-setting methodology. The Federal Aviation Administration (FAA) regulates how airports set airline rates and charges and determine aeronautical revenues. The terminal rate to the airlines is based on cost and space used by the airlines. LIT's rate structure arrangement allows the Airport to retain revenues received from other Airport tenants and concessions and effectively manage capital assets in a way that (1) promotes a self-sustaining financial structure, and (2) provides a solid foundation for growing and improving the Airport infrastructure.

Airport Facilities

The Bill and Hillary Clinton National Airport is the largest commercial airport in the state. LIT's primary air service area comprises four counties in the Little Rock area and attracts passengers from 62 counties statewide as well as passengers from neighboring states. It occupies over 2,200 acres of land, has two parallel commercial service runways and a third runway used primarily for general aviation operations. The Airport site, known

originally as Adams Field first opened in 1917 as the Little Rock Intermediate Air Depot, operated by the U.S. Army Signal Corps. Commercial airline services started in 1930, and the present terminal was originally constructed in 1972. The FAA classifies the Airport as a small air traffic hub. During fiscal year 2022, the Airport accommodated over 2 million commercial passengers.

Commercial service airlines currently operate from 12 gates and a recently expanded ticket lobby. The Airport offers a variety of automobile parking options at various price points. Covered parking is available for hourly or daily customers in a three-story parking garage containing 851 parking spaces, which is conveniently attached via an enclosed, air-conditioned pedestrian bridge to the terminal. Surface parking is available for daily and hourly customers using the terminal. Economy parking is also available with complimentary shuttle bus service to the terminal.

Rental cars are available from each of the major national rental car companies operating in the consolidated rental car area located on the first floor of the parking garage. General aviation customers are provided aircraft tie-down, hangar storage, fueling and associated services by Signature Aviation and Atlantic Aviation, both full-service, fixed-base operators located on the west side of the airfield.

Economic Condition and Outlook

Economic activity in the Little Rock region is directly linked to the production of goods and services in the rest of the United States. Airline travel and the movement of air cargo through LIT is directly related to the economic performance of the U.S., Arkansas, and the Little Rock metropolitan area economies.

See the Outlook for the Future section later in this letter for discussion on the impact of COVID-19.

Population

Central Arkansas, also known as the Little Rock Metro (Metro) and designated by the United States Office of Management and Budget as the Little Rock-North Little Rock-Conway Metropolitan Statistical Area (MSA), is the most populous metro area in the state of Arkansas and the 66th-largest metropolitan statistical area in the United States. As presented in the tables on Page 88, the population for the Metro was 750,936 in 2022, according to the U.S. Department of Commerce, Bureau of Economic Analysis, and was concentrated primarily in Pulaski and Faulkner Counties. This represents a 0.59% increase compared to 746,564 in 2021.

The Little Rock Metro per capita personal income at January 1, 2022 (\$53,158) was higher than the state average (\$50,625) but lower than the national average (\$64,143). Compared to the 2021 per capita personal income (\$49,837), Little Rock Metro per capita income for 2022 was 6.7% higher. As presented in the tables on Page 89 of this report, the pattern of per capita income growth in the Metro has generally mirrored the pattern of growth within the state, albeit at a slightly lower level, over the past decade.

Unemployment Rate

The impacts of COVID-19 were reflected in the national, state and metro unemployment rates in 2020 and 2021. The trend of decreasing rates was reversed in 2020. For the Metro, the unemployment rate at January 1, 2022, was 3.20% compared to the 4.20% rate from the prior year. The Metro unemployment rate is lower than the state rate (3.30%) and the national rate (3.60%). Based on Multiple Listing Service data, the median sales price for a home in Pulaski County was \$217,500 in April 2023. This is up 1.1% from the previous year.

Major Employers

The following table lists the top 10 private sector employers in Pulaski County. Included are five providers of medical services—Baptist Health, Arkansas Children’s Hospital, Central Arkansas Veterans Healthcare System, CHI St. Vincent Health System, and Arkansas Blue Cross Blue Shield. Many of the companies listed are involved in national and international operations which rely on airline travel.

| Company | Number of Employees |
|---|---------------------|
| Baptist Health | 7,340 |
| Arkansas Children's Hospital | 4,370 |
| Central Arkansas Veterans Healthcare System | 4,000 |
| CHI St. Vincent Health System | 3,000 |
| AT&T | 2,615 |
| Arkansas Blue Cross Blue Shield | 2,610 |
| Entergy Arkansas | 2,580 |
| Verizon Wireless | 2,500 |
| Dillard's Inc. | 2,000 |
| Union Pacific Railroad | 2,000 |

Tourism and Local Activities

Visitors are attracted to the Metro by the State Capitol, the Clinton Presidential Center, and other historical attractions, as well as the natural amenities, recreational activities, sporting events and cultural attractions in the area. According to the Little Rock Convention & Visitors Bureau 2021 Annual Report, tourism declined significantly in 2020 due to COVID-19 but rebounded somewhat during 2021 and continued to increase in 2022.

Business Growth

Bill and Hillary Clinton National Airport is a large driver of economic activity for the State of Arkansas. According to the Arkansas Economic Development Commission, Arkansas systems and military airports support more than 42,400 jobs, directly and indirectly; generate \$1.5 billion in payroll; and produce \$3.5 billion in economic activity. Dassault Falcon Jet, an Airport tenant, is a major contributor to the economic growth of the Metro.

Air Service

An integral component of a region’s economic growth is the availability of accessible, affordable, and convenient air transportation service. The Airport, as the chief point of entry for many of Little Rock’s business, government, and leisure travelers, as well as some air cargo shipments, is well suited to meet these demands for economic activity. The Airport, centrally located in the state, is approximately three hours from the furthest border and is the true gateway for economic development.

The Aviation Industry

Revenue generated at the Airport depends, in large part, upon the financial health of the aviation industry. In recent years, the economic condition of the commercial service industry has undergone significant changes, including mergers, acquisitions, and bankruptcies. Further, the industry remains sensitive to a variety of other

factors, including (a) the cost and availability of fuel, aircraft, and insurance, (b) currency values, (c) competitive considerations, including airline ticket pricing, (d) traffic and capacity constraints, (e) governmental regulations, including security, taxes, and environmental requirements, (f) labor actions such as strikes and other union activities, and (g) disruptions due to airline incidents, criminal incidents, and acts of war or terrorism.

Airport Passenger Traffic

Passenger traffic at the Airport is affected by Little Rock Metro's economic profile. For example, the amount and type of commerce in the region may affect the level of business travel to and from Little Rock; or the amount of per capita personal income in the Little Rock Metro area may affect the level of discretionary travel from the Airport. The global COVID-19 pandemic severely impacted passenger traffic at the Airport in 2020 but travellers began returning to the Airport in 2021. In 2022, the total number increased to over 2 million passengers, a 19% increase over 2021.

In addition, consolidation in the airline industry has allowed air carriers to reduce excess capacity in order to achieve higher load factors (passengers per aircraft), charge higher fares, and realize sustained profitability. Over recent years, the consolidations have limited competition among air carriers. At the end of 2022, only three major legacy carriers remain: American, United, and Delta. Together with Southwest, these four airlines dominate the U.S. market. Other smaller carriers, such as Alaska, Allegiant, Frontier and Virgin America have begun to terminate operations in the small-hub airports, such as LIT, to compete for more profitable large-hub markets.

The Wright Amendment, which originally governed Southwest Airlines traffic at Dallas Love Field and restricted non-stop flights from the Airport to destinations only in Texas and neighboring states, expired on October 13, 2014. As a result, Southwest Airlines reduced the frequency of flights from LIT and other small-hub airports in November 2014. The impact of this was felt through 2015 with passenger traffic continuing to decline. 2016 represented the first year with an increase in enplaned passengers since 2012. Passenger traffic continued to increase through 2019 but dropped off significantly in 2020 due to COVID-19. 2021 saw a return of leisure travellers at LIT but business travel did not return at pre-COVID-19 levels. Passengers continued to return in 2022 and the Airport finished the year with 1,010,426 enplaned passengers, up 18.8% from 2021. Compared to 2019, 2022 total passengers declined 9.7%.

Major Initiatives and Development

The Commission's overall mission is to operate and develop first class, customer friendly, safe and secure airport facilities that serve as a gateway to the world from the Little Rock region. In order to fulfill this mission, LIT is committed to ensure ongoing and enhanced safety, security, and efficiency in the design and operation of the Airport; modernizing aeronautical facilities to improve passenger access; and investing to modernize airfields to meet federal regulatory requirements that will safely and efficiently accommodate the aircraft of today and the foreseeable future.

Construction in Progress

Each year, Airport staff prepares a five-year Capital Improvement Plan (CIP). The CIP is reevaluated and modified annually to accommodate traffic activity, security needs, and other needs that could result in additions to or subtractions from the CIP, or changes in the timing of individual projects. Significant capital improvements undertaken during fiscal year 2022 included:

Taxiway Charlie Reconstruction Program

The Taxiway Charlie Reconstruction Program is a multi-year, multi-phased construction program of airfield improvements consisting primarily of the relocation and extension of Taxiway Charlie. The new location of Taxiway Charlie will standardize the distances between Runway 4L/22R and the adjoining full-length taxiway in accordance with AC 150-5300-13A. The PCC pavement material will provide adequate load bearing capability for large aircraft that may be accessing the west GA ramp and need to utilize Runway 22R. Changes to the layout of Taxiway Mike will allow for aircraft to exit or cross Runway 4L at perpendicular intersections, removing the acute-angle taxiway to the west side of Runway 4L/22R.

Construction on phase 1 of Taxiway Charlie began in October 2020 and was completed in August 2022. This phase replaced the acute angle Taxiway Bravo connection to Runway 4L/22R with new Taxiway Charlie down to Taxiway Delta. Additionally, Phase 1 removed the acute angle runway exits onto Delta and Golf and installed a new perpendicular connector Taxiway F4.

Construction on phase 2 of Taxiway Charlie began in the fall of 2022. Phase 2 will extend Taxiway Charlie northeast of Taxiway Bravo, eliminate the five-way taxiway intersection, remove the direct access from the FBO ramp to the runway at Taxiway Papa. Perpendicular connector Taxiways C2 and F3 will also be constructed.

Central Utility Plant – Green Terminal Power Infrastructure Project

The new Central Utility Plant (CUP) at LIT replaces end-of-life electrical and mechanical infrastructure currently housed in the terminal. The project is a green-energy, environmental sustainability project that makes significant changes in the types and amounts of energy use and significantly reduces the amount of greenhouse gas emissions from airport activities.

Construction of a 7,000 square foot Central Utility Plant (CUP) replaces 52-year-old infrastructure and allows future expansion to support passenger growth and ramp safety, market competition, ADA compliance, emission reduction, increases energy efficiency and electrical capacity. The project promotes resiliency and safety and supports good paying jobs. Replacement of this aging infrastructure is critically important to improve the resiliency of airport operations.

The project will be completed in multiple phases. Pre-design for the project, to develop design standards, create cost estimates and phasing strategy, and investigate sustainability strategies, is currently underway. In 2023, the focus will be on the utility relocations required to prepare the site for construction of the plant and the replacement of switchboards 1&2 in locations outside the area of the terminal where the existing mechanical room is located and where the future terminal commons is planned.

Federal and State Grants

The FAA typically provides up to 90% reimbursement of eligible project costs through the Airport Improvement Program (AIP) for small hub airports. These grants are awarded as entitlement grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other discretionary grants are awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

For fiscal year 2022, the Airport drew \$3.8 million in FAA entitlement grants and \$5.4 million in FAA discretionary grants. A majority of these funds were drawn for Phase 1 of the Taxiway Charlie reconstruction project. Additionally during 2022, the Airport drew \$8.6 million in COVID-19 relief grant funds.

The Arkansas Department of Aeronautics receives revenues derived from the sales tax paid on aircraft, aviation fuel, aviation-related products, parts and repairs or service, and as required by state law, distributes monies in the form of grants to the 91 public-owned/public use airports that are eligible for funding on a reimbursable, matching basis. During fiscal year 2022, the Airport received \$250 thousand in grants from the State of Arkansas.

Passenger Facility Charges

Passenger Facility Charges (PFCs) are authorized by the FAA, imposed on enplaned passengers by airport operators, and are collected by airlines for the purpose of funding for airport projects that increase capacity, increase safety, enhance airline competition, or mitigate noise impacts.

In April 2020, the Airport received approval from the FAA for PFC Application 10 in the amount of \$24.8 million increasing the Airport's authority to impose a PFC fee to \$136.3 million. The FAA estimates the charge expiration date for approved PFC applications to be March 2026.

During fiscal year 2022, the Airport collected \$4.1 million in PFC receipts, bringing the total PFC receipts and interest received since May 1, 1995, under the approved applications to \$121.5 million.

Other Significant Activities

East Little Rock Community Garden

The airport funded and constructed a new community-focused park, located in the neighborhood west of the airport, as a quality-of-life amenity for those who live near or work at the airport and for airport users. The airport worked with community members to design the park and invested nearly \$600,000 to build it. The park includes a meditation garden, game areas, a veggie garden and a pavilion.

Outlook for the Future

The recent economic recession and slow recovery along with the recent challenges in the aviation industry due to COVID-19 have impacted the Airport, resulting in reductions of daily flights being offered by the airlines serving our region. During fiscal year 2023 and future years, the Airport is dedicated to continuing development and expansion of airline service to existing and new locations.

A key goal will be to maintain the Commission's commitment to providing superior service to our customers while continuing to be a major economic engine and good neighbor to the surrounding community.

Internal Control Framework

The Airport's internal control framework is designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition; (2) execution of transactions in accordance with management's authorization; (3) reliability of financial records used in preparing financial statements and maintaining accountability for assets; (4) effectiveness and efficiency of operations; and (5) compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived from it, and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above structure. We believe that LIT's internal control framework adequately safeguards assets and provides assurance of proper recording of financial transactions.

Budgetary Control

The annual operating budget is proposed by Airport management and adopted by the Commission in a public meeting before the beginning of each fiscal year. The level of budgetary control (the level at which expenditures may not exceed appropriations) is by commitment item. The commitment items are salaries and benefits, professional and contracted services, materials and supplies, utilities, marketing and public relations, other operating expenses and capital purchases. The Airport has well-established policies and procedures in place that include multiple layers of review and approval for all expenditures. Budget to actual costs are typically vetted with the Finance Committee before being reviewed with the full Commission on a monthly basis.

Independent Audit

FORVIS, LLP, a firm of independent certified public accountants, has issued unmodified opinions on the Airport's financial statements for the year ended December 31, 2022. The independent auditor's report on the fiscal year 2022 financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its Annual Comprehensive Financial Report for the year ended December 31, 2021 (see page 19). This was the eighth year the Airport received this prestigious award.

In order to be awarded a Certificate, a governmental unit must publish an easily readable and efficiently organized report, the contents of which conform to the program's standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Publication of this Annual Comprehensive Financial Report is a reflection of the excellence and professionalism of LIT's entire staff. The dedicated service and efforts of the Finance Department made the preparation of this report possible. The assistance and contribution of other members of staff should also be acknowledged and is much appreciated.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Bryan Malinowski".

Bryan Malinowski
Executive Director

A handwritten signature in blue ink, appearing to read "David Tipton".

David Tipton
Director of Finance/CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bill and Hillary Clinton National Airport
Arkansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



BILL AND HILLARY
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NATIONAL AIRPORT

FINANCIAL SECTION CONTENTS:

Independent Auditor's Report

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements



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forvis.com

Independent Auditor's Report

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Little Rock, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of the Little Rock Municipal Airport Commission, d/b/a Bill and Hillary Clinton National Airport (the Airport), a component unit of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the fiduciary activities of the Airport as of December 31, 2022, and the changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2022, the Airport adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with 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.

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Page 3

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of passenger facility charge collections and expenditures required by the *Passenger Facility Charge Audit Guide for Public Agencies* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2023, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

FORVIS,LLP

Little Rock, Arkansas
July 13, 2023

Management's Discussion and Analysis (Unaudited)

December 31, 2022

The Bill and Hillary Clinton National Airport (Airport or LIT) is an independent, fiscally self-sufficient component unit of the City of Little Rock, Arkansas (City). The Little Rock Municipal Airport Commission (Commission), appointed by the City Board of Directors, is responsible for the operations and reporting as prescribed by state legislation. As presented in the following pages, the Management's Discussion and Analysis (MD&A) is provided as an introduction to the basic financial statements of the Airport for the year ended December 31, 2022.

The MD&A has been prepared by Airport management and is offered as an analytical overview of the annual financial activity of the Airport and how it relates to the core mission of the Commission. In order to obtain a full understanding of the Airport's financial performance, the MD&A should be read and considered in conjunction with the basic financial statements, which begin on page 42 of this report.

Basic Financial Statements

The Airport's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Airport is structured as a single enterprise fund with revenues recognized when earned, not when received. Additionally, the Airport has fiduciary activities as discussed below. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and depreciated over their useful lives. Please refer to the notes to the basic financial statements for a summary of the Airport's significant accounting policies.

The Airport's basic financial statements are designed to provide readers with a broad overview of its financial position and activities and include:

- The *Statement of Financial Position* presents the net position of the Airport at the end of the fiscal year. Net position is the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of the Airport's financial position.
- The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing the change in the Airport's net position during the fiscal year. All changes in net position are reported when the underlying events occur, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.
- The *Statement of Cash Flows* relates to the inflows and outflows of cash for each fiscal year. A reconciliation is provided at the bottom of the Statements of Cash Flows to assist in understanding the difference between cash flows from operating activities and operating income.
- The *Statement of Fiduciary Net Position* presents the net position of certain employee benefit plans of the Airport at the end of the fiscal year. Fiduciary net position is the difference between total assets and total liabilities. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of the Airport's fiduciary financial position. Since the resources of these funds are not available to support the Airport's programs, they are presented separately and not reflected in the Airport's Statements of Financial Position.

- The *Statement of Changes in Fiduciary Net Position* presents information showing the change in the Airport’s fiduciary net position during the fiscal year. All changes in net position are reported when the underlying events occur, regardless of the timing of related cash flows. Thus, additions and deletions are recorded and reported in this statement for some items that will result in cash flows in future periods.

The *Notes to the Financial Statements* that follow the basic financial statements provide additional information for a more comprehensive assessment of the Airport’s financial condition.

Passenger and Other Traffic Activity Highlights

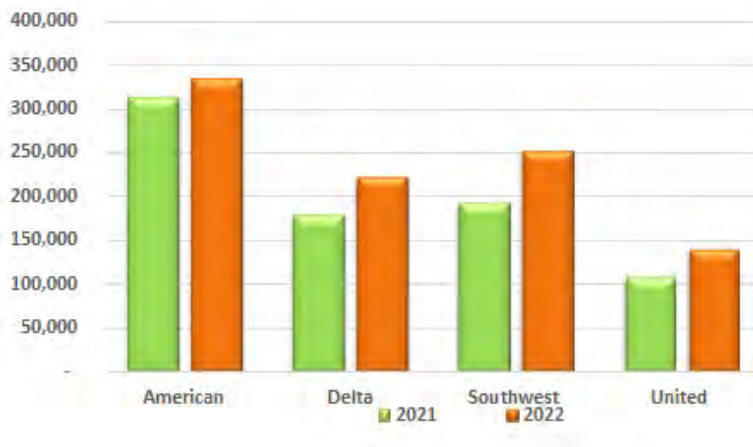
The following table highlights changes in LIT’s key operating statistics for the last two fiscal years:

| Key Operating Information | 2022 | 2021 |
|----------------------------------|-------------|-------------|
| Total Passengers (in 000s) | 2,021 | 1,695 |
| Enplanements (in 000s) | 1,010 | 850 |
| Cost per Enplaned Passenger | \$ 11.41 | \$ 12.20 |
| Aircraft Operations | 82,697 | 82,230 |
| Landed Weights (in 1000s) | 1,318,142 | 1,201,719 |
| Air mail (lbs.) | - | 1,650 |
| Air Freight (lbs.) | 20,664,164 | 20,614,804 |
| Ground Rental (Acres) | 232.0 | 232.0 |
| Facility Leases (SF) | 938,187 | 938,187 |

Source: Bureau of Transportation Statistics, T-100 Domestic Market and LIT management records

Enplaned Passengers

The following chart presents the top four airlines at LIT by number of passenger enplanements for fiscal year 2022 and the comparative enplanements for fiscal year 2021.



Source: Monthly Airline Activity Reports

Fiscal Year 2022

The FAA classifies the airport hub size based on the contribution of the Airport to the national air system. This is measured in terms of passenger enplanements. During fiscal year 2022, passenger traffic at LIT increased with a reported 1,010,426 passenger enplanements compared to 850,422 for fiscal year 2021. The increase of 160,004, passengers, or 18.8% was attributed to the continued recovery from the COVID-19 pandemic. Of the 1,010,426 passengers that departed from the Airport, Southwest, American and Delta accounted for 94% of the market share.

Fiscal Year 2021

Departing passengers (enplanements) play a prominent role in the Airport’s financial operations. During FY 2021, passenger enplanements increased by about 359,878, or 73.4%, compared to fiscal year 2020 . The effects of the COVID-19 pandemic began to subside in 2021 and passenger traffic increased significantly that year.

Air Service

The chart presents scheduled daily flights departing from LIT at December 31, 2022, and the comparative flights for fiscal year 2021.

| Destination | 2022 | 2021 |
|-------------------------------------|-------------|-------------|
| Atlanta, GA (ATL) | 6.0 | 6.0 |
| Charlotte, NC (CLT) | 3.0 | 3.0 |
| Chicago, IL (ORD) | 5.0 | 4.0 |
| Dallas, TX (DAL) | 3.0 | 2.0 |
| Dallas, TX (DFW) | 7.0 | 7.0 |
| Denver, CO (DEN) | 3.4 | 4.4 |
| Houston, TX (IAH) | 4.0 | 3.0 |
| Las Vegas, NV (LAS) | 0.6 | 0.7 |
| Miami, FL (MIA) | 0.1 | 0.1 |
| New York, NY (LGA) | 1.0 | - |
| Orlando, FL (MCO) | - | 0.3 |
| Orlando, FL (SFB) | 0.3 | 0.3 |
| Phoenix, AZ (PHX) | - | 1.0 |
| St. Louis, MO (STL) | 2.0 | 1.0 |
| St. Petersburg-Clearwater, FL (PIE) | - | 0.3 |
| Washington, DC (DCA) | 1.0 | 1.0 |
| Total Daily Flights | 36.4 | 34.1 |

Fiscal Year 2022

During 2022, air service increased significantly when compared to 2021 activity due to the recovery from the COVID-19 pandemic. There was a 2 flight increase in average daily flights. New service to LGA contributed to the increase in daily flights, as did increases in service to ORD, DAL, IAH and STL. DEN and PHX experienced decreases in 2022.

Fiscal Year 2021

During 2021, air service increased significantly when compared to 2020 activity due to the COVID-19 pandemic. There was a 9-flight increase in average daily flights. The most significant increases in daily flights were to ORD and DFW with other increases to ATL, DEN and DCA.

Overview of LIT's Financial Statements

Financial Highlights, Fiscal Year 2022

- LIT's assets exceeded liabilities and deferred inflows of resources at December 31, 2022, by \$444.6 million.
- Operating revenue totaled \$36.1 million.
- Operating expenses (excluding depreciation) totaled \$24.2 million.
- Net operating revenue was \$12.0 million.
- Net nonoperating revenue was \$11.6 million.
- COVID relief grant revenue totaled \$8.6 million.
- Federal, state and local capital grants totaled \$9.5 million.
- Net position increased by \$15.6 million.

Financial Highlights, Fiscal Year 2021

- LIT's assets exceeded liabilities at December 31, 2021, by \$429.0 million.
- Operating revenue totaled \$31.5 million.
- Operating expenses (excluding depreciation) totaled \$22.7 million.
- Net operating revenue was \$8.9 million.
- Net nonoperating revenue was \$16.0 million.
- COVID relief grant revenue totaled \$11.9 million.
- Federal, state and local capital grants totaled \$12.3 million.
- Net position increased by \$18.6 million.

Financial Section

Net Position

Total net position serves over time as a useful indicator of the Airport's financial position. As shown in the table below, and in the basic financial statements, the net position of the Airport is represented as follows:

| Net Position | | | |
|--|----------------|----------------|---------------------------------------|
| | 2022 | 2021 | FY22 vs. FY21 % Change |
| Assets | | | |
| Cash | \$ 35,554,380 | \$ 41,199,072 | -13.7% |
| Restricted cash | 10,474,060 | 12,540,627 | -16.5% |
| Accounts receivable, less allowance | 1,243,130 | 1,332,261 | -6.7% |
| Other current assets | 6,494,664 | 6,027,865 | 7.7% |
| Investments | 62,807,415 | 39,970,003 | 57.1% |
| Capital assets, net | 330,701,911 | 332,620,983 | -0.6% |
| Lease receivable-long term | 48,408,418 | - | - |
| Other noncurrent assets | 3,448,957 | 464,702 | 642.2% |
| Total assets | \$ 499,132,935 | \$ 434,155,513 | 15.0% |
| Liabilities and Deferred Inflows of Resources | | | |
| Current liabilities | \$ 4,736,502 | \$ 5,145,584 | -8.0% |
| Deferred inflows-leases | 49,752,674 | - | - |
| Total liabilities and deferred inflows of resources | 54,489,176 | 5,145,584 | 959.0% |
| Net Position | | | |
| Net investment in capital assets | 329,265,199 | 330,795,684 | -0.5% |
| Restricted | 10,947,871 | 13,005,329 | -15.8% |
| Unrestricted | 104,430,689 | 85,208,916 | 22.6% |
| Total net position | 444,643,759 | 429,009,929 | 3.6% |
| Total liabilities and net position | \$ 499,132,935 | \$ 434,155,513 | 15.0% |

Note: Fiscal year 2021 amounts have not been restated for adoption of GASB 87.

Net Position, FY 2022

Total net position may serve as a useful indicator of the Airport's financial position. At the close of fiscal years 2022 and 2021, LIT's assets exceeded liabilities and deferred inflows by \$444.6 million and \$429.0 million, respectively, representing a 3.6% increase, or \$15.6 million.

The largest portion of LIT's net position (\$329.3 million, or 74.1%) reflects its investment in capital assets less accumulated depreciation. These assets decreased \$1.5 million (0.5%) when compared to the balance at the end of 2021 (\$330.8 million). The decrease was due to additions to capital assets being less than the depreciation expense in the current year. Capital asset additions are generally financed through grants from federal agencies, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs) and existing resources.

An additional portion of LIT's net position (\$10.9 million, or 2.5%) represents resources that are subject to various restrictions on how they are used. The Airport has two sources of restricted funds: PFC fund and Noise Land Fund. The balance in the PFC fund decreased \$2.1 million during 2022. Even though collections in 2022 exceeded 2021 collections, a portion of these funds were transferred to the unrestricted Operating fund to reimburse the Airport for historic costs that were incurred in prior years. Additionally, Restricted funds also includes the Noise Land Fund, which was established in 2021 and has a balance of \$655,500.

In 2022, the Airport implemented Governmental Accounting Standards Board (GASB) Statement No. 87-Leases. This resulted in the recognition of a Lease receivable-long term (\$48.4 million) and Deferred inflows-leases (\$49.8 million).

Unrestricted net position increased by \$19.2 million, or 22.6%, from \$85.2 million at December 31, 2021, to \$104.4 million at December 31, 2022. As presented, current assets consist mainly of cash and accounts receivable that are immediately available to meet any of the Airport's ongoing obligations.

Net Position, FY 2021

At the close of fiscal year 2021, LIT's assets exceeded liabilities by \$429.0 million, representing a 4.5% increase, or \$18.6 million.

The largest portion of LIT's net position (\$330.8 million, or 77.1%) reflects its investment in capital assets less accumulated depreciation. These assets decreased \$4.3 million (1.3)% when compared to the balance at the end of 2020 (\$335.1 million). The decrease was due to additions to capital assets were less than the depreciation expense for the year. Capital asset additions are generally financed through grants from federal agencies, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs) and existing resources.

An additional portion of LIT's net position (\$12.3 million, or 2.9%) represents resources that are subject to various restrictions on how they are used. Currently, the only restricted fund at the Airport is the PFC fund. The balance in the PFC fund increased \$2.4 million during 2021 due to collections exceeding expenditures. These funds were transferred to the unrestricted Operating fund to reimburse the Airport for historic costs that were incurred in prior years.

Unrestricted net position increased by \$19.9 million, or 30.5%, from \$65.3 million at December 31, 2020, to \$85.2 million at December 31, 2021. As presented, current assets consist mainly of cash and accounts receivable that are immediately available to meet any of the Airport's ongoing obligations.

Change in Net Position Summary

A condensed summary of LIT's changes in net position for fiscal years ended 2022 and 2021 is presented below:

Changes in Net Position

| | 2022 | 2021 | FY22 vs. FY21 % Change |
|--|----------------|----------------|------------------------------|
| Operating revenue | \$ 36,137,959 | \$ 31,529,193 | 14.6% |
| Less: operating expenses | 24,151,863 | 22,673,797 | 6.5% |
| Operating income before depreciation | 11,986,096 | 8,855,396 | 35.4% |
| Less: depreciation | 20,958,716 | 20,376,862 | 2.9% |
| Operating loss | (8,972,620) | (11,521,466) | -22.1% |
| Other nonoperating revenue, net | 11,563,334 | 15,987,372 | -27.7% |
| Change in net position before capital contributions and grants | 2,590,714 | 4,465,906 | -42.0% |
| Capital contributions and grants | 13,043,116 | 14,183,086 | -8.0% |
| Change in net position | 15,633,830 | 18,648,992 | -16.2% |
| Net position, beginning of year | 429,009,929 | 410,360,937 | 4.5% |
| Net position, end of year | \$ 444,643,759 | \$ 429,009,929 | 3.6% |

Note: Fiscal year 2021 amounts have not been restated for adoption of GASB 87.

Net Position Changes, FY 2022

Operating revenue for 2022 of \$36.1 million increased \$4.6 million, or 15%, from the 2021 balance of \$31.5 million. Operating expenses increased by \$1.5 million to \$24.2 million. That is a 6.5% increase from the \$22.7 million total for 2021. With the increase in capital assets during 2022 referred to previously, depreciation for 2022 was \$21.0 million, or \$0.6 million more than the \$20.4 million in depreciation recorded in 2021. The 2022 loss from operations was \$9.0 million, which was \$2.5 million, or 22.1% less than the \$11.5 million loss from operations for 2021.

Other nonoperating revenue net was \$11.6 million in 2022 compared to \$16.0 million in 2021, a decrease of \$4.4 million, or 27.7%. This decrease is primarily a result of unrealized losses on investments and a reduction in COVID-19 relief funding. Capital contributions and grants for 2022 were \$13.0 million. This represents a decrease of \$1.1 million, or 8.0%, from the \$14.2 million reported in 2021. This decrease is primarily due to a reduction in Airport Improvement Program discretionary grants. Net Position at the end of 2022 was \$444.6 million. This was up \$15.6 million, or 3.6%, from the \$429.0 million balance at the end of 2021.

Net Position Changes, FY 2021

Operating revenue for 2021 of \$31.5 million increased \$7.3 million, or 30%, from the 2020 balance of \$24.2 million. Operating expenses increased by \$1.1 million to \$22.7 million. That is a 5.2% increase from the \$21.6 million total for 2020. With the increase in capital assets during 2021 referred to previously, depreciation for 2021 was \$20.4 million, or \$1.2 million more than the \$19.2 million in depreciation recorded in 2020. The 2021 loss from operations was \$11.5 million, which was \$5.0 million, or 30.3% less than the \$16.5 million loss from operations for 2020.

Other nonoperating revenue net was \$16.0 million in 2021 compared to \$14.7 million in 2020, an increase of \$1.3 million, or 9.0%. Capital contributions and grants for 2021 were \$14.2 million. This represents a increase of \$4.0 million, or 39.3%, from the \$10.2 million reported in 2020. Net Position at the end of 2021 was \$429.0 million. This was up \$18.6 million, or 4.5%, from the \$410.4 million balance at the end of 2020.

Operating Revenues

LIT derives its operating revenues from several major airport business activities. The following table presents a summary of these business activities during fiscal years 2022 and 2021:

| Summary of Operating Revenues | | | |
|---|---------------|---------------|--------------------------------|
| | 2022 | 2021 | FY 2022 Incr (Decr) |
| Operating Revenues | | | |
| Airline revenues | | | |
| Airport landing and related fees | \$ 5,638,486 | \$ 4,872,194 | \$ 766,292 |
| Terminal building rental and related fees | 6,359,666 | 5,986,211 | 373,455 |
| Facility use fees | 247,920 | 232,110 | 15,810 |
| Total airline revenues | 12,246,072 | 11,090,515 | 1,155,557 |
| Nonairline revenues | | | |
| Parking fees | 10,191,390 | 7,605,045 | 2,586,345 |
| Concession fees | 1,110,980 | 908,557 | 202,423 |
| Car rental operations | 7,243,232 | 6,192,821 | 1,050,411 |
| Facility and ground rentals | 4,360,487 | 4,839,289 | (478,802) |
| Other | 985,798 | 892,966 | 92,832 |
| Total nonairline revenues | 23,891,887 | 20,438,678 | 3,453,209 |
| Total operating revenues | \$ 36,137,959 | \$ 31,529,193 | \$ 4,608,766 |

Note: Fiscal year 2021 amounts have not been restated for adoption of GASB 87.

Airline revenues are a major category of operating revenues and includes rents, fees and charges collected from the airlines that utilize the Airport facilities. LIT establishes rate setting methodologies according to best industry standards as described below.

Landing fees are calculated on a cost recovery methodology for the airfield area, which includes all runways, taxiways, associated navigational and operational aids and other airside properties. Landing fee rates are set using budgeted expenses and estimates of landed weight. To maintain a competitive landing fee rate, LIT has historically applied a discretionary credit.

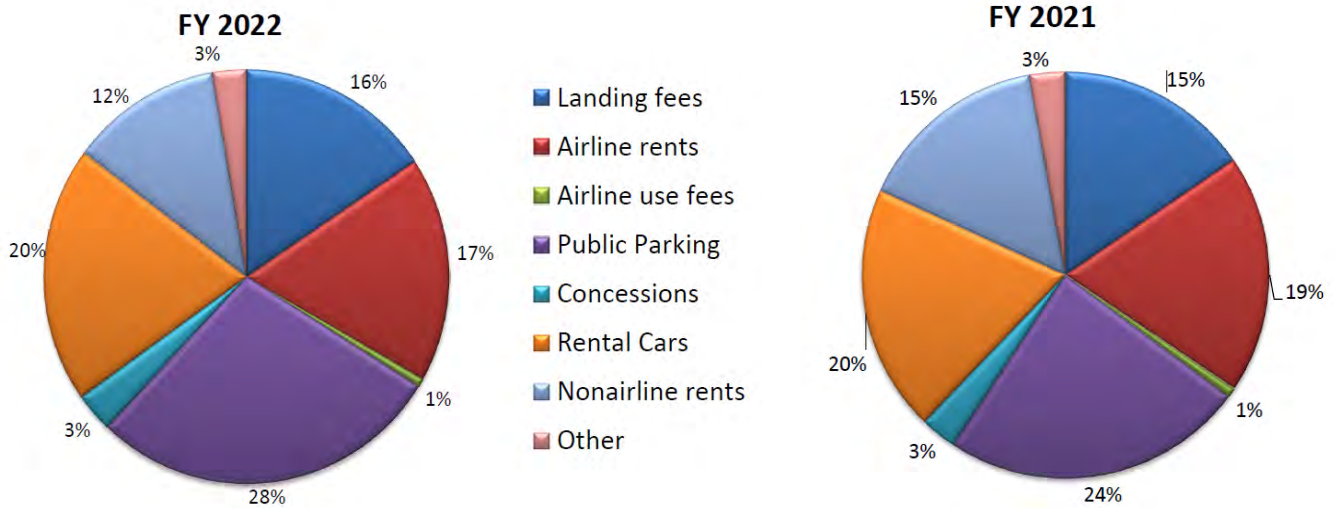
Landing fees are charged to passenger and cargo for commercial aircraft landings, as well as from the fixed-base operators for general aviation flights at the Airport.

Airline rents are established on a cost recovery methodology that includes both operating costs and capital purchases for the terminal area. The compensatory rate structure allows the Airport to transfer a pro-rata share of the terminal costs to the airlines based on usable space.

Airline use fees include charges imposed for the use of Airport-operated (common use) facilities including hold rooms, gates and jet bridges. Additionally, this category includes ramp and remain overnight aircraft parking fees.

Operating Revenues, Fiscal Year 2022

The following charts illustrate the proportion of sources of operating revenues for fiscal years ended December 31, 2022 and 2021:



For fiscal year ended December 31, 2022, total operating revenues were \$36.1 million, a \$4.6 million, or 14.6%, increase from the prior fiscal year. The increase in airline revenue was \$1.2 million while nonairline revenue had a net increase of \$3.5 million.

Airport landing fees totaled \$5.6 million in fiscal year 2022 compared to \$4.9 million reported in fiscal year 2020. Landing fee rates were \$4.26 per 1,000 pounds in 2021 and in 2022 as well. The Airport chose to leave the landing fee rates unchanged in 2022 due to COVID-19. Landed weights increased 10.6% from 2021 to 2022.

Airline rents posted an increase of \$373 thousand, or 6.2%. Similar to landing fee rates, the Airport left the rental rate of \$44.00 per square foot unchanged from 2021 to 2022. The increase in airline rents was related to a slight increase in per turn gate use charges as well as a substantial decrease in incentives offered to airlines for new air service. Airline use fees increased \$16 thousand, or 6.8%, from 2021 to 2022 .

During fiscal year 2022, nonairline revenues increased \$3.5 million, or 16.9%, when compared to 2021. A majority of this increase came from parking fees and rental car operations.

Revenue from Public Parking increased from \$7.6 million in 2021 to \$10.2 million in 2022. This \$2.6 million, or 34.0%, increase reflects the increase in enplaned passengers during 2022. Rental car operations increased from \$6.2 million in 2021 to \$7.2 million in 2022. This \$1.1 million, or 17.0%, increase reflects the increase in enplaned passengers during 2022 along with an increase in the rates the rental car companies charged their customers. Concessions collected in the terminal for fiscal year 2022 reflected a 22.3% increase, or \$202.4

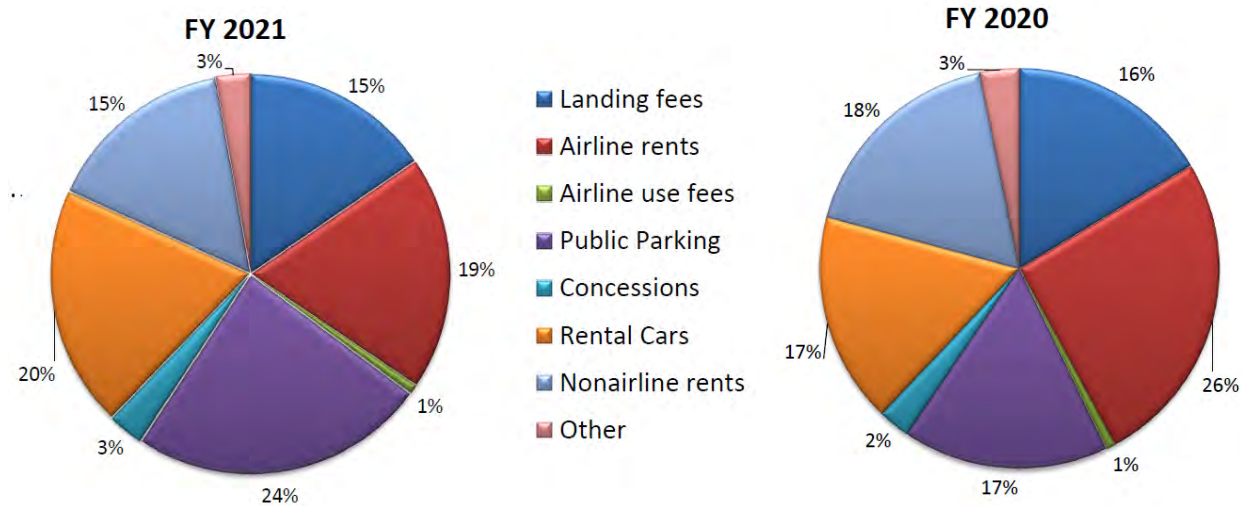
thousand increase, in revenues compared to fiscal year 2021. A majority of this increase is related to recovery from the COVID-19 pandemic.

Nonairline rents decreased 9.9% during 2022 from \$4.8 million to \$4.4 million. This \$478.8 thousand decrease was primarily related to the implementation of GASB 87 in 2022 that decreased land rent for certain leases.

Other operating revenues for 2022 were \$986 thousand compared to \$893 thousand in 2021, an increase of \$92.8 thousand, or 10.4%. Increased revenue from General Aviation activity in 2022 accounted for a majority of this increase in other operating revenues.

Operating Revenues, Fiscal Year 2021

The following charts illustrate the proportion of sources of operating revenues for fiscal years ended December 31, 2021 and 2021:



For fiscal year ended December 31, 2021, total operating revenues were \$31.5 million, a \$7.3 million, or 30%, increase from the prior fiscal year. The increase in airline revenue was \$748 thousand. Nonairline revenue had a net increase of \$6.5 million.

Airport landing fees totaled \$4.9 million in fiscal year 2021 compared to \$3.9 million reported in fiscal year 2020. Landing fee rates remained \$4.26 per 1,000 pounds during 2021. Landed weight increased 36.4% from 2020 to 2021, as passenger traffic returned following the COVID-19 pandemic.

Airline rents posted a decrease of \$233.7 thousand, or 3.8%. The rental rate remained \$44.00 per square in 2021. Airline use fees increased \$46.6 thousand, or 25.1%, from 2020 to 2021.

During fiscal year 2021, nonairline revenues increased \$6.5 million, or 47%, when compared to 2020. A majority of this increase came from parking fees and rental car operations.

Revenues from Public Parking increased from \$4.1 million in 2020 to \$7.6 million in 2021. This \$3.6 million, or 88%, increase reflects the increase in enplaned passengers during 2021. Concessions collected in the terminal for fiscal year 2021 reflected a 44.9%, or \$281.6 thousand, increase in revenues compared to fiscal year 2020. A majority of this increase is related to a growth in food and beverage revenues in the terminal following the COVID-19 pandemic.

Rental car revenues totaling \$6.2 million in fiscal year 2021 were up \$2.1 million from the \$4.1 million collected in fiscal year 2020. This 49.8% increase is primarily related to an increase in enplaned passengers during 2021.

Nonairline rentals increased 13.3% during 2020, from \$4.3 million to \$4.8 million. Part of this \$567 thousand increase was related to having Kiewit Massman as a tenant at the Airport Business Park for a full year. Additionally, the Kellett Road Facility was leased to FEMA for a portion of 2020 but was to be leased to SCA Pharmaceuticals for all of 2021.

Other operating revenues for 2021 were \$893 thousand compared to \$823 thousand in 2020, an increase of \$69.6 thousand, or 8.5%. Increased revenue from General Aviation activity accounted for a majority of the increase in other operating revenues.

Operating Expenses

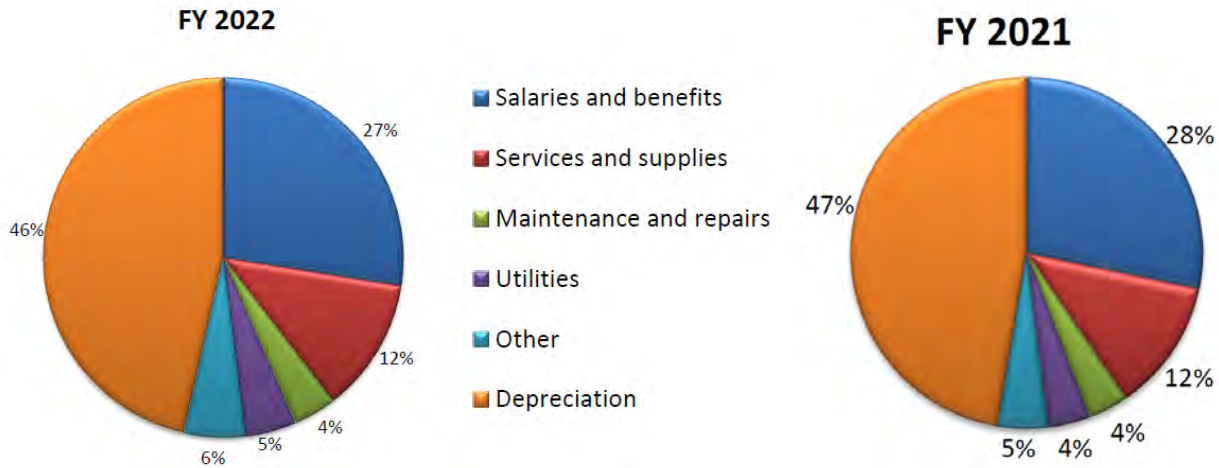
The following table presents a summary of LIT operating expenses for the fiscal years ended December 31, 2022 and 2021. Included in other operating expenses are expenses for advertising and public relations, training and travel, insurance, lease and other miscellaneous items.

Summary of Operating Expenses

| | 2022 | 2021 | FY 2022 Incr (Decr) |
|--|---------------|---------------|------------------------|
| Salaries and benefits | \$ 12,414,262 | \$ 12,174,604 | \$ 239,658 |
| Services and supplies | 5,434,654 | 5,238,322 | 196,332 |
| Maintenance and repairs | 1,728,502 | 1,590,648 | 137,854 |
| Utilities | 2,070,379 | 1,663,341 | 407,038 |
| Other | 2,504,066 | 2,006,882 | 497,184 |
| Operating expenses before depreciation | 24,151,863 | 22,673,797 | 1,478,066 |
| Depreciation | 20,958,716 | 20,376,862 | 581,854 |
| Total operating expenses | \$ 45,110,579 | \$ 43,050,659 | \$ 2,059,920 |

Operating Expenses, Fiscal Year 2022

The following charts illustrate the proportion of categories of operating expenses for fiscal years ended December 31, 2022 and 2021:



For the fiscal year ended December 31, 2022, operating expenses were \$45.1 million. Compared to the 2021 operating expenses of \$43.1 million, this represents an increase of \$2.1 million, or 6.5%.

Salaries and benefits increased \$239.7 thousand from \$12.2 million in 2021 to \$12.4 million in 2022. This 2.0% increase is related to annual salary increases.

Services and supplies expenses were \$5.4 million in 2022 compared to \$5.2 million during 2021. This is an increase of \$196.3 thousand, or 3.7%, from 2021. While the Airport experienced a decrease in expenses for janitorial supplies during 2022, these were offset by increases in expenses for contracted security guards and fuel for vehicles.

The Airport saw an increase in maintenance and repairs expenses during 2022. The 2022 expense was \$1.7 million compared to \$1.6 million in 2021. This was an increase of \$137.9 thousand, or 8.7%. During 2022, the Airport experienced an increase in expenses to repair and maintain terminal equipment as well as airfield pavement in 2022.

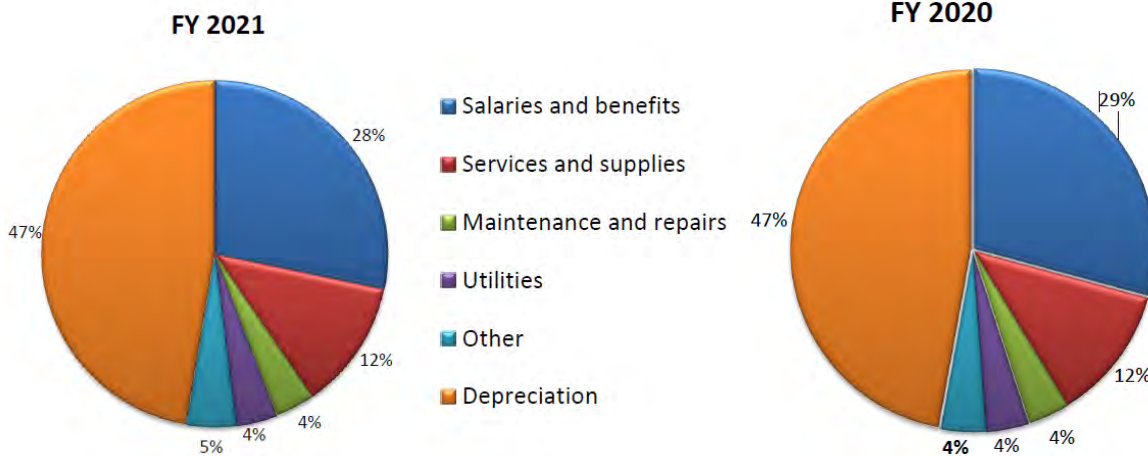
Utilities increased 24.5% from \$1.7 million in 2021 to \$2.1 million in 2022. Most of this increase of \$407 thousand was related to an increase in expenses for electric and natural gas as well as diesel for generators.

Other operating expenses were up 24.8% in 2022. The Airport had other operating expenses of \$2.5 million in 2022 compared to \$2.0 million in 2021. An increase in premiums for commercial insurance contracts and computer software support contracts was experienced in 2022. Additionally, with the continued return of passengers in 2022, the Airport experienced an increase in credit card fees related to the increase in parking revenue.

Depreciation charges for 2021 of \$20.4 million increased to \$21.0 million in fiscal year 2022. This increase was primarily the result of the increase in assets capitalized in recent years.

Operating Expenses, Fiscal Year 2021

The following charts illustrate the proportion of categories of operating expenses for fiscal years ended December 31, 2021 and 2020:



For the fiscal year ended December 31, 2021, operating expenses were \$43.1 million. Compared to the 2020 operating expenses of \$40.8 million, this represents a increase of \$2.3 million, or 5.6%. Salaries and benefits increased \$269 thousand from \$11.9 million in 2020 to \$12.2 million in 2021. This 2.3% increase is related to a return to hiring as the effects of the COVID-19 pandemic subsided.

Services and supplies expenses were \$5.2 million in 2021 compared to \$4.9 million during 2020 . This is an increase of \$305 thousand, or 6.2%, from the previous year. The Airport experienced an increase in expenses for contracted security guards and janitorial supplies during 2021.

The Airport saw an increase in maintenance and repairs expenses during 2021. The 2021 expenses were \$1.6 million compared to \$1.5 million in 2020. This was an increase of \$75 thousand, or 5.0%. During 2021, the Airport had an increase in expenses to repair and maintain terminal equipment.

Utilities increased 7.7 % from \$1.5 million in 2020 to \$1.7 million in 2021. Most of this increase of \$119 thousand was related to an increase in the expense for natural gas.

Other operating expense were up 21.4% in 2021. The Airport had other operating expenses of \$2.0 million in 2021 compared to \$1.7 million 2020. Increases in premiums for commercial insurance, marketing media and credit card fees related to Airport parking accounted for most of this increase in 2021.

Depreciation charges for 2020 of \$19.2 million increased to \$20.4 million in fiscal year 2021. This increase was primarily the result of the increase in assets capitalized in recent years.

Nonoperating Transactions

Nonoperating transactions are activities that do not result from providing services as well as producing and delivering goods in connection with LIT’s ongoing operations. The following table presents a summary of these activities during fiscal years 2022 and 2021:

Summary of Nonoperating Transactions

| | 2022 | 2021 | FY 2022 Incr (Decr) |
|--|----------------------|----------------------|------------------------|
| Nonoperating revenue | | | |
| Passenger facility charges | \$ 3,994,434 | \$ 3,468,152 | \$ 526,282 |
| Federal operating grants | 292,449 | 288,136 | 4,313 |
| Investment income | (2,025,988) | 288,345 | (2,314,333) |
| Lease interest income | 1,373,709 | - | - |
| Gain (loss) on disposal of assets | (1,216,117) | (315,009) | (901,108) |
| Other nonoperating revenue | 527,926 | 324,766 | 203,160 |
| COVID relief grant revenue | 8,616,921 | 11,932,982 | (3,316,061) |
| Total nonoperating revenues | <u>\$ 11,563,334</u> | <u>\$ 15,987,372</u> | <u>\$ (5,797,747)</u> |
| Federal, state, and local grants | \$ 9,480,376 | \$ 12,333,996 | \$ (2,853,620) |
| Contributions from lessees | 3,562,740 | 1,849,090 | 1,713,650 |
| Total capital contributions and grants | <u>\$ 13,043,116</u> | <u>\$ 14,183,086</u> | <u>\$ (1,139,970)</u> |

Note: Fiscal year 2021 amounts have not been restated for adoption of GASB 87.

Nonoperating Transactions, Fiscal Year 2022

PFC income for fiscal 2022 totaled \$4.0 million, a 15.2% increase from the \$3.5 million collected in fiscal year 2021. The increase in PFCs represents an increase in collections aligned with the increase in passenger traffic.

Federal operating grants include reimbursement of costs associated with (1) law enforcement officers (LEO), (2) the Airport's canine program and (3) utilities associated with TSA-leased space. Federal operating grants received during 2022 were \$292 thousand compared to \$288 thousand in 2021, an increase of \$4.3 thousand, or 1.5%.

During fiscal year 2022, investment income decreased from \$288 thousand in 2021 to a loss of \$2.0 million in 2022. Cash and investments balances in Airport accounts increased approximately \$20.9 million during 2022. In October 2021, the Airport transferred approximately \$40 million into an investment account and invested the funds according to the Commission approved Investment Policy. These funds were invested in 3-5 year treasuries in October 2021, when interest rates were still relatively low. As interest rates increased in 2022, the market value of these fixed income instruments declined. The Airport recognized these market losses as unrealized losses in investments. This accounts for the \$2.3 million decrease in investment income.

With the implementation of GASB 87 referenced above, the Airport began recognizing lease interest income from certain long-term leases. This income in 2022 was \$1.4 million.

Federal, state and local grants decreased \$2.9 million, from \$12.3 million in 2021 to \$9.5 million in 2022 due to decreased construction activity. Additionally, the Airport received \$8.6 million in COVID-19 relief grants in 2022 and \$11.9 million in 2021. Contributions from lessees reflect tenant leaseholds that have expired and facilities have reverted to the Airport. These contributions increased in 2022 to \$3.6 million.

Nonoperating Transactions, Fiscal Year 2021

PFC income for fiscal year 2021 totaled \$3.5 million, a 76.3% increase from the \$2.0 million collected in fiscal year 2020. The increase in PFCs during 2021 is aligned with the increase in passenger traffic.

Federal operating grants include reimbursement of costs associated with (1) law enforcement officers (LEO), (2) the Airport's canine program and (3) utilities associated with TSA-leased space. Federal operating grants received during 2021 were \$288 thousand compared to \$357 thousand in 2020, a decrease of \$69 thousand, or 19.2%.

During fiscal year 2021, investment income decreased from \$760 thousand in 2020 to \$288.3 thousand in 2021. Cash and investments balances in Airport accounts increased approximately \$24 million during 2021. The increase in interest rates in 2021 resulted in a decrease in the market value of investments by \$472 thousand, or 62%,.

Federal, state and local grants increased \$2.1 million from \$10.2 million in 2020 to \$12.3 in 2021 due to increased construction activity. The Airport also received \$11.9 million in COVID-19 relief revenue in 2021.

Capital Assets

Summary of Capital Assets Net of Accumulated Depreciation (in thousands)

| | 2022 | 2021 | FY 2022 Incr (Decr) |
|--------------------------------|-------------------|-------------------|------------------------|
| Land | \$ 68,419 | \$ 68,394 | \$ 25 |
| Construction work in progress | 6,704 | 14,737 | (8,034) |
| Capital assets not depreciated | <u>75,122</u> | <u>83,131</u> | <u>(8,009)</u> |
| Buildings and improvements | 324,160 | 320,019 | 4,141 |
| Equipment | 30,699 | 28,896 | 1,804 |
| Infrastructure | 194,396 | 177,003 | 17,393 |
| Capital assets depreciated | <u>549,255</u> | <u>525,918</u> | <u>23,337</u> |
| Less: accumulated depreciation | (293,676) | (276,428) | (17,247) |
| Net Capital Assets | <u>\$ 330,702</u> | <u>\$ 332,621</u> | <u>\$ (1,919)</u> |

As presented in Note 4 of the financial statements, and summarized above, LIT's investment in capital assets, net of accumulated depreciation, as of December 31, 2022 and 2021, was \$330.7 million and \$332.6 million, respectively. This investment, which accounts for 66.3% and 76.6% of LIT's total assets as of December 31, 2022 and 2021, respectively, includes land, buildings, improvements, equipment and vehicles and construction in progress.

Capital Assets, Fiscal Year 2022

The following assets were capitalized during fiscal year 2022:

- ***Taxiway Charlie - Phase 1 - \$22.1 million***
- ***East Little Rock Community Garden - \$573K***
- ***PBX Telephone System - \$878K***
- ***Dassault Falcon Jet Hangars 6 & 7 - \$2.3 million***
- ***Dassault Falcon Jet CCA Offices - \$1.3 million***

Capital Assets, Fiscal Year 2021

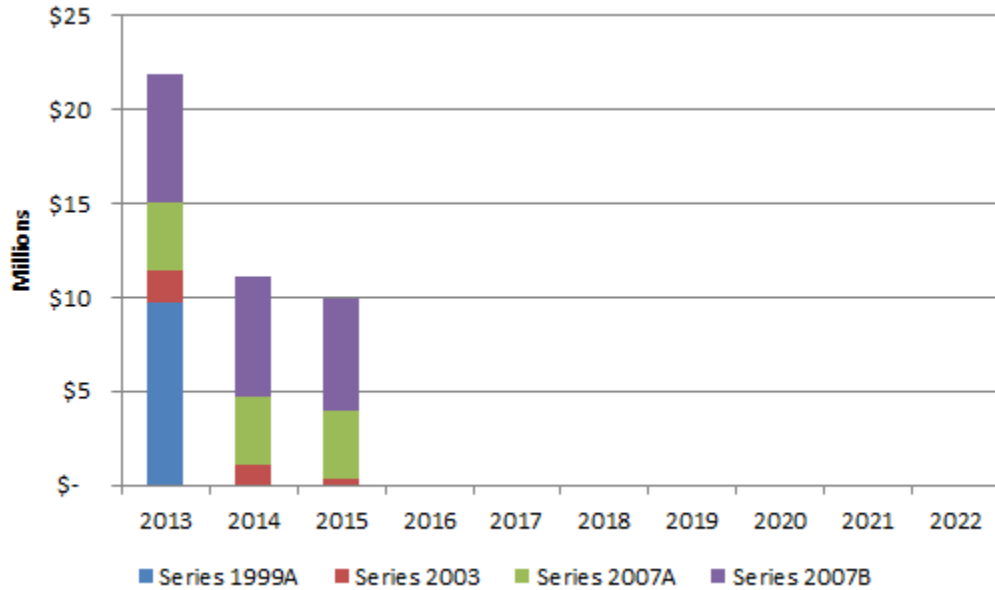
The following assets were capitalized during fiscal year 2021:

- ***Pre-Security Lobby Renovations - \$5.7 million***
- ***NAVAIDS Improvements - \$1.7 million***
- ***Dassault Falcon Jet Manufacturing Building - \$1.4 million***
- ***Airport Master Plan - \$840K***
- ***Electronic Airport Layout Plan - \$687K***
- ***Enterprise Resource Planning Software Upgrades - \$563K***
- ***Dassault Falcon Jet Prep Bay - \$497K***
- ***Art Wall at Exit Lane - \$208K***

Long-Term Debt

On December 31, 2015, the Airport transferred funds to our bond trustee to pay off the balance of the Series 2007 Airport Revenue Bonds. These funds were used to retire the 2007 Bonds at the first call date, November 2016. These were the final outstanding bonds issued by the Airport, thereby making LIT debt-free with the retirement of this debt.

A 10-year history of indebtedness balances is presented in the table below:



Request for Information

This financial report is designed to provide detail information on the Airport’s operations to the Little Rock Municipal Airport Commission, management, investors, creditors, customers and all others with an interest in the Airport’s financial affairs and to demonstrate the Commission’s accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be made in writing and addressed to the Finance Department, One Airport Drive, Little Rock Arkansas, 72202 or by sending an email to finance@clintonairport.com or by calling (501) 537-7329.

David Tipton, CPA
 Director of Finance/CFO

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
December 31, 2022

Assets

Current Assets

| | | |
|--------------------------------|----|-------------------|
| Cash | \$ | 35,554,380 |
| Trade accounts receivable, net | | 1,243,130 |
| Grants receivable | | 3,697,564 |
| Interest receivable | | 55,953 |
| Lease receivable | | 1,918,424 |
| Prepaid expenses | | <u>822,723</u> |
| Total current assets | | <u>43,292,174</u> |

Noncurrent Assets

| | | |
|--|--|--------------------|
| Cash - restricted | | 10,474,060 |
| Passenger facilities charges (PFC) receivable - restricted | | 473,810 |
| Investments | | 62,807,415 |
| Notes receivable | | 2,975,147 |
| Lease receivable | | 48,408,418 |
| Nondepreciable capital assets | | 75,122,441 |
| Depreciable capital assets, net | | <u>255,579,470</u> |
| Total noncurrent assets | | <u>455,840,761</u> |

| | | |
|--------------|----|---------------------------|
| Total assets | \$ | <u><u>499,132,935</u></u> |
|--------------|----|---------------------------|

See Notes to Financial Statements

STATEMENT OF NET POSITION (Continued)
December 31, 2022

Liabilities

Current Liabilities

| | | |
|--|----|-----------|
| Payable from unrestricted assets | | |
| Accounts payable - trade | \$ | 959,642 |
| Accrued wages and benefits | | 1,754,957 |
| Due to other governmental units | | 56,009 |
| Security deposits and unearned revenue | | 529,184 |
| Total current liabilities payable from unrestricted assets | | 3,299,792 |
| Payable from restricted assets | | |
| Accounts payable - construction | | 1,436,710 |
| Total current liabilities | | 4,736,502 |

Deferred Inflows of Resources

| | | |
|---|--|------------|
| Deferred inflows - leases | | 49,752,674 |
| Total deferred inflows of resources | | 49,752,674 |
| Total liabilities and deferred inflows of resources | | 54,489,176 |

Net Position

| | | |
|------------------------------------|----|-------------|
| Net investment in capital assets | | 329,265,199 |
| Restricted | | |
| PFC eligible capital projects | | 10,292,371 |
| FAA restriction | | 655,500 |
| Unrestricted | | 104,430,689 |
| Total net position | | 444,643,759 |
| Total liabilities and net position | \$ | 499,132,935 |

See Notes to Financial Statements

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2022

Operating Revenues

Airline Revenues

| | | |
|--|----|------------|
| Airport landing and related fees | \$ | 5,638,486 |
| Terminal building rentals and related fees | | 6,359,666 |
| Facility use fees | | 247,920 |
| Total airline revenues | | 12,246,072 |

Nonairline Revenues

| | | |
|-----------------------------|--|------------|
| Parking fees | | 10,191,390 |
| Concession fees | | 1,110,980 |
| Car rental operations | | 7,243,232 |
| Facility and ground rentals | | 4,360,487 |
| Ground transportation | | 125,491 |
| Services sold | | 294,921 |
| General aviation activity | | 511,728 |
| Other | | 53,658 |
| Total nonairline revenues | | 23,891,887 |

| | | |
|--------------------------|--|------------|
| Total operating revenues | | 36,137,959 |
|--------------------------|--|------------|

Operating Expenses

| | | |
|---------------------------------------|--|------------|
| Salaries, wages and employee benefits | | 12,414,262 |
| Professional and contractual services | | 4,456,573 |
| Buildings and grounds maintenance | | 757,354 |
| Equipment repair and maintenance | | 971,148 |
| Marketing and public affairs | | 165,382 |
| Utilities | | 2,070,379 |
| Materials and supplies | | 978,081 |
| Insurance | | 617,481 |
| Other expense | | 1,721,203 |
| Total operating expenses | | 24,151,863 |

| | | |
|---|--|------------|
| Income from Operations Before Depreciation | | 11,986,096 |
|---|--|------------|

| | | |
|--------------|--|------------|
| Depreciation | | 20,958,716 |
|--------------|--|------------|

| | | |
|-----------------------|--|--------------------|
| Operating Loss | | (8,972,620) |
|-----------------------|--|--------------------|

See Notes to Financial Statements

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION (Continued)
Year Ended December 31, 2022

| | |
|---|------------------------------|
| Nonoperating Revenues (Expenses) | |
| Passenger facility charges | \$ 3,994,434 |
| Federal operating grants | 292,449 |
| Investment loss | (2,025,988) |
| Lease Interest Income | 1,373,709 |
| Loss on disposal of assets | (1,216,117) |
| Aviation fuel taxes | 499,674 |
| Other nonoperating income | 28,252 |
| COVID relief grant revenue | <u>8,616,921</u> |
| Total nonoperating revenues (expenses) | <u>11,563,334</u> |
| Change in Net Position Before Capital Contributions and Grants | |
| | 2,590,714 |
| Capital Contributions and Grants | |
| Federal, state and local grants | 9,480,376 |
| Contributions from lessees | <u>3,562,740</u> |
| Total capital contributions and grants | <u>13,043,116</u> |
| Change in Net Position | 15,633,830 |
| Net Position, Beginning of Year | <u>429,009,929</u> |
| Net Position, End of Year | <u><u>\$ 444,643,759</u></u> |

See Notes to Financial Statements

STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

| | |
|---|-----------------------------|
| Cash Flows from Operating Activities | |
| Receipts from providing services | \$ 35,652,922 |
| Payments to vendors for goods and services | (11,848,638) |
| Payments of salaries, wages and benefits | (12,337,743) |
| Net cash provided by operating activities | <u>11,466,541</u> |
| Cash Flows from Noncapital Financing Activities | |
| Operating grants received | 292,449 |
| Aviation fuel taxes | 499,674 |
| COVID relief grants received | 7,800,853 |
| Net cash provided by noncapital financing activities | <u>8,592,976</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Acquisition and construction of capital assets | (17,060,026) |
| Proceeds from sale of capital assets | 5,108 |
| Receipts from federal and state grants | 11,763,654 |
| Receipts from passenger facility charges | 3,985,326 |
| Principal payments on notes receivable | 24,853 |
| Note receivable issued | (3,000,000) |
| Interest received on lease receivable | 1,373,709 |
| Net cash used in capital and related financing activities | <u>(2,907,376)</u> |
| Cash Flows from Investing Activities | |
| Purchase of investments | (25,500,000) |
| Interest received | 636,600 |
| Net cash provided by investing activities | <u>(24,863,400)</u> |
| Net Change in Cash | (7,711,259) |
| Cash, Beginning of Year | <u>53,739,699</u> |
| Cash, End of Year | <u><u>\$ 46,028,440</u></u> |
| Cash as Presented in the Statements of Net Position: | |
| Cash - current assets | \$ 35,554,380 |
| Cash - noncurrent restricted | 10,474,060 |
| Total cash, end of year | <u><u>\$ 46,028,440</u></u> |

See Note to Financial Statements

STATEMENT OF CASH FLOWS (Continued)
Year Ended December 31, 2022

Reconciliation of Operating Loss to Net Cash Provided by

Operating Activities

| | |
|--|-----------------------------|
| Operating loss | \$ (8,972,620) |
| Item not requiring cash | |
| Depreciation expense | 20,958,716 |
| Change in assets and liabilities: | |
| Accounts receivable | 89,131 |
| Lease receivable | 1,543,251 |
| Prepaid expenses | (15,585) |
| Accounts payable | (95,452) |
| Accrued expenses and other current liabilities | 76,519 |
| Deferred inflows – leases | <u>(2,117,419)</u> |
| Net cash provided by operating activities | <u><u>\$ 11,466,541</u></u> |

Noncash

Capital and Related Financing Activities

| | |
|--|--------------|
| Changes in payables for acquisition and construction of capital assets and improvements | \$ (390,149) |
| Capital contribution from lessee | 3,562,740 |
| Loss on disposal of capital assets | (1,216,117) |

Financial Section

STATEMENT OF FIDUCIARY NET POSITION - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

December 31, 2022

Assets

| | |
|----------------------------------|---------------------------------|
| Investments, at fair value | |
| Cash management funds | \$ 1,102,313 |
| Balanced asset allocation funds | 15,081,310 |
| Mutual funds - corporate bonds | 103,289 |
| Mutual funds - equity | <u>2,097,203</u> |
| Total investments, at fair value | 18,384,115 |
| Contributions receivable | 361,297 |
| Loans receivable | <u>78,510</u> |
| Total assets | \$ <u><u>18,823,922</u></u> |

Net Position Restricted for:

| | |
|---|---------------------------------|
| Pensions | \$ 15,302,454 |
| Postemployment benefits other than pensions | <u>3,521,468</u> |
| Total net position | \$ <u><u>18,823,922</u></u> |

See Notes to Financial Statements

Financial Section

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Year Ended December 31, 2022

| | |
|--|-----------------------------|
| Additions | |
| Employer contributions | \$ 1,047,177 |
| Employee contributions | 1,157,697 |
| Interest earned on loans | 3,030 |
| Investment income | |
| Loss on investments | (3,341,618) |
| Less investment expense | <u>(148,912)</u> |
| Net investment (loss) | <u>(3,490,530)</u> |
| Total additions (reductions) | <u>(1,282,626)</u> |
| Deductions | |
| Benefit payments | <u>1,452,908</u> |
| Total deductions | <u>1,452,908</u> |
| Decrease in Net Position | (2,735,534) |
| Net Position Restricted for Pensions and Postemployment Benefits Other than Pensions, Beginning of Year | <u>21,559,456</u> |
| Net Position Restricted for Pensions and Postemployment Benefits Other than Pensions, End of Year | <u><u>\$ 18,823,922</u></u> |

See Notes to Financial Statements

Note 1: Nature of Organization and Summary of Significant Accounting Policies

The Bill and Hillary Clinton National Airport (the Airport) is under the management and control of the Little Rock Municipal Airport Commission (the Commission). It consists of seven members who are appointed by the City of Little Rock (City) Board of Directors in accordance with state law (A.C.A. § 14-359-105). The Commission has the general power to, among other things: (a) acquire, develop and operate all property, plant and equipment as it may deem necessary or convenient for the promotion and accommodation of air commerce; (b) borrow money to finance the development of the Airport; and (c) fix, regulate and collect rates and charges for the use of the Airport. The Executive Director serves at the pleasure of the Commission as the chief executive responsible for the operation of the Airport. The Executive Director hires a management team to assist him in that responsibility. Any indebtedness is payable solely from the revenues of the Airport, and the Airport has no ability to levy taxes. Under federal guidelines, all revenues generated by the Airport, must be used for airport purposes.

Financial Reporting Entity

The Airport is considered to be a component unit of the City. The City has based this determination on the fact that the City is financially accountable for the Commission. Financial accountability is evidenced by the following:

- a. The Commissioners are appointed by the mayor and confirmed by three-fourths vote of the elected and qualified members of the city council (Airport Commission Act, A.C.A. § 14-359-105 et seq.).
- b. Any Commissioner appointed by the mayor and confirmed by three-fourths vote of the elected and qualified members of the city council may be removed upon a three-fourths vote of the elected and qualified members of the city council (Airport Commission Act, A.C.A. § 14-359-106 et seq.).

The Airport has no component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended.

Basis of Accounting and Financial Reporting

The financial statements consist of a single-purpose business-type activity, and fiduciary fund statements which are reported on the accrual basis of accounting using the economic resources measurement focus.

The Airport prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 reported amounts of assets and liabilities and disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

We considered the impact of the COVID-19 pandemic on the assumptions and estimates used and determined there were no material adverse impacts on the financial statements for the year ended December 31, 2022.

Receivables

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on collection history, aviation industry trends and current information regarding the creditworthiness of the tenants and others doing business with the Airport.

Lease Receivable

Lease receivable consists of amounts due from customers utilizing airport services and lease income is stated at the amounts billed to customers plus any accrued and unpaid late fees.

Passenger Facility Charges

The Federal Aviation Administration's Passenger Facility Charge (PFC) Program allows the Airport to impose and use PFC fees up to \$4.50 for every enplaned passenger. The Airport requests collection authority from the Federal Aviation Administration (FAA) by submitting eligible capital projects that will enhance safety, security or capacity; reduce noise; or increase air carrier competition. PFCs, which are recognized as earned, are included in nonoperating revenues and amounted to \$3,994,434 for the year ended December 31, 2022.

Customer Facility Charges (Rental Cars)

The Airport imposes a per contract day fee payable by customers, accounted for, and remitted by rental car agencies as established by Resolution. Actual customer facility charge (CFC) revenues received by the Airport in accordance with the requirements of the resolution are used to pay for any legal use including, but not limited to, rental car facility expenses, operating and maintenance costs, facility rent, debt service, operating and maintenance expense reserve, and future costs associated with the rental car facility's capital reserve fund. The \$3.50 CFC became effective December 2009. CFC revenue totaled \$2,041,764 for the year ended December 31, 2022 and is included in operating revenues.

Inventories

Purchases of materials and supplies are charged to expenses as incurred, as such amounts are immaterial.

Investments and Investment Income (Loss)

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income (loss) includes interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are defined by the Airport as assets with an initial individual cost of more than \$5,000. Capital assets purchased by the Airport are stated at historical cost. Depreciation is computed using the straight-line

method over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

| | |
|---|-------------|
| Buildings and leasehold improvements | 10–40 years |
| Machinery and equipment | 3–15 years |
| Improvements other than buildings | 5–20 years |
| Equipment, furniture and fixtures and other | 3–10 years |
| Ramps, runways, taxiways and improvements | 10–50 years |

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated paid time off (PTO) is accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Non-exempt employees earn PTO at the rate of 4.62% of hours worked per pay period for the first 12 months, 6.16% for years one through four, 10.00% for years five through nine and 13.85% for 10 years and beyond. Exempt employees earn PTO at the rate of 15 days for the first 12 months, 24 days for years one through four, 30 days for years five through nine and 36 days for 10 years and beyond. Upon accumulation of 160 hours (20 days), at least 80 hours (10 days) of PTO must be taken each calendar year or it will be forfeited. The maximum PTO carryover from year to year is 360 hours (45 days). Employees will be paid for those hours (days) in excess of 360 (45 days), up to a maximum of 26 days, at the beginning of the following year.

Deferred Inflows of Resources

The Airport reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statement of net position.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Arkansas Department of Aeronautics. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

From time to time, the Airport disposes of land or other assets which were originally purchased with federal assistance. In accordance with the Airport Improvement Program (AIP), the Airport must reinvest the federal government’s proportionate share of the proceeds realized from the sale or exchange of such assets in approved AIP projects or return such amounts to the federal government.

CARES Act Grants is the *Coronavirus Aid, Relief and Economic Security Act* approved by the United States Congress and signed into law by the President on March 27, 2020. It was a legislative action to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Airport was awarded \$25 million in CARES Act grant funds. The Airport recognized approximately \$4 million in CARES Act grant revenue for the year ended December 31, 2022.

The Airport Coronavirus Relief Grant Program (ACRPG) is provided in accordance with the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSA). The purpose of this grant is to prevent, prepare for, and respond to coronavirus, and it must only be used for purposes directly related to the Airport. The Airport was awarded \$4.8 million in CRRSA funds. The Airport recognized \$2.9 million in CRRSA grant revenue for the year ended December 31, 2022.

The Airport Rescue Grant is provided in accordance with the *American Rescue Plan Act* (ARPA). The purpose of this grant is to prevent, prepare for, and respond to coronavirus, and it must be used only for purposes directly related to the Airport. The Airport was awarded \$10.6 million in ARPA funds. The Airport recognized \$1.7 million in CRRSA grant revenue for the year ended December 31, 2022.

Net Position

Net investment in capital assets – reflects the Airport’s investment in capital assets (e.g., land, buildings, machinery and equipment), less any related accounts payable used to acquire those assets that is still outstanding. The Airport uses these capital assets to provide facilities to its tenants, users and customers. Consequently, these assets are not available for future spending. Although the Airport’s investment in its capital assets are to be reported net of any related accounts payable, it is noted that the resources required to repay the accounts payable are funded from operations, since the capital assets themselves cannot be used to liquidate liabilities.

Restricted – An additional portion of the Airport’s net position represents resources that are subject to external restrictions imposed by outside parties. The restricted net position at December 31, 2022, includes funds earned for the PFC Program but not yet expended on PFC eligible projects as of year-end and funds restricted by the FAA for the noise land disposal fund account.

Unrestricted – The remaining unrestricted net position consists mainly of cash, investments and accounts receivable that are immediately available to meet any of the Airport’s ongoing obligations.

Revenue and Expense Recognition

Revenues from airlines, concessionaires, lessees and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

Voluntary nonexchange transactions, such as grants and contributions, are generally recognized as revenues in the period when all eligibility requirements have been met. Any resources received before eligibility requirements are met are reported as unearned revenues.

When both restricted and unrestricted net position are available for use, it is the Airport’s policy to use restricted resources first and then unrestricted resources as they are needed.

Accounting Prouncement Adopted in 2022

GASB Statement No. 87, *Leases*. This statement provides a new framework for accounting for leases under the principle that leases are financings and lessees should recognize an intangible asset and a corresponding liability

while the lessor will recognize a lease receivable and related deferred inflows of resources. This statement is effective for the Airport's year ended December 31, 2022. The adoption of the standard had no impact on beginning net position.

Future Adoption of Accounting Standards

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the Airport in fiscal year 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the Airport in fiscal year 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

GASB Statement No. 99, *Omnibus 2022*, is effective for the Airport at various dates based on topic. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections* -an amendment of GASB Statement No. 62, is effective for the Airport in the fiscal year 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent and comparable information.

GASB Statement No. 101, *Compensated Absences*, is effective for the Airport in the fiscal year 2024. The objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

The Airport has not yet determined the impact of implementing the above new pronouncements.

Note 2: Cash and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Airport's deposits may not be returned to it. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

At December 31, 2022, none of the Airport's bank balances were exposed to custodial credit risk. The Airport's deposit policy for custodial risk requires compliance with the provisions of state law.

Summary of Carrying Values

Cash and investments included in the statement of net position are classified as follows:

| | | |
|--|----|-----------------------|
| Carrying value | | |
| Deposits | \$ | 46,028,440 |
| Investments | | 62,807,415 |
| | | <u>\$ 108,835,855</u> |
| | | |
| Included in statements of net position | | |
| Current assets- cash | \$ | 35,554,380 |
| Noncurrent assets- restricted cash | | 10,474,060 |
| Noncurrent assets - investments | | 62,807,415 |
| | | <u>\$ 108,835,855</u> |

Restricted Cash

Cash is restricted as follows:

| | | |
|--------------------------------|----|----------------------|
| Noise Land Disposal Fund | \$ | 655,500 |
| Passenger Facility Charge Fund | | 9,818,560 |
| | | <u>\$ 10,474,060</u> |

The Noise Land Disposal Fund has been established in accordance with FAA guidance, and these funds are only to be expended on FAA-approved items.

The Passenger Facility Charge Fund has been established in accordance with Title 14, Part 158 of Federal Regulations. The Airport's Passenger Facility Charge Fund provides for the segregation of PFC receipts, as required by the FAA. Such revenues are to be expended only for FAA-approved capital projects or to repay debt issued for eligible capital projects, under a Record of Decision granted by the FAA.

Investments

Arkansas statute (AR § Code 19-1-501) authorizes the Airport to invest in eligible investment securities such as: (1) direct or guaranteed obligations of the United States that are backed by the full faith and credit of the U.S. Government; (2) A direct obligation of an agency, instrumentality, or government-sponsored enterprise created by act of the United States Congress and authorized to issue securities or evidences of indebtedness are guaranteed for repayment by the U.S. Government; and (3) a bond or other debt of the state, a school district, a county government, a municipal government or an authority of a governmental entity that: (A) is issued for an essential governmental purpose or is guaranteed by a state agency; and (B) has a debt rating from a nationally recognized credit rating agency of "A" or better at the time of purchase.

Financial Section

At December 31, 2022, the Airport had the following investments and maturities:

| Type | Fair Value | December 31, 2022 | | | |
|---------------------|---------------|-------------------|---------------|------|--------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| U.S. Treasury notes | \$ 62,807,415 | \$ 25,943,115 | \$ 36,864,300 | \$ - | \$ - |

Interest Rate Risk

Arkansas statute (AR Code § 19-1-504) limits the eligible investment securities to having a maturity of no longer than five (5) years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Airport manages its credit risk by investing exclusively in government-issued treasuries and agencies. All the Airport's investments at December 31, 2022, are insured or registered and held in the Airport's name.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. None of the investments owned by the Airport at December 31, 2022, were subject to custodial credit risk.

Fair Value

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 measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

At December 31, 2022, the Airport had \$62,807,415 of U.S. Treasury notes valued using quoted market prices (Level 1 inputs).

Note 3: Grants Receivable

Grants receivable from government agencies represent reimbursements due from the federal government for allowable costs incurred on federal award programs. Grants receivable at December 31, 2022, consist of:

| | | |
|--------------------------------------|----|-------------------------|
| Federal Aviation Administration | \$ | 3,655,822 |
| U.S. Department of Homeland Security | | <u>41,742</u> |
| | \$ | <u><u>3,697,564</u></u> |

Note 4: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2022, is as follows:

| | 2022 | | | | |
|---|------------------------------|----------------------------|----------------------------|---------------------------------|------------------------------|
| | Beginning Balance | Additions | Disposals | Transfers/ Reclassifications | Ending Balance |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 68,393,875 | \$ 24,733 | \$ - | \$ - | \$ 68,418,608 |
| Construction in progress | 14,737,475 | 16,139,894 | - | (24,173,536) | 6,703,833 |
| Total capital assets, not being depreciated | 83,131,350 | 16,164,627 | - | (24,173,536) | 75,122,441 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements: | | | | | |
| Buildings, improvements | 306,984,160 | 3,579,853 | - | (12,541) | 310,551,472 |
| Airport pavement | 177,003,445 | 44,241 | 4,920,364 | 22,268,854 | 194,396,176 |
| Other improvements | 13,034,687 | - | - | 573,464 | 13,608,151 |
| | <u>497,022,292</u> | <u>3,624,094</u> | <u>4,920,364</u> | <u>22,829,777</u> | <u>518,555,799</u> |
| Equipment, furniture and fixtures: | | | | | |
| Furniture, fixtures | 2,986,785 | 15,914 | - | 3,639 | 3,006,338 |
| Equipment | 15,061,490 | 174,093 | 5,108 | 866,871 | 16,097,346 |
| Rolling stock | 2,652,137 | 184,419 | - | (52,184) | 2,784,372 |
| Fire trucks | 2,123,256 | - | - | 58,800 | 2,182,056 |
| IT systems | 6,071,904 | 94,861 | - | 462,349 | 6,629,114 |
| | <u>28,895,572</u> | <u>469,286</u> | <u>5,108</u> | <u>1,339,475</u> | <u>30,699,225</u> |
| Total capital assets, being depreciated | 525,917,864 | 4,093,380 | 4,925,472 | 24,169,252 | 549,255,024 |
| Less accumulated depreciation | | | | | |
| Buildings, pavement and improvements | 258,975,889 | 18,849,274 | 3,701,997 | - | 274,123,166 |
| Equipment, furniture and fixtures | 17,452,342 | 2,109,442 | 5,108 | (4,284) | 19,552,392 |
| Total accumulated depreciation | 276,428,231 | 20,958,716 | 3,707,105 | (4,284) | 293,675,558 |
| Total capital assets, being depreciated, net | 249,489,633 | (16,865,336) | 1,218,367 | 24,173,536 | 255,579,466 |
| Capital assets, net | <u>\$ 332,620,983</u> | <u>\$ (700,709)</u> | <u>\$ 1,218,367</u> | <u>\$ -</u> | <u>\$ 330,701,907</u> |

Note 5: Risk Management

Risk management is the responsibility of the Airport. The Airport is exposed to various risks of loss related to the theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport purchases commercial insurance coverage for claims arising from these risks of loss. The

Airport's commercial insurance policies carry deductibles ranging from \$1,000 to \$50,000. Wind and hail damage deductibles are \$250,000. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 6: Benefit Plans

The Airport has established a 401(a) defined contribution plan to cover all eligible employees. The plan is administered by the Retirement Committee of the Airport, and the Airport has the right to amend the plan and contribution requirements. As a condition of employment, each eligible employee must agree to contribute to the plan. The defined contribution plan requires the employer and the employee to contribute 10.00% and 5.00%, respectively, of the employee compensation to the plan. All contributions made by the employee are 100% vested and nonforfeitable at all times. The contributions made by the employer become 100% vested and nonforfeitable after five years of service or when the employee reaches 55 years of age, whichever comes first. In the event of a forfeiture of the account of a participant, the amount forfeited is first used to restore the account of a participant who is rehired, as provided for in the plan documents. If at the end of the plan year the forfeiture account is at least \$15,000, the balance of the forfeitures are allocated per capita among all vested participants who are employed on the last day of the plan year.

The Airport also has a 457(b) deferred compensation plan that was amended in 2013 to require the Airport to match the employee's contribution up to 3%. However, the matching contribution made by the Airport is contributed into the 401(a) defined contribution plan. The deferred compensation plan is available to substantially all employees of the Airport. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or an unforeseeable emergency. An employee is fully vested at all times in this plan and the benefits are nonforfeitable at all times. The plan assets are held in trust for the exclusive benefit of participants and their beneficiaries, and are not the property of the Airport and are not subject to the claims of the Airport's general creditors.

The Airport's contributions to the 401(a) defined contribution plan were \$1,034,677 for the year ended December 31, 2022.

Note 7: Lease Receivable

Lease Receivable

The Airport, as lessor, leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2023 through 2060. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being extended. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Financial Section

Revenue recognized under lease contracts during the year ended December 31, 2022 was \$2,256,228, which includes both lease revenue and interest.

The following is a schedule by year of minimum payments to be received under the Airport's leases that are included in the measurement of lease receivable as of December 31, 2022:

| Years Ending December 31, | Principal | Interest | Total |
|---------------------------|----------------------|----------------------|----------------------|
| 2023 | \$ 1,918,424 | \$ 1,386,164 | \$ 3,304,588 |
| 2024 | 1,969,710 | 1,336,895 | 3,306,605 |
| 2025 | 2,025,690 | 1,286,200 | 3,311,890 |
| 2026 | 1,846,120 | 1,235,935 | 3,082,055 |
| 2027 | 1,880,691 | 1,186,228 | 3,066,919 |
| 2028-2032 | 6,235,947 | 5,307,868 | 11,543,815 |
| 2033-2037 | 5,167,879 | 4,525,951 | 9,693,830 |
| 2038-2042 | 5,728,129 | 3,743,686 | 9,471,815 |
| 2043-2047 | 6,350,247 | 2,891,618 | 9,241,865 |
| 2048-2052 | 6,892,297 | 1,924,587 | 8,816,884 |
| 2053-2057 | 6,101,853 | 1,022,129 | 7,123,982 |
| Thereafter | 4,209,855 | 172,917 | 4,382,772 |
| Total | <u>\$ 50,326,842</u> | <u>\$ 26,020,178</u> | <u>\$ 76,347,020</u> |

Regulated Leases

The Airport leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB 87, and therefore are only subject to the disclosure requirements. The terms of the regulated leases expire 2023 through 2040.

Revenue recognized for fixed payments under regulated lease contracts during the year ended December 31, 2022 was \$2,002,165.

The following is a schedule by year of expected future minimum payments to be received under the Airport's regulated leases as of December 31, 2022:

| Years Ending December 31, | Total Future |
|---------------------------|----------------------|
| 2023 | \$ 2,460,059 |
| 2024 | 2,298,432 |
| 2025 | 2,135,185 |
| 2026 | 2,177,889 |
| 2027 | 2,221,447 |
| Thereafter | 17,773,826 |
| Total | <u>\$ 29,066,838</u> |

Note 8: Notes Receivable from Tenant

In July, 2020, the Commission entered into an agreement with SCA Pharmaceutical, LLC, to lease the building and land at 1901 Kellett Road. Included in the capital investment SCA was to make was the construction of an

approximately 20,000 sq. ft. building estimated at \$3,000,000. The total construction cost, not to exceed \$3,000,000, was financed by the Commission at 4.25% and to be repaid monthly by SCA.

Construction was completed in 2022 and the Commission funded the \$3,000,000 in construction expenses at that time. In an amendment to the lease, SCA committed to make monthly payments of \$18,726 for a term of 237 months. SCA began making monthly payments on October 1, 2022.

For the year 2022, the Commission recognized \$31,787 in interest income from this lease. The lease component of the agreement has been included in lease receivable and deferred inflows of resources related to leases in accordance with GASB 87.

Note 9: Commitments

Capital Improvements

The Airport is committed to various capital improvements, which will result in future obligations that are significant in amount. The future obligations for the contracts will be paid from available funds or will qualify for PFC reimbursement, FAA grants, Transportation Security Administration grants or Arkansas Department of Aeronautics grants.

At December 31, 2022, the Airport had the following commitments:

| | Project Authorization | Expended Through December 31, 2022 | Remaining Commitment |
|-----------------------|--------------------------|---------------------------------------|-------------------------|
| Airfield | \$ 46,290,996 | \$ 26,072,639 | \$ 20,218,357 |
| Terminal | 3,656,902 | 986,397 | 2,670,505 |
| Parking and Roadways | 172,828 | 116,028 | 56,800 |
| Commercial Properties | 662,923 | 605,953 | 56,970 |
| Total | \$ 50,783,649 | \$ 27,781,017 | \$ 23,002,632 |

Note 10: Related Party Transactions

The Airport operates as a component unit of the City of Little Rock, Arkansas. Accordingly, there are certain related party transactions that exist between the two entities. For the year ended December 31, 2022, the Airport reimbursed the City of Little Rock, Arkansas, for approximately \$3.4 million, in expenses incurred on behalf of the Airport. Payments included contracted police and fire services and reimbursement for utility costs associated with on-airport lighting.

The Airport utilizes banking and investment services with a bank where one of our Commissioners serves as an executive. At December 31, 2022, the Airport had bank deposits of \$46,028,440 and an investment account balance of \$62,807,415.

Note 11: Pension and Other Employee Benefit Plan Financial Statements

The following tables include financial information for the pension and other employee benefit trust funds (fiduciary funds) as of and for the year ended December 31, 2022:

| Fiduciary Net Position | | | |
|---|----------------------|---------------------|----------------------|
| 2022 | | | |
| | 401(a) Plan | 457(b) Plan | Total |
| Assets | | | |
| Investments – at fair value | \$ 14,979,050 | \$ 3,405,065 | \$ 18,384,115 |
| Contributions receivable | 323,404 | 37,893 | 361,297 |
| Loans receivable | - | 78,510 | 78,510 |
| Total assets | <u>\$ 15,302,454</u> | <u>\$ 3,521,468</u> | <u>\$ 18,823,922</u> |
| Net Position Restricted for Pensions and Postemployment Benefits Other Than Pensions | | | |
| | <u>\$ 15,302,454</u> | <u>\$ 3,521,468</u> | <u>\$ 18,823,922</u> |
| Changes in Fiduciary Net Position | | | |
| 2022 | | | |
| | 401(a) Plan | 457(b) Plan | Total |
| Additions | | | |
| Employer contributions | \$ 1,034,677 | \$ 12,500 | \$ 1,047,177 |
| Employee contributions | 709,978 | 447,719 | 1,157,697 |
| Interest earned on loans | - | 3,030 | 3,030 |
| Investment income (loss) | | | |
| Gain (loss) on investments | (2,698,514) | (643,104) | (3,341,618) |
| Less investment expense | (117,968) | (30,944) | (148,912) |
| Net investment income (loss) | <u>(2,816,482)</u> | <u>(674,048)</u> | <u>(3,490,530)</u> |
| Total Additions | <u>(1,071,827)</u> | <u>(210,799)</u> | <u>(1,282,626)</u> |
| Deductions | | | |
| Benefit payments | 925,591 | 527,317 | 1,452,908 |
| Total Deductions | <u>925,591</u> | <u>527,317</u> | <u>1,452,908</u> |
| Net Decrease in Fiduciary Net Position | <u>(1,997,418)</u> | <u>(738,116)</u> | <u>(2,735,534)</u> |
| Net Position - Beginning of the Year | <u>17,299,872</u> | <u>4,259,584</u> | <u>21,559,456</u> |
| Net Position - End of the Year | <u>\$ 15,302,454</u> | <u>\$ 3,521,468</u> | <u>\$ 18,823,922</u> |

Note 12: Fiduciary Funds

Investment Risk

Due to the nature of the plans, the interest rate risk, credit risk, custodial risk and concentration of credit risk will vary for the participants depending on the investment options chosen by the participant.

Disclosures About Fair Value of Assets and Liabilities

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 measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022:

| | Total Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--------------------------------|------------------------|--|---|--|
| December 31, 2022 | | | | |
| Investments | | | | |
| Cash Management Funds | \$ 1,102,313 | \$ - | \$ 1,102,313 | \$ - |
| Balanced Asset Allocation Fund | 15,081,310 | - | 15,081,310 | - |
| Mutual Funds - Corporate Bonds | 103,289 | - | 103,289 | - |
| Mutual Funds - Equity | 2,097,203 | - | 2,097,203 | - |
| | <u>\$ 18,384,115</u> | <u>\$ -</u> | <u>\$ 18,384,115</u> | <u>\$ -</u> |

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the

inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Airport had no Level 3 fiduciary fund investments at December 31, 2022.

STATISTICAL SECTION



BILL AND HILLARY
CLINTON
NATIONAL AIRPORT

STATISTICAL SECTION

The Statistical Section's objective is to provide users of the Airport's financial statements with additional historical perspective, context, and detail to assist in using the information presented in the financial statements, notes to the financial statements, and supplemental information to assess the financial condition of the Airport.

STATISTICAL SECTION (Unaudited)
FISCAL YEAR ENDED DECEMBER 31, 2022

The Statistical Section provides information with up to ten years of comparable data.

Financial Trends and Revenue Capacity

The financial trend schedules depict the financial position of LIT over the years. The information provided allows for an understanding of how revenues and expenses have changed over the years. The revenue capacity schedules present the significant sources of LIT’s operating revenues.

| | |
|---------------------------------|----|
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| Operating Expenses and Ratios | 74 |
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| Principal Revenue Customers | 77 |

Debt Capacity

The schedules present LIT’s outstanding debt over the years, related debt service ratios, and LIT’s ability to repay the outstanding debt and ability to issue additional debt in the future.

| | |
|--|----|
| Outstanding Debt by Type and Debt Ratios | 78 |
| Revenue Bonds Debt Service Coverage | 80 |

Operating Information

The schedules provide information on the distribution of LIT’s carriers, passenger traffic, airport personnel, and capital assets.

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Demographic and Economic Data

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|--|----|
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Statistical Section

Net Position by Component

Fiscal Years Ended December 31

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Position | | | | | |
| Net investment in capital assets | \$ 329,265,199 | \$ 330,795,684 | \$ 335,085,195 | \$ 325,913,438 | \$ 329,340,024 |
| Restricted for: | | | | | |
| Debt service | - | - | - | - | - |
| PFC eligible capital projects | 10,292,371 | 12,349,829 | 9,976,856 | 12,326,417 | 10,012,038 |
| FAA restriction | 655,500 | 655,500 | - | - | - |
| Unrestricted | <u>104,430,689</u> | <u>85,208,916</u> | <u>65,298,786</u> | <u>63,793,360</u> | <u>54,177,710</u> |
| Total net position | <u>\$ 444,643,759</u> | <u>\$ 429,009,929</u> | <u>\$ 410,360,837</u> | <u>\$ 402,033,215</u> | <u>\$ 393,529,772</u> |
| | | | | | |
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Net Position | | | | | |
| Net investment in capital assets | \$ 336,033,751 | \$ 330,353,169 | \$ 322,340,670 | \$ 312,867,506 | \$ 311,522,353 |
| Restricted for: | | | | | |
| Debt service | - | - | - | 2,442,039 | 3,201,793 |
| PFC eligible capital projects | 11,864,719 | 10,193,369 | 12,740,299 | 17,737,136 | 16,789,709 |
| FAA restriction | - | - | - | - | - |
| Unrestricted | <u>39,215,670</u> | <u>37,411,930</u> | <u>26,430,938</u> | <u>21,647,207</u> | <u>13,509,787</u> |
| Total net position | <u>\$ 387,114,140</u> | <u>\$ 377,958,468</u> | <u>\$ 361,511,907</u> | <u>\$ 354,693,888</u> | <u>\$ 345,023,642</u> |

Source: Airport audited financial statements

Statistical Section

Changes in Net Position

Fiscal Years Ended December 31

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenues | | | | | |
| Airline revenues | \$ 12,246,072 | \$ 11,090,515 | \$ 10,342,335 | \$ 12,689,259 | \$ 11,844,972 |
| Nonairline revenues | 23,891,887 | 20,438,678 | 13,907,147 | 24,033,293 | 22,590,754 |
| Total operating revenues | 36,137,959 | 31,529,193 | 24,249,482 | 36,722,552 | 34,435,726 |
| Operating Expenses | | | | | |
| Salaries, wages and employee benefits | 12,414,262 | 12,174,604 | 11,905,923 | 11,916,715 | 11,402,192 |
| Services and supplies | 5,434,654 | 5,238,322 | 4,932,875 | 5,293,176 | 5,052,464 |
| Maintenance and repairs | 1,728,502 | 1,590,648 | 1,515,624 | 1,618,745 | 1,574,401 |
| Utilities | 2,070,379 | 1,663,341 | 1,544,561 | 1,961,284 | 1,767,077 |
| Other | 2,504,066 | 2,006,882 | 1,653,151 | 2,238,913 | 2,338,255 |
| Total operating expenses | 24,151,863 | 22,673,797 | 21,552,134 | 23,028,833 | 22,134,389 |
| Operating income before depreciation | 11,986,096 | 8,855,396 | 2,697,348 | 13,693,719 | 12,301,337 |
| Depreciation | 20,958,716 | 20,376,862 | 19,215,867 | 18,891,557 | 18,047,361 |
| Operating income (loss) | (8,972,620) | (11,521,466) | (16,518,519) | (5,197,838) | (5,746,024) |
| Nonoperating Revenues (Expenses) | | | | | |
| Passenger facility charges | 3,994,434 | 3,468,152 | 1,967,260 | 4,388,874 | 4,197,153 |
| Federal operating grants | 292,449 | 288,136 | 356,654 | 306,447 | 309,090 |
| Investment income | (2,025,988) | 288,345 | 760,084 | 1,542,101 | 1,061,875 |
| Lease interest income | 1,373,709 | - | - | - | - |
| Gain (loss) on disposal of assets | (1,216,117) | (315,009) | (233,098) | - | (2,234,041) |
| Paying agent and trustee fees | - | - | (16,446) | (8,748) | (8,092) |
| Other nonoperating revenue (expense) | 527,926 | 324,766 | 712,226 | 440,316 | 457,231 |
| COVID relief grant revenue | 8,616,921 | 11,932,982 | 11,102,008 | - | - |
| | 11,563,334 | 15,987,372 | 14,648,688 | 6,668,990 | 3,783,216 |
| Change in Net Position Before Capital Contributions and Grants | 2,590,714 | 4,465,906 | (1,869,831) | 1,471,152 | (1,962,808) |
| Federal, state and local grants | 9,480,376 | 12,333,996 | 10,181,107 | 7,023,543 | 8,370,348 |
| Contributions from lessees | 3,562,740 | 1,849,090 | - | - | - |
| Change in Net Position | 15,633,830 | 18,648,992 | 8,311,276 | 8,494,695 | 6,407,540 |
| Net Position, Beginning of Year | 429,009,929 | 410,360,937 | 402,033,215 | 393,529,772 | 387,114,140 |
| Net Position, End of Year | <u>\$ 444,643,759</u> | <u>\$ 429,009,929</u> | <u>\$ 410,344,491</u> | <u>\$ 402,024,467</u> | <u>\$ 393,521,680</u> |

Source: Airport audited financial statements

Statistical Section

Changes in Net Position (continued)

Fiscal Years Ended December 31

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenues | | | | | |
| Airline revenues | \$ 11,436,125 | \$ 11,015,958 | \$ 10,196,487 | \$ 9,868,930 | \$ 9,514,753 |
| Nonairline revenues | 22,345,662 | 21,857,051 | 21,041,282 | 20,864,474 | 21,114,137 |
| Total operating revenues | 33,781,787 | 32,873,009 | 31,237,769 | 30,733,404 | 30,628,890 |
| Operating Expenses | | | | | |
| Salaries, wages and employee benefits | 10,712,645 | 10,102,574 | 11,193,730 | 10,130,005 | 9,632,395 |
| Services and supplies | 5,002,540 | 5,080,196 | 5,027,857 | 5,125,363 | 5,434,107 |
| Maintenance and repairs | 1,425,422 | 1,295,490 | 1,265,116 | 1,111,564 | 1,071,833 |
| Utilities | 1,809,264 | 1,628,694 | 1,867,845 | 1,974,685 | 1,784,159 |
| Other | 2,210,929 | 2,007,947 | 2,025,745 | 1,759,892 | 1,922,201 |
| Total operating expenses | 21,160,800 | 20,114,901 | 21,380,293 | 20,101,509 | 19,844,695 |
| Operating income before depreciation | 12,620,987 | 12,758,108 | 9,857,476 | 10,631,895 | 10,784,195 |
| Depreciation | 19,207,701 | 14,486,130 | 14,459,027 | 13,929,312 | 12,014,349 |
| Operating income (loss) | (6,586,714) | (1,728,022) | (4,601,551) | (3,297,417) | (1,230,154) |
| Nonoperating Revenues (Expenses) | | | | | |
| Passenger facility charges | 3,929,925 | 3,839,384 | 3,866,346 | 4,060,772 | 4,307,994 |
| Federal operating grants | 324,014 | 298,595 | 314,604 | 358,928 | 264,963 |
| Investment income | 547,455 | 305,752 | 270,189 | 201,345 | 191,195 |
| Interest expense | - | - | (660,768) | (395,560) | (377,462) |
| Gain (loss) on disposal of assets | (110,286) | (2,652) | 22,723 | 11,186 | (91,543) |
| Paying agent and trustee fees | (64,415) | - | (16,446) | (8,748) | (8,092) |
| Other nonoperating revenue (expense) | 438,768 | 484,741 | 1,073,170 | 60,085 | 2,765,321 |
| COVID relief grant revenue | - | 11,932,982 | 11,102,008 | - | - |
| | 5,065,461 | 16,858,802 | 15,971,826 | 4,288,008 | 7,052,376 |
| Change in Net Position Before Capital Contributions and Grants | (1,521,253) | 15,130,780 | 11,370,275 | 990,591 | 5,822,222 |
| Federal, state and local grants | 10,145,662 | 13,248,763 | 4,379,192 | 6,777,321 | 5,963,917 |
| Contributions from lessees | 466,848 | - | 2,170,560 | 1,902,334 | 13,117,864 |
| Change in Net Position | 9,091,257 | 28,379,543 | 17,920,027 | 9,670,246 | 24,904,003 |
| Net Position, Beginning of Year | 377,958,468 | 361,511,907 | 354,693,888 | 345,023,642 | 320,119,639 |
| Net Position, End of Year | <u>\$ 387,049,725</u> | <u>\$ 389,891,450</u> | <u>\$ 372,613,915</u> | <u>\$ 354,693,888</u> | <u>\$ 345,023,642</u> |

Source: Airport audited financial statements

Statistical Section

Operating Revenues and Ratios

Fiscal Years Ended December 31

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Airline Revenues | | | | | |
| Airport landing and related fees | \$ 5,638,486 | \$ 4,872,194 | \$ 3,936,904 | \$ 6,175,693 | \$ 5,607,937 |
| Terminal building revenues | 6,359,666 | 5,986,211 | 6,219,928 | 6,314,216 | 6,041,660 |
| Facility use fees | 247,920 | 232,110 | 185,503 | 199,350 | 195,375 |
| Total airline revenues | <u>12,246,072</u> | <u>11,090,515</u> | <u>10,342,335</u> | <u>12,689,259</u> | <u>11,844,972</u> |
| | | | | | |
| Parking and roadway operations | | | | | |
| Parking fees | 10,191,390 | 7,605,045 | 4,050,761 | 10,187,088 | 9,692,084 |
| Ground transportation | 125,491 | 99,803 | 91,001 | 216,312 | 187,586 |
| | <u>10,316,881</u> | <u>7,704,848</u> | <u>4,141,762</u> | <u>10,403,400</u> | <u>9,879,670</u> |
| | | | | | |
| Concession revenues | | | | | |
| Rental car percentage fees | 4,376,888 | 3,500,844 | 1,935,043 | 3,715,516 | 3,598,503 |
| Terminal concession revenues | 1,110,980 | 908,557 | 626,996 | 1,251,934 | 1,284,632 |
| | <u>5,487,868</u> | <u>4,409,401</u> | <u>2,562,039</u> | <u>4,967,450</u> | <u>4,883,135</u> |
| | | | | | |
| Building rentals | | | | | |
| Terminal | 348,560 | 332,689 | 241,507 | 341,714 | 279,241 |
| Rental car | 824,580 | 838,002 | 848,275 | 867,770 | 807,200 |
| Other buildings | 2,269,399 | 2,327,270 | 2,012,200 | 1,873,264 | 1,440,524 |
| | <u>3,442,539</u> | <u>3,497,961</u> | <u>3,101,982</u> | <u>3,082,748</u> | <u>2,526,965</u> |
| | | | | | |
| Land leases | 1,742,528 | 2,179,330 | 2,018,748 | 1,987,271 | 1,964,327 |
| | | | | | |
| Other revenues | | | | | |
| Rental car CFC ¹ | 2,041,764 | 1,853,975 | 1,350,247 | 2,525,296 | 2,417,258 |
| Services sold | 294,921 | 286,039 | 293,450 | 464,260 | 417,967 |
| General aviation activity | 511,728 | 458,914 | 384,671 | 537,619 | 442,706 |
| Other | 53,658 | 48,210 | 54,248 | 65,249 | 58,726 |
| | <u>2,902,071</u> | <u>2,647,138</u> | <u>2,082,616</u> | <u>3,592,424</u> | <u>3,336,657</u> |
| Total nonairline revenues | <u>23,891,887</u> | <u>20,438,678</u> | <u>13,907,147</u> | <u>24,033,293</u> | <u>22,590,754</u> |
| | | | | | |
| Total operating revenues | <u>\$ 36,137,959</u> | <u>\$ 31,529,193</u> | <u>\$ 24,249,482</u> | <u>\$ 36,722,552</u> | <u>\$ 34,435,726</u> |
| | | | | | |
| Enplaned passengers | 1,010,426 | 850,422 | 490,544 | 1,124,672 | 1,069,349 |
| | | | | | |
| Total Operating Revenue per Enplaned Passenger | | | | | |
| Passenger | \$ 35.77 | \$ 37.07 | \$ 49.43 | \$ 32.65 | \$ 32.20 |
| Airline Revenue per Enplaned Passenger ² | \$ 12.12 | \$ 13.04 | \$ 21.08 | \$ 10.76 | \$ 10.59 |

Source: Airport audited financial statements

Notes:

(1) Beginning Dec 2010, a \$3.50 per transaction day Customer Facility Charge was imposed on rental car agencies.

(2) Airline revenues adjusted to exclude cargo landing fees.

Statistical Section

Operating Revenues and Ratios (continued)

Fiscal Years Ended December 31

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Airline Revenues | | | | | |
| Airport landing and related fees | \$ 5,439,811 | \$ 5,301,723 | \$ 4,992,768 | \$ 5,132,689 | \$ 5,041,447 |
| Terminal building revenues | 5,821,189 | 5,546,535 | 5,028,594 | 4,592,916 | 4,327,956 |
| Facility use fees | 175,125 | 167,700 | 175,125 | 143,325 | 145,350 |
| Total airline revenues | <u>11,436,125</u> | <u>11,015,958</u> | <u>10,196,487</u> | <u>9,868,930</u> | <u>9,514,753</u> |
| | | | | | |
| Parking and roadway operations | | | | | |
| Parking fees | 9,333,545 | 9,251,248 | 9,121,334 | 9,434,927 | 9,461,106 |
| Ground transportation | 156,026 | 130,406 | 104,137 | 102,849 | 94,244 |
| | <u>9,489,571</u> | <u>9,381,654</u> | <u>9,225,471</u> | <u>9,537,776</u> | <u>9,555,350</u> |
| | | | | | |
| Concession revenues | | | | | |
| Rental car percentage fees | 3,585,326 | 3,492,763 | 3,443,710 | 3,546,003 | 3,445,881 |
| Terminal concession revenues | 1,247,072 | 1,255,789 | 1,182,673 | 1,248,579 | 1,168,894 |
| | <u>4,832,398</u> | <u>4,748,552</u> | <u>4,626,383</u> | <u>4,794,582</u> | <u>4,614,775</u> |
| | | | | | |
| Building rentals | | | | | |
| Terminal | 266,518 | 273,393 | 253,332 | 251,286 | 245,133 |
| Rental car | 760,858 | 650,355 | 485,363 | 345,976 | 232,378 |
| Other buildings | 1,595,770 | 1,421,106 | 1,379,083 | 1,275,791 | 1,326,108 |
| | <u>2,623,146</u> | <u>2,344,854</u> | <u>2,117,778</u> | <u>1,873,053</u> | <u>1,803,619</u> |
| | | | | | |
| Land leases | 2,018,024 | 1,977,060 | 1,826,476 | 1,541,500 | 1,766,950 |
| | | | | | |
| Other revenues | | | | | |
| Rental car CFC ¹ | 2,454,053 | 2,479,004 | 2,469,780 | 2,419,357 | 2,489,028 |
| Services sold | 423,487 | 413,870 | 375,275 | 336,260 | 330,424 |
| General aviation activity | 457,810 | 453,521 | 285,027 | 166,748 | 151,562 |
| Other | 47,173 | 58,536 | 115,092 | 110,091 | 272,062 |
| | <u>3,382,523</u> | <u>3,404,931</u> | <u>3,245,174</u> | <u>3,032,456</u> | <u>3,243,076</u> |
| Total nonairline revenues | <u>22,345,662</u> | <u>21,857,051</u> | <u>21,041,282</u> | <u>20,779,367</u> | <u>20,983,770</u> |
| | | | | | |
| Total operating revenues | <u>\$ 33,781,787</u> | <u>\$ 32,873,009</u> | <u>\$ 31,237,769</u> | <u>\$ 30,648,297</u> | <u>\$ 30,498,523</u> |
| | | | | | |
| Enplaned passengers | 1,017,004 | 996,897 | 992,712 | 1,038,307 | 1,085,323 |
| | | | | | |
| Total Operating Revenue per Enplaned Passenger | | | | | |
| Passenger | \$ 33.22 | \$ 32.98 | \$ 31.47 | \$ 29.52 | \$ 28.10 |
| Airline Revenue per Enplaned Passenger ² | \$ 10.69 | \$ 10.49 | \$ 9.72 | \$ 9.03 | \$ 8.34 |

Source: Airport audited financial statements

Notes:

(1) Beginning Dec 2010, a \$3.50 per transaction day Customer Facility Charge is imposed on rental car agencies.

(2) Airline revenues adjusted to exclude cargo landing fees.

Statistical Section

Operating Expenses and Ratios

Fiscal Years Ended December 31

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Expenses by Type | | | | | |
| Salaries, wages and employee benefits | \$ 12,414,262 | \$ 12,174,604 | \$ 11,905,923 | \$ 11,916,715 | \$ 11,402,192 |
| Professional and contractual services | 4,456,573 | 4,257,444 | 4,199,410 | 4,418,158 | 4,203,242 |
| Buildings and grounds maintenance | 757,354 | 730,937 | 762,641 | 820,777 | 764,308 |
| Equipment repair and maintenance | 971,148 | 859,711 | 752,983 | 797,968 | 810,093 |
| Marketing and public affairs | 165,382 | 178,203 | 89,728 | 278,905 | 323,770 |
| Utilities | 2,070,379 | 1,663,341 | 1,544,561 | 1,961,284 | 1,767,077 |
| Materials and supplies | 978,081 | 980,878 | 733,465 | 875,018 | 849,222 |
| Insurance | 617,481 | 560,616 | 508,683 | 456,095 | 414,173 |
| Other | 1,721,203 | 1,268,063 | 1,054,740 | 1,503,913 | 1,600,312 |
| Total Operating Expenses by Type | \$ 24,151,863 | \$ 22,673,797 | \$ 21,552,134 | \$ 23,028,833 | \$ 22,134,389 |
| Operating Expenses by Cost Center | | | | | |
| Administration | \$ 5,764,532 | \$ 5,616,795 | \$ 5,410,884 | \$ 5,609,489 | \$ 5,746,555 |
| Airfield | 6,956,820 | 6,500,809 | 6,190,231 | 6,413,105 | 6,155,830 |
| Terminal | 8,338,486 | 7,728,543 | 7,202,551 | 7,879,435 | 7,532,522 |
| Parking | 1,813,637 | 1,542,393 | 1,366,772 | 1,764,878 | 1,642,797 |
| Shuttle | 333,030 | 327,941 | 331,292 | 308,418 | 242,695 |
| Rental car | 85,075 | 112,801 | 78,030 | 98,132 | 102,213 |
| Commercial/industrial | 860,284 | 844,515 | 972,414 | 955,376 | 711,777 |
| Total Operating Expenses by Cost Center | \$ 24,151,863 | \$ 22,673,797 | \$ 21,552,174 | \$ 23,028,833 | \$ 22,134,389 |
| Enplaned passengers | 1,010,426 | 850,422 | 490,544 | 1,124,672 | 1,069,349 |
| Total Operating Expense per Enplaned Passenger | \$ 23.90 | \$ 26.66 | \$ 43.94 | \$ 20.48 | \$ 20.70 |

Source: Airport audited financial statements

Statistical Section

Operating Expenses and Ratios (continued)

Fiscal Years Ended December 31

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Expenses by Type | | | | | |
| Salaries, wages and employee benefits | \$ 10,712,645 | \$ 10,102,574 | \$ 11,193,730 | \$ 10,130,005 | \$ 9,632,395 |
| Professional and contractual services | 4,206,153 | 4,149,740 | 4,188,836 | 4,265,209 | 4,493,246 |
| Buildings and grounds maintenance | 611,867 | 540,426 | 523,859 | 359,459 | 303,231 |
| Equipment repair and maintenance | 813,555 | 755,062 | 741,257 | 752,105 | 768,602 |
| Marketing and public affairs | 238,970 | 263,555 | 246,543 | 112,667 | 324,732 |
| Utilities | 1,809,264 | 1,628,694 | 1,867,845 | 1,974,685 | 1,784,159 |
| Materials and supplies | 796,387 | 930,456 | 839,021 | 860,154 | 940,861 |
| Insurance | 383,148 | 378,775 | 378,709 | 371,617 | 364,230 |
| Other | 1,588,811 | 1,365,617 | 1,400,493 | 1,275,608 | 1,233,239 |
| Total Operating Expenses by Type | \$ 21,160,800 | \$ 20,114,899 | \$ 21,380,293 | \$ 20,101,509 | \$ 19,844,695 |
| Operating Expenses by Cost Center | | | | | |
| Administration | \$ 5,472,418 | \$ 5,199,659 | \$ 5,312,377 | \$ 4,880,682 | \$ 5,118,962 |
| Airfield | 5,874,759 | 5,581,946 | 6,175,519 | 5,533,395 | 5,552,164 |
| Terminal | 7,329,339 | 6,964,024 | 7,405,937 | 7,126,578 | 6,968,891 |
| Parking | 1,511,713 | 1,436,366 | 1,432,751 | 1,415,008 | 1,498,203 |
| Shuttle | 279,625 | 265,688 | 251,376 | 292,283 | 229,145 |
| Rental car | 98,788 | 93,864 | 103,771 | 99,842 | 7,499 |
| Commercial/industrial | 594,158 | 573,352 | 698,562 | 753,721 | 469,831 |
| Total Operating Expenses by Cost Center | \$ 21,160,800 | \$ 20,114,899 | \$ 21,380,293 | \$ 20,101,509 | \$ 19,844,695 |
| Enplaned passengers | 1,017,004 | 996,897 | 992,712 | 1,038,307 | 1,085,323 |
| Total Operating Expense per Enplaned Passenger | \$ 20.81 | \$ 20.18 | \$ 21.54 | \$ 19.36 | \$ 18.28 |

Source: Airport audited financial statements

Statistical Section

Airport Rates, Charges and Fees

Fiscal Years Ended December 31

Airline Rates and Charges

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------|----------|----------|-------------|-------------|
| Landing fee rate (per 1,000 lbs) | \$ 4.26 | \$ 4.26 | \$ 4.26 | \$ 4.21 | \$ 4.17 |
| Terminal building rental rate (per sq. ft.) | 44.00 | 44.00 | 44.00 | 42.50 | 41.07 |
| Gate fee (per turn) | 94.00 | 94.00 | 94.00 | 89.45 | 88.64 |
| Jet bridge fee (per turn) old/new | 72.00/40 | 72.00/40 | 72.00/40 | 68.50/40.00 | 68.50/40.00 |
| Aircraft ramp fee | 1,590.00 | 1,590.00 | 1,590.00 | 1,500.00 | 1,500.00 |
| Remain overnight (RON) fee | 80.00 | 80.00 | 80.00 | 75.00 | 75.00 |

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------|-------------|----------|----------|----------|
| Landing fee rate (per 1,000 lbs) | \$ 4.12 | \$ 4.05 | \$ 3.90 | \$ 3.65 | \$ 3.39 |
| Terminal building rental rate (per sq. ft.) | 38.90 | 38.20 | 34.18 | 31.25 | 30.34 |
| Gate fee (per turn) | 81.45 | 81.45 | 77.90 | 79.15 | 75.00 |
| Jet bridge fee (per turn) | 68.50/40.00 | 68.50/40.00 | 68.50 | 68.50 | 25.00 |
| Aircraft ramp fee | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 |
| Remain overnight (RON) fee | 75.00 | 75.00 | 75.00 | 75.00 | 50.00 |

Source: Airport Management Records

Parking Fees (Daily Maximum)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------------|----------|----------|----------|----------|----------|
| Parking deck | \$ 13.00 | \$ 13.00 | \$ 13.00 | \$ 13.00 | \$ 13.00 |
| Short-term lots (east and west) | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| Long-term lot (south) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Economy lot | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------------------|----------|----------|----------|----------|----------|
| Parking deck | \$ 13.00 | \$ 13.00 | \$ 13.00 | \$ 13.00 | \$ 13.00 |
| Short-term lots (east and west) | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| Long-term lot (south) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Economy lot | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |

Source: Airport Management Records

Statistical Section

Principal Revenue Customers
Fiscal Years Ended December 31

| Customer | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2022 % of Total Operating Revenue |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| American Airlines | \$ 4,166,430 | \$ 4,454,582 | \$ 3,513,231 | \$ 4,389,626 | \$ 3,763,816 | \$ 4,043,780 | \$ 3,100,856 | \$ 1,917,452 | \$ 2,220,477 | \$ 1,743,461 | 11.5% |
| EAN Holdings | 2,991,087 | 2,944,819 | 2,020,889 | 2,968,858 | 2,865,338 | 2,919,606 | 2,684,664 | 2,588,678 | 2,323,779 | 2,053,107 | 8.3% |
| Southwest Airlines | 2,782,717 | 1,827,914 | 2,257,880 | 2,693,484 | 2,730,294 | 2,690,844 | 2,610,712 | 2,499,549 | 2,770,732 | 2,652,278 | 7.7% |
| Delta Air Lines | 2,631,004 | 2,399,090 | 2,045,252 | 3,100,524 | 3,078,256 | 2,959,808 | 2,978,335 | 2,615,258 | 2,295,570 | 2,010,143 | 7.3% |
| Avis Budget Group | 2,620,047 | 1,897,829 | 1,000,178 | 1,936,642 | 1,928,014 | 1,888,945 | 1,941,844 | 1,935,365 | 1,946,751 | 1,750,480 | 7.3% |
| United Air Lines | 1,720,833 | 1,603,423 | 1,533,519 | 2,056,512 | 2,019,404 | 1,751,882 | 1,810,882 | 1,670,826 | 1,484,287 | 1,180,416 | 4.8% |
| Carco Carriage (Hertz) | 1,569,169 | 1,269,940 | 874,987 | 1,476,410 | 1,306,766 | 1,281,825 | 1,208,413 | 1,160,010 | 1,245,049 | 1,036,287 | 4.3% |
| Signature Flight Support | 1,552,131 | 1,481,425 | 1,397,939 | 1,476,410 | 1,370,861 | 1,352,583 | 1,257,119 | 1,138,587 | - | - | 4.3% |
| Dassault Falcon Jet | 1,525,864 | 1,451,684 | 1,853,638 | 1,427,468 | 1,339,770 | 1,309,958 | 1,385,652 | 1,503,297 | 1,317,710 | 817,894 | 4.2% |
| United Parcel Service | 763,395 | 744,299 | 752,811 | - | - | - | - | - | - | - | 2.1% |
| HMS Host Inc. | - | - | - | 798,352 | 905,978 | 1,161,466 | 1,147,012 | 1,112,955 | 1,142,464 | 993,305 | 0.0% |
| Central Flying Service | - | - | - | - | - | - | - | - | 724,910 | 599,539 | 0.0% |
| | \$ 22,322,677 | \$ 20,075,005 | \$ 17,250,324 | \$ 22,324,286 | \$ 21,308,497 | \$ 21,360,697 | \$ 20,125,489 | \$ 18,141,977 | \$ 17,471,729 | \$ 17,471,729 | 61.8% |

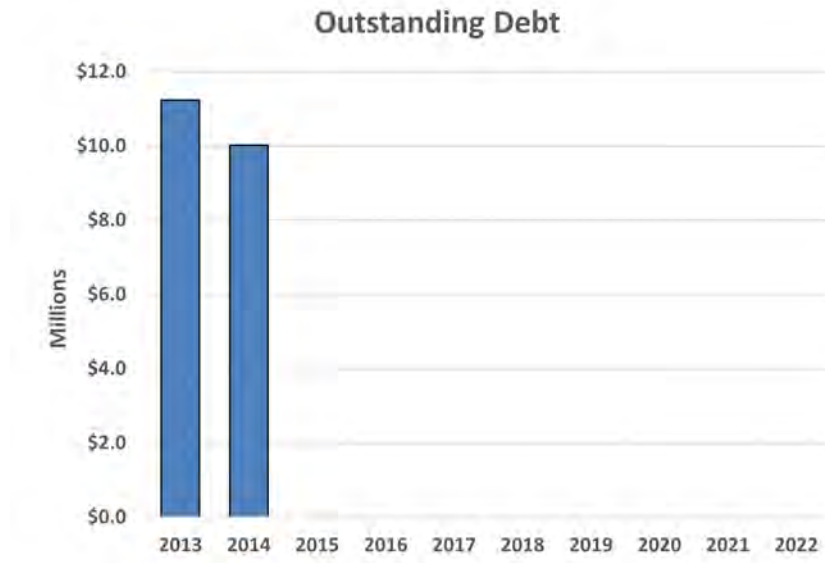
Source: Airport Management Records

Outstanding Debt by Type and Debt Ratios

Fiscal Years Ended December 31
(in thousands)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|
| Outstanding Debt per Series | | | | | |
| Series 1999A | \$ - | \$ - | \$ - | \$ - | \$ - |
| Series 2003 | - | - | - | - | - |
| Series 2007A | - | - | - | - | - |
| Series 2007B | - | - | - | - | - |
| Unamortized (discount)/premium | - | - | - | - | - |
| Total Outstanding Debt | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Debt Service | | | | | |
| Principal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | - | - | - | - | - |
| Total debt service | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total enplaned passengers | 1,010 | 850 | 491 | 1,125 | 1,069 |
| Outstanding Debt/Enplaned Passenger | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service/Enplaned Passenger | \$ - | \$ - | \$ - | \$ - | \$ - |
| Outstanding Debt/Personal Income (Metro) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Outstanding Debt/Per Capita (Metro) | \$ - | \$ - | \$ - | \$ - | \$ - |

Source: Airport audited financial statements



Outstanding Debt by Type and Debt Ratios (continued)

Fiscal Years Ended December 31

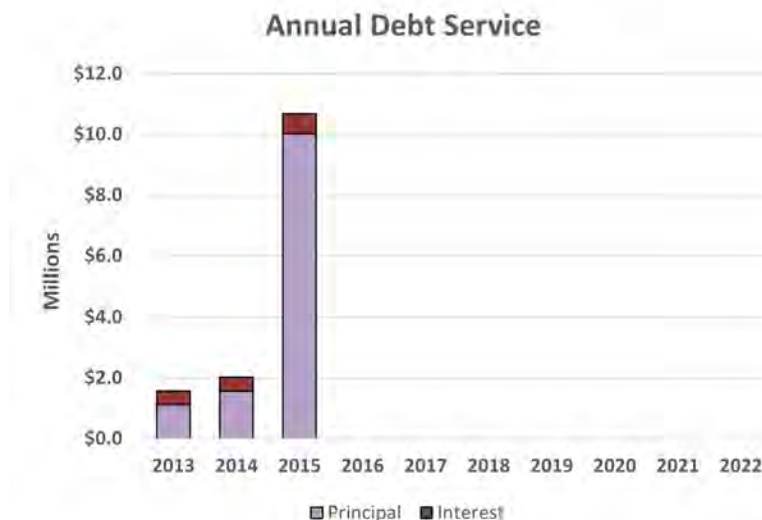
(in thousands)

| | 2017 | 2016 | 2015 ² | 2014 | 2013 ¹ |
|--|-------------|-------------|-------------------|------------------|-------------------|
| Outstanding Debt per Series | | | | | |
| Series 1999A | \$ - | \$ - | \$ - | \$ - | \$ - |
| Series 2003 | - | - | - | 385 | 1,105 |
| Series 2007A | - | - | - | 3,600 | 3,600 |
| Series 2007B | - | - | - | 5,975 | 6,415 |
| Unamortized (discount)/premium | - | - | - | 64 | 112 |
| Total Outstanding Debt | \$ - | \$ - | \$ - | \$ 10,024 | \$ 11,232 |
| Annual Debt Service | | | | | |
| Principal | \$ - | \$ - | \$ 10,024 | \$ 1,565 | \$ 1,110 |
| Interest | - | - | 661 | 452 | 673 |
| Total debt service | \$ - | \$ - | \$ 10,685 | \$ 2,017 | \$ 1,783 |
| Total enplaned passengers | 1,017 | 997 | 993 | 1,038 | 1,085 |
| Outstanding Debt/Enplaned Passenger | \$ - | \$ - | \$ - | \$ 9.66 | \$ 10.35 |
| Debt Service/Enplaned Passenger | \$ - | \$ - | \$ 10.76 | \$ 1.94 | \$ 1.64 |
| Outstanding Debt/Personal Income (Metro) | \$ - | \$ - | \$ - | \$ 251.32 | \$ 276.53 |
| Outstanding Debt/Per Capita (Metro) | \$ - | \$ - | \$ - | \$ 13.84 | \$ 15.65 |

Source: Airport audited financial statements

(1) FY 2013 excludes redemption of Series 1999A, \$9,670,000

(2) Series 2007 Bonds were defeased December 2015 upon first call.



Revenue Bonds Debt Service Coverage

Fiscal Years Ended December 31

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|----------------------|----------------------|-------------------------|----------------------|-------------------------|
| Net Revenues | | | | | |
| Operating revenues | \$ 36,137,959 | \$ 31,529,193 | \$ 24,249,482 | \$ 36,722,552 | \$ 34,435,726 |
| Less: operating expenses | (24,151,863) | (22,673,797) | (21,552,134) | (23,028,833) | (22,134,389) |
| Plus: interest income | (2,025,988) | 288,345 | 760,084 | 1,542,101 | 1,061,875 |
| Net Revenues | <u>\$ 9,960,108</u> | <u>\$ 9,143,741</u> | <u>\$ 3,457,432</u> | <u>\$ 15,235,820</u> | <u>\$ 13,363,212</u> |
| Annual Debt Service | | | | | |
| Principal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | - | - | - | - | - |
| Total annual debt service | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Debt Service Coverage | | | | | |
| Revenue bond debt service coverage | - | - | - | - | - |
| Debt service coverage requirement | - | - | - | - | 1.25 |
| | <u>2017</u> | <u>2016</u> | <u>2015²</u> | <u>2014</u> | <u>2013¹</u> |
| Net Revenues | | | | | |
| Operating revenues | \$ 33,781,787 | \$ 32,873,009 | \$ 31,237,770 | \$ 30,648,296 | \$ 30,628,890 |
| Less: operating expenses | (21,160,800) | (20,114,901) | (21,380,293) | (20,101,509) | (19,844,695) |
| Plus: interest income | 547,455 | 305,752 | 270,189 | 201,345 | 191,195 |
| Net Revenues | <u>\$ 13,168,442</u> | <u>\$ 13,063,860</u> | <u>\$ 10,127,666</u> | <u>\$ 10,748,132</u> | <u>\$ 10,975,390</u> |
| Annual Debt Service | | | | | |
| Principal | \$ - | \$ - | \$ 10,023,739 | \$ 1,565,000 | \$ 1,110,000 |
| Interest | - | - | 660,768 | 452,118 | 673,174 |
| Total annual debt service | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,684,507</u> | <u>\$ 2,017,118</u> | <u>\$ 1,783,174</u> |
| Debt Service Coverage | | | | | |
| Revenue bond debt service coverage | - | - | 0.95 | 5.33 | 6.15 |
| Debt service coverage requirement | - | 1.25 | 1.25 | 1.25 | 1.25 |

(1) FY 2013 excludes redemption of Series 1999A, \$9,670,000.

(2) In FY 2015, the Airport deposited \$8,785,480 in an irrevocable trust with an escrow agent to provide funds sufficient to defease all its remaining outstanding bonds.

Passenger Airline Daily Flights
Fiscal Years Ended December 31

| Airline | Gate | Destination | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | |
|------------------------|-------------------|--------------------------|------|------|------|------|------|------|------|------|------|------|-----|
| Allegiant Air | Gates 6 or 12 | Orlando, FL (SFB) | 0.3 | 0.3 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | |
| | | Los Angeles, CA (LAX) | - | - | - | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | - | |
| | | Destin, FL (VPS) | - | - | - | 0.3 | - | - | - | - | - | - | - |
| | | St. Petersburg, FL (PIE) | - | 0.3 | - | - | - | - | - | - | - | - | - |
| American Airlines | Gates 1, 3 & 5 | Dallas, TX (DFW) | 7.0 | 7.0 | 5.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | |
| | | Chicago, IL (ORD) | 2.0 | 2.0 | 1.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | |
| | | Charlotte, NC (CLT) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | - | |
| | | New York (LGA) | 1.0 | - | - | - | - | - | - | - | - | 1.0 | - |
| | | Washington, D.C. (DCA) | 1.0 | 1.0 | - | 2.0 | 2.0 | - | - | - | - | - | - |
| | | Phoenix, AZ (PHX) | - | - | 0.1 | - | - | - | - | - | - | - | - |
| United Airlines | Gates 7, 8 & 12 | Miami, FL (MIA) | 0.1 | 0.1 | - | - | - | - | - | - | - | - | |
| | | Denver, CO (DEN) | 2.0 | 3.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | |
| | | Chicago, IL (ORD) | 3.0 | 2.0 | 1.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | |
| | | Houston, TX (IAH) | 4.0 | 3.0 | 3.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | |
| | | Atlanta, GA (ATL) | 5.0 | 5.0 | 5.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | |
| | | Memphis, TN (MEM) | - | - | - | - | - | - | - | - | - | - | 1.0 |
| Frontier Airlines | Gate 6 | Detroit, MI (DTW) | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | |
| | | Denver, CO (DEN) | 0.4 | 0.4 | 0.4 | 4.0 | 4.0 | - | - | - | - | 0.4 | |
| | | Orlando, FL (MCO) | - | 0.3 | - | - | 0.1 | - | - | - | - | - | - |
| | | Las Vegas, NV (LAS) | - | 0.4 | - | - | - | - | - | - | - | - | - |
| | | New Orleans, LA (MSY) | - | - | - | - | - | - | - | - | 2.0 | - | - |
| Southwest Airlines | Gates 10, 11 & 12 | Destin, FL (VPS) | - | - | - | - | - | - | - | 0.1 | - | - | |
| | | Dallas, TX (DAL) | 3.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | |
| | | Chicago, IL (MDW) | - | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 | |
| | | Phoenix, AZ (PHX) | - | 1.0 | 0.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | |
| | | Houston, TX (HOU) | - | - | - | - | - | - | - | - | - | - | 1.0 |
| | | Baltimore, MD (BWI) | - | - | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 |
| | | Las Vegas, NV (LAS) | 0.3 | 0.3 | 0.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | |
| | | Saint Louis, MO (STL) | 2.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | - | - | |
| | | Denver, CO (DEN) | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - | - | - |
| | | Atlanta, GA (ATL) | 1.0 | 1.0 | - | - | - | - | - | - | - | - | - |
| US Airways | Gates 5 & 8 | Charlotte, NC (CLT) | - | - | - | - | - | - | - | - | - | - | |
| | | Washington, DC (DCA) | - | - | - | - | - | - | - | - | - | 3.0 | |
| | | Austin, TX (AUS) | - | - | - | - | - | - | - | - | - | - | 1.0 |
| | | Destin, FL (DSI) | - | - | - | - | 0.3 | - | - | - | - | - | - |
| Total Daily Departures | | | 36.4 | 34.1 | 25.1 | 47.7 | 47.8 | 41.4 | 44.5 | 43.4 | 41.3 | 44.7 | |

Source: Airport flight data from Passur (2013-2014); U.S. Department of Transportation, Bureau of Transportation Statistics (2009-2012)

Airport Operations

Fiscal Years Ended December 31

| Destination | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Air Carrier | 20,909 | 21,107 | 16,292 | 24,981 | 23,284 | 21,620 | 20,208 | 20,341 | 20,146 | 19,183 |
| Air Taxi | 13,437 | 11,762 | 9,143 | 13,867 | 12,912 | 12,633 | 15,148 | 14,272 | 16,905 | 21,606 |
| General Aviation | 33,532 | 33,375 | 28,211 | 34,460 | 37,022 | 38,657 | 46,517 | 49,770 | 43,913 | 43,304 |
| Military | 14,819 | 15,986 | 10,002 | 12,661 | 23,396 | 21,199 | 19,342 | 14,656 | 9,470 | 12,571 |
| | <u>82,697</u> | <u>82,230</u> | <u>63,648</u> | <u>85,969</u> | <u>96,614</u> | <u>94,109</u> | <u>101,215</u> | <u>99,039</u> | <u>90,434</u> | <u>96,664</u> |

Source: FFA Air Traffic Reports

Statistical Section

Airline Landed Weight Trend

Fiscal Years Ended December 31

(lbs. in thousands)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Passenger Airlines | | | | | |
| Allegiant | 26,781 | 25,190 | 19,231 | 22,408 | 17,791 |
| American | 392,509 | 394,259 | 257,703 | 452,431 | 381,594 |
| Delta | 247,130 | 219,396 | 151,882 | 322,612 | 324,892 |
| Frontier | 39,554 | 35,520 | 16,866 | 27,613 | 22,852 |
| GLO Airlines | - | - | - | - | - |
| Southwest | 301,983 | 244,494 | 206,144 | 304,724 | 309,990 |
| United | 147,624 | 127,686 | 115,440 | 211,759 | 198,129 |
| US Airways | - | - | - | - | - |
| Via | - | - | - | 1,319 | 6,950 |
| Vision | - | - | - | - | - |
| Charter | 5,121 | 2,634 | 2,048 | 4,325 | 3,486 |
| | <u>1,160,702</u> | <u>1,049,179</u> | <u>769,314</u> | <u>1,347,191</u> | <u>1,265,684</u> |
| Cargo Airlines | | | | | |
| UPS | 157,442 | 152,540 | 162,933 | 136,477 | 122,243 |
| | <u>157,442</u> | <u>152,540</u> | <u>162,933</u> | <u>136,477</u> | <u>122,243</u> |
| Total Landed Weights | <u>1,318,144</u> | <u>1,201,719</u> | <u>932,247</u> | <u>1,483,668</u> | <u>1,387,927</u> |
| | | | | | |
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Passenger Airlines | | | | | |
| Allegiant | 17,510 | 13,980 | 15,375 | 12,512 | 8,669 |
| American | 353,792 | 341,037 | 276,207 | 310,988 | 278,309 |
| Delta | 312,024 | 318,579 | 298,884 | 289,556 | 302,377 |
| Frontier | - | - | - | 23,047 | 29,461 |
| GLO Airlines | 9,918 | 19,401 | 1,610 | - | - |
| Southwest | 310,625 | 308,462 | 322,356 | 410,011 | 469,900 |
| United | 170,796 | 172,914 | 168,735 | 160,126 | 168,493 |
| US Airways | - | - | 54,521 | 82,903 | 95,171 |
| Via | - | - | - | - | - |
| Vision | - | - | - | 242 | 600 |
| Charter | 3,510 | 3,585 | 2,262 | 1,160 | 774 |
| | <u>1,178,175</u> | <u>1,177,958</u> | <u>1,139,950</u> | <u>1,290,545</u> | <u>1,353,754</u> |
| Cargo Airlines | | | | | |
| UPS | 135,585 | 137,282 | 135,529 | 134,957 | 135,167 |
| | <u>135,585</u> | <u>137,282</u> | <u>135,529</u> | <u>134,957</u> | <u>135,167</u> |
| Total Landed Weights | <u>1,313,760</u> | <u>1,315,240</u> | <u>1,275,479</u> | <u>1,425,502</u> | <u>1,488,921</u> |

Source: Monthly Airline Activity Reports

Statistical Section

Enplaned Passenger Data

Fiscal Years Ended December 31

| Destination | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------|------------------|----------------|----------------|------------------|------------------|
| Allegiant Air | 25,016 | 21,340 | 12,023 | 22,432 | 18,079 |
| American Airlines | 79,523 | 31,057 | - | 33,306 | 2,839 |
| American Eagle | 174,003 | 211,010 | 117,655 | 233,868 | 228,736 |
| Express Jet - American | - | - | - | - | 2,718 |
| Skywest - American | 26,512 | 4,882 | 1,966 | 6,784 | - |
| Mesa | 6,892 | 1,952 | - | 6,718 | 1,104 |
| Pacific Southwest (PSA) | 44,488 | 55,689 | 63,616 | 78,894 | 66,351 |
| Republic | 3,218 | 8,353 | - | - | - |
| Delta Airlines | 223,368 | 155,777 | 75,147 | 264,791 | 262,757 |
| Atlantic Southwest | - | - | - | - | - |
| Chautauqua | - | - | - | - | - |
| Compass | - | - | - | - | - |
| GO Jet | - | - | - | - | - |
| Express Jet - Delta | - | - | - | - | 714 |
| Endeavor/Pinnacle | - | 25,086 | 16,227 | 4,091 | 1,954 |
| Shuttle America | - | - | - | - | - |
| Skywest - Delta | - | - | 233 | 12,327 | 13,834 |
| Republic - Delta | - | - | - | - | 179 |
| Frontier | 33,062 | 32,018 | 13,717 | 28,492 | 23,283 |
| GLO Airlines | - | - | - | - | - |
| Southwest Airlines | 252,239 | 193,048 | 111,510 | 250,503 | 269,335 |
| Air Wisconsin - United | 13,505 | 2,321 | 3,715 | 20,655 | 19,680 |
| CommutAir - United | 59,678 | 52,788 | 2,742 | - | - |
| Express Jet - United | - | - | 17,906 | 51,864 | 53,862 |
| GoJet - United | 1,552 | 11,456 | 8,078 | - | - |
| Mesa-United | 16,167 | 12,327 | 7,364 | 28,956 | 37,048 |
| Republic - United | - | 7,203 | 4,576 | 9,913 | 13,738 |
| Skywest - United | 49,102 | 22,981 | 30,344 | 50,964 | 30,697 |
| Trans States - United | - | - | 3,127 | 17,881 | 18,838 |
| US Airways | - | - | - | - | - |
| Mesa - US Airways | - | - | - | - | - |
| Air Wisconsin | - | - | - | - | - |
| Pacific Southwest (PSA) | - | - | - | - | - |
| Republic | - | - | - | - | - |
| Via | - | - | - | 581 | 2,288 |
| Charters | 2,101 | 1,134 | 598 | 1,652 | 1,315 |
| Total Enplanements | 1,010,426 | 850,422 | 490,544 | 1,124,672 | 1,069,349 |

Source: Monthly Airline Activity Reports

Statistical Section

Enplaned Passenger Data (continued)

Fiscal Years Ended December 31

| Destination | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------------|------------------|----------------|----------------|------------------|------------------|
| Allegiant Air | 18,101 | 13,917 | 15,405 | 12,719 | 7,965 |
| American Airlines | 36 | 2,621 | 1,914 | 114,238 | 112,751 |
| American Eagle | 211,686 | 204,662 | 135,124 | 128,729 | 120,474 |
| Express Jet - American | 2,411 | - | - | - | - |
| Skywest - American | - | - | - | - | - |
| Mesa | 9,710 | 10,711 | 84,598 | 1,890 | - |
| Pacific Southwest (PSA) | 65,434 | 63,556 | 16,388 | - | - |
| Republic | - | - | 64 | 1,418 | - |
| Delta Airlines | 250,381 | 252,874 | 248,331 | 221,887 | 195,023 |
| Atlantic Southwest | - | - | - | - | 20,612 |
| Chautauqua | - | - | - | - | 50 |
| Compass | - | - | - | 260 | - |
| GO Jet | 1,016 | - | - | - | - |
| Express Jet - Delta | 15,405 | 15,116 | 16,787 | 17,544 | 25,823 |
| Endeavor/Pinnacle | 3,880 | 2,108 | 749 | 2,130 | 836 |
| Shuttle America | - | 181 | 258 | 35 | 130 |
| Skywest - Delta | 1,067 | 1,501 | 138 | - | 8 |
| Republic - Delta | 133 | - | - | - | - |
| Frontier | - | - | - | 20,363 | 26,139 |
| GLO Airlines | 4,335 | 7,586 | 338 | - | - |
| Southwest Airlines | 274,424 | 262,202 | 265,453 | 293,489 | 335,854 |
| Air Wisconsin - United | - | - | - | - | - |
| CommutAir - United | - | - | - | - | - |
| Express Jet - United | 77,929 | 94,946 | 108,149 | 119,030 | 134,380 |
| GoJet - United | - | - | - | - | - |
| Mesa-United | 16,724 | 9,712 | - | - | - |
| Republic - United | - | 64 | 47 | - | - |
| Skywest - United | 41,304 | 41,156 | 47,946 | 33,666 | 28,191 |
| Trans States - United | 21,758 | 12,529 | 2,956 | - | - |
| US Airways | - | - | - | - | 76,490 |
| Mesa | - | - | - | 41,787 | - |
| Air Wisconsin | - | - | - | 1,091 | - |
| Pacific Southwest (PSA) | - | - | 47,462 | 23,841 | - |
| Republic | - | - | - | 3,531 | - |
| Via | - | - | - | - | - |
| Charters | 1,270 | 1,455 | 605 | 731 | 597 |
| Total Enplanements | 1,017,004 | 996,897 | 992,712 | 1,038,379 | 1,085,323 |

Source: Monthly Airline Activity Reports

Employee Trend
Fiscal Years Ended December 31

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 101 Executive Office | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 102 Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 103 Human Resources | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 4 | 4 |
| 104 Customer Service | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 7 | 7 | 5 |
| 105 Finance | 8 | 8 | 8 | 7 | 9 | 10 | 10 | 10 | 10 | 10 |
| 106 Procurement | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| 107 Properties | 2 | 2 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 1 |
| 108 Planning & Development | 4 | 4 | 4 | 5 | 6 | 6 | 6 | 5 | 4 | 6 |
| 109 Government & Public Relations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| 110 Air Service Development | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 201 Airside Operations | 19 | 19 | 19 | 19 | 18 | 18 | 18 | 17 | 16 | 17 |
| 202 Landside Operations | 28 | 28 | 28 | 28 | 28 | 31 | 31 | 34 | 36 | 27 |
| 301 Airfield Maintenance | 17 | 17 | 17 | 17 | 17 | 18 | 18 | 18 | 18 | 18 |
| 302 Terminal Maintenance | 59 | 59 | 56 | 56 | 56 | 56 | 56 | 56 | 53 | 56 |
| 303 Information Systems | 8 | 8 | 11 | 10 | 10 | 9 | 9 | 9 | 9 | 9 |
| 304 Commercial Facilities | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 305 Fleet Maintenance | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total | 176 | 176 | 174 | 173 | 175 | 182 | 182 | 181 | 178 | 172 |

Source: Approved Positions, Kronos Payroll System

Statistical Section

Schedule of Capital Assets

Fiscal Years Ended December 31
(in thousands)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Land | \$ 68,419 | \$ 68,394 | \$ 68,263 | \$ 68,234 | \$ 67,669 |
| Construction work in progress | 6,704 | 14,737 | 11,291 | 12,489 | 5,089 |
| Capital assets not depreciated | 75,122 | 83,131 | 79,554 | 80,723 | 72,758 |
| Buildings and improvements | 324,160 | 320,019 | 312,281 | 303,556 | 300,477 |
| Equipment | 30,699 | 28,896 | 28,130 | 27,406 | 26,181 |
| Infrastructure | 194,396 | 177,003 | 177,104 | 157,206 | 153,864 |
| Capital assets depreciated | 549,255 | 525,918 | 517,515 | 488,168 | 480,522 |
| Less: accumulated depreciation | (293,676) | (276,428) | (259,638) | (240,939) | (222,083) |
| Net Capital Assets | \$ 330,702 | \$ 332,621 | \$ 337,431 | \$ 327,952 | \$ 331,197 |

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Land | \$ 67,558 | \$ 67,409 | \$ 66,183 | \$ 63,988 | \$ 61,795 |
| Construction work in progress | 13,106 | 20,388 | 9,237 | 9,290 | 15,137 |
| Capital assets not depreciated | 80,664 | 87,797 | 75,420 | 73,278 | 76,932 |
| Buildings and improvements | 290,865 | 292,967 | 364,978 | 359,419 | 343,829 |
| Equipment | 23,641 | 19,550 | 20,593 | 19,850 | 19,337 |
| Infrastructure | 149,138 | 127,509 | 38,174 | 33,330 | 32,980 |
| Capital assets depreciated | 463,644 | 440,026 | 423,745 | 412,599 | 396,146 |
| Less: accumulated depreciation | (206,317) | (194,031) | (175,081) | (160,818) | (147,202) |
| Net Capital Assets | \$ 337,991 | \$ 333,792 | \$ 324,084 | \$ 325,059 | \$ 325,876 |

| | 2022 | 2021 |
|-----------------------------------|-------|-------------|
| Number of commercial runways | 2 | 2 |
| Number of commercial gates | 12 | 12 |
| Covered parking spaces (public) | 851 | 851 |
| Airport land area (approximately) | 2,200 | 2,200 acres |

Source: Airport financial records

**Little Rock Metro Population
(Comparative Analysis)**

Ten-Year History (at January 1)

| Year | U.S. | State | Metro |
|------|-------------|-----------|---------|
| 2022 | 334,229,745 | 3,045,637 | 750,936 |
| 2021 | 332,402,978 | 3,025,891 | 746,564 |
| 2020 | 332,084,796 | 3,011,524 | 742,384 |
| 2019 | 329,131,338 | 3,017,804 | 741,104 |
| 2018 | 328,226,532 | 3,013,825 | 738,344 |
| 2017 | 326,965,105 | 3,004,279 | 734,622 |
| 2016 | 323,127,513 | 2,988,248 | 731,612 |
| 2015 | 321,418,820 | 2,978,204 | 729,135 |
| 2014 | 318,857,056 | 2,959,373 | 724,335 |
| 2013 | 316,497,531 | 2,949,828 | 717,703 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**Little Rock Metro Population
(Six-County Service Area)**

Ten-Year History (at January 1)

| Year | Pulaski | Faulkner | Grant | Perry | Lonoke | Saline | Metro |
|------|---------|----------|--------|--------|--------|---------|---------|
| 2022 | 397,821 | 125,106 | 18,090 | 9,964 | 74,722 | 125,233 | 750,936 |
| 2021 | 392,980 | 126,919 | 18,449 | 10,327 | 73,921 | 123,968 | 746,564 |
| 2020 | 391,911 | 126,007 | 18,265 | 10,455 | 73,309 | 122,437 | 742,384 |
| 2019 | 392,680 | 124,806 | 18,188 | 10,352 | 73,657 | 121,421 | 741,104 |
| 2018 | 393,956 | 123,654 | 18,165 | 10,348 | 72,898 | 119,323 | 738,344 |
| 2017 | 393,250 | 122,227 | 18,082 | 10,132 | 72,228 | 118,703 | 734,622 |
| 2016 | 392,664 | 121,552 | 18,102 | 10,189 | 71,645 | 117,460 | 731,612 |
| 2015 | 392,702 | 120,768 | 18,144 | 10,245 | 71,557 | 115,719 | 729,135 |
| 2014 | 391,536 | 119,390 | 18,046 | 10,344 | 70,834 | 114,185 | 724,335 |
| 2013 | 389,058 | 118,529 | 18,035 | 10,326 | 70,087 | 111,668 | 717,703 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**Little Rock Metro Personal Income Per Capita
(Comparative Analysis)**

Ten-Year History (at January 1)

| Year | U.S. | State | Metro |
|------|-----------|-----------|-----------|
| 2022 | \$ 64,143 | \$ 50,625 | \$ 53,158 |
| 2021 | 59,510 | 47,235 | 49,837 |
| 2020 | 56,490 | 44,629 | 46,560 |
| 2019 | 54,446 | 43,233 | 45,512 |
| 2018 | 51,640 | 41,046 | 42,582 |
| 2017 | 49,246 | 39,722 | 41,062 |
| 2016 | 48,112 | 38,252 | 40,925 |
| 2015 | 46,049 | 37,782 | 39,880 |
| 2014 | 44,438 | 36,529 | 40,619 |
| 2013 | 44,266 | 36,291 | 38,602 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**Little Rock Metro Personal Income Per Capita
(Six-County Service Area)**

Ten-Year History (at January 1)

| Year | Pulaski | Saline | Lonoke | Faulkner | Perry | Grant | Metro |
|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2022 | \$ 58,583 | \$ 49,031 | \$ 46,388 | \$ 45,841 | \$ 43,793 | \$ 46,161 | \$ 53,158 |
| 2021 | 55,563 | 45,692 | 43,537 | 41,943 | 38,404 | 41,674 | 49,837 |
| 2020 | 51,927 | 42,688 | 40,749 | 38,949 | 36,248 | 39,087 | 46,560 |
| 2019 | 51,185 | 41,397 | 38,764 | 37,598 | 34,877 | 38,201 | 45,512 |
| 2018 | 48,838 | 40,232 | 37,686 | 35,918 | 33,750 | 36,975 | 42,582 |
| 2017 | 47,834 | 38,282 | 36,742 | 35,159 | 32,773 | 35,588 | 41,062 |
| 2016 | 45,862 | 37,360 | 35,413 | 34,235 | 31,935 | 34,323 | 40,925 |
| 2015 | 46,349 | 35,076 | 34,897 | 33,350 | 31,679 | 33,876 | 39,880 |
| 2014 | 45,080 | 35,196 | 34,506 | 32,344 | 30,813 | 32,870 | 40,619 |
| 2013 | 46,593 | 34,956 | 33,908 | 32,391 | 30,576 | 32,722 | 38,602 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

**Little Rock Metro Unemployment Rate
(Comparative Analysis)**

Ten-Year History (at January 1)

| Year | U.S. | State | Metro |
|------|------|-------|-------|
| 2022 | 3.6% | 3.3% | 3.2% |
| 2021 | 5.3% | 4.0% | 4.2% |
| 2020 | 8.1% | 6.1% | 6.4% |
| 2019 | 3.7% | 3.5% | 3.2% |
| 2018 | 3.9% | 3.7% | 3.3% |
| 2017 | 4.9% | 3.9% | 3.5% |
| 2016 | 5.3% | 5.1% | 4.7% |
| 2015 | 6.2% | 6.1% | 5.5% |
| 2014 | 7.4% | 7.5% | 6.8% |
| 2013 | 8.1% | 7.5% | 6.7% |

Source: State of Arkansas: Department of Workforce Services

**Little Rock Metro Unemployment Rate
(Six-County Service Area)**

Ten-Year History (at January 1)

| Year | Pulaski | Saline | Lonoke | Faulkner | Perry | Grant | Metro |
|------|---------|--------|--------|----------|-------|-------|-------|
| 2022 | 3.5% | 2.8% | 2.8% | 2.9% | 3.6% | 3.1% | 3.2% |
| 2021 | 4.9% | 3.1% | 3.3% | 3.5% | 4.1% | 3.2% | 4.2% |
| 2020 | 7.4% | 5.1% | 5.5% | 5.4% | 5.5% | 5.2% | 6.4% |
| 2019 | 3.4% | 2.8% | 3.2% | 3.0% | 4.1% | 3.2% | 3.2% |
| 2018 | 3.4% | 3.0% | 3.3% | 3.3% | 4.2% | 3.2% | 3.3% |
| 2017 | 3.6% | 3.2% | 3.4% | 3.8% | 4.8% | 3.6% | 3.5% |
| 2016 | 4.7% | 4.2% | 4.3% | 4.8% | 6.3% | 4.7% | 4.7% |
| 2015 | 5.6% | 4.9% | 5.2% | 5.7% | 7.7% | 5.6% | 5.5% |
| 2014 | 6.9% | 6.2% | 6.4% | 7.0% | 8.9% | 6.8% | 6.8% |
| 2013 | 6.9% | 6.3% | 6.3% | 6.7% | 8.3% | 6.7% | 6.7% |

Source: State of Arkansas: Department of Workforce Services

Little Rock
Principal Employers

| Employer | 2022 | | 2013 | |
|---|------|-----------|------|-----------|
| | Rank | Employees | Rank | Employees |
| State of Arkansas | 1 | 35,200 | 1 | 32,200 |
| Local Government | 2 | 26,500 | 2 | 28,800 |
| Federal Government | 3 | 10,200 | 3 | 9,200 |
| University of Arkansas for Medical Sciences | 4 | 9,700 | 4 | 8,500 |
| Baptist Health | 5 | 7,340 | 5 | 7,000 |
| Little Rock Air Force Base | 6 | 4,500 | 6 | 4,500 |
| Arkansas Children's Hospital | 7 | 4,370 | * | - |
| Central Arkansas Veterans Health Care | 8 | 4,000 | 9 | 3,500 |
| Little Rock School District | 9 | 3,970 | 8 | 3,511 |
| CHI St. Vincent | 10 | 3,000 | * | - |
| Acxiom | | | 7 | 4,388 |
| Entergy Arkansas | | | 10 | 2,738 |
| | | 108,780 | | 104,337 |

Source: Little Rock Chamber of Commerce

* - Data not available for 2013

Little Rock
Demographic and Economic Statistics

| Calendar Year | Population ¹ | Personal Income ² | Per Capita Personal Income | Unemployment Percentage Rate |
|---------------|-------------------------|------------------------------|----------------------------|------------------------------|
| 2022 | 202,591 | \$ 7,929,614,331 | \$ 39,141 | 3.2% |
| 2021 | 202,591 | 7,533,954,108 | 37,188 | 4.0% |
| 2020 | 193,524 | 6,960,284,184 | 35,966 | 6.1% |
| 2019 | 193,524 | 4,960,987,740 | 25,635 | 3.5% |
| 2018 | 193,524 | 6,331,911,756 | 32,719 | 3.0% |
| 2017 | 193,524 | 5,936,929,272 | 30,678 | 3.0% |
| 2016 | 193,524 | 5,170,125,692 | 31,883 | 3.5% |
| 2015 | 193,524 | 5,632,516,020 | 29,105 | 4.8% |
| 2014 | 193,524 | 5,686,122,168 | 29,382 | 5.9% |
| 2013 | 193,524 | 5,448,087,648 | 28,152 | 6.7% |

(1) Population of Little Rock, AR using 2010 Census and 2020 Census

Source: 2022 Population and Per Capita Personal Income,
<https://www.census.gov/quickfacts/fact/table/LittleRockCityArkansas/PST045222>

(2) Personal Income is a calculation of per capita income multiplied by the population.

Source: Metroplan - Council of Local Governments, DiscoverArkansas.net and Greater Little Rock Chamber of Commerce



COMPLIANCE SECTION



BILL AND HILLARY
CLINTON
NATIONAL AIRPORT

COMPLIANCE SECTION CONTENTS:

Independent Auditor's Single Audit Reports

Independent Auditor's Passenger Facility Charge Compliance Report

Compliance Section

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Identifying Number | Total Federal Expenditures |
|---|---|-----------------------|-------------------------------|
| U.S. Department of Transportation – Federal Aviation Administration/ Airport Improvement Program | 20.106 | 03-05-0035-89 | \$ 20,655 |
| | 20.106 | 03-05-0035-95 | 3 |
| | 20.106 | 03-05-0035-97 | 2,675,725 |
| | 20.106 | 03-05-0035-98 | 2,762,845 |
| | 20.106 | 03-05-0035-99 | 399,430 |
| | 20.106 | 03-05-0035-104 | <u>3,371,726</u> |
| | | | 9,230,384 |
| U.S. Department of Transportation – Federal Aviation Administration/ COVID-19 Airport Improvement Program | 20.106 | 03-05-0035-96 | 4,003,400 |
| | 20.106 | 03-05-0035-100 | 2,922,173 |
| | 20.106 | 03-05-0035-101 | 9,271 |
| | 20.106 | 03-05-0035-102 | 1,630,483 |
| | 20.106 | 03-05-0035-103 | <u>51,594</u> |
| | | | 8,616,921 |
| Total Airport Improvement Program | | | <u>\$ 17,847,305</u> |

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Bill and Hillary Clinton National Airport (Airport) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position or cash flows of the Airport.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

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



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

Independent Auditor's Report

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Little Rock, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary activities of the Little Rock Municipal Airport Commission, d/b/a Bill and Hillary Clinton National Airport (the Airport), a component unit of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated July 13, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

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

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

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORVIS, LLP

Little Rock, Arkansas
July 13, 2023



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Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Little Rock, Arkansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Little Rock Municipal Airport Commission's, d/b/a Bill and Hillary Clinton National Airport (the Airport) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended December 31, 2022. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Page 2

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Compliance Section

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Page 3

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

FORVIS,LLP

Little Rock, Arkansas
July 13, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2022

7. Identification of major federal program:

| Assistance Listing Number | Name of Federal Program or Cluster |
|----------------------------------|---|
| 20.106 | Airport Improvement Program (Including COVID Funding) |

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

9. Auditee qualified as a low-risk auditee? Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2022

Section II – Financial Statement Findings

| Reference Number | Finding |
|---------------------|---------|
|---------------------|---------|

No matters are reportable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2022

Section III – Federal Award Findings and Questioned Costs

| Reference Number | Finding |
|----------------------------|---------|
| No matters are reportable. | |

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2022

| Reference Number | Finding |
|-----------------------------|----------------|
|-----------------------------|----------------|

No matters are reportable.

SCHEDULE OF PASSENGER FACILITY COLLECTIONS AND EXPENDITURES
Year Ended December 31, 2022

| Collections | Date Approved | Amount Approved for Use | Cumulative Total December 31, 2021 | Quarter Ended | | | | Year Ended December 31, 2022 | Cumulative Total December 31, 2022 |
|--|---------------|-------------------------|------------------------------------|----------------|---------------|--------------------|-------------------|------------------------------|------------------------------------|
| | | | | March 31, 2022 | June 30, 2022 | September 30, 2022 | December 31, 2022 | | |
| Passenger facility charge collections received | | \$ 109,708,697 | \$ 812,997 | \$ 1,339,199 | \$ 1,051,784 | \$ 781,515 | \$ 3,985,495 | \$ 113,694,192 | |
| Interest earned | | 7,659,106 | 17,405 | 19,753 | 38,164 | 46,093 | 121,415 | 7,780,521 | |
| Total passenger facility charge collections | | \$ 117,367,803 | \$ 830,402 | \$ 1,358,952 | \$ 1,089,948 | \$ 827,608 | \$ 4,106,910 | \$ 121,474,713 | |
| Expenditures | | | | | | | | | |
| Applications closed prior to 2021 | Various | \$ 41,534,775 | \$ 41,534,775 | \$ - | \$ - | \$ - | \$ - | \$ 41,534,775 | |
| Application 07-06 | 2/27/2007 | 37,599,511 | 37,599,511 | - | - | - | - | 37,599,511 | |
| Application 10-07 | 1/5/2010 | 9,595,910 | 5,991,744 | - | - | - | - | 5,991,744 | |
| Application 15-08 | 5/11/2015 | 4,601,120 | 4,587,097 | - | - | - | - | 4,587,097 | |
| Application 16-09 | 5/26/2016 | 18,142,435 | 15,769,515 | - | - | - | - | 15,769,515 | |
| Application 20-10 | 4/14/2020 | 24,815,150 | - | 6,173,509 | - | - | 6,173,509 | 6,173,509 | |
| Total passenger facility charge revenue expended | | \$ 105,482,642 | \$ - | \$ 6,173,509 | \$ - | \$ - | \$ 6,173,509 | \$ 111,656,151 | |

Note to Schedule:

This schedule includes the Passenger Facility Charge (PFC) Program activity of the Bill and Hillary Clinton National Airport and is presented on the modified cash basis of accounting. Under the modified cash basis of accounting, PFC revenues are recognized when received rather than when earned and eligible expenditures are recognized when the related goods or services are provided or incurred. The information in this schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

PFC expenditures may consist of direct project costs, administrative costs, debt service and bond financing costs, as applicable to active applications. The accompanying schedule of PFC collections and expenditures includes eligible expenditures that have been applied against PFCs collected as of December 31, 2022.



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Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Little Rock, Arkansas

Report on Compliance for Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited Little Rock Municipal Airport Commission's, d/b/a Bill and Hillary Clinton National Airport (the Airport), compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide) issued by the Federal Aviation Administration that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2022.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2022.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide). Our responsibilities under those standards and the Guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Airport's passenger facility charge program.

Little Rock Municipal Airport Commission
d/b/a Bill and Hillary Clinton National Airport
Page 2

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Compliance Section

Little Rock Municipal Airport Commission
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Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

FORVIS, LLP

Little Rock, Arkansas
July 13, 2023

**PASSENGER FACILITY CHARGE AUDIT SUMMARY
Year Ended December 31, 2022**

Summary of Auditor's Results

- | | | |
|--|--|------------------------------------|
| 1. Type of report issued on PFC financial statements. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 2. Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |
| 3. Quarterly revenue and expenditures reconcile with submitted quarterly reports and reported unliquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. PFC revenue and interest is accurately reported on FAA Form 5100-127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Funds disbursed were for PFC-eligible items as identified in the FAA decision to pay only for the allowable costs of the project. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. Quarterly reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 12. Project design and implementation is carried out in accordance with Assurance 9. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 13. Program administration is carried out in accordance with Assurance 10. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| | <input checked="" type="checkbox"/> N/A | |

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PFC
Year Ended December 31, 2022**

Findings Required to be Reported by the Guide

| Reference Number | Finding | Questioned Costs |
|-----------------------------|----------------|-----------------------------|
|-----------------------------|----------------|-----------------------------|

No matters are reportable.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - PFC
Year Ended December 31, 2022**

| Reference Number | Summary of Finding | Status |
|-----------------------------|---------------------------|---------------|
|-----------------------------|---------------------------|---------------|

No matters are reportable.