



Tri-Cities Airport Authority

Tri-Cities Airport, TN/VA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

Tri-Cities Airport Authority

Blountville, Tennessee

Jointly Governed by
Bristol, TN
Bristol, VA
Johnson City, TN
Kingsport, TN
Sullivan County, TN
Washington County, TN



Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

Prepared by:
Finance Department

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TRI-CITIES AIRPORT AUTHORITY

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Introduction

- Vision and Mission
- Commissioners and Senior Staff
- Letter of Transmittal
- GFOA Certificate of Achievement
- Organization Chart



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Tri-Cities Airport Authority

Tri-Cities Airport, TN/VA

Vision

To be a premier air transportation center
and a catalyst for economic growth

Mission

To support economic growth by providing the best
available facilities and service for passengers,
air cargo, corporate and general aviation



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TRI-CITIES AIRPORT AUTHORITY

AUTHORITY COMMISSIONERS AND SENIOR STAFF

As of June 30, 2024

Commissioners

Mr. William "Bill" Sorah, Chairman
Mr. J. Parker Smith, Vice Chairman
Mr. Randall Eads, Secretary-Treasurer
Mr. Lewis Wexler, Assistant Secretary-Treasurer
Mr. Ken Maness
Mr. Todd Hensley
Mr. Dan Mahoney
Mr. Kenneth Huffine
Mr. Mark Ireson
Mayor Richard Venable
Ms. Cathy Ball
Dr. Jon L. Smith

Senior Staff

David E. Cossey, President/CEO
David Jones, Chief Operating Officer
Rene L. Weber, Director of Finance
Kristi Haulsee, Director of Marketing and Air Service Development
Mark Canty, Director of Business Development
Kathy Yakley, Manager of Human Resources and Administrative Services



≈≈≈ Letter of Transmittal ≈≈≈

November 8, 2024

Members of the Tri-Cities Airport Authority:

The Tri-Cities Airport Authority hereby submits the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, which is prepared in accordance with generally accepted accounting principles (GAAP). The Tri-Cities Airport Authority (Authority) Finance Department prepared the report and assumes full responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of management's knowledge and belief, the enclosed data is accurate in all material respects, and presents the report in a manner that presents fairly the financial position and results of operations of the proprietary fund of the Tri-Cities Airport Authority.

The Authority prepared the ACFR using the guidelines set forth by the Government Finance Officers Association of the United States and Canada (GFOA) to be eligible for application for the Certificate of Achievement Award. GFOA guidelines require management to provide a narrative introduction, overview, and analysis to accompany the financial statements. Readers should review this letter of transmittal as an introduction to the ACFR and the Authority. This letter will also provide background information on the Authority and explain our operations and services, budgetary controls, overview of the local economic conditions, and certain other pertinent information. It is complementary to financial and analytical data offered in the Management Discussion and Analysis (MD&A) and the Statistical Section of the ACFR. The information contained in this section is prepared by the Authority and is not part of the independent auditors' report.

REPORTING ENTITY

The Authority is a public body, corporate and politic, that was established, effective September 12, 2012, pursuant to the laws permitting the creation of and defining the powers of regional airport authorities in the State of Tennessee (*Tennessee Code Annotated § 42-3-104 through § 42-3-119*). Responsibilities of the Authority include directing development, operation, maintenance, control, and administration of the Tri-Cities Airport.

Prior to September 12, 2012, the Tri-Cities Airport Commission operated and managed the Airport for the owners consisting of the cities of Bristol, TN; Bristol, VA; Johnson City, TN; Kingsport, TN; Sullivan County, TN; and Washington County, TN. The Authority is a separate legal entity existing apart from the former Airport Commission. The Authority adopted a new logo on August 25, 2016, and deleted Regional from the airport name such that the airport is now known as the Tri-Cities Airport.

The Authority assumed, adopted, and ratified, unconditionally all real and personal property, other assets, contracts, agreements, leases, grant assurances, and most other legal obligations of the Owners and the Tri-Cities Airport Commission related in any manner to the Airport. The Authority also assumed and adopted all rules, regulations, and procedures which are in place to operate the Airport.

Tri-Cities Airport Authority
2525 Highway 75, Suite 301 | Blountville, TN 37617
TRIflight.com | 423-325-6000

REPORTING ENTITY (CONTINUED)

Four cities and two counties appoint the twelve-member Board of Commissioners of the Authority. Commissioners have one vote each. Each entity appoints a specified number of Commissioners as listed below.

Governmental Entity	Representation
Washington County, Tennessee	3 Commissioners
City of Johnson City, Tennessee	3 Commissioners
Sullivan County, Tennessee	2 Commissioners
City of Kingsport, Tennessee	2 Commissioners
City of Bristol, Tennessee	1 Commissioners
City of Bristol, Virginia	1 Commissioners

Officers of the Authority include Chairman, Vice-Chairman, Secretary-Treasurer, and Assistant Secretary-Treasurer. The Authority has five standing committees which are advisory in nature. However, committees are authorized to make decisions that are binding on the Authority with prior approval by the Commissioners. Committees are Executive, Administration and Operations, Marketing, Airfield Development, and Air Cargo and Trade Development.

MANAGEMENT

The Authority hires the President / CEO to direct all business, administration, operations, and planning for the airport. The President / CEO manages a staff of 53 full-time employees, as of June 30, 2024. Staff in eleven departments are responsible for day-to-day administrative, financial, operational and personnel matters related to the Authority.

David E. Cossey, President / CEO, oversees the administrative, marketing, finance, and air cargo and trade development departments.

David Jones, Chief Operating Officer, oversees operations, access control, janitorial, maintenance, public safety, and airline services departments. The operations department ensures the Authority complies with FAA standards and regulations. Operations is also responsible for preparing state and federal grant applications and coordinates the efforts of engineering, consultants, and others to complete the design and construction of all capital improvement projects at the Authority.

Rene Weber, Director of Finance, manages accounting functions, including the Authority's budgets, audits, payables, receivables, payroll, and financial reporting. The finance department handles all financial obligations and/or indebtedness.

Kristi Haulsee, Director of Marketing and Air Service Development, works with two staff members in the marketing department. The department manages public and airline relations, marketing the Airport to passengers and prospective airlines, and customer experience. Marketing staff also monitor media and social comments and collect and review data relating to air service development efforts.

Mark Canty, Director of Business Development, is responsible for the development of new business opportunities including Aerospace Park and Authority property within the terminal and air cargo center. Canty also directs administration of Foreign Trade Zone No. 204 and coordinates and promotes use of U.S. Customs and Border Protection Port No. 2027 within the greater Tri-Cities region.

MANAGEMENT (CONTINUED)

Kathy Yakley, Manager of Human Resources and Administrative Services was responsible for employee relations and benefits, retirement programs and property administration.

THE TRI-CITIES AIRPORT AUTHORITY TODAY

Tri-Cities Airport (IATA airport code: TRI) primarily serves residents and businesses in Northeast Tennessee and Southwest Virginia. However, residents and businesses from portions of Western North Carolina and Southeastern Kentucky also use TRI as their airport of choice. The Airport is centrally located between the cities of Bristol, Johnson City, and Kingsport in Tennessee, and Bristol, Virginia. The Airport has been providing commercial air service to the region for 87 years, as of November 2024.

The Airport's property covers approximately 1,290 acres of land, eighty-nine acres in easements, and a 113,532 square-foot passenger terminal building with office space, seven gates, three commercial airlines, eight national rental car brands, restaurant, pub, gift shop, business center, and a CBP Global Entry Enrollment Station. Adequate short-term and long-term parking are available for passengers and guests.

Aerospace Park is a 160-acre development site designed as a hub for aircraft-related maintenance, repair, and overhaul companies. The development is located on the south side of the airfield offering direct airfield access, utilities, and paved access roads. Construction of the site was completed in September 2021. In April 2022, the Authority approved a lease agreement with the first Aerospace Park tenant.

The 13,000 square-foot Air Cargo Logistics Center houses U.S. Customs and Border Protection Port No. 2027 and is located within Foreign Trade Zone No. 204. Port of Tri-Cities-2027 is a federally staffed, full-service customs station allowing passengers and imported goods to clear Customs in the Tri-Cities avoiding congestion and delays common at larger ports of entry. The air cargo site includes a 5-acre cargo apron with a 75-foot-wide taxiway system.

A fixed based operator (FBO) operates on Authority property to accommodate private and corporate aircraft operations. The FBO serves as the access point for customers who are not using commercial airline service and provides aircraft storage, fuel, and maintenance services.

The Authority maintains two websites providing travelers and the public with information relevant to the Airport's operations and to promote Aerospace Park. The website URLs are **flytri.com** and **TRIAerospacePark.com**. The Authority also uses social media outlets Facebook, Twitter (X), Instagram and LinkedIn to not only promote the airport, but to also keep passengers updated on airport operations or issues that may cause airline delays or cancellations.

ECONOMIC CONDITIONS AND OUTLOOK

Airport

The Authority works diligently to provide a safe, clean, efficient, and welcoming environment for air travel, as well as for passengers, guests, and employees. One of the Authority's top priorities is to restore and grow air service for the region. Historically, the Authority has witnessed almost half of local passengers traveling to other airports for flights. Analysis conducted by Authority staff shows that much of that leakage is attributed to factors including fewer seats, which can lead to higher air fare prices at TRI, and more non-stop flight options at the other airports.

Passenger traffic continued to recover in fiscal year 2024 from the decline resulting from the Covid-19 pandemic. Business travel improved but has not recovered to 2019 levels. The Authority's specific passenger mix is difficult to determine as travel patterns, behaviors, and trends have changed following the Covid-19 pandemic. Passengers with flexible work arrangements are blending business and leisure trips, challenging the previous metrics of business versus leisure travel. Blended travel is not new, but it has grown during the past two years. Blended travel has shown to offer higher yields for airlines, rental car companies and hotels. Airlines are taking note of this trend and working toward seat configurations and services that appeal to passengers blending business and leisure travel.

Three commercial airlines offer scheduled passenger service from TRI to five hubs and leisure destinations. Allegiant offers service twice a week to Orlando Sanford (SFB) and seasonally to St. Pete-Clearwater (PIE), American Airlines provides daily service to Charlotte (CLT) and Dallas-Fort Worth (DFW), and Delta Air Lines offers daily service to Atlanta (ATL).

In fiscal year 2024, the Authority saw passenger traffic increase 8.8 percent over fiscal year 2023. Fiscal year 2024 passenger traffic now exceeds the pre-pandemic fiscal year 2019 levels. Seat capacity increased by 4.1 percent in fiscal year 2024 over fiscal year 2023 levels while the annual average load factor for fiscal year 2024 was 81.6 percent, which is also an increase of fiscal year 2023 of 77.9 percent.

In May 2020, as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the FAA awarded a grant to the Authority in the amount of \$10,300,692. In March 2021, the FAA awarded TRI a grant, under the Airport Coronavirus Relief Grant Program (ACRGP), in the amount of \$2,003,318. In November of 2021 the FAA awarded TRI a grant, under the American Rescue Plan Act (ARPA), in the amount of \$3,016,683. The CARES, ACRGP and ARPA grants were awarded to enable airports to prevent, prepare for, and respond to the coronavirus pandemic and to provide funding to help offset a decline in revenues arising from diminished airport operations and activities due to the COVID-19 Public Health Emergency. Airports were authorized to use the grant funds to reimburse operational and maintenance expenses as well as to reimburse payments for debt service. As of June 30, 2024, the Authority has drawn 100.0 percent of the funding from these three grants.

The pandemic has been particularly challenging for non-hub airports as airlines have struggled with pilot shortages and other staffing issues. Airlines continue to reduce regional flights to trim expenses and manage the pilot and other staffing shortages. Since the beginning of the pandemic, 74 regional airports have lost service with American, Delta or United airlines. However, TRI, a non-hub airport, maintained service with the three airlines American, Delta and Allegiant and their routes that serve the Authority's market.

ECONOMIC CONDITIONS AND OUTLOOK (CONTINUED)

Airport (Continued)

The “legacy” carriers (American, Delta, United) are working toward a fleet of larger and more economical aircraft. Discount carrier, Allegiant Airlines, has fared well as their business model caters to the leisure traveler and is easily scalable based on seasonality, world events and economy. It is possible that TRI will either see additional service from the “legacy” carriers and Allegiant or other competing discount carriers. The Authority continues to work toward increasing air service options for TRI travelers.

National and Local Economy

The region offers a wide range of market benefits including a catchment area population of approximately 900,000, a large manufacturing sector, exceptional interstate highway network, twenty-seven regional industrial parks and a growing tourism industry. The Authority uses a variety of data sources to monitor national and regional economic conditions. These sources include the Bureau of Labor Statistics and the Tennessee Department of Revenue.

Retail performance continued to be strong in the two counties surrounding the Authority during the fiscal year ending June 30, 2024. Based on local sales tax collections as reported by the Tennessee Department of Revenue, Sullivan, and Washington counties, which include the cities of Bristol, Johnson City, and Kingsport, reflected a minor decrease in collections of 1.67 percent and 0.46 percent, respectively, in the fiscal year ended June 30, 2024, compared to the fiscal year ended June 30, 2023. Statewide for Tennessee the small increase in local sales tax collections for the fiscal year 2024 over fiscal year 2023 was 1.2 percent.

Per data from the Bureau of Labor Statistics, total nonfarm employment in the metro areas of Kingsport-Bristol, TN/VA and Johnson City, TN increased 0.2 percent and decrease of 0.7 percent, respectively, for the time between June 2024 and 2023. Statewide, Tennessee’s total nonfarm employment decreased 0.2 percent between June 2024 and 2023. The national employment level remained steady with only a minor decrease of 0.4 percent between August 2024 and 2023.

Unemployment in the metro area of Kingsport-Bristol, TN/VA decreased to 3.8 percent as of June 2024 compared to 3.9 percent as of June 2023. Unemployment in the Johnson City, TN metro area decreased to 3.8 percent as of June 2024 compared to 3.9 percent as of June 2023. Statewide, Tennessee unemployment decreased to 3.0 percent as of June 2024 compared to 3.1 percent as of June 2023. The national average unemployment rate for 2023 was 3.6 percent.

Generally, national and local economic improvements support increased passenger air travel. The performance of the local economy, which, while positive prior to the impact of the Covid-19 pandemic in March of 2020, has lagged the national and statewide trends but appears to be strengthening per the most recent statistics. The local economic factors above and the completion of the 160-acre Aerospace Park for aeronautical development are positive for the future of TRI.

CAPITAL PLANNING

Through the Authority's master planning process, the Authority lays out a Capital Improvement Program on a rolling five-year basis. Most of these projects are funded from federal and state grant funds. Priorities are set in conjunction with the Master Plan and the priorities for fiscal year 2024 were as follows:

- 1) Safety and security for all users of the Airport
- 2) Projects deemed to meet air carrier passenger needs and demands
- 3) Projects deemed to meet demands of general aviation, corporate, and cargo users
- 4) Implement projects that will generate new revenue sources
- 5) Implement projects that will maximize all sources of funding availability

FINANCIAL INFORMATION

Internal Controls

The management of the Tri-Cities Airport Authority is responsible for establishing and maintaining an internal control structure designed to ensure that: (i.) the assets of the Authority are protected from loss, theft, or misuse; (ii.) to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles; and (iii.) that federal financial assistance programs are managed in compliance with applicable laws and regulations.

The Authority applied the concept of reasonable assurance in establishing internal controls. These assurances recognize that: (i.) the cost of a control should not exceed the benefits likely to be received and (ii.) the valuation of costs and benefits requires estimates and judgments by management.

As part of the Authority's single audit, our independent auditors conducted tests of the Authority's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs.

Operating Budget

An annual operating budget is prepared and approved by the Authority. All appropriations for operating expenditures lapse at the end of the fiscal year and must be re-appropriated for the following year. The Board approves a Capital Projects Budget annually with the appropriated funds remaining intact until completion of the project. The Authority continues to meet its responsibility for sound financial management. The Authority is self-supporting through user fees of the airport.

CASH MANAGEMENT POLICIES

The Investment Policy of the Authority sets the criteria for surplus funds. The Authority consolidates cash balances from all funds to maximize investment earnings. The primary objectives of investment activities are safety, liquidity, and yield.

CASH MANAGEMENT POLICIES (CONTINUED)

The Authority is authorized to make direct investments in bonds, notes or treasury bills of the U. S. Government and obligations guaranteed by the U. S. Government or any of its agencies. These investments may not have maturity greater than two years, except as set out in Tennessee state law. Investments may also be made in the Tennessee State Pooled Investment Fund and in repurchase agreements with state approval.

RISK MANAGEMENT

The Authority is fully insured and carries insurance coverage with commercial insurance carriers in amounts sufficient to meet the Authority's reasonable exposure. All tenants and lessees are required to carry specified amounts of insurance coverage, naming the Authority as an additional insured. The Authority requires all contractors engaged in construction projects to meet minimum requirements as specified in the bid documents.

OTHER INFORMATION

Independent Audit

As required by federal and state statutes, the Authority requires an annual independent audit by a Certified Public Accountant. The Administration/Operations Committee administers the CPA selection with final approval by the full Authority. The Authority selected the firm of Blackburn, Childers & Steagall, PLC to perform the independent audit for the year ending June 30, 2024. The Authority also uses the audit to meet the requirements and all revisions of the federal Single Audit Act of 1996, and the related Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditors use generally accepted auditing standards in conducting their audit.

The financial section of this report includes the auditors' report on the financial statements with a result of an unmodified opinion. An unmodified opinion is the best opinion to receive, and it indicates that the auditors believe that the financial statements are presented fairly in all material respects. The Internal Control and Compliance Section of this report contains two reports in accordance with the requirements of the Uniform Grant Guidance (2 CFR Part 200), i.e., Single Audit; the independent auditors' report on internal controls over financial reporting and on compliance and other matters and the independent auditors' report on compliance for each major program and on internal control over compliance. A third audit was also performed by Blackburn, Childers & Steagall, PLC, as required under Federal Aviation Administration, Part 158 (Passenger Facility Charge).

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tri-Cities Airport Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 25th consecutive year that the airport has achieved this prestigious award. A government must publish an easily readable and efficiently organized comprehensive annual financial report to receive a Certificate of Achievement award. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Awards (Continued)

A Certificate of Achievement is valid for a period of one year only. The Authority believes that its current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to take this opportunity to thank the Airport Authority for their leadership and support in planning and conducting the financial operations of the Airport. We would also like to recognize the efforts of the senior staff, David Jones, Kristi Haulsee, Kathy Yakley (posthumously), and Mark Canty for their contributions to this financial report. A special thanks to the finance department staff, Alicia Rhoton and Meagan Harr, for your hard work and dedication.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'D E Cossey'.

David E. Cossey
President/CEO

A handwritten signature in blue ink, appearing to read 'Rene L Weber'.

Rene L. Weber
Director of Finance

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Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**Tri-Cities Airport Authority
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

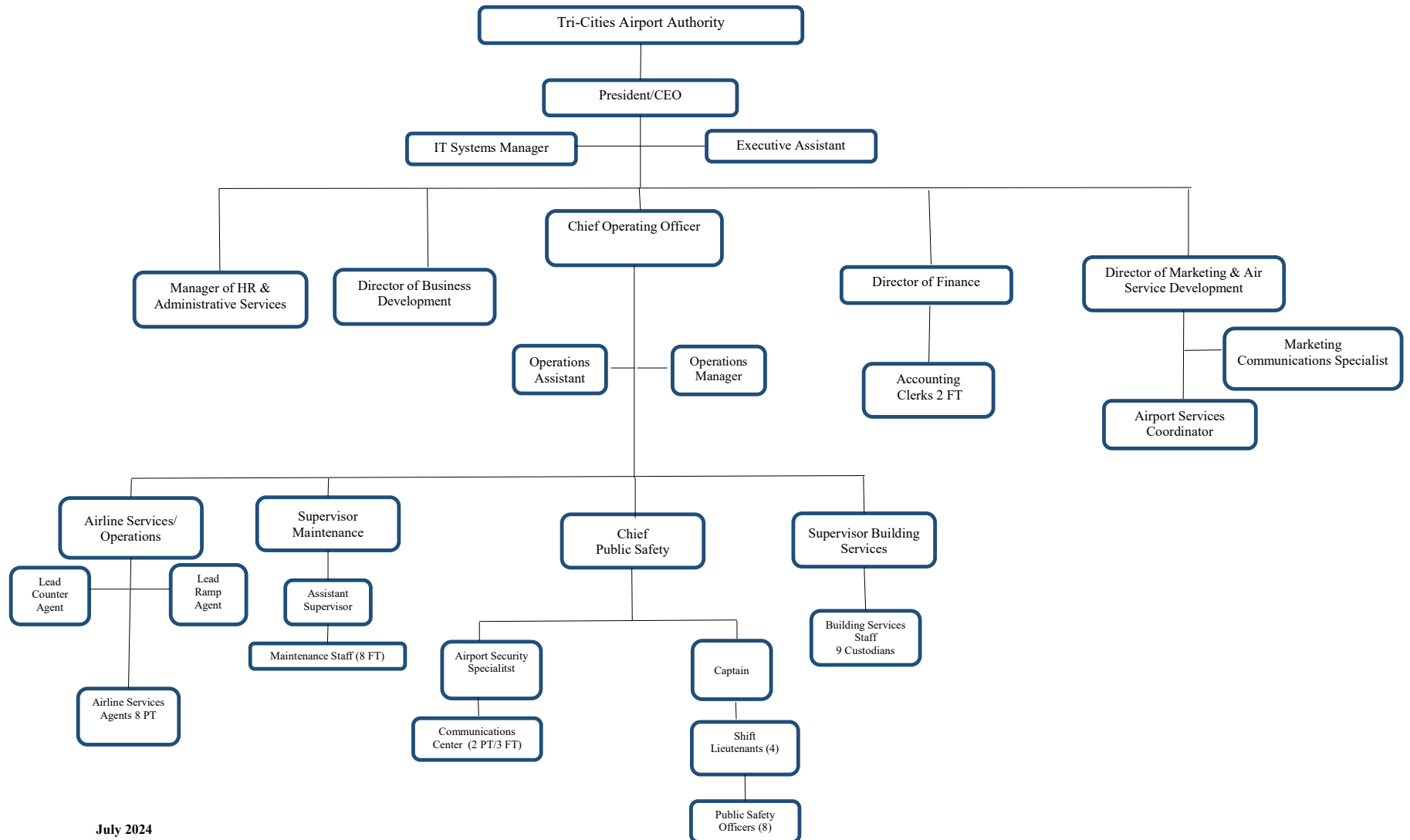
June 30, 2023

Christopher P. Merrill

Executive Director/CEO

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TRI-CITIES AIRPORT AUTHORITY ORGANIZATION CHART



July 2024

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Financial

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Supplemental Schedules



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Tri-Cities Airport Authority
Blountville, Tennessee

Basic Financial Statements

And

Supplemental Information

For the Fiscal Year Ended June 30, 2024



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INDEPENDENT AUDITORS' REPORT

To the Honorable Commissioners
of the Tri-Cities Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Tri-Cities Airport Authority, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Tri-Cities Airport Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Tri-Cities Airport Authority as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Tri-Cities Airport Authority'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 Tri-Cities Airport Authority'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, the Schedules of Changes in Tri-Cities Airport Authority's Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plans of TCRS, the Schedules of Tri-Cities Airport Authority's Contributions Based on Participation in the Public Employee Pension Plans of TCRS, and Schedule of Changes in Post-Employment Healthcare Benefits Liability and Related Ratios on pages 27-36 and pages 83-87, respectively, 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tri-Cities Airport Authority's basic financial statements. The supplemental schedules are listed in the table of contents including 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Passenger Facility Charges Collected, Interest Earned and Related Expenditures, as included in the supplemental schedules, is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also 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 supplemental schedules, including the Schedule of Expenditures of Federal Awards and the Schedule of Passenger Facility Charges, Interest Income and Related Expenditures, are fairly stated in all material respects in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion 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 November 8, 2024, on our consideration of the Tri-Cities Airport Authority'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 the Tri-Cities Airport Authority'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 Tri-Cities Airport Authority's internal control over financial reporting and compliance.


BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The following Management's Discussion and Analysis (MD&A) of the Tri-Cities Airport Authority activities and financial performance provides an overview of the Tri-Cities Airport Authority's basic financial statements for the fiscal year ended June 30, 2024. The Tri-Cities Airport Authority is the governing entity operating the Tri-Cities Airport as of June 30, 2024. This MD&A should be read in conjunction with the "Letter of Transmittal" included in the Introductory Section and the basic financial statements following this section.

Overview of the Financial Statements

This annual report consists of four parts: *(i.)* Introductory; *(ii.)* Financial; *(iii.)* Statistical; and *(iv.)* Internal Control and Compliance.

The Tri-Cities Airport Authority (the Authority) is a special-purpose government with only business-type activities. The Basic Financial Statements include proprietary fund financial statements, which offer short-term and long-term financial information about the activities of the Tri-Cities Airport Authority.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information and other schedules that further explain and support the information in the basic financial statements.

Required basic financial statements include the: *(i.)* Statement of Net Position; *(ii.)* Statement of Revenues, Expenses and Changes in Net Position; and *(iii.)* Statement of Cash Flows. The financial statements are prepared using the accrual basis of accounting and economic resources measurement focus. All assets and liabilities, both financial and capital, and short-term and long-term are recorded. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of timing of related cash flows. The accompanying notes to the financial statements enhance the reader's understanding of the Authority's accounting policies.

Airport Activity Highlights

Airport Passenger Activity during FY 2024 increased by 8.5 percent compared to FY 2023. Recovery from the negative effects of the Covid-19 pandemic appear complete as FY 2024 Airport Passenger Activity has exceeded the FY 2019 level. Aircraft Operations decreased by 2.4 percent in FY 2024 compared to FY 2023 due to a small decrease in general aviation activity. Aircraft Landed Weights increased by 3.4 percent and Airline Seating Capacity increased by 4.1 percent as airlines responded to increased passenger demand with more flights and larger aircraft. Air Freight activity decreased by 87.4 percent for FY 2024 when compared to FY 2023. However, the spike in air freight activity during FY2023 was unusual when looking at historical data.

Airport Activity Highlights (Continued)

The following table shows the increases and decreases from the previous fiscal year.

Activity	FY 2024	FY 2023	% of Change
Passengers	457,928	421,900	8.5%
Aircraft Operations	44,428	45,523	-2.4%
Aircraft Landed Weights (lbs.)	270,554	261,534	3.4%
Seating Capacity	561,222	539,296	4.1%
Air Freight	4,823	38,309	-87.4%

The following airlines are serving Tri-Cities Airport, TN/VA:

Delta Airlines provides an average of four flights per day to Atlanta aboard 50-76 seat Canadair regional jets as well as B-717's with up to 110 seat capacity.

American Airlines has an average of four flights per day to Charlotte and two flights per day to Dallas-Fort Worth aboard 50-76 seat Embraer and Canadair regional jets.

Allegiant Airlines provides low fare service to Orlando and St. Petersburg/Clearwater aboard 150 plus seat A-319/320 jets.

Financial Position

The overall financial position of the Authority held steady in fiscal year 2024 with a 1.6 percent increase in total net position. This increase was primarily due to the completion of several large construction projects which resulted in an increase in Net Capital Assets as well as an increase in operating revenues in the fiscal year ending June 30, 2024.

Operating income for FY 2024, before depreciation and amortization, did experience a decrease over fiscal year 2023, due to a 13.4 percent increase in operating expenses offset by only a marginal 0.8 percent increase in operating revenues. The operating expense categories reflecting the largest increases in fiscal year 2024 compared to 2023 were administrative, janitorial and marketing expenses.

Capital contributions received from federal and state grants were \$841,674 less in FY 2024 when compared to FY 2023. Contributions from the CARES Act, CRRSA and ARPA grants; which are considered operating in nature; were \$4,738,660 in FY 2023; however, in FY 2024 only \$1,619 was received. The Authority has drawn and received all eligible funding from these three grants.

Summary of Changes in Net Position

	Fiscal Year Ended June 30,	
	2024	2023
Operating Revenues	\$ 8,762,237	\$ 8,692,820
Operating Expenses	8,491,913	7,490,408
Operating Income Before		
Depreciation	270,324	1,202,412
Less: Depreciation	6,252,387	6,180,260
Operating Loss	(5,982,063)	(4,977,848)
Non-Operating Revenues (Expenses)	1,937,310	5,817,573
Income (Loss) before Capital Contributions	(4,044,753)	839,725
Capital Contributions	5,810,210	6,651,884
Change in Net Position	\$ 1,765,457	\$ 7,491,609
Net Position Beginning of Fiscal Year	109,010,491	101,518,882
Net Position End of Fiscal Year	\$ 110,775,948	\$ 109,010,491

Operating and Non-Operating Revenue Highlights

Operating revenues are generated from the tenants and/or “users” of the Authority through airfield charges, terminal rents, concession revenue, parking fees, and other sources.

Non-operating revenue is made up of unrestricted and restricted funds. Unrestricted revenue comes from interest income, investment gains, the CARES Act, CRRSA Act and ARP Act grants and other sources not resulting from operations. The restricted revenue is generated for a defined purpose and cannot be used to fund operating expenses. The current restricted revenues are Passenger Facility Charges and Customer Facility Charges.

The Authority develops an operating budget and capital improvement budget each year. Operating revenues are generated to first fund operating expenses. Any net operating revenues are then transferred to the reserve accounts to fund the Authority’s portion of capital projects. Any net revenues after capital projects are placed in the operating reserve.

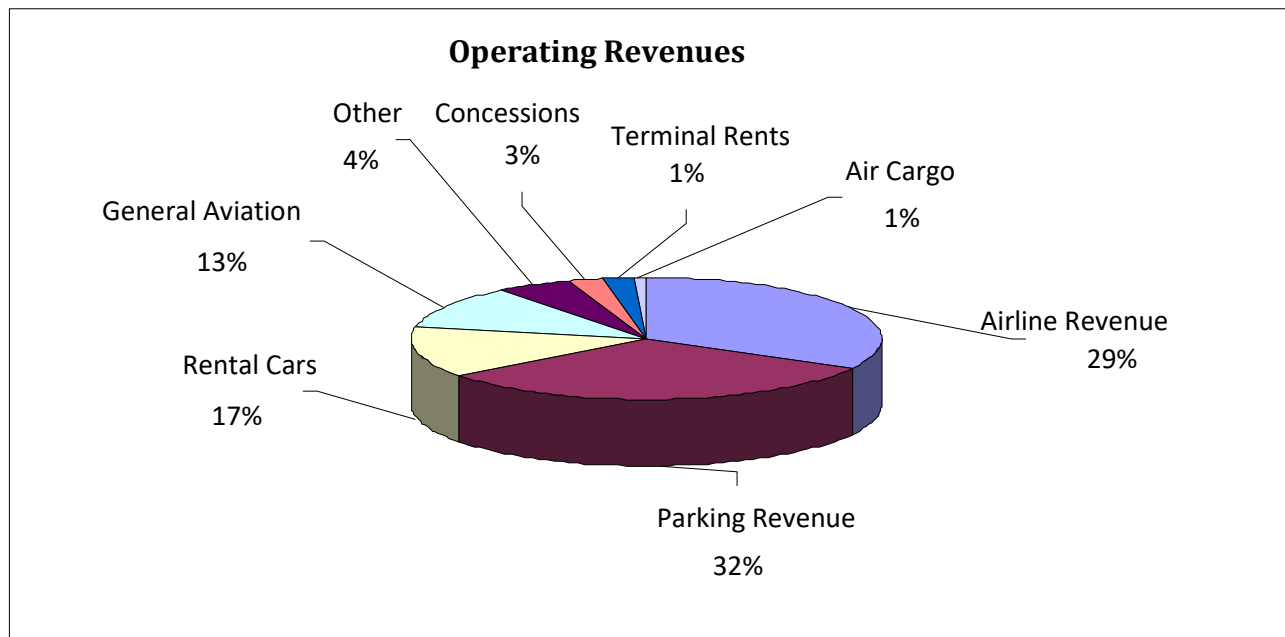
Operating and Non-Operating Revenue Highlights (Continued)

The following schedule presents a summary of revenues for the fiscal years ended June 30, 2024 and 2023:




	Fiscal Year Ended June 30,		Change from	Percent
	2024	2023	2023	Change from 2023
Operating Revenues				
Airline Revenue	\$ 2,523,600	\$ 2,520,231	\$ 3,369	0.1%
General Aviation	1,105,395	1,110,272	(4,877)	-0.4%
Air Cargo	91,704	122,049	(30,345)	-24.9%
Parking	2,785,668	2,522,006	263,662	10.5%
Rental Cars	1,502,919	1,690,209	(187,290)	-11.1%
Concessions	237,259	226,207	11,052	4.9%
Terminal Rents	111,455	111,600	(145)	-0.1%
Other	404,237	390,246	13,991	3.6%
Total Operating Revenues	8,762,237	8,692,820	69,417	0.8%
Non-Operating Revenues				
Interest Income	846,557	92,730	753,827	812.9%
Gain on Sale of Assets	-	1,036	(1,036)	-100.0%
CARES, CRRSA and ARP grants	1,619	4,738,660	(4,737,041)	-100.0%
Passenger Facility Charges	905,724	840,163	65,561	7.8%
Customer Facility Charges	370,784	341,259	29,525	8.7%
Total Non-Operating Revenues	2,124,684	6,013,848	(3,889,164)	-64.7%
TOTAL REVENUES	\$ 10,886,921	\$ 14,706,668	\$ (3,819,747)	-26.0%
Capital Contributions				
Federal Grant Revenue	\$ 2,414,769	\$ 4,102,561	\$ (1,687,792)	-41.1%
State Grant Revenue	2,913,078	2,053,013	860,065	41.9%
Other Capital Contributions	482,363	496,310	(13,947)	-2.8%
Total Capital Contributions	\$ 5,810,210	\$ 6,651,884	\$ (841,674)	-12.7%

Operating and Non-Operating Revenue Highlights (Continued)

The following chart shows the sources of operating revenue and percentage of operating revenues for the fiscal year ended June 30, 2024:



Operating Revenues increased by \$69,417 or 0.8 percent from \$8,692,820 in fiscal year 2023 to \$8,762,237 in fiscal year 2024.

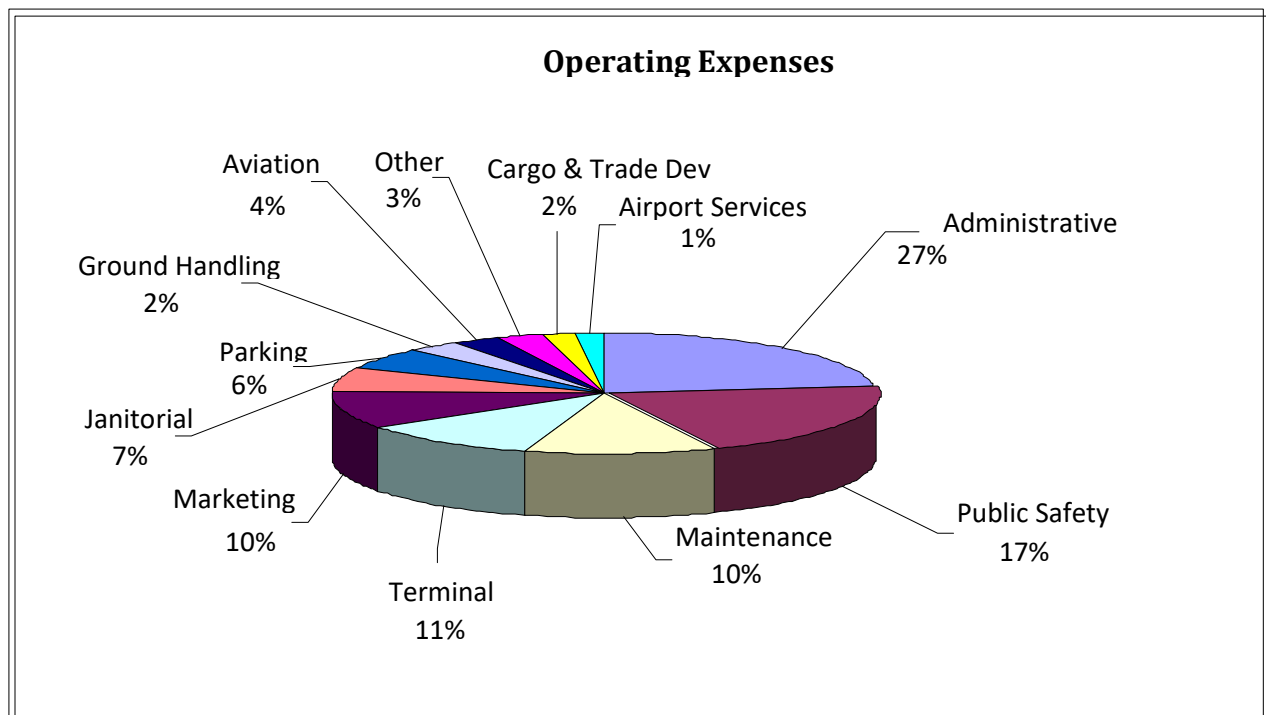
-  Parking revenues increased by 10.5 percent or \$263,662 more than fiscal year 2023.
-  Concessions revenue increased by 4.5 percent or \$11,052 more than fiscal year 2023.
-  Rental Car revenue decreased by 11.1 percent or (\$187,290) more than fiscal year 2023.

Operating Expenses

The following schedule presents a summary of expenses for the fiscal years ended June 30, 2024 and 2023:





Operating Expenses	Fiscal Year Ended June 30,		Change from 2023	Percent Change from 2023
	2024 Amount	2023 Amount		
Administrative	\$ 2,300,923	\$ 1,664,003	636,920	38.3%
Public Safety	1,406,941	1,316,817	90,124	6.8%
Maintenance	821,752	771,341	50,411	6.5%
Terminal	912,055	1,062,050	(149,995)	-14.1%
Marketing	849,608	722,719	126,889	17.6%
Janitorial	631,042	503,714	127,328	25.3%
Parking	479,442	429,032	50,410	11.7%
Ground Handling	200,299	205,787	(5,488)	-2.7%
Cargo and Trade Dev.	183,575	170,295	13,280	7.8%
Other	256,496	231,396	25,100	10.8%
Aviation	376,137	351,171	24,966	7.1%
Airport Services	73,643	62,083	11,560	18.6%
Total Operating Expenses	\$ 8,491,913	\$ 7,490,408	1,001,505	13.4%

The following pie chart shows the Airport Authority's expenses by category and the percentage of operating expenses for the fiscal year ended June 30, 2024:



Operating Expenses Highlights

Operating Expenses increased 13.4 percent or \$1,001,505 as compared to the previous year. Variation analysis of the Operating Expenses reveals:

-  Administrative expenses increased by \$636,920 or 38.3 percent compared to fiscal year 2023 due to procurement of new and increased utilization of engineering consultants as well as an increased costs for professional services.
-  Marketing expenses increased by \$126,889 or 10 percent compared to fiscal year 2023 because of a new marketing initiative and increase utilization of consultants, and an increase in personnel and benefit costs.
-  Parking Area expenses increased by \$50,411 or 11.7 percent compared to fiscal year 2023 because of increased revenue resulting in more transaction processing fees and materials and supplies required, as well as some increase in personnel costs due to schedule adjustments with the growth in passenger traffic.
-  Janitorial expenses increased by \$127,328 or 7.4 percent compared to fiscal year 2023 due to additional staff positions being added during the year.

Financial Position Summary

The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets, deferred outflows, liabilities, and deferred inflows of the Authority. Net position is the difference between the total assets and deferred outflows of resources, and the total liabilities and deferred inflows of resources.

A condensed summary of the Authority's total net position for the fiscal years ended June 30:

	Fiscal Year Ended June 30,	
	2024	2023
Current Assets	\$ 22,632,211	\$ 21,535,516
Capital Assets (net)	94,374,236	94,334,319
Noncurrent Assets	4,238,822	1,795,195
Total Assets	121,245,269	117,665,030
Deferred Outflows of Resources	552,685	602,973
Current Liabilities	1,710,953	2,017,525
Noncurrent Liabilities	5,122,766	5,440,396
Total Liabilities	6,833,719	7,457,921
Deferred Inflows of Resources	4,188,287	1,799,591
Net Investment in Capital Assets	90,796,151	90,102,517
Restricted	1,140,670	1,359,646
Unrestricted	18,839,127	17,548,328
Total Net Position	\$ 110,775,948	\$ 109,010,491

Airline Rates and Charges

The Authority establishes airline rates and charges based on an annual review of projected airline activity and associated operating expenses. The Authority's rate setting philosophy incorporates a terminal rental rate calculated in a compensatory manner, in which the tenants pay only for their share of the facility occupied and used. The landing fee is based on an airfield residual cost center approach wherein the passenger and cargo carriers pay the net costs of the airfield, after receiving credit for airfield-related general aviation revenues.

Due to the effects on the air travel industry from the Covid-19 pandemic the Authority, for FY 2021, adopted a 5.0 percent reduction to all rates and charges to be in effect for the fiscal year beginning July 1, 2020 and ending June 30, 2021. With limited recovery from the pandemic noted during FY 2021, the Authority adopted that the rates and charges, as reduced in FY 2021, remain in effect for the FY 2022 fiscal year. For FY 2023, the 5.0 percent across the board reduction employed in FY 2021 was reinstated to the rates and charges.

Signatory Airline Rates and Charges (FY 2024)

Terminal Square Foot Rate per year	\$36.30
Landing Fee (per 1,000 lbs. MGLW)	\$ 2.60
Apron Fee, per Turn	\$10.80
Passenger Loading Bridge Per Use	\$18.00
Public Safety Reimbursement	50% of Public Safety Budget

Capital Acquisitions and Construction Activities

During fiscal year 2024, several capital improvement projects were started and completed. Listed below are some of the major projects.

Completed Projects

In FY 2024 the Authority achieved substantial completion of several large projects which were started in prior fiscal years:

The Authority completed the Terminal and Apron Energy project which was awarded in FY 2022. The project included improvements to a range of terminal building and apron equipment, which will improve the Authority's energy efficiency. The project cost was approximately \$2 million.

The Taxiway A rehabilitation project was awarded in FY 2023 and completed in FY2024. The project consisted of Taxiway A's rehabilitation of the asphalt paving surface with asphalt milling, repaving the asphalt surface, and repainting the taxiway pavement markings. The project cost was approximately \$5.7 million.

The Runway 09/27 Pavement Rehabilitation and Taxiway B1 removal was awarded in FY 2023 and completed in FY 2024. The project consisted of asphalt pavement crack and joint sealing, pavement markings, and the removal of Taxiway B1. The project cost is approximately \$925,000.

The Authority acquired runway obstruction avigation easements in FY 2024 from property owners for approximately \$500,000.

Current Projects

Projects began in fiscal year 2024 or earlier on which work continues include:

The Authority began the project of updating the Master Plan with AGIS survey. The Master Plan lays out a capital improvement plan on a rolling 5-year basis. The project's estimated cost is approximately \$1.4 million.

The Authority began the planning stages of extending Runway 5 safety area and realignment of Taxiway A. The project is estimated to cost approximately \$2.2 million.

The Authority began a project focusing on the rehabilitation of the roof on the general aviation building, two hangers and the maintenance facility, which consists of rehabilitation and replacement of the roofing structures to improve safety, minimize water damages and operational disruptions. The project will cost approximately \$1.9 million.

Debt Administration

The Tri-Cities Airport Commission operated as a joint venture between four cities and two counties from 1935 until 2012. In September of 2012, the Commission was converted to an Authority, the Tri-Cities Airport Authority. As a Commission, the Tri-Cities Airport did not have the authority to borrow funds or issue bonds; but as an Authority, it does.

In March of 2018, the issued \$8,500,000 Aerospace Park Bonds (Taxable), Series 2018 for the purpose of providing funds to pay for the costs of construction, site development, infrastructure, utilities, and paving of Aerospace Park, a 160-acre site that offers direct airfield access on airport property. The Series 2018 bonds are payable solely from and secured solely by a pledge of the Aerospace Park Net Revenues, subject to the prior pledge of the net revenues of the Airport (which includes the Aerospace Park Net Revenues) relative to the Sullivan County Series 2014 Bonds, and from amounts payable by the Tennessee Authority Members under Guaranty Agreements which provide for coverage of debt service until such time as the development has a sufficient net revenue stream to provide coverage of debt service. The outstanding debt as of June 30, 2024, is \$5,110,000. Note 9 – Long-Term Debt, in the notes to the basic financial statements, describes the bonds in more detail and reflects a summary of the repayment structure and Note 14 – Bond Defeasance, provides information on a partial defeasance of the Series 2018 Bonds.

Passenger Facility Charge (PFC)

The Tri-Cities Airport Authority received approval from the FAA to implement a Passenger Facility Charge (PFC) for \$3.00 per enplaned passenger beginning February 1997 for a total of \$8,476,249. The PFC is used to improve airport facilities. In August 1999, the PFC was amended to reduce the first portion to \$5,273,874 in collections and to add two additional projects requiring collections of \$5,304,365. In August 2007, the PFC was increased to \$4.50, with two additional projects totaling \$685,309; in May 2012, six additional projects were added totaling \$305,574; in March 2013, an additional six projects were added totaling \$847,713; in December 2014, eight additional were added totaling \$1,866,027; in February 2016, the PFC program was amended to add increased project costs of \$250,420; in December 2016, four additional projects were added totaling \$1,841,592; and in November 2018, the PFC program was amended to add increased project costs of \$332,233. In November of 2019, twelve additional projects were added totaling \$2,247,416. In July of 2020 the PFC was amended to reflect actual costs less than expected in the amount of \$4,491 and in August of 2020 was further amended to reflect actual costs less than expected in the amount of \$110,512. In May of 2023 four additional projects were added totaling \$1,497,332. As of June 30, 2024, the total combined PFC collection authority for the Authority is \$20,336,852.

Customer Facility Charges (CFC)

A Customer Facility Charge (CFC) is a fee charged on each rental car contract that must be used to pay rental car bond debt service and to maintain rental car facilities. A \$6 per contract fee was enacted on November 1, 2002. Due to a decrease in rental contract activity, this rate was increased to \$7 per contract in January 2005 and then to \$9 per contract in August 2010. As of June 30, 2024, the airport's rental car concessionaires had collected \$7,643,962 in Customer Facility Charges.

Economic Factors

According to the latest report by the Bureau of Labor Statistics, total nonfarm employment in the metro areas of Kingsport-Bristol, TN/VA and Johnson City, TN increased 0.2 percent and decreased 0.7 percent, respectively, between June 2024 and June 2023. Statewide, Tennessee total nonfarm employment decreased 0.2 percent between June 2024 and June 2023.

Unemployment in the metro area of Kingsport-Bristol, TN/VA decreased to 3.8 percent as of June 2024 compared to 3.9 percent as of June 2023. Unemployment in the Johnson City, TN metro area decreased to 3.8 percent as of June 2024 compared to 3.9 percent as of June 2023. Statewide, Tennessee unemployment decreased to 3.0 percent as of June 2024 compared to 3.1 percent as of June 2023. The national average unemployment rate for 2023 was 3.6 percent.

Acknowledgments

This financial report is designed to provide a general overview of the Tri-Cities Airport Authority's finances for all interested parties. Questions concerning this report or requests for additional information should be directed to Director of Finance, Tri-Cities Airport Authority, 2525 Highway 75, Suite 301, Blountville, TN 37617, telephone (423) 325-6007.

Basic Financial Statements



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TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

CURRENT ASSETS

Cash on Hand	\$ 3,266
Cash in Bank	9,237,764
Cash Equivalent	4,265,572
Cash on Deposit with Local Government Investment Pool	4,168,003
Restricted Assets	
Cash in Bank - Passenger Facility Charges	367,114
Cash in Bank - Customer Facility Charges	617,942
Cash in Bank - Aerospace Park	2,289,099
PFC Receivable	155,614
Accounts Receivable - Operations (Net of Allowance, \$30,000)	448,572
Grants Receivable	892,987
Prepaid Expenses	186,278
	<hr/>
Total Current Assets	22,632,211

NONCURRENT ASSETS

Capital Assets	
Land	29,576,057
Construction in Progress	3,588,391
Runways and Roads	117,823,487
Parking Lot	5,722,649
Terminal Building	28,185,003
Other Buildings	19,354,767
Equipment and Vehicles	12,653,107
Master Plans	1,089,247
Less: Accumulated Depreciation	(123,618,472)
	<hr/>
Net Capital Assets	94,374,236
Restricted Assets	
Cash on Deposit with Other Governmental Entities - Debt Service Reserve	22,988
Leases Receivable	4,182,930
Utility Deposits	5,329
Equipment Deposits	27,575
	<hr/>
Total Noncurrent Assets	98,613,058

TOTAL ASSETS	<hr/> 121,245,269
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DEFERRED OUTFLOWS OF RESOURCES

Pension Contributions After Measurement Date - Plans 1 and 2	303,183
Pension Changes in Experience - Plans 1 and 2	139,132
Net Pension Changes in Investment Earnings - Plans 1 and 2	87,507
Pension Changes in Assumptions - Plan 2	22,863
	<hr/>

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<hr/> 552,685
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(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2024

LIABILITIES

CURRENT LIABILITIES

Accounts Payable - Operations	269,297
Accounts Payable - Construction	704,170
Accrued Expenses	27,714
Accrued Interest	29,301
Accrued Wages	81,593
Accrued Compensated Absences	308,878
Bonds Payable	290,000

Total Current Liabilities	1,710,953
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NONCURRENT LIABILITIES

Bonds Payable, Net	4,873,014
Deposits from Lessees	8,600
Post-Employment Healthcare Benefits Liability	50,736
Net Pension Liability - Plan 1	181,110
Net Pension Liability - Plan 2	9,306

Total Noncurrent Liabilities	5,122,766
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TOTAL LIABILITIES	6,833,719
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DEFERRED INFLOWS OF RESOURCES

Pension Changes in Experience - Plan 2	22,244
Deferred Inflows - Lease Related	4,166,043

TOTAL DEFERRED INFLOWS OF RESOURCES	4,188,287
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NET POSITION

Net Investment in Capital Assets	90,796,151
Restricted - Passenger Facility Charges	522,728
Restricted - Customer Facility Charges	617,942
Unrestricted	18,839,127

TOTAL NET POSITION	\$ 110,775,948
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The accompanying notes are an integral part of these basic financial statements.

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

OPERATING REVENUES	
Airline Revenue	
Landing Fees	\$ 693,145
Rents	1,830,455
Total Airline Revenue	<u>2,523,600</u>
Non-Airline Revenues	
General Aviation	1,105,395
Air Cargo	91,704
Parking Revenue	2,785,668
Rental Car Revenue	1,502,919
Terminal Concessions	237,259
Terminal Space Rents	111,455
Other Revenues	404,237
Total Non-Airline Revenues	<u>6,238,637</u>
Total Operating Revenues	<u>8,762,237</u>
OPERATING EXPENSES	
Aviation Area	
Utilities	13,545
Maintenance - Buildings	61,425
Power Vault - Diesel Fuel and Maintenance	9,531
Runway, Taxiway and Field Maintenance	103,794
Lighting and Electrical Maintenance	12,575
Field and Gate Maintenance	10,028
Fuel Farm Maintenance	12,114
Snow and Ice Control	66,856
Ramps and Aprons	278
Equipment Rental	9,018
Environmental Compliance	56,321
Wildlife Control	20,652
Total Aviation Area	<u>376,137</u>
Terminal Area	
Electricity	295,486
Heating Fuel	24,408
Water and Sewer	37,748
Landscape Water	1,573
Telephone	13,234
Electrical Maintenance	21,586
HVAC Maintenance	44,094
Building Repairs and Parts	98,215
Plumbing	41,809
Landscape Service	48,539
Equipment and Furnishings	13,824

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

OPERATING EXPENSES (CONTINUED)

Terminal Area (Continued)

Roadway, Parking Lots and Field Maintenance Expense	96,460
Contract Mowing	63,681
Elevator Contract	39,069
Trash Removal Contract	42,401
Other Contractual Services	29,928
Total Terminal Area	<u>912,055</u>

Air Cargo Center

Utilities	22,106
Repairs and Maintenance	17,532
Total Air Cargo Center	<u>39,638</u>

Other Properties

Office Annex	
Utilities	17,085
Other Property - Land and Buildings	27,490
Total Other Properties	<u>44,575</u>

General Area - Public Safety

Salaries	868,201
FICA Contributions and Unemployment	65,095
Retirement	65,454
Insurance	214,230
General Personnel Expense	25,085
Fire Hall Expense	15,125
Security - Parking and Identification	4,935
Medical Supplies	5,267
Vehicle Fuel	20,026
Supplies	10,696
Equipment Maintenance	19,756
Training	27,647
Uniforms	22,907
Dues and Subscriptions	9,013
Office Supplies	2,723
Telephone	4,828
Access Control	24,445
Medical and Psychological Testing	1,508
Total General Area - Public Safety	<u>1,406,941</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

OPERATING EXPENSES (CONTINUED)

General Area - Maintenance

Salaries	467,037
FICA Contributions and Unemployment	34,931
Retirement	40,768
Insurance	144,706
General Personnel Expense	13,112
Utilities	11,462
Heating Fuel	2,497
Repairs and Maintenance	53,974
Gas and Oil	23,564
Small Tools	11,379
Uniforms - Maintenance	6,576
Supplies	9,192
Training	2,554
Total General Area - Maintenance	<u>821,752</u>

General Area - Janitorial

Salaries	370,035
FICA Contributions and Unemployment	27,197
Retirement	25,390
Insurance	108,758
General Personnel Expense	6,868
Supplies	79,778
Repairs and Maintenance	288
Uniforms	9,160
Snow Removal and Other	3,568
Total General Area - Janitorial	<u>631,042</u>

General Area - Airport Services

Salaries	46,899
FICA Contributions and Unemployment	3,378
Retirement	2,819
Insurance	17,079
General Personnel Expense	420
Supplies	117
Training	2,656
Equipment	275
Total General Area - Airport Services	<u>73,643</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

OPERATING EXPENSES (CONTINUED)

Marketing	
Salaries	177,380
FICA Contributions and Unemployment	13,536
Retirement	10,633
Insurance	14,337
General Personnel Expense	1,623
Advertising	1,875
Research and Development	19,200
Consulting Services	138,932
Marketing Initiative	372,020
Program Materials	28,539
Airline Relations	14,065
Community Relations	17,368
Travel	36,438
Professional Affiliations	1,045
Office Supplies	2,617
Total Marketing	<u>849,608</u>
Administrative	
Salaries	1,067,163
Engineering Services	300,527
FICA Contributions and Unemployment	78,098
Retirement	147,517
Medical Insurance	83,169
General Personnel Expense	26,128
Accounting	64,732
Legal	77,578
Insurance	292,571
Dues and Subscriptions	29,613
Consulting Services	15,814
Office Supplies	18,861
Telephone	26,973
Maintenance	5,029
Seminars and Conferences	46,627
General Administrative Expense	18,764
Postage and Handling	1,759
Total Administrative	<u>2,300,923</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

OPERATING EXPENSES (CONTINUED)

Air Cargo and Trade Development

Foreign Trade Zone

Marketing Initiatives	44
Contract Services	2,750
Professional Affiliations	1,591
Total Foreign Trade Zone	<u>4,385</u>

Administrative

Travel / Auto	3,444
Supplies, Furniture and Fixtures	1,429
Total Administrative	<u>4,873</u>

Personnel

Salaries	119,332
FICA Contributions and Unemployment	8,914
Medical Insurance	22,752
General Personnel Expense	1,002
Retirement	22,317
Total Personnel	<u>174,317</u>

Total Air Cargo and Trade Development

183,575

Parking

Salaries	269,616
FICA Contributions and Unemployment	19,696
General Personnel Expense	49,684
Uniforms	785
Supplies	2,069
Ticket and Printing Expense	1,042
Office Supplies	2,549
Repairs and Maintenance	8,233
Liability Insurance	480
Utilities	6,132
Postage and Freight	158
Telephone	4,141
Financial Services	2,305
Credit Card Discount	75,808
Miscellaneous	8,304
Management Fee	28,440
Total Parking	<u>479,442</u>

Business Development

Programs and Materials	<u>1,946</u>
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RAC Service Facility

Utilities	<u>51,805</u>
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(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

OPERATING EXPENSES (CONTINUED)

Ground Handling Services	
Salaries	162,487
FICA Contributions and Unemployment	12,309
Retirement	3,550
General Personnel Expense	7,971
Supplies	943
Equipment and Maintenance	10,561
Miscellaneous	2,478
Total Ground Handling Services	<u>200,299</u>
 Aerospace Park	
Industry Travel	9,787
Marketing	55,994
Contracted Services	52,251
Website	500
Total Aerospace Park	<u>118,532</u>
 Total Operating Expenses	<u>8,491,913</u>
 Operating Income (Loss) before Depreciation	270,324
 Less: Depreciation	<u>6,252,387</u>
 Operating Loss	<u>(5,982,063)</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	846,557
Interest Expense	(180,355)
Gain (Loss) on Sale of Assets	(7,019)
Federal Grants - Coronavirus Relief Funds - ARPA	1,619
PFC Revenue	905,724
CFC Revenue	370,784
Total Nonoperating Revenues (Expenses)	<u>1,937,310</u>
 Loss before Capital Contributions	<u>(4,044,753)</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

CAPITAL CONTRIBUTIONS	
Federal Grants	2,414,769
State Grants	2,913,078
Other Capital Contributions	<u>482,363</u>
Total Capital Contributions	<u>5,810,210</u>
CHANGE IN NET POSITION	1,765,457
NET POSITION, JULY 1	<u>109,010,491</u>
NET POSITION, JUNE 30	<u><u>\$ 110,775,948</u></u>

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

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 8,700,376
Cash Payments to Suppliers for Goods and Services	(3,545,231)
Cash Payments to Employees for Services	(3,401,728)
Cash Payments for Employee Benefits	(1,386,038)
Cash Payments for Insurance	<u>(326,783)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>40,596</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(6,560,166)
Loss on Disposal of Assets	(7,019)
Capital Grants Received	7,505,377
PFC Funds Received	825,030
CFC Funds Received	370,784
Interest Paid	(188,260)
Interest Received - Lease Related	39,101
Bond Payment	<u>(275,000)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,709,847</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Cares Act Funds Received	<u>1,122,236</u>
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,122,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>807,456</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>807,456</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,680,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	<u>17,291,613</u>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u><u>\$ 20,971,748</u></u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

RECONCILIATION OF OPERATING LOSS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (5,982,063)
Adjustments	
Depreciation	6,252,387
(Increase) Decrease in Assets	
Net Accounts Receivable	(104,447)
Prepaid Expenses	(34,212)
Utility Deposits	(1,035)
Leases Receivable	(2,461,502)
Net Pension Assets	5,919
Deferred Outflows for Pensions	50,288
Increase (Decrease) in Liabilities	
Accounts Payable	(196,945)
Accrued Expenses	(8,614)
Accrued Compensated Absences	126,553
Accrued Wages	19,870
Deposits from Lessees	2,000
Deferred Inflows for Pensions	(115,392)
Deferred Inflows for Leases	2,504,088
Net OPEB Liability	(42,849)
Net Pension Liabilities	26,550
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 40,596</u></u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash on Hand	\$ 3,266
Cash in Bank	9,237,764
Cash Equivalent	4,265,572
Cash in Bank - Passenger Facility Charges	367,114
Cash in Bank - Customer Facility Charges	617,942
Cash in Bank - Aerospace Park	2,289,099
Cash on Deposit with Local Government Investment Pool	4,168,003
Cash on Deposit with Other Governmental Entities - Debt Service Reserve	22,988
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u><u>\$ 20,971,748</u></u>

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

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Notes to the Basic Financial Statements



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TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Tri-Cities Airport Authority (the Authority) is reported as an enterprise fund, a proprietary fund type to account for the operation of the Airport facility. The accompanying basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Reimbursements of operating expenses by the federal and state governments are reported as operating revenues. Operating expenses for the Authority include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Restricted Assets

Restricted assets are held to satisfy bond principal and interest sinking fund requirements or are otherwise held for certain capital improvement projects.

Accounts Receivable

Accounts receivable are reported at the net realizable amounts from third-party payors, lessee payments, and other services rendered. Accounts receivable are reported net of an allowance for uncollectible amounts. The allowance for uncollectible amounts is based on prior collection history of receivables, known collection risks and environmental factors, including the age of the receivables.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, runways, parking lots, and similar items), are defined by the Authority as assets with an initial individual cost of \$3,000 and greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Runways, Roads, etc.	20 years
Parking Lot	20 years
Terminal Building	30 years
Other Buildings	30 years
Equipment and Vehicles	5-20 years
Master Plans	10 years

Investments and Cash Equivalents

Investments are recorded at fair value as determined by quoted market prices, except for the position in the Local Government Investment Pool (LGIP), at the Statement of Net Position date. Specifically, the LGIP was established under *Tennessee Code Annotated* Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as Certificates of Deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. LGIP investments are carried at amortized cost, which approximates fair value. The LGIP has been classified as Cash on Deposit with Local Government Investment Pool since they are comprised of short-term investments. The Tennessee LGIP has not been rated by a nationally recognized statistical rating organization. All other investments are reported at fair value.

Investments that have an original maturity of three months or less and money market accounts are considered cash equivalents for purposes of the Statement of Cash Flows.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Authority is a lessor for several noncancellable leases of the airport terminal building and rental car service facility. The Authority recognized a lease receivable and a deferred inflow of resources in the Statement of Net Position. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, and (2) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- Lease receipts included in the measurement of the lease receivable is composed of minimum annual guarantees plus fixed payments from the lessee for rental car enterprises.

Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has four items reported as deferred outflows: (1) The Pension Contributions After Measurement Date - Plans 1 and 2 are equivalent to the Authority's pension contributions made to the Tennessee Consolidated Retirement System (TCRS) during fiscal year 2024, and will be recognized as reductions to the net pension liabilities in the following measurement period, (2) the Pension Changes in Experience - Plans 1 and 2 is a result of actuarial studies for the Authority's agent multiple-employer pension plans through TCRS, and is being amortized over the average remaining service period, (3) Net Pension Changes in Investment Earnings - Plans 1 and 2 is a result of actuarial studies for the Authority's agent multiple-employer pension plan through TCRS and is being amortized over a five-year period, and (4) the Pension Changes in Assumptions - Plan 2 is a result of the actuarial studies for the Authority's agent multiple-employer pension plans through TCRS, and is being amortized over the average remaining service period.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items reported as deferred inflows: (1) The Pension Changes in Experience - Plan 2 is a result of the actuarial studies for the Authority's agent multiple-employer pension plan through TCRS and is being amortized over the average remaining service period, and (2) deferred amounts related to leases.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Passenger Facility Charges (PFC) Revenue

Passenger Facility Charges have been levied at the rate of \$3 (July 1, 1997, through March 31, 2010) and \$4.50 (since April 1, 2010) per enplaned passenger, under FAA approved applications to impose and use \$20,336,852 for construction and debt payments of FAA approved improvements. Under the approved applications, collections extend until January 1, 2025. PFC revenues recognized as earned by the Authority for the fiscal year ended June 30, 2024, was \$905,724 and recognized as non-operating revenues.

Net Position

Net position is the difference between assets and deferred outflows of resources minus liabilities and deferred inflows of resources. The net investment in capital assets is calculated as capital assets and unspent bond proceeds on aerospace park, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets, including construction accounts payable. Net position is reported as restricted when there are legal limitations on its use by external restrictions imposed by other governments, creditors, or grantors.

Budgets

Under the by-laws of the Authority, management must submit an annual operating budget to the Tri-Cities Airport Board of Commissioners for approval. In addition, management must submit to the Commissioners annually a capital improvements budget.

The Authority is not required to demonstrate statutory compliance with annual operating or capital improvement budgets. Accordingly, budgetary data is not included in the basic financial statements. Unexpended appropriations lapse at fiscal year-end.

Pensions

For purposes of measuring the net pension liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Authority's participation in the Public Employee Retirement Plan of the TCRS, and additions to/deductions from the Authority's fiduciary net positions have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-Employment Healthcare Benefits

For purposes of measuring the Post-Employment Healthcare Benefit liability, the Authority recognizes benefits (including refunds of employee contributions) when they are due and payable, including related deferred outflows of resources and deferred inflows of resources related to Post-Employment Healthcare Benefit and Post-Employment Healthcare Benefit expense, in accordance with the benefit terms and actuarial valuations. The Authority does not fund the Post-Employment Healthcare Benefit liability; expenses are paid as incurred.

NOTE 2 - GENERAL INFORMATION

The Authority is jointly governed by the following governmental agencies:

	<u>Representation</u>
Washington County, Tennessee	3 Commissioners
City of Johnson City, Tennessee	3 Commissioners
Sullivan County, Tennessee	2 Commissioners
City of Kingsport, Tennessee	2 Commissioners
City of Bristol, Tennessee	1 Commissioner
City of Bristol, Virginia	1 Commissioner

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash on the Statement of Net Position and Statement of Cash Flows includes cash on hand, demand deposits, and a money market account. An amount on deposit with another government is shown as noncurrent assets.

Cash and cash equivalents are covered by Federal Deposit Insurance Corporation (FDIC) insurance or by the state collateral pool. The Authority is exposed to concentration of credit risk by placing its deposits in financial institutions. To mitigate custodial credit risk, the Authority ensures that bank balances greater than the FDIC coverage are held in financial institutions which are members of the State of Tennessee bank collateral pool to ensure excess balances are fully collateralized at all times.

DEPOSITS - State statutes require all deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the fair value of uninsured deposits. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) By an amount equal to 110% of the fair value of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) By an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) By providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DEBT SERVICE RESERVE

The debt service account was funded from restricted assets of the Authority. The cash is on deposit with the Sullivan County Trustee and is to be invested in an interest-bearing account. Most of the reserve was used to pay the remaining balance of the Airport Revenue and Tax Refunding, Series 2014 Bonds.

NOTE 5 - PREPAID EXPENSES

Payments made for insurance that will benefit periods beyond June 30, 2024, are recorded as prepaid. Prepaid expenses consisted of the following:

Insurance	<u>\$ 186,278</u>
Total Prepaid Expenses	<u><u>\$ 186,278</u></u>

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 29,069,053	507,004	-	29,576,057
Construction in Progress	8,009,773	4,899,855	(9,321,236)	3,588,391
Total Capital Assets, Not Being Depreciated	<u>37,078,826</u>	<u>5,406,859</u>	<u>(9,321,236)</u>	<u>33,164,448</u>
Capital Assets, Being Depreciated				
Runways and Roads	111,316,690	6,780,963	(274,166)	117,823,487
Parking Lot	5,722,649	-	-	5,722,649
Terminal Building	26,542,882	3,038,081	(1,395,960)	28,185,003
Other Buildings	19,315,314	39,453	-	19,354,767
Equipment and Vehicles	13,491,860	364,421	(1,203,174)	12,653,107
Master Plans	1,497,250	35,040	(443,043)	1,089,247
Total Capital Assets, Being Depreciated	<u>177,886,645</u>	<u>10,257,958</u>	<u>(3,316,343)</u>	<u>184,828,260</u>
Accumulated Depreciation				
Runways and Roads	(75,054,015)	(3,675,321)	274,165	(78,455,171)
Parking Lot	(4,667,126)	(248,285)	-	(4,915,411)
Terminal Building	(17,395,792)	(1,061,841)	1,366,709	(17,090,924)
Other Buildings	(10,447,834)	(739,157)	-	(11,186,991)
Equipment and Vehicles	(11,662,043)	(426,916)	1,181,150	(10,907,809)
Master Plans	(1,404,342)	(100,867)	443,043	(1,062,166)
Total Accumulated Depreciation	<u>(120,631,152)</u>	<u>(6,252,387)</u>	<u>3,265,067</u>	<u>(123,618,472)</u>
Net Capital Assets, Being Depreciated	<u>57,255,493</u>	<u>4,005,571</u>	<u>(51,276)</u>	<u>61,209,788</u>
Net Capital Assets	<u><u>\$ 94,334,319</u></u>	<u><u>9,412,430</u></u>	<u><u>(9,372,513)</u></u>	<u><u>94,374,236</u></u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - RESTRICTED ASSETS

Money received from the airlines for passenger facility charges is restricted for use on capital improvement projects approved by the Federal Aviation Administration or to repay debt associated with these projects.

A customer facility charge assessed on rental car contracts is restricted for use on capital improvement projects, maintenance and debt service payments associated with the rental car facilities.

Cash on deposit with other governmental entities is restricted for use on debt service.

Restricted cash in bank accounts are restricted for use on payment of construction escrows and unspent bond proceeds for the Aerospace Park.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

Employees earn 40 hours of vacation at the completion of six months of service; 80 additional hours after completion of one year; 120 hours after five years, 160 hours after 12 years; and 200 hours after 25 years of continuous employment. Vacation time is awarded on the anniversary date and should be used during the year; however, unused vacation time of up to 120 hours can be carried forward into the next year. The carry forward amount cannot accumulate for more than a one-year period and the carry forward balance cannot exceed 120 hours at any time.

Employees earn one sick day per month to a maximum of 10 per year. An unlimited number of days may be accumulated toward retirement; however, no lump sum payment will be made by the Authority for accumulated sick days.

NOTE 9 - LONG-TERM DEBT

Aerospace Park Series 2018 Bonds

The \$8,500,000 Aerospace Park Bonds (Taxable), Series 2018 were issued March 19, 2018, by the Authority for the purpose of providing funds to pay the costs of construction, site development, infrastructure, paving and utilities for the Aerospace Park.

The bonds are payable solely from and secured solely by a pledge of Aerospace Park net revenues, subject to the prior pledge of net revenues of the Airport (which includes the Aerospace Park net revenues) under the 2013 pledge agreement (with Sullivan County), and from amounts payable by the Tennessee Authority Members under the guaranty agreements. Since no net revenues are anticipated in the foreseeable future, it is expected that the principal of and interest on the Series 2018 Bonds will be primarily repaid in the near-term from amounts payable by the Tennessee Authority Members under the Guaranty agreements, pursuant to which each member pledged its full faith and credit and its unlimited taxing power to pay a pro-rata share of the principal and interest on the Series 2018 Bonds.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Aerospace Park Series 2018 Bonds (Continued)

In the event any participating entity fails to make any payment required under its Financial Commitment, such Participating Entity shall be obligated to repay to the Participating Entities which elect, at their option and sole discretion, to advance the payment necessary in respect of the defaulted payment, plus interest at an annual rate equal to one percentage point in excess of the rate being paid by the Tennessee Local Government Investment Pool from time to time during the period of the default. A defaulting participating entity may at any time cure the default by paying to the non-defaulting participating entities the amounts advanced by such non-defaulting participating entities, plus an amount equal to interest thereon at a rate of one percentage point in excess of the rate being paid by the Tennessee Local Government Investment Pool from time to time during the period of the default. The Authority and each non-defaulting participating entity shall be entitled to exercise all available legal and equitable rights and remedies against the defaulting participating entity including but not limited to claims for breach of contract and specific performance and actions for writs of mandamus.

The bonds will mature serially each May 1 and began May 1, 2018, and end May 1, 2038. Interest rates are scheduled and vary from 4.5% to 3.0%. Interest payments are due semi-annually on May 1st and November 1st and began November 1, 2018.

Aerospace Park Bonds debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal Payments	Annual Interest	Total Debt Service
2025	\$ 290,000	175,806	465,806
2026	305,000	162,756	467,756
2027	315,000	153,606	468,606
2028	325,000	143,763	468,763
2029	330,000	133,200	463,200
2030-2034	1,845,000	494,626	2,339,626
2035-2038	1,700,000	155,237	1,855,237
	<u>\$ 5,110,000</u>	<u>1,418,994</u>	<u>6,528,994</u>

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 5,385,000	-	(275,000)	5,110,000	290,000
Plus: Premium	56,869	-	(3,855)	53,014	-
Total Bonds Payable	5,441,869	-	(278,855)	5,163,014	290,000
Compensated Absences	182,325	134,765	(8,212)	308,878	308,878
Total Long-Term Liabilities	<u>\$ 5,624,194</u>	<u>134,765</u>	<u>(287,067)</u>	<u>5,471,892</u>	<u>598,878</u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Aerospace Park Series 2018 Bonds (Continued)

<u>Entities Providing Guarantees</u>	<u>Amount of Guarantee</u>	<u>Amount Paid June 30, 2024</u>	<u>Cumulative Amount Paid</u>	<u>Outstanding Balance</u>
<u>Principal</u>				
Sullivan County, Tennessee	\$ 2,290,750	(95,000)	(510,750)	1,780,000
City of Johnson City, Tennessee	1,912,500	(80,000)	(427,500)	1,485,000
City of Kingsport, Tennessee	1,589,500	(65,000)	(359,500)	1,230,000
City of Bristol, Tennessee	794,750	(35,000)	(179,750)	615,000
Guarantee to Pay Principal	<u>6,587,500</u>	<u>(275,000)</u>	<u>(1,477,500)</u>	<u>5,110,000</u>
<u>Interest</u>				
Sullivan County, Tennessee	953,788	(65,500)	(459,694)	494,094
City of Johnson City, Tennessee	795,496	(54,700)	(383,165)	412,331
City of Kingsport, Tennessee	659,740	(45,250)	(317,628)	342,112
City of Bristol, Tennessee	329,457	(22,731)	(159,001)	170,456
Guarantee to Pay Interest	<u>2,738,481</u>	<u>(188,181)</u>	<u>(1,319,488)</u>	<u>1,418,993</u>
Total Nonexchange Financial Guarantee	<u>\$ 9,325,981</u>	<u>(463,181)</u>	<u>(2,796,988)</u>	<u>6,528,993</u>

The guarantees have the same maturity date as the bonds, June 30, 2038. There is no requirement for these amounts to be repaid. These payments are reflected as Other Capital Contributions.

NOTE 10 - BOND DEFEASANCE

In March 2022, the Authority paid off Washington County's share of the 2018 Aerospace Park Bonds. The face value of the remaining bonds was \$1,715,000, and the Authority has deposited \$2,196,551 in an escrow account with the fiscal agent for the bonds that was contributed by Washington County, TN. These funds have been invested in U.S. Government Treasury securities that will provide the total principal and interest due on the remaining bonds as they mature over the next three years. The Authority has directed the paying agent to call and redeem on May 1, 2026, the defeased bonds maturing May 1, 2027, through May 1, 2034, inclusive, May 1, 2036, and May 1, 2038.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS

General Information about the Pension Plans

Plan Descriptions

Plan 1

Employees of the Authority are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Plan 2

Employees of the Authority are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Benefits Provided

Plan 1

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Plan 2

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Plan 2 (Continued)

Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Plan 1

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	40
Active employees	11
	<u>111</u>

Plan 1 is closed to new entrants.

Plan 2

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	8
Active employees	31
	<u>42</u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The Authority has adopted employee noncontributory plans. The Authority makes employer contributions at the rates set by the Board of Trustees as determined by actuarial valuations. For the fiscal year ended June 30, 2024, the employer contributions for the Authority were \$158,903 based on a rate of 20.06 percent of covered payroll for Plan 1 and \$144,280 based on a rate of 6.90 percent of covered payroll for Plan 2. By law, employer contributions are required to be paid. The TCRS may intercept the Authority's state shared taxes if required employer contributions are not remitted. The employer's Actuarially Determined Contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liabilities (Assets)

The Authority's net pension liabilities (assets) were measured as of June 30, 2023, and the total pension liabilities used to calculate net pension liabilities (assets) were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total pension liability (asset) as of June 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuations were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

Net Pension Liabilities (Assets) (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31.00%
Developed Market International Equity	5.37%	14.00%
Emerging Market International Equity	6.09%	4.00%
Private Equity and Strategic Lending	6.57%	20.00%
U.S. Fixed Income	1.20%	20.00%
Real Estate	4.38%	10.00%
Short-Term Securities	0.00%	1.00%
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

Net Pension Liabilities (Assets) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Authority will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Changes in the Net Pension Liabilities (Assets)

Plan 1

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2022	\$ 11,297,606	11,133,741	163,865
Changes for the fiscal year:			
Service Cost	85,807	-	85,807
Interest	747,162	-	747,162
Differences Between Expected and Actual Experience	139,042	-	139,042
Changes in Assumptions	-	-	-
Contributions - Employer	-	224,350	(224,350)
Contributions - Employees	-	99	(99)
Net Investment Income	-	734,664	(734,664)
Benefit Payments, Including Refunds of Employee Contributions	(628,678)	(628,678)	-
Administrative Expense	-	(4,347)	4,347
Net Changes	343,333	326,088	17,245
Balance at 6/30/2023	\$ 11,640,939	11,459,829	181,110

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liabilities (Assets) (Continued)

Plan 2

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2022	\$ 562,685	568,604	(5,919)
Changes for the fiscal year:			
Service Cost	86,920	-	86,920
Interest	43,686	-	43,686
Differences Between Expected and Actual Experience	38,661	-	38,661
Changes in Assumptions	-	-	-
Contributions - Employer	-	114,186	(114,186)
Net Investment Income	-	41,831	(41,831)
Benefit Payments	(4,799)	(4,799)	-
Administrative Expense	-	(1,975)	1,975
Net Changes	164,468	149,243	15,225
Balance at 6/30/2023	\$ 727,153	717,847	9,306

Sensitivity of the Net Pension Liabilities (Assets) to Changes in the Discount Rate

The following presents the net pension liabilities (asset) of the Authority calculated using the discount rate of 6.75 percent, as well as what the net pension liabilities (assets) would be if they were calculated using a discount rate that is 1.00-percentage-point lower (5.75 percent) or 1.00-percentage-point higher (7.75 percent) than the current rate:

Plan 1

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Tri-Cities Airport Authority's Net Pension Liability (Asset)	\$ 1,408,215	181,110	(860,957)

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liabilities (Assets) (Continued)

Sensitivity of the Net Pension Liabilities (Asset) to Changes in the Discount Rate (Continued)

Plan 2

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Tri-Cities Airport Authority's Net Pension Liability (Asset)	\$ 141,284	9,306	(96,858)

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

Pension Expense (Negative Pension Expense)

For the fiscal year ended June 30, 2024, the Authority recognized pension expense (negative pension expense) of \$186,208.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Plan 1

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 69,521	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	79,273	-
Changes in Assumptions	-	-
Contributions Subsequent to the Measurement Date of June 30, 2023	158,903	(not applicable)
Total	\$ 307,697	-

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Plan 2

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 69,611	22,244
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,234	-
Changes in Assumptions	22,863	-
Contributions Subsequent to the Measurement Date of June 30, 2023	144,280	(not applicable)
Total	<u>\$ 244,988</u>	<u>22,244</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Plan 1

Fiscal Year Ended June 30:	
2025	\$ 5,782
2026	(106,882)
2027	249,280
2028	614

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 - PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Plan 2

Fiscal Year Ended June 30:		
2025	\$	9,530
2026		8,160
2027		20,252
2028		6,730
2029		6,695
Thereafter		27,097

Reconciliation of Pension Plans to the Statement of Net Position

	Plan 1 - TCRS	Plan 2 - TCRS Hybrid	Total
Deferred Outflows Related to Pensions			
Differences Between Expected and Actual Experience	\$ 69,521	69,611	139,132
Net Differences Between Projected and Actual Investment Earnings	\$ 79,273	8,234	87,507
Contributions Subsequent to Measurement Date	\$ 158,903	144,280	303,183
Changes in Assumptions	\$ -	22,863	22,863
Deferred Inflows Related to Pensions			
Differences Between Expected and Actual Experience	\$ -	(22,244)	(22,244)

NOTE 12 - DEFINED CONTRIBUTION PLAN

The Authority offers a multiple-employer defined contribution (401k) plan to its employees, administered by Great-West Retirement Services. The State of Tennessee Deferred Compensation Plan II (the Plan) is available to Authority employees who were hired after July 1, 2013. Any full-time Authority employee who renders forty or more hours of service per week will be eligible to participate in the plan. This plan is offered in conjunction with the TCRS Hybrid Plan. The Authority will match 100% of an employee's elective deferrals of up to 3% of compensation. Participants in the TCRS Legacy Plan that elect to participate are not eligible for a match. The vested interest of each participant shall be 100% after three years of service. Forfeitures will be used first to reduce the Authority's matching contributions and then to offset plan expenses. The Authority's Commission has the right to amend the elections regarding benefit terms, such as, contribution rates, vesting and forfeitures. Pension expense recognized by the Authority totaled \$100,017 and employer contributions totaled \$144,280 for the fiscal year ended June 30, 2024.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 - POST-EMPLOYMENT HEALTHCARE BENEFITS

The Authority, as a single employer, offers post-employment health care benefits to certain eligible employees. These benefits are approved by the Authority and require their approval for amendment. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Eligibility. All employees who have reached age 55 or older with continuous service of at least 30 years are eligible for retiree health benefits until they are eligible for Medicare.

Benefits Provided. Full-time employees who retire after attaining eligibility for full service are eligible to receive medical benefits of \$200 per month if single and \$500 if married up to the age of 65.

Employees Covered by Benefit Terms. As of the June 30, 2023 measurement date, the following employees were covered by benefit terms:

Active Full-Time	54
Retirees	<u>1</u>
Total	<u><u>55</u></u>

Funding Policy

The contribution requirements of plan members and the Authority are based on pay-as-you-go financing requirements.

Post-Employment Healthcare Benefit Liability

The Authority's OPEB liability was measured based on an actuarial valuation performed as of July 1, 2024 and a measurement date of July 1, 2023.

Actuarial Assumptions

Discount Rate A discount rate of 4.09% was used as of June 30, 2023.
 The discount based on S&P Municipal Bond 20-Year High Grade Index.

 A discount rate of 4.13% was used as of June 30, 2024.
 The discount based on S&P Municipal Bond 20-Year High Grade Index.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 - POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Payroll Growth Rate	2023 TCRS Salary Growth Table										
	<table> <tr> <th>Age</th><th>Rate</th></tr> <tr> <td>25</td><td>7.5%</td></tr> <tr> <td>35</td><td>5.8%</td></tr> <tr> <td>45</td><td>4.5%</td></tr> <tr> <td>55</td><td>3.7%</td></tr> </table>	Age	Rate	25	7.5%	35	5.8%	45	4.5%	55	3.7%
Age	Rate										
25	7.5%										
35	5.8%										
45	4.5%										
55	3.7%										
Inflation Rate	2.25% per year.										
Cost Method	<p>Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:</p> <ul style="list-style-type: none"> • Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and • Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth. 										
Coverage Election Rate	<p>Active employees with current coverage: 100%</p> <p>Active employees with no coverage: 0%</p> <p>Inactive employees with current coverage: 100%</p> <p>Inactive employees with no coverage: 0%</p>										
Spousal Coverage	Based on actual coverage for current active employees and retirees. For active employees and retirees where spousal date of birth information was not provided, husbands are assumed to be three years older than wives.										
Mortality	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP - 2021.										
Disability	None										
Retirement Rates	100% at age 55 or first retirement eligibility.										

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 - POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Turnover Rate The termination rates are based on the Tennessee Consolidated Retirement System Pension Plans Actuarial Valuation as of June 30, 2023 for the political subdivision group. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as Tri-Cities Airport Authority. Sample Group 1 General Employees annual turnover rates are as shown below:

Male				Female			
Age	First Year	Second Year	Later	Age	First Year	Second Year	Later
20	25.2%	19.6%	13.7%	20	25.2%	19.6%	19.6%
25	22.1%	17.2%	10.3%	25	22.1%	17.2%	15.1%
30	21.0%	16.1%	7.4%	30	21.0%	16.1%	11.1%
35	19.8%	15.3%	5.1%	35	19.8%	15.3%	7.7%
40	18.4%	14.3%	3.5%	40	18.4%	14.3%	5.4%
45	17.0%	12.6%	2.8%	45	17.0%	12.6%	4.1%
50	16.3%	11.7%	2.8%	50	16.3%	11.7%	3.8%
55	16.7%	11.7%	3.6%	55	16.7%	11.7%	4.3%
60	19.6%	13.4%	4.6%	60	19.6%	13.4%	5.3%
65	24.2%	16.2%	-	65	24.2%	16.2%	-

Retirement Rate 100% at age 55 or first retirement eligibility. This assumption is prescribed by GASB 75 under Alternate Measurement Method.

Health Care Trend Rates Explicit subsidy amounts are not assumed to increase in the future.

Retiree Contributions None.

Administrative Expenses Included in premiums used.

Changes in the Post-Employment Healthcare Benefit Liability

	Increase (Decrease)
	Total Post-Employment Healthcare Benefit Liability
Balance at June 30, 2023	\$ 93,585
Changes for the year:	
Service Cost	2,146
Interest	3,915
Assumption Changes	(48,910)
Net Changes	(42,849)
Balance at June 30, 2024	\$ 50,736

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 - POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Post-Employment Healthcare Benefit Liability (Continued)

Sensitivity of the Post-Employment Healthcare Benefit Liability to Changes in the Discount Rate

The following presents the Post-Employment Healthcare Benefit liability of the Authority calculated using the discount rate of 4.13 percent, as well as what the Post-Employment Healthcare Benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

	1.00% Decrease (3.13%)	Current Discount Rate (4.13%)	1.00% Increase (5.13%)
Post-Employment Healthcare Benefit Liability	\$ 53,620	50,736	48,053

Sensitivity of the Post-Employment Healthcare Benefit Liability to Changes in the Health Care Trend Rate

Explicit subsidy amounts are not assumed to change with health care trend rates, so changes in health care trend rates do not impact liabilities.

Post-Employment Healthcare Benefit Expense

For the fiscal year ended June 30, 2024, the Authority recognized Post-Employment Healthcare Benefit income of \$42,849. All deferred outflows/(inflows) of resources are recognized immediately.

NOTE 14 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan, administered by Mission Square Retirement. The Tri-Cities Airport Authority 457(b) plan is available to all Authority employees participating in the TCRS Legacy Plan. It permits these eligible employees to contribute into the Plan 100% of eligible compensation, which is defined as compensation from the Authority for a taxable year that is attributable to services performed for the Authority and that is includible in the participants gross income for federal income tax purposes as defined in Section 457(e)(5) by the Internal Revenue Service (IRS); such term does not include any amount excludable from gross income under this Plan or any other plan described in Section 457(b) of the Code or any other amount excludable from gross income for federal income tax purposes. Contributions cannot exceed maximum contribution limits set by the IRS. The Plan assets are in custodial accounts and are not subject to the claims of the Authority's general creditors and are not reflected in these financial statements. The Authority's Commission has the right to amend benefit terms and the Plan. Employee contributions totaled \$35,849 for the fiscal year ended June 30, 2024.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 15 - RISK MANAGEMENT ACTIVITIES

The Authority carries insurance coverage through ACE and Cincinnati Insurance Company for general liability, commercial property, business automobile liability, and business interruption/loss of income. Workers compensation insurance is provided through USAIG. Additional coverage for public officials is provided by Darwin Select.

The Authority established an investment account committed as an insurance contingency fund to cover any claims not covered by insurance during the fiscal year ended June 30, 1987. The action required initial funding of \$500,000. During the fiscal year ended June 30, 1988, an additional \$200,000 was added. Funding for successive fiscal years is subject to a majority vote of the Authority. Withdrawals from the fund will only be allowed by a two-thirds vote of the Authority. There have been no claims paid from this fund over the past ten fiscal years. This amount is a portion of the cash equivalent balance of \$4,265,572 at June 30, 2024.

In addition, the Authority provides medical insurance through United Healthcare. No portion of health insurance is self-funded. No settlements exceeded insurance coverage for each of the past fifteen fiscal years.

NOTE 16 - ECONOMIC DEPENDENCY

The Authority obtains substantially all its funding for capital projects and improvements from grants provided by the Federal Aviation Administration and State of Tennessee Department of Transportation Aeronautics Division.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The Authority has entered approximately \$18,000,000 of construction contract commitments that had begun and were in-process at fiscal year-end. These construction contract commitments will be paid primarily with capital grants.

NOTE 18 - LESSOR AGREEMENTS

The Authority has entered into agreements with several rental car companies for the use of certain Airport facilities for parking and rental car administration. The terms of these agreements include a fixed minimum annual guarantee (MAG) payment which varies between the different rental car companies, as well as various fixed rent for use of the Counter, RAC, and Joint-Use RAC. The MAG for each of the rental car facilities varies each year but can never be less than 90% of the previous year's payments or the MAG stated in the lease agreement, whichever is greater. The Counter and RAC monthly payments vary between the rental car companies, while the Joint-Use RAC monthly payment is consistent for all three. All the rental car leases commenced on July 1, 2019 with a term of 5 years. In the current year, the three rental car leases were extended for three years.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 18 - LESSOR AGREEMENTS (CONTINUED)

The future payments included in the measurement of the lease receivable are as follows:

Rental Car Leases			
Fiscal Year Ending June 30	Total to be Received	Principal	Interest
2025	\$ 1,378,778	1,267,332	111,446
2026	1,378,779	1,302,520	76,259
2027	1,378,779	1,351,539	27,240
	<u>\$ 4,136,336</u>	<u>3,921,391</u>	<u>214,945</u>

The Authority has entered into three other lease agreements with other parties for use of their facility space. These leases are included in the lease receivable balance and are comprised entirely of fixed monthly payments in relation to office space and fees for use of the facility.

The future payments included in the measurement of the lease receivable are as follows:

Facility Use Leases			
Fiscal Year Ending June 30	Total to be Received	Principal	Interest
2025	\$ 261,857	256,715	5,142
2026	4,839	4,824	15
	<u>\$ 266,696</u>	<u>261,539</u>	<u>5,157</u>

In accordance with GASB 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings from agencies such as the U.S. Department of Transportation and the Federal Aviation Administration and regulated aviation leases between airports and air carriers and other aeronautical users.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 18 - LESSOR AGREEMENTS (CONTINUED)

Regulated leases include the following:

Corporate Hangar, Land, & Access

On various dates, the Authority entered into two lease agreements ranging from 5 - 24 years with tenants for use of one or more hangars for corporate use with lease revenue of \$61,406 for fiscal year ended June 30, 2024.

Future minimum lease payments are as follows:

Corporate Hangar, Land, & Access		
Fiscal		
Year Ending		Total to be
June 30		Received
2025	\$	58,323
	\$	58,323

Cargo Center Terminal Space

On various dates, the Authority entered into four lease agreements ranging from 1 – 30 years with for use of terminal space within the cargo center at the airport. Cargo Center Terminal Space Revenue was \$91,125 for the fiscal year ended June 30, 2024.

Future minimum lease payments are as follows:

Cargo Center Terminal Space		
Fiscal		
Year Ending		Total to be
June 30		Received
2025	\$	92,279
2026		81,118
2027		49,019
2028		49,019
2029		49,019
Thereafter		1,119,271
	\$	1,439,725

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 18 - LESSOR AGREEMENTS (CONTINUED)

Aviation Service Agreements

On various dates, the Authority entered into three lease agreements ranging from 5-20 years with tenants for the use of a specified amount of space located in one of the hangars to support aviation services. Airfield Service Agreements Revenue was \$503,024 for the fiscal year ended June 30, 2024.

Future minimum lease payments are as follows:

Aviation Service Agreements	
Fiscal Year Ending June 30	Total to be Received
2025	\$ 504,324
2026	504,324
2027	447,746
2028	164,856
2029	164,856
Thereafter	749,406
	<u>\$ 2,535,512</u>

Airfield Access and Ground Space Agreements

On various dates, the Authority entered into two lease agreements ranging from 5 - 30 years with tenants for the use of ground and airfield access to support aviation services. Airfield Access and Ground Space Revenue was \$175,518 for the fiscal year ended June 30, 2024.

Future minimum lease payments are as follows:

Airfield Access and Ground Space Agreements	
Fiscal Year Ending June 30	Total to be Received
2025	\$ 181,701
2026	188,162
2027	194,915
2028	201,970
2029	165,109
Thereafter	44,474
	<u>\$ 976,331</u>

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Required Supplemental Information



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TRI-CITIES AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TRI-CITIES AIRPORT AUTHORITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN 1 OF TCRS
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service Cost	\$148,999	147,240	125,439	113,586	112,525	100,550	93,729	81,406	96,882	85,807
Interest	613,697	627,504	652,992	661,468	685,678	703,695	726,416	742,840	742,239	747,162
Differences between Actual and Expected Experience	(170,126)	14,422	(212,485)	29,228	(48,316)	32,110	(41,537)	(108,489)	(149,568)	139,042
Change of Assumptions	-	-	-	292,916	-	-	-	586,293	-	-
Benefit Payments, including Refunds of Employee Contributions	(397,859)	(415,589)	(439,452)	(442,710)	(473,462)	(505,351)	(526,928)	(552,552)	(582,386)	(628,678)
Net Change in Total Pension Liability	194,711	373,577	126,494	654,488	276,425	331,004	251,680	749,498	107,167	343,333
Total Pension Liability - Beginning	8,232,562	8,427,273	8,800,850	8,927,344	9,581,832	9,858,257	10,189,261	10,440,941	11,190,439	11,297,606
Total Pension Liability - Ending (a)	\$8,427,273	8,800,850	8,927,344	9,581,832	9,858,257	10,189,261	10,440,941	11,190,439	11,297,606	11,640,939
Plan Fiduciary Net Position										
Contributions - Employer	\$299,934	283,053	269,362	269,242	244,093	231,695	255,370	256,391	238,193	224,350
Contributions - Employee	-	-	-	-	-	-	-	-	-	99
Net Investment Income	1,119,862	238,941	208,038	892,612	711,035	671,865	467,258	2,476,929	(449,759)	734,664
Benefit Payments, including Refunds of Employee Contributions	(397,859)	(415,589)	(439,452)	(442,710)	(473,462)	(505,351)	(526,928)	(552,552)	(582,386)	(628,678)
Administrative Expense	(1,755)	(1,776)	(2,358)	(2,529)	(2,570)	(2,178)	(2,127)	(2,016)	(1,807)	(4,347)
Net Change in Plan Fiduciary Net Position	1,020,182	104,629	35,590	716,615	479,096	396,031	193,573	2,178,752	(795,759)	326,088
Plan Fiduciary Net Position - Beginning	6,805,032	7,825,214	7,929,843	7,965,433	8,682,048	9,161,144	9,557,175	9,750,748	11,929,500	11,133,741
Plan Fiduciary Net Position - Ending (b)	\$7,825,214	7,929,843	7,965,433	8,682,048	9,161,144	9,557,175	9,750,748	11,929,500	11,133,741	11,459,829
Net Pension Liability (Asset) - Ending (a) - (b)	\$602,059	871,007	961,911	899,784	697,113	632,086	690,193	(739,061)	163,865	181,110
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.86%	90.10%	89.23%	90.61%	92.93%	93.80%	93.39%	106.60%	98.55%	98.44%
Covered Payroll	\$1,676,554	1,563,831	1,478,191	1,484,063	1,348,579	1,280,081	1,275,722	1,278,120	1,182,322	1,118,395
Net Pension Liability as a Percentage of Covered Payroll	35.91%	55.70%	65.07%	60.63%	51.69%	49.38%	54.10%	-57.82%	13.86%	16.19%

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TRI-CITIES AIRPORT AUTHORITY'S CONTRIBUTIONS BASED ON
PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN 1 OF TCRS
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 283,053	269,362	269,242	244,093	231,695	255,370	256,391	238,193	212,552	224,350	158,903
Contributions in relation to the											
Actuarially Determined Contribution	283,053	269,362	269,242	244,093	231,695	255,370	256,391	238,193	212,552	224,350	158,903
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 1,563,831	1,478,191	1,484,063	1,348,579	1,280,081	1,275,722	1,278,120	1,182,322	1,059,583	1,118,395	792,138
Contributions as a Percentage of											
Covered Payroll	18.10%	18.22%	18.14%	18.10%	18.10%	20.02%	20.06%	20.15%	20.06%	20.06%	20.06%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost-of-Living Adjustments	2.125 percent

Changes of assumptions:

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and increased social security wage base was lowered from 3.00 percent to 2.7 percent. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TRI-CITIES AIRPORT AUTHORITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN 2 OF TCRS
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service Cost	\$ 4,222	20,529	28,803	35,818	45,698	52,275	48,149	59,734	71,838	86,920
Interest	317	2,078	5,549	9,125	14,001	19,138	20,814	26,630	34,775	43,686
Differences between Actual and Expected Experience	2,634	15,401	6,313	14,796	4,581	(44,176)	(266)	18,628	13,770	38,661
Change of Assumptions	-	-	-	1,833	-	-	-	31,875	-	-
Benefit Payments, including refunds of employee contributions	-	-	-	-	-	-	-	(110)	(2,087)	(4,799)
Net Change in Total Pension Liability	7,173	38,008	40,665	61,572	64,280	27,237	68,697	136,757	118,296	164,468
Total Pension Liability - Beginning	-	7,173	45,181	85,846	147,418	211,698	238,935	307,632	444,389	562,685
Total Pension Liability - Ending (a)	\$ 7,173	45,181	85,846	147,418	211,698	238,935	307,632	444,389	562,685	727,153
Plan Fiduciary Net Position										
Contributions - Employer	\$ 13,022	20,529	29,532	52,913	56,194	56,040	67,945	68,971	81,936	114,186
Net Investment Income	1,065	740	1,309	10,310	12,825	16,540	14,839	98,220	(21,083)	41,831
Benefit Payments, including refunds of employee contributions	-	-	-	-	-	-	-	(110)	(2,087)	(4,799)
Administrative Expense	(175)	(324)	(796)	(1,073)	(1,287)	(1,362)	(1,574)	(1,807)	(2,648)	(1,975)
Net Change in Plan Fiduciary Net Position	13,912	20,945	30,045	62,150	67,732	71,218	81,210	165,274	56,118	149,243
Plan Fiduciary Net Position - Beginning	-	13,912	34,857	64,902	127,052	194,784	266,002	347,212	512,486	568,604
Plan Fiduciary Net Position - Ending (b)	\$ 13,912	34,857	64,902	127,052	194,784	266,002	347,212	512,486	568,604	717,847
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (6,739)	10,324	20,944	20,366	16,914	(27,067)	(39,580)	(68,097)	(5,919)	9,306
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	193.95%	77.15%	75.60%	86.18%	92.01%	111.33%	112.87%	115.32%	101.05%	98.72%
Covered Payroll	\$ 220,720	347,955	531,211	711,204	755,288	768,728	919,420	1,045,020	1,334,653	1,684,158
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-3.05%	2.97%	3.94%	2.86%	2.24%	-3.52%	-4.30%	-6.52%	-0.44%	0.55%

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TRI-CITIES AIRPORT AUTHORITY'S CONTRIBUTIONS BASED ON
PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN 2 OF TCRS
Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 20,529	29,532	52,913	56,194	56,040	67,945	68,971	81,936	110,308	114,186	144,280
Contributions in relation to the											
Actuarially Determined Contribution	20,529	29,532	52,913	56,194	56,040	67,945	68,971	81,936	110,308	114,186	144,280
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 347,955	531,211	711,204	755,288	768,728	919,420	1,045,020	1,334,653	1,626,962	1,684,158	2,091,013
Contributions as a Percentage of											
Covered Payroll	5.90%	5.56%	7.44%	7.44%	7.29%	7.39%	6.60%	6.14%	6.78%	6.78%	6.90%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost-of-Living Adjustments	2.125 percent

Changes of assumptions:

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent.

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY
AND RELATED RATIOS
Last Fiscal Year Ending June 30

	2020	2021	2022	2023	2024
TOTAL POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY					
Service Cost	\$ 2,142	\$ 2,302	\$ 2,782	\$ 3,057	\$ 2,146
Interest	3,542	3,491	2,779	2,337	3,915
Change in Assumptions	2,087	4,871	2,579	(9,403)	(1,723)
Differences Between Expected and Actual Experience	-	(6,105)	(6,183)	(6,065)	(47,187)
NET CHANGE IN POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY	7,771	4,559	1,957	(10,074)	(42,849)
TOTAL POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY - BEGINNING	89,372	97,143	101,702	103,659	93,585
TOTAL POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY - ENDING (a)	<u>\$ 97,143</u>	<u>\$ 101,702</u>	<u>\$ 103,659</u>	<u>\$ 93,585</u>	<u>\$ 50,736</u>
COVERED EMPLOYEE PAYROLL	N/A	N/A	N/A	N/A	N/A
NET POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Changes in Assumptions

Discount Rate: In fiscal year 2024, discount rate assumptions changed from 4.09 percent at June 30, 2023 to 4.13 percent at June 30, 2024 using the yield for a 20-year tax-exempt general obligation municipal bond as of June 30, 2023.

GASB 75 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 75. The information in this schedule is not required to be presented retroactively prior to the implementation date. Fiscal years will be added to this schedule in future fiscal years until ten fiscal years of information is available.

See Independent Auditors' Report.

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Supplemental Schedules



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TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Assistance Listings				
Number	Grantor Agency	Grant Number	Program Description	Expenditures ^{a b}
20.106	Federal Aviation Administration	AIP 3-47-0004-74	Terminal Building Roof, Basler and Longworth Properties	18,238
		AIP 3-47-0004-75	Airport Covid 19 Relief Grant Program Cares Act - Pathogen Control	1,619
		AIP 3-47-0004-79	Airport Development and Rehabilitate Taxiway A	1,059,079
		AIP 3-47-0004-80	Airport Development and Rehabilitate Taxiway A (Phase 2)	255,291
		AIP 3-47-0004-81	Master Plan Update	604,346
		AIP 3-47-0004-82	Runway Easement Acquisitions - Phase 1 and Taxiway A Relocation	477,816
				<u>\$ 2,416,389</u>

^a This Schedule reflects the federal grantor's share of the expenditures.

^b There were no pass-through entities or subrecipients.

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tri-Cities Airport Authority under programs of the federal government for the fiscal year ended June 30, 2024. 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 Tri-Cities Airport Authority, it is not intended to, and does not present, the financial position, changes in net position or cash flows of Tri-Cities Airport Authority.

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. Tri-Cities Airport Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-74
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Terminal Roof Replacement	\$ 1,764	970,177	1,194,826	224,649	-
Longworth Land Acquisition	16,474	639,965	655,608	15,643	-
Basler Land Acquisition	-	441,959	441,856	(103)	-
	<u>\$ 18,238</u>	<u>2,052,101</u>	<u>2,292,290</u>	<u>240,189</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (100%)	<u>\$ 18,238</u>	<u>2,052,101</u>	<u>2,292,290</u>	<u>240,189</u>	<u>-</u>
	<u>\$ 18,238</u>	<u>2,052,101</u>	<u>2,292,290</u>	<u>240,189</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-80
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Taxiway A Rehabilitation (Phase 2)	\$ 283,657	283,657	773,892	490,235	-
	<u>\$ 283,657</u>	<u>283,657</u>	<u>773,892</u>	<u>490,235</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (90%)	\$ 255,291	255,290	696,503	441,213	-
Tri-Cities Airport Authority	<u>28,366</u>	<u>28,367</u>	<u>77,389</u>	<u>49,022</u>	<u>-</u>
	<u>\$ 283,657</u>	<u>283,657</u>	<u>773,892</u>	<u>490,235</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-80
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Taxiway A Rehabilitation (Phase 2)	\$ 283,657	283,657	773,892	490,235	-
	<u>\$ 283,657</u>	<u>283,657</u>	<u>773,892</u>	<u>490,235</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (90%)	\$ 255,291	255,291	696,503	441,212	-
Tri-Cities Airport Authority	<u>28,366</u>	<u>28,366</u>	<u>77,389</u>	<u>49,023</u>	<u>-</u>
	<u>\$ 283,657</u>	<u>283,657</u>	<u>773,892</u>	<u>490,235</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-81
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Master Plan Update	\$ 671,495	671,495	1,432,847	761,352	-
	<u>\$ 671,495</u>	<u>671,495</u>	<u>1,432,847</u>	<u>761,352</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (90%)	\$ 604,346	604,346	1,289,562	685,216	-
Tri-Cities Airport Authority	67,149	67,149	143,285	76,136	-
	<u>\$ 671,495</u>	<u>671,495</u>	<u>1,432,847</u>	<u>761,352</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-82
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Runway Easement Acquisitions Phase 1	\$ 495,867	495,867	527,190	31,323	-
Taxiway Relocation Engineering	35,040	35,040	58,577	23,537	-
	<u>\$ 530,907</u>	<u>530,907</u>	<u>585,767</u>	<u>54,860</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (90%)	\$ 477,816	477,816	527,190	49,374	-
Tri-Cities Airport Authority	53,091	53,091	58,577	5,486	-
	<u>\$ 530,907</u>	<u>530,907</u>	<u>585,767</u>	<u>54,860</u>	<u>-</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Assistance Listings				
Number	Grantor Agency	Grant Number	Program Description	Expenditures ^{a b}
N/A	TN Dept. of Transportation	82-555-0757-22	Concourse Widening D&B	111,128
		82-555-0759-22	Term and Apron Energy Improvement	130,766
		82-555-0760-23	RWY 09/27 Pavement Rehab & TWY B1 Removal	840,111
		82-555-0761-23	Public Safety and Maintenance Vehicle Replacement	135,211
		82-555-0762-23	Sanitary Sewer Lift Station Rehabilitation	71,192
		82-555-0763-23	Airport Facilities Roofing Project	1,500,868
		82-555-0764-24	General Aviation Aircraft Storage Box Hangar	123,802
				<u>\$ 2,913,078</u>

^a This Schedule reflects the state grantor's share of the expenditures.

^b There were no pass-through entities or subrecipients.

See Independent Auditors' Report.

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0757-22
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Concourse Widening D&B	\$ 116,977	233,775	290,032	56,257	-
	<u>\$ 116,977</u>	<u>233,775</u>	<u>290,032</u>	<u>56,257</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 111,128	221,981	275,530	53,549	-
Tri-Cities Airport Authority	5,849	11,794	14,502	2,708	-
	<u>\$ 116,977</u>	<u>233,775</u>	<u>290,032</u>	<u>56,257</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0759-22
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Terminal and Apron Energy Study	\$ 139,380	2,089,520	2,087,787	(1,733)	-
	<u>\$ 139,380</u>	<u>2,089,520</u>	<u>2,087,787</u>	<u>(1,733)</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 130,766	1,983,400	1,983,400	-	-
Tri-Cities Airport Authority	<u>8,614</u>	<u>106,120</u>	<u>104,387</u>	<u>(1,733)</u>	<u>-</u>
	<u>\$ 139,380</u>	<u>2,089,520</u>	<u>2,087,787</u>	<u>(1,733)</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0760-23
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
RWY 09/27 Pavement Rehab	\$ 884,740	924,660	1,003,368	78,708	-
	<u>\$ 884,740</u>	<u>924,660</u>	<u>1,003,368</u>	<u>78,708</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 840,111	878,036	953,200	75,164	-
Tri-Cities Airport Authority	<u>44,629</u>	<u>46,624</u>	<u>50,168</u>	<u>3,544</u>	<u>-</u>
	<u>\$ 884,740</u>	<u>924,660</u>	<u>1,003,368</u>	<u>78,708</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0761-23
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Public Safety and Maintenance Vehicle Replacement	\$ 142,327	142,327	146,630	4,303	-
	<u>\$ 142,327</u>	<u>142,327</u>	<u>146,630</u>	<u>4,303</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 135,211	135,211	139,299	4,088	-
Tri-Cities Airport Authority	7,116	7,116	7,331	215	-
	<u>\$ 142,327</u>	<u>142,327</u>	<u>146,630</u>	<u>4,303</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0762-23
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Sanitary Sewer Lift Station Rehabilitation	\$ 74,939	74,939	79,781	4,842	-
	<u>\$ 74,939</u>	<u>74,939</u>	<u>79,781</u>	<u>4,842</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 71,192	71,192	75,792	4,600	-
Tri-Cities Airport Authority	<u>3,747</u>	<u>3,747</u>	<u>3,989</u>	<u>242</u>	<u>-</u>
	<u>\$ 74,939</u>	<u>74,939</u>	<u>79,781</u>	<u>4,842</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0763-23
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
Airport Facilities Roofing Project	\$ 1,579,861	1,579,861	2,095,264	515,403	-
	<u>\$ 1,579,861</u>	<u>1,579,861</u>	<u>2,095,264</u>	<u>515,403</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 1,500,868	1,500,868	1,990,501	489,633	-
Tri-Cities Airport Authority	78,993	78,993	104,763	25,770	-
	<u>\$ 1,579,861</u>	<u>1,579,861</u>	<u>2,095,264</u>	<u>515,403</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0764-24
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2024**

<u>Project Description</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Budget</u>	<u>Expenditures (Over) Under Budget</u>	<u>Questioned Costs</u>
General Aviation Aircraft Storage Box Hangar	\$ 130,318	130,318	156,950	26,632	-
	<u>\$ 130,318</u>	<u>130,318</u>	<u>156,950</u>	<u>26,632</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 123,802	123,802	149,102	25,300	-
Tri-Cities Airport Authority	6,516	6,516	7,848	1,332	-
	<u>\$ 130,318</u>	<u>130,318</u>	<u>156,950</u>	<u>26,632</u>	<u>-</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED,
INTEREST EARNED AND RELATED EXPENDITURES
For the Fiscal Year Ended June 30, 2024

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Cash Balance, July 1, 2023					\$ 866,909
Passenger Facility Charges Collected	148,229	235,281	195,001	246,511	825,022
Interest Earned	8,610	1,912	4,116	4,744	19,382
Expenditures on Approved PFC Projects					
Application No. 9 23-09-C-00-TRI	(1,020,536)	-	(40,458)	(283,205)	<u>(1,344,199)</u>
Cash Balance, June 30, 2024					367,114
PFC Receivable, June 30, 2024					<u>155,614</u>
Restricted PFC Funds					<u>\$ 522,728</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2024
Aerospace Park Bonds (Taxable), Series 2018	\$ 8,500,000	3.0% to 4.5%	3/19/2018	5/1/2038	\$ 5,385,000	-	275,000	5,110,000
Total Bonds Payable					<u>\$ 5,385,000</u>	<u>-</u>	<u>275,000</u>	<u>5,110,000</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS -
AEROSPACE PARK SERIES 2018 BONDS
June 30, 2024

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2025	\$ 290,000	175,806	465,806
2026	305,000	162,756	467,756
2027	315,000	153,606	468,606
2028	325,000	143,763	468,763
2029	330,000	133,200	463,200
2030	345,000	122,475	467,475
2031	360,000	111,263	471,263
2032	370,000	99,563	469,563
2033	380,000	87,075	467,075
2034	390,000	74,250	464,250
2035	405,000	60,600	465,600
2036	415,000	46,425	461,425
2037	427,500	31,900	459,400
2038	452,500	16,312	468,812
	<u>\$ 5,110,000</u>	<u>1,418,994</u>	<u>6,528,994</u>

See Independent Auditors' Report.

Statistical

- Unaudited Financial and Demographic Information



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STATISTICAL SECTION

The statistical section of the Annual Comprehensive Financial Report provides detailed information to enhance the understanding of the financial condition of the Tri-Cities Airport Authority. This statistical section is from the Authority's fiscal year 2024 Annual Comprehensive Financial Report.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and condition have changed over time.

Revenue Capacity

These schedules contain information to help the reader understand the make-up of the Authority's revenue sources. The Authority presents landed weights, square footage, public safety reimbursement and other airline related revenues along with parking rates to illustrate their primary revenue sources.

Debt Capacity

These schedules present information on the Authority's ability to meet their current debt service. The Authority did not have any long-term bond debt prior to 1995. A schedule is included for Passenger Facility Charges and Customer Facility Charges as these two restricted revenue sources are the primary source for long-term bond debt service for the Series 2014 Bonds. The Series 2018 Aerospace Park bonds are presently serviced by guaranty agreements between the Tennessee Authority Members but, long term, will be serviced by the net revenues attributable to the Aerospace Park development.

Demographic and Economic Information

These schedules offer demographic and economic indicators to show the environment within the surrounding area of the Airport.

Operating Information

These schedules contain service and infrastructure data to assist the reader in understanding how the Authority operates. The schedules presented include operating results, employees, capital assets, and source of funding for capital assets.

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Tri-Cities Airport Authority
TABLE 1:
Net Position and Changes in Net Position
Last Ten Fiscal Years (unaudited)

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
OPERATING REVENUES										
Airline Revenue	\$ 2,523,600	\$ 2,520,231	\$ 2,315,223	\$ 2,210,564	\$ 2,313,407	\$ 2,357,305	\$ 2,351,710	\$ 2,264,730	\$ 2,170,760	\$ 2,125,806
General Aviation	1,105,395	1,110,272	915,284	760,910	776,453	807,132	800,678	819,540	791,583	789,552
Air Cargo	91,704	122,049	115,391	108,923	106,821	105,562	105,794	97,491	96,478	129,127
Parking Revenue	2,785,668	2,522,006	2,019,387	1,078,384	1,971,693	2,464,447	2,295,505	2,121,611	2,073,285	2,098,296
Rental Car Revenue	1,502,919	1,690,209	1,486,319	1,101,493	1,080,098	995,250	1,003,119	973,619	953,139	928,893
Terminal Concessions	237,259	226,207	159,359	92,200	144,322	145,832	115,086	113,867	111,062	108,373
Terminal Space Rents	111,455	111,600	116,984	114,781	119,770	117,738	125,056	124,689	120,991	115,334
Other Revenues	404,237	390,246	412,555	306,568	267,681	275,633	280,670	290,515	276,434	287,898
TOTAL OPERATING REVENUES	\$ 8,762,237	\$ 8,692,820	\$ 7,540,502	\$ 5,773,823	\$ 6,780,245	\$ 7,268,899	\$ 7,077,618	\$ 6,806,062	\$ 6,593,732	\$ 6,583,279
OPERATING EXPENSES										
Aviation Area	\$ 376,137	\$ 351,171	\$ 308,550	\$ 312,962	\$ 332,368	\$ 324,571	\$ 269,066	\$ 259,177	\$ 279,083	\$ 241,207
Terminal Area	912,055	1,062,050	967,377	814,400	885,630	828,699	746,767	722,508	679,005	711,606
Air Cargo Center	39,638	25,366	27,769	16,608	21,514	27,493	26,775	24,737	21,322	38,242
Other Properties	44,575	22,970	31,599	11,979	21,522	21,560	20,937	25,149	13,841	16,996
General Area - Public Safety	1,406,941	1,316,817	1,409,805	1,420,695	1,446,087	1,199,891	1,330,196	1,277,912	1,176,088	1,179,619
General Area - Maintenance	821,752	771,342	781,374	738,570	759,890	795,288	773,562	785,025	721,190	665,172
General Area - Janitorial	631,042	503,714	470,118	424,320	458,044	427,578	428,698	420,171	397,841	385,419
General Area - Airport Services	73,643	62,083	47,321	36,474	31,581	35,895	50,748	75,868	73,253	64,697
Marketing	849,608	722,719	731,870	559,593	611,863	578,108	543,703	532,549	529,902	553,694
Administrative	2,300,923	1,664,003	1,439,590	1,437,929	1,619,291	1,490,507	1,331,920	1,416,433	1,376,531	1,207,736
Air Cargo and Trade Development	183,575	170,295	138,904	147,789	151,460	127,258	122,018	126,838	123,108	123,888
Parking	479,442	429,032	388,606	332,914	390,928	381,800	365,167	350,146	416,953	336,656
Engineering	-	-	-	-	-	2,668	5,968	70,794	50,736	51,124
Business Development	1,946	-	1,410	3,301	2,284	6,878	11,388	18,919	32,206	45,365
RAC Service Facility	51,805	94,547	57,391	69,628	72,963	74,308	114,940	81,421	76,268	82,562
Ground Handling Services	200,299	205,787	153,071	155,348	157,427	150,109	162,931	155,480	156,373	141,670
Aerospace Park	118,532	88,512	174,684	106,695	87,423	158,184	156,075	87,309	53,581	-
TOTAL OPERATING EXPENSES	\$ 8,491,913	\$ 7,490,408	\$ 7,129,439	\$ 6,589,205	\$ 7,050,275	\$ 6,630,795	\$ 6,460,859	\$ 6,430,436	\$ 6,177,281	\$ 5,845,653
OPERATING INCOME BEFORE DEPRECIATION & AMORTIZATION	\$ 270,324	\$ 1,202,412	\$ 411,063	\$ (815,382)	\$ (270,030)	\$ 638,104	\$ 616,759	\$ 375,626	\$ 416,451	\$ 737,626
LESS: DEPRECIATION	6,252,387	6,180,260	6,265,958	6,214,832	6,029,869	5,777,442	5,744,739	5,451,093	4,827,993	4,033,759
OPERATING LOSS	\$ (5,982,063)	\$ (4,977,848)	\$ (5,854,895)	\$ (7,030,214)	\$ (6,299,899)	\$ (5,139,338)	\$ (5,127,980)	\$ (5,075,467)	\$ (4,411,542)	\$ (3,296,133)
OTHER NON-OPERATING REVENUES (EXPENSES)	1,937,310	5,817,573	7,128,570	3,185,135	884,404	1,108,946	913,910	1,172,161	1,225,176	1,240,893
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	\$ (4,044,753)	\$ 839,725	\$ 1,273,675	\$ (3,845,079)	\$ (5,415,495)	\$ (4,030,392)	\$ (4,214,070)	\$ (3,903,306)	\$ (3,186,366)	\$ (2,055,240)
CAPITAL CONTRIBUTIONS	5,810,210	6,651,884	6,690,017	5,527,476	6,278,249	6,183,985	2,538,212	2,710,960	6,495,422	3,541,492
CHANGE IN NET POSITION	\$ 1,765,457	\$ 7,491,609	\$ 7,963,692	\$ 1,682,397	\$ 862,754	\$ 2,153,593	\$ (1,675,858)	\$ (1,192,346)	\$ 3,309,056	\$ 1,486,252
NET POSITION AT FISCAL YEAR-END										
NET INVESTMENT IN CAPITAL ASSETS	\$ 90,796,151	\$ 90,102,517	\$ 87,583,111	\$ 86,161,374	\$ 85,802,425	\$ 86,093,635	\$ 83,405,569	\$ 85,937,154	\$ 84,797,286	\$ 82,726,596
RESTRICTED - PASSENGER FACILITY CHARGE AND CUSTOMER FACILITY CHARGE	1,140,670	1,359,646	978,557	1,017,147	1,311,266	2,124,103	1,215,704	806,721	1,711,168	1,445,301
UNRESTRICTED	18,839,127	17,548,328	12,957,214	6,376,669	4,779,869	2,813,068	4,255,939	3,809,195	5,236,962	4,264,463
TOTAL NET POSITION	\$110,775,948	\$109,010,491	\$101,518,882	\$93,555,190	\$ 91,893,560	\$ 91,030,806	\$ 88,877,212	\$ 90,553,070	\$ 91,745,416	\$ 88,436,360

Source: Audited Financial Statements

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 2:
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years (unaudited)

Cash Flows From Operating Activities	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Cash received from customers	\$ 8,700,376	\$ 8,768,881	\$ 7,696,269	\$ 5,597,241	\$ 6,908,194	\$ 7,181,816	\$ 7,212,063	\$ 6,737,840	\$ 6,590,512	\$ 6,610,322
Cash payments to suppliers	(3,545,231)	(3,135,933)	(3,099,642)	(2,037,646)	(2,871,055)	(2,741,911)	(2,558,934)	(2,803,074)	(2,003,965)	(1,988,129)
Cash payments to employees	(3,401,728)	(3,255,335)	(2,916,751)	(2,778,126)	(2,704,803)	(2,570,663)	(2,564,739)	(2,621,256)	(2,483,848)	(2,343,239)
Cash paid out for employee benefits	(1,386,038)	(1,262,919)	(1,399,771)	(1,206,387)	(1,158,506)	(1,104,698)	(1,171,063)	(1,231,714)	(1,158,765)	(1,123,256)
Cash payments for insurance	(326,783)	(272,163)	(267,237)	(229,364)	(231,942)	(313,828)	(282,784)	(246,781)	(341,623)	(243,285)
Net Cash Provided by (Used for) Operating Activities	<u>40,596</u>	<u>842,531</u>	<u>12,868</u>	<u>(654,282)</u>	<u>(58,112)</u>	<u>450,716</u>	<u>634,543</u>	<u>(164,985)</u>	<u>602,311</u>	<u>912,413</u>
Cash Flows From Capital and Related Financing Activities										
Acquisition and Construction of Capital Assets	(6,560,166)	(8,427,793)	(7,160,760)	(7,079,865)	(9,688,819)	(7,049,876)	(2,887,324)	(6,335,963)	(6,747,201)	(5,114,219)
Proceeds from Sale of Assets	(7,019)	1,036	1,692	2,074	-	(4,736)	19,316	5,181	8,329	10,971
Capital Grants and Contributions received	7,505,377	4,587,078	8,022,751	4,332,568	6,010,290	5,175,091	1,707,753	5,104,605	5,773,984	3,176,402
PFC Funds Received	825,030	832,948	812,130	388,999	817,347	843,718	786,320	802,454	878,698	887,659
CFC Funds Received	370,784	341,259	315,207	218,579	360,286	423,129	345,088	402,200	416,225	374,882
Interest Paid	(188,260)	(200,131)	(291,973)	(319,666)	(338,680)	(387,688)	(52,169)	(59,868)	(66,067)	(86,042)
Interest Received - Lease Related	39,101	-	-	-	-	-	-	-	-	-
Cost of Issuing Debt	-	-	-	-	-	-	(110,526)	-	-	-
Bond Proceeds	-	-	-	-	-	-	8,500,000	-	-	-
Principal paid on long-term debt	(275,000)	(265,000)	(2,715,475)	(665,000)	(640,000)	(590,000)	(320,000)	(310,000)	(310,000)	(290,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>1,709,847</u>	<u>(3,130,603)</u>	<u>(1,016,428)</u>	<u>(3,122,311)</u>	<u>(3,479,576)</u>	<u>(1,590,362)</u>	<u>7,988,458</u>	<u>(391,391)</u>	<u>(46,032)</u>	<u>(1,040,347)</u>
Cash Flows From Noncapital and Related Financing Activities										
Cares Act Funds Received	<u>1,122,236</u>	<u>4,429,830</u>	<u>7,226,619</u>	<u>2,542,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) NonCapital and Related Financing Activities	<u>1,122,236</u>	<u>4,429,830</u>	<u>7,226,619</u>	<u>2,542,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities										
Purchase of Investments	-	-	-	-	(196,233)	(242,069)	(15,260)	(19,487)	(9,258)	(641,301)
Sales of Investments	-	-	-	2,875,901	-	-	10,003	317,706	-	-
Interest Received	<u>807,456</u>	<u>92,730</u>	<u>6,415</u>	<u>54,877</u>	<u>153,045</u>	<u>208,845</u>	<u>49,215</u>	<u>14,145</u>	<u>13,068</u>	<u>18,237</u>
Net Cash Provided By (Used for) Investing Activities	<u>807,456</u>	<u>92,730</u>	<u>6,415</u>	<u>2,930,778</u>	<u>(43,188)</u>	<u>(33,224)</u>	<u>43,958</u>	<u>312,364</u>	<u>3,810</u>	<u>(623,064)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>3,680,135</u>	<u>2,234,488</u>	<u>6,229,474</u>	<u>1,696,512</u>	<u>(3,580,876)</u>	<u>(1,172,870)</u>	<u>8,666,959</u>	<u>(244,012)</u>	<u>560,089</u>	<u>(750,998)</u>
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>17,291,613</u>	<u>15,057,125</u>	<u>8,827,651</u>	<u>7,131,139</u>	<u>10,712,015</u>	<u>11,884,885</u>	<u>3,217,926</u>	<u>3,461,938</u>	<u>2,901,849</u>	<u>3,652,847</u>
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 20,971,748</u>	<u>\$ 17,291,613</u>	<u>\$ 15,057,125</u>	<u>\$ 8,827,651</u>	<u>\$ 7,131,139</u>	<u>\$ 10,712,015</u>	<u>\$ 11,884,885</u>	<u>\$ 3,217,926</u>	<u>\$ 3,461,938</u>	<u>\$ 2,901,849</u>

Source: Audited Financial Statements

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 3:
Restricted Assets
Last Ten Fiscal Years (unaudited)

<u>Fiscal Year</u>	<u>Bond Funds</u>	<u>Bond Escrow</u>	<u>Construction Deposits and Retainage Escrows</u>	<u>PFC Funds</u>	<u>CFC Funds</u>	<u>RESTRICTED ASSETS TOTAL</u>
2024	\$ 2,289,099	\$ 22,988	\$ -	\$ 367,114	\$ 617,942	\$ 3,297,143
2023	\$ 2,182,098	\$ 35,979	\$ -	\$ 866,909	\$ 417,817	\$ 3,502,803
2022	\$ 2,179,081	\$ 35,979	\$ -	\$ 835,691	\$ 75,161	\$ 3,125,912
2021	\$ 3,176,735	\$ 407,030	\$ -	\$ 653,995	\$ 301,276	\$ 4,539,036
2020	\$ 4,297,590	\$ 406,315	\$ -	\$ 545,522	\$ 735,128	\$ 5,984,555
2019	\$ 7,231,698	\$ 400,112	\$ -	\$ 1,294,419	\$ 678,013	\$ 9,604,242
2018	\$ 8,419,165	\$ 391,348	\$ 225,165	\$ 675,829	\$ 539,875	\$ 10,251,382
2017	\$ -	\$ 386,315	\$ 260,708	\$ 419,604	\$ 387,117	\$ 1,453,744
2016	\$ -	\$ 384,330	\$ 191,035	\$ 1,468,996	\$ 339,127	\$ 2,383,488
2015	\$ -	\$ 383,434	\$ 328,381	\$ 1,027,499	\$ 197,426	\$ 1,936,740

Note: The above schedule reflects all cash and cash equivalents for which external restrictions apply relative to the use of the specified funds. Financial reporting considerations require that the bond funds balances offset related debt in the calculation of Net Investment in Capital Assets; therefore, financial statement presentation may differ.

Source: Audited Financial Statements

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 4:
Principal Revenue Sources and Revenue Per Enplaned Passenger
Last Ten Fiscal Years (unaudited)

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Airline Revenues:										
Landing Fees	\$ 693,145	\$ 667,540	\$ 551,256	\$ 457,357	\$ 614,605	\$ 672,938	\$ 659,770	\$ 628,126	\$ 572,808	\$ 560,114
Terminal Rents	888,647	893,527	830,233	834,550	877,864	876,593	874,337	864,845	842,998	820,622
Security Reimbursements	772,288	823,889	788,508	786,952	673,219	656,614	664,005	624,384	620,879	603,625
Jetway Fees	50,094	42,642	37,242	32,266	38,844	25,542	16,218	17,730	10,455	15,750
Other	119,426	92,633	107,984	99,439	108,875	125,618	137,380	129,645	123,620	125,695
Total Airline Revenue	2,523,600	2,520,231	2,315,223	2,210,564	2,313,407	2,357,305	2,351,710	2,264,730	2,170,760	2,125,806
<i>Percent of Total Operating Revenues</i>	<u>28.8%</u>	<u>29.0%</u>	<u>30.7%</u>	<u>38.3%</u>	<u>34.1%</u>	<u>32.4%</u>	<u>33.2%</u>	<u>33.3%</u>	<u>32.9%</u>	<u>32.3%</u>
Non-Airline Revenues										
Parking	2,785,668	2,522,006	2,019,387	1,078,384	1,971,693	2,464,447	2,295,505	2,121,611	2,073,285	2,522,006
<i>Percent of Total Operating Revenues</i>	<u>31.8%</u>	<u>29.0%</u>	<u>26.8%</u>	<u>18.7%</u>	<u>29.1%</u>	<u>33.9%</u>	<u>32.4%</u>	<u>31.2%</u>	<u>31.4%</u>	<u>38.3%</u>
Rental Car	1,502,919	1,690,209	1,486,319	1,101,493	1,080,098	995,250	1,003,119	973,619	953,139	928,893
Other	1,950,050	1,960,374	1,719,573	1,383,382	1,415,047	1,451,897	1,427,284	1,446,102	1,396,548	1,006,574
Total Non-Airline Revenues	6,238,637	6,172,589	5,225,279	3,563,259	4,466,838	4,911,594	4,725,908	4,541,332	4,422,972	4,457,473
<i>Percent of Total Operating Revenues</i>	<u>71.2%</u>	<u>71.0%</u>	<u>69.3%</u>	<u>61.7%</u>	<u>65.9%</u>	<u>67.6%</u>	<u>66.8%</u>	<u>66.7%</u>	<u>67.1%</u>	<u>67.7%</u>
Total Operating Revenues	8,762,237	8,692,820	7,540,502	5,773,823	6,780,245	7,268,899	7,077,618	6,806,062	6,593,732	6,583,279
<i>Percent of Total Revenues</i>	<u>80.5%</u>	<u>59.1%</u>	<u>50.4%</u>	<u>62.4%</u>	<u>84.8%</u>	<u>83.1%</u>	<u>85.2%</u>	<u>84.7%</u>	<u>83.7%</u>	<u>83.4%</u>
Nonoperating Revenues										
Passenger Facility Charges	905,724	840,163	817,959	420,258	696,293	846,989	813,207	806,322	846,289	908,049
Customer Facility Charges	370,784	341,259	315,207	218,579	360,286	423,129	345,088	402,200	416,225	374,882
Interest Income	846,557	92,730	6,415	54,877	153,045	208,845	49,215	14,145	13,068	18,237
Federal Grants - Coronavirus Relief Funds	1,619	4,738,660	6,269,668	2,780,809	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	(7,019)	1,036	1,691	2,074	5,092	(4,736)	19,316	5,181	8,329	10,971
Total Nonoperating Revenues	2,117,665	6,013,848	7,410,940	3,476,597	1,214,716	1,474,227	1,226,826	1,227,848	1,283,911	1,312,139
<i>Percent of Total Revenues</i>	<u>19.5%</u>	<u>40.9%</u>	<u>49.6%</u>	<u>37.6%</u>	<u>15.2%</u>	<u>16.9%</u>	<u>14.8%</u>	<u>15.3%</u>	<u>16.3%</u>	<u>16.6%</u>
Total Revenues	<u>\$ 10,879,902</u>	<u>\$ 14,706,668</u>	<u>\$ 14,951,442</u>	<u>\$ 9,250,420</u>	<u>\$ 7,994,961</u>	<u>\$ 8,743,126</u>	<u>\$ 8,304,444</u>	<u>\$ 8,033,910</u>	<u>\$ 7,877,643</u>	<u>\$ 7,895,418</u>
Enplaned Passengers (excluding charters)	229,586	211,907	185,842	112,585	172,492	211,406	199,399	202,665	213,500	220,184
Airline Revenue Per enplaned passenger	<u>\$ 10.99</u>	<u>\$ 11.89</u>	<u>\$ 12.46</u>	<u>\$ 19.63</u>	<u>\$ 13.41</u>	<u>\$ 11.15</u>	<u>\$ 11.79</u>	<u>\$ 11.17</u>	<u>\$ 10.17</u>	<u>\$ 9.65</u>
Parking Revenue per enplaned passenger	<u>\$ 12.13</u>	<u>\$ 11.90</u>	<u>\$ 10.87</u>	<u>\$ 9.58</u>	<u>\$ 11.43</u>	<u>\$ 11.66</u>	<u>\$ 11.51</u>	<u>\$ 10.47</u>	<u>\$ 9.71</u>	<u>\$ 11.45</u>
Total Revenue Per enplaned passenger	<u>\$ 47.39</u>	<u>\$ 69.40</u>	<u>\$ 80.45</u>	<u>\$ 82.16</u>	<u>\$ 46.35</u>	<u>\$ 41.36</u>	<u>\$ 41.65</u>	<u>\$ 39.64</u>	<u>\$ 36.90</u>	<u>\$ 35.86</u>

Source: Audited Financial Statements and
Tri-Cities Airport Authority Activity Reports

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 5:
Revenue Rates
Last Ten Fiscal Years (unaudited)

SIGNATORY AIRLINE RATES AND CHARGES

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Landing Fees (per 1,000 lbs. MGLW)	\$ 2.60	\$ 2.60	\$ 2.47	\$ 2.47	\$ 2.60	\$ 2.65	\$ 2.53	\$ 2.49	\$ 2.32	\$ 2.25
Terminal Rental Rates (per square foot)	\$ 36.30	\$ 36.30	\$ 34.49	\$ 34.49	\$ 36.30	\$ 36.21	\$ 36.10	\$ 35.73	\$ 34.85	\$ 33.92
Terminal Aircraft Parking Apron Fee, per turn	\$ 10.80	\$ 10.80	\$ 10.26	\$ 10.26	\$ 10.80	\$ 12.09	\$ 11.42	\$ 11.18	\$ 11.07	\$ 11.93
Jetway Use Fee (per use)	\$ 18.00	\$ 18.00	\$ 18.00	\$ 17.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 15.00	\$ 15.00
Annual Security Reimbursement *	\$ 720,700	\$ 823,885	\$ 790,066	\$ 786,952	\$ 673,221	\$ 656,614	\$ 660,441	\$ 624,384	\$ 620,879	\$ 603,625

* Security Reimbursement is set at fifty percent of the annual Public Safety operating budget.

PARKING RATES

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Long-Term Parking - Daily **	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 8.00	\$ 8.00	\$ 8.00
	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min
Short-Term Parking - Daily	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 12.00	\$ 12.00	\$ 12.00
- Incremental	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min	\$1 per 30 min

** - \$1.00 per hour after the first day up to the full day rate.

Source: Tri-Cities Airport Authority Lease Data

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 6:
Enplaned Passengers
Last Ten Fiscal Years (unaudited)

Airline	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Allegiant Air	25,620	25,004	19,485	13,353	16,306	21,535	24,989	25,010	26,018	27,713
US Airways Express (Air Wisconsin)	-	-	-	-	-	-	-	-	-	7
American Airlines (Mesa Jet)	-	4,273	-	-	-	-	-	-	-	-
Sky West	11,333	29,596	-	17,116	-	-	-	-	-	-
American (Envoy)	33,642	10,320	-	-	-	-	-	-	-	-
American (Sky West)	-	14,880	-	-	-	-	-	-	-	-
American (US Airways-Piedmont)	66,808	35,594	35,784	36,022	71,904	49,673	39,413	54,527	58,111	44,305
American (US Airways-PSA Airlines)	14,242	40,113	24,433	4,228	9,262	17,827	20,378	9,503	7,792	25,364
DELTA (XJT Express Jet)	77,941	51,101	106,140	41,866	75,020	122,371	114,619	113,625	121,579	122,795
Sub-Total Air Carriers	229,586	210,881	185,842	112,585	172,492	211,406	199,399	202,665	213,500	220,184
Charters	624	1,026	730	747	889	1,477	1,119	682	913	1,008
Total	230,210	211,907	186,572	113,332	173,381	212,883	200,518	203,347	214,413	221,192

Source: Tri-Cities Airport Authority Traffic Reports.

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 7:
Landed Weights - Air Carriers and Cargo (000's Omitted)
Last Ten Fiscal Years (unaudited)

<u>Air Carriers</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Air Wisconsin	-	-	-	-	-	-	47	47	94	188
Allegiant Airlines	25,852	25,803	20,189	19,717	18,357	22,144	26,254	27,688	26,739	26,861
Mesa Jet	-	5,068	-	-	-	-	-	-	-	74
American (Envoy)	39,558	14,760	-	-	-	-	-	-	-	-
American (Piedmont)	75,820	40,944	39,023	72,152	81,840	55,690	47,717	62,394	62,081	46,512
American (PSA Airlines)	19,911	54,845	31,449	6,454	13,888	23,787	29,935	15,248	12,219	29,898
American (Sky West)	-	19,363	-	-	-	-	-	-	-	-
Sky West Airlines	13,198	36,745	-	-	-	-	-	-	-	-
Delta	92,255	59,218	132,511	86,808	122,317	152,318	156,826	147,139	145,399	145,411
Subtotal	266,594	256,746	223,172	185,131	236,402	253,939	260,779	252,516	246,532	248,944
Charters	2,736	3,456	2,882	3,834	3,034	3,961	2,595	2,254	2,451	2,459
Total Air Carriers	269,330	260,202	226,054	188,965	239,436	257,900	263,374	254,770	248,983	251,403
<u>Cargo Carriers</u>										
AmeriFlight	-	26	-	-	-	-	-	-	-	-
Ascent	-	29	-	-	-	-	-	-	-	-
Air Charter	-	26	-	-	-	-	-	-	-	-
Quest Diagnostic	1,224	1,224	1,224	1,224	1,020	1,224	1,224	1,290	1,296	756
Berry Aviation	-	-	-	-	-	-	27	-	25	-
IFL	-	-	-	57	-	-	29	-	-	-
Royal Air Freight	-	-	-	-	-	31	28	-	-	40
Solstas	-	-	-	-	-	-	-	-	-	510
Ruslan	-	-	-	-	-	-	-	-	-	1,728
Other	-	29	-	169	327	381	1,421	209	25	735
Total Cargo Carriers	1,224	1,334	1,224	1,450	1,347	1,636	2,729	1,499	1,346	3,769
 TOTAL LANDED WEIGHTS	 270,554	 261,536	 227,278	 190,415	 240,783	 259,536	 266,103	 256,269	 250,329	 255,172

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 8:
Aircraft Movements Summary (Takeoff and Landing)
Last Ten Fiscal Years (unaudited)

Fiscal Year	Air Carrier	Charters	Cargo Carriers	General Aviation	Air Taxi	Military	Total
2024	8,169	38	480	30,425	2,631	2,685	44,428
2023	7,768	48	488	32,699	1,857	2,663	45,523
2022	7,734	40	480	37,753	2,187	3,819	52,013
2021	6,191	48	490	30,506	2,599	5,712	45,546
2020	7,920	44	404	19,001	1,880	3,854	33,103
2019	8,014	54	500	20,713	2,459	3,338	35,078
2018	8,093	60	532	23,724	2,977	3,217	38,603
2017	8,480	40	494	27,695	2,789	3,455	42,953
2016	8,280	68	488	31,979	3,132	2,327	46,274
2015	8,206	54	524	35,195	2,683	955	47,617

Source: Air Traffic Reports

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 9:
Air Cargo, Freight and Mail
Last Ten Fiscal Years (unaudited)
(amounts expressed in pounds)

Fiscal Year	Air Carriers	Cargo Carriers	Sub-total	Mail	Total
2024	4,561	-	4,561	262	4,823
2023	2,704	35,605	38,309	-	38,309
2022	1,676	-	1,676	-	1,676
2021	3,689	5,139	8,828	-	8,828
2020	43,992	8,000	51,992	1,810	53,802
2019	32,625	52,229	84,854	1,218	86,072
2018	51,017	99,423	150,440	8	150,448
2017	35,122	7,830	42,952	424	43,376
2016	35,774	3,496	39,270	846	40,116
2015	67,630	33,150	100,780	14	100,794

Source: Air Traffic Reports

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 10:
Debt Service Coverage
Last Ten Fiscal Years (unaudited)

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Operating Revenues	\$ 8,762,237	8,692,820	7,540,502	5,773,823	6,780,245	7,268,899	7,077,618	6,806,062	6,583,732	6,583,279
Operating Expenses	8,491,913	7,490,408	7,129,439	6,589,205	7,050,275	6,630,795	6,460,859	6,430,436	6,177,281	5,845,353
Operating Income Before Adjustments	270,324	1,202,412	411,063	(815,382)	(270,030)	638,104	616,759	375,626	406,451	737,926
Other Income	2,117,665	6,013,848	7,410,940	3,476,697	884,404	1,108,947	913,910	1,172,161	1,225,176	1,240,893
Net Revenues	<u>\$ 2,387,989</u>	<u>7,216,260</u>	<u>7,822,003</u>	<u>2,661,315</u>	<u>614,374</u>	<u>1,747,051</u>	<u>1,530,669</u>	<u>1,547,787</u>	<u>1,631,627</u>	<u>1,978,819</u>
Debt Service on airport revenue bonds										
Principal	-	-	360,000	350,000	335,000	330,000	320,000	310,000	310,000	290,000
Interest	-	-	23,010	32,460	40,668	47,268	53,668	59,868	66,150	86,042
Debt Service	<u>-</u>	<u>-</u>	<u>383,010</u>	<u>382,460</u>	<u>375,668</u>	<u>377,268</u>	<u>373,668</u>	<u>369,868</u>	<u>376,150</u>	<u>376,042</u>
Debt Service on Aerospace Park bonds - Series 2018										
Principal	275,000	265,000	255,000	315,000	305,000	260,000	-	-	-	-
Interest	188,181	200,106	242,306	287,206	300,931	340,421	-	-	-	-
Debt Service	<u>463,181</u>	<u>465,106</u>	<u>497,306</u>	<u>602,206</u>	<u>605,931</u>	<u>600,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>\$ 463,181</u>	<u>465,106</u>	<u>880,316</u>	<u>984,666</u>	<u>981,599</u>	<u>977,689</u>	<u>373,668</u>	<u>369,868</u>	<u>376,150</u>	<u>376,042</u>
Coverage ratio * (Revenues/Debt Service)	<u>5.16</u>	<u>15.52</u>	<u>8.89</u>	<u>2.70</u>	<u>0.63</u>	<u>1.79</u>	<u>4.10</u>	<u>4.18</u>	<u>4.34</u>	<u>5.26</u>
* Does not include amounts held in debt reserves										
Debt Service Reserve	<u>\$ 22,988</u>	<u>35,979</u>	<u>35,979</u>	<u>407,030</u>	<u>406,315</u>	<u>400,112</u>	<u>391,348</u>	<u>386,315</u>	<u>384,330</u>	<u>383,434</u>

Source: Tri-Cities Airport Authority Activity Reports

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 11:
Ratios of Outstanding Debt and Debt Service
Last Ten Fiscal Years (unaudited)

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Outstanding Debt Per Enplaned Passenger										
Outstanding Debt:										
Airport Revenue Bonds	\$ -	-	-	730,000	1,080,000	1,415,000	1,745,000	2,065,000	2,375,000	2,685,000
Aerospace Park Bonds	5,110,000	5,385,000	5,650,000	7,620,000	7,935,000	8,240,000	8,500,000	-	-	-
Plus: Premium	53,014	56,869	60,725	70,886	77,894	84,902	91,910	18,915	22,068	25,220
Outstanding Debt:	<u>\$ 5,163,014</u>	<u>5,441,869</u>	<u>5,710,725</u>	<u>8,420,886</u>	<u>9,092,894</u>	<u>9,739,902</u>	<u>10,336,910</u>	<u>2,083,915</u>	<u>2,397,068</u>	<u>2,710,220</u>
Enplaned Passengers	<u>230,210</u>	<u>211,907</u>	<u>186,572</u>	<u>113,332</u>	<u>173,381</u>	<u>212,883</u>	<u>200,518</u>	<u>203,347</u>	<u>214,413</u>	<u>221,192</u>
Outstanding Debt Per Enplaned Passenger	<u>\$ 22</u>	<u>26</u>	<u>31</u>	<u>74</u>	<u>52</u>	<u>46</u>	<u>52</u>	<u>10</u>	<u>11</u>	<u>12</u>
Debt Service										
Principal	\$ 275,000	265,000	255,000	665,000	640,000	590,000	320,000	310,000	290,000	1,375,000
Interest	188,181	200,106	242,306	319,666	341,599	387,689	53,668	59,868	66,068	287,442
Total Debt Service	<u>463,181</u>	<u>465,106</u>	<u>497,306</u>	<u>984,666</u>	<u>981,599</u>	<u>977,689</u>	<u>373,668</u>	<u>369,868</u>	<u>356,068</u>	<u>1,662,442</u>
Operating expenses	8,491,913	7,490,408	7,129,439	6,589,205	7,050,275	6,630,795	6,460,859	6,430,436	6,177,281	5,845,353
Total	<u>\$ 8,955,094</u>	<u>7,955,514</u>	<u>7,626,745</u>	<u>7,573,871</u>	<u>8,031,874</u>	<u>7,608,484</u>	<u>6,834,527</u>	<u>6,800,304</u>	<u>6,533,349</u>	<u>7,507,795</u>
Ratio of debt service to Total Expenses	<u>5.2%</u>	<u>5.8%</u>	<u>6.5%</u>	<u>13.0%</u>	<u>12.2%</u>	<u>12.8%</u>	<u>5.5%</u>	<u>5.4%</u>	<u>5.5%</u>	<u>22.1%</u>
Debt Service per Enplaned Passenger	<u>\$ 2.01</u>	<u>2.19</u>	<u>2.67</u>	<u>8.69</u>	<u>5.66</u>	<u>4.59</u>	<u>1.86</u>	<u>1.82</u>	<u>1.66</u>	<u>7.52</u>

Source: Audited Financial Statements

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 12:
Passenger Facility Charges
Last Ten Fiscal Years (unaudited)

Airline	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Allegiant Air	\$ 107,642	\$ 110,388	\$ 104,337	\$ 60,050	\$ 55,596	\$ 101,988	\$ 127,851	\$ 113,846	\$ 115,518	\$ 114,359
Delta	295,373	306,401	291,333	154,185	324,338	468,936	439,216	430,933	453,855	462,483
US Airways	-	-	-	-	-	-	-	-	109,488	307,244
American	413,810	405,552	410,473	200,835	280,381	264,933	236,682	254,296	159,249	10,727
United	364	561	653	161	438	639	601	1,343	1,423	-
Other	7,834	10,046	10,827	3,685	31,918	10,393	8,857	5,904	6,756	13,236
Total PFC Revenue	825,023	\$ 832,948	\$ 817,623	\$ 418,916	\$ 692,671	\$ 846,889	\$ 813,207	\$ 806,322	\$ 846,289	\$ 908,049
Interest Earned	19,382	7,215	336	1,342	3,622	5,245	574	652	3,260	2,503
Total PFC Related Revenue	<u>\$ 844,405</u>	<u>\$ 840,163</u>	<u>\$ 817,959</u>	<u>\$ 420,258</u>	<u>\$ 696,293</u>	<u>\$ 852,134</u>	<u>\$ 813,781</u>	<u>\$ 806,974</u>	<u>\$ 849,549</u>	<u>\$ 910,552</u>
Enplaned Passengers - Air Carriers	230,210	210,881	185,842	112,585	172,492	211,406	199,399	202,665	213,500	220,184
% of Passengers	81.6%	90.0%	100.2%	84.8%	91.5%	91.3%	92.9%	90.6%	90.3%	93.9%

Source: PFC Quarterly Reports

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 13:
Customer Facility Charges
Last Ten Fiscal Years (unaudited)

Rental Car	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Alamo	\$ 25,209	\$ 20,493	\$ 14,364	\$ 16,590	\$ 30,679	\$ 35,510	\$ 30,923	\$ 41,847	\$ 41,231	\$ 37,084
Avis	93,384	88,443	85,104	39,203	47,606	58,812	50,977	51,668	61,698	61,952
Budget	57,006	59,499	53,577	32,024	54,512	68,084	52,839	69,802	64,118	61,762
Dollar	5,337	5,508	2,142	2,624	6,568	5,718	6,697	12,336	11,609	1,711
Enterprise	67,455	62,289	47,853	43,127	70,825	81,241	62,630	66,246	61,041	54,281
Hertz	46,494	48,312	36,126	36,252	56,823	69,221	54,400	63,601	72,118	61,770
National	92,151	87,669	70,452	41,580	79,305	92,285	76,081	84,686	93,707	94,126
Thrifty	12,933	12,096	5,589	7,179	13,968	12,258	10,541	12,014	10,703	2,196
Total CFC Revenue	\$ 399,969	\$ 384,309	\$ 315,207	\$ 218,579	\$ 360,286	\$ 423,129	\$ 345,088	\$ 402,200	\$ 416,225	\$ 374,882
Interest Earned	20,932	3,998	54	607	1,906	2,574	1,328	1,086	852	966
Total CFC Related Revenue	<u>\$ 420,901</u>	<u>\$ 388,307</u>	<u>\$ 315,261</u>	<u>\$ 219,186</u>	<u>\$ 362,192</u>	<u>\$ 425,703</u>	<u>\$ 346,416</u>	<u>\$ 403,286</u>	<u>\$ 417,077</u>	<u>\$ 375,848</u>
Amount per contract	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
Expenditures:										
Capital Projects (1)	\$ 182,172	\$ 6,400	\$ 6,109	\$ 510,392	\$ 79,349	\$ 21,886	\$ 13,158	\$ 58,588	\$ 223,607	\$ -
Debt Service Payments (2)	-	-	268,107	267,722	263,248	264,297	261,777	258,907	263,547	272,663
Total Expenditures	<u>\$ 182,172</u>	<u>\$ 6,400</u>	<u>\$ 274,216</u>	<u>\$ 778,114</u>	<u>\$ 342,597</u>	<u>\$ 286,183</u>	<u>\$ 274,935</u>	<u>\$ 317,495</u>	<u>\$ 487,154</u>	<u>\$ 272,663</u>

(1) Capital project disbursements broken out by fiscal year; general maintenance expenditures are shown net with revenues.

(2) Debt Service relative to CFC is 70% of annual debt service on Series 2014 Bonds which were called and paid off in FY 2022.

Source: Audited Financial Statements

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 14:
Demographic Data - Population
Last Ten Calendar Years (unaudited)

Calendar Year	Air Trade Area	Tennessee
2023	521,528 *	7,126,489
2022	521,528	7,051,339
2021	516,729	6,975,218
2020	512,723	6,886,434
2019	510,851	6,829,174
2018	509,335	6,770,010
2017	508,097	6,708,794
2016	507,053	6,645,011
2015	506,464	6,590,808
2014	507,151	6,540,826

Source: US Department of Commerce - Bureau of Economic Analysis; for Tennessee and the Johnson City-Kingsport-Bristol TN-VA (MSAs).

* - 2022 is the most recent information available at this time

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 15:
Demographic Data - Per Capita Income
Last Ten Calendar Years (unaudited)

Calendar Year	Air Trade Area	Tennessee
2023	\$48,210 *	\$62,229
2022	\$48,210	\$59,162
2021	\$47,772	\$56,560
2020	\$43,444	\$51,046
2019	\$41,029	\$48,761
2018	\$40,140	\$46,900
2017	\$38,490	\$44,950
2016	\$37,336	\$43,726
2015	\$36,894	\$42,593
2014	\$35,762	\$40,801

Source: US Department of Commerce - Bureau of Economic Analysis;
Johnson City-Kingsport-Bristol TN-VA (MSAs).

* - 2022 is the most recent information available at this time

See Independent Auditors' Report.

Tri-Cities Airport Authority

TABLE 16:

**Demographic Data - Unemployment Rate Percentage
Last Ten Calendar Years (unaudited)**

Calendar Year	Air Trade Area	Tennessee
2023	3.8%	3.0%
2022	3.2%	2.9%
2021	2.9%	3.1%
2020	6.8%	7.5%
2019	3.7%	3.4%
2018	3.7%	3.5%
2017	4.1%	3.7%
2016	5.1%	4.7%
2015	5.8%	5.6%
2014	6.7%	6.6%

Source: US Department of Labor - Bureau of Labor Statistics;
annual average rate

Air Trade Area: Johnson City-Kingsport-Bristol TN-VA (MSAs)

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 17:
Demographic Data
Top 10 Employers in Region (unaudited)
Current Year and Nine Years Ago

Company	2023			2014			Industry
	Rank	Employees	Percentage	Rank	Employees	Percentage	
K-VA-T Food Stores, Inc.	1	16,000	31.6%	4	5,201	13.9%	Retail / Supermarket
Ballad Health *	2	14,000	27.7%	1 & 3	15,220	40.6%	Health Care
Eastman Chemical Company	3	7,000	13.8%	2	6,728	17.9%	Chemical, Fibers, Plastics and Special Materials
Advanced Call Center Technologies	4	2,500	4.9%	-	-	-	Telecommunications
James H. Quillen VA Medical Center	5	2,500	4.9%	6	2,188	5.8%	Non-Profit Government Health Care
East Tennessee State University	6	2,248	4.5%	5	2,350	6.3%	Higher Education
Citi Group	7	2,200	4.4%	7	1,700	4.5%	Customer Service Call Center
Sullivan County Dept. of Education	8	1,400	2.8%	8	1,620	4.3%	Public Education
A.O. Smith Water Heaters	9	1,370	2.7%	-	-	-	Water Heater Manufacturing
Kingsport City Schools	10	1,350	2.7%	-	-	-	Public Education
Hawkins County Schools	-	-	-	9	1,300	3.5%	Public Education
Washington County Schools	-	-	-	10	1,200	3.2%	Public Education

* Ballad Health is merger of Mountain States Health Alliance (#1 in 2014) and Wellmont Health Systems (#3 in 2014)

Source: The Business Journal 'The Book of Lists' (2023 and 2014 editions). 2023 was the most recent information available at this time.

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 18:
Employees by Department *
Last Ten Fiscal Years (unaudited)

Fiscal Years Ending June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Full-Time Employees										
Maintenance	10	9	9	9	8	8	9	9	9	9
Public Safety	14	15	16	16	16	16	15	15	15	15
Building Services	11	10	10	10	6	6	6	6	5	5
Airport Services	1	1	1	1	-	-	-	1	1	1
Marketing	2	2	2	1	1	1	1	2	2	2
Air Cargo & Trade Development	1	1	1	1	1	1	1	1	1	1
Administration	10	11	10	10	9	9	8	9	9	9
Airline Services	1	-	-	-	-	-	-	-	-	-
Access Control	3	2	-	-	-	-	-	-	-	-
Total Full-Time Employees	53	51	49	48	41	41	40	43	42	42
Part-Time and Interim Employees										
Airline Services	7	8	8	8	7	7	9	12	13	12
Access Control	2	3	7	7	7	7	7	6	7	7
Airport Services	-	-	-	-	2	2	2	1	1	1
Building Services	-	-	-	-	5	5	5	5	5	3
Administration	-	-	-	-	-	-	-	-	-	1
Total Part-Time Employees	9	11	15	15	21	21	23	24	26	24

* - Based on current active employees as of June 30, 2024.

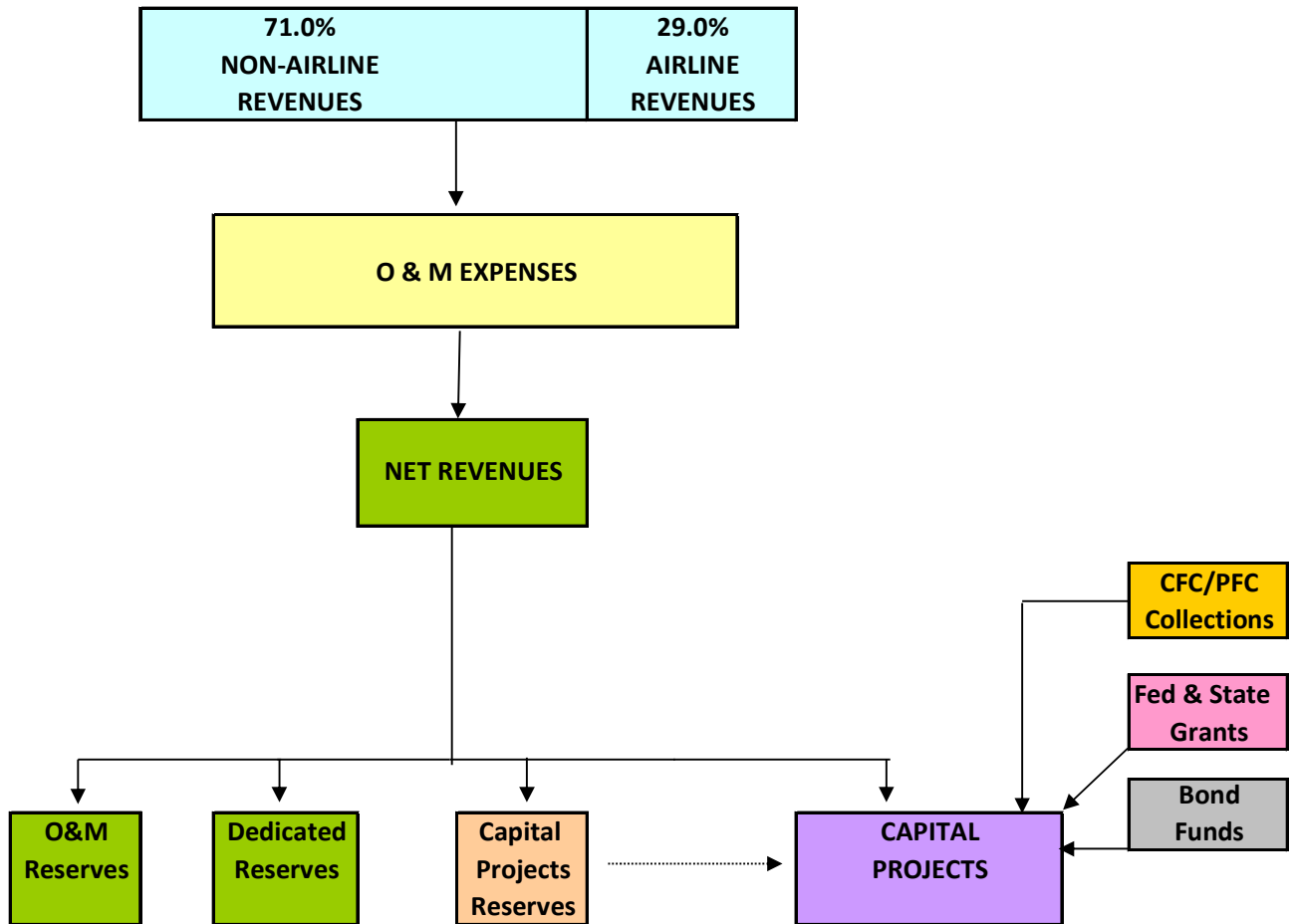
See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 19:
Insurance in Force (unaudited)
June 30, 2024

Type of Policy	Policy Insurer	Expiration Date	Policy Limit	Risk Coverage
Airport Liability	CHUBB	4/1/2025	\$50,000,000	General Liability
Excess Liability	CHUBB	4/1/2025	\$25,000,000	Over \$1M for Auto and \$1M Employment Liability
Environmental Liability	Colony Ins.	4/1/2025	\$2,000,000	Environmental Contamination from above ground tanks
Cyber Security & Cyber Crime	CFC Ins. Co.	4/1/2025	\$1,000,000	Cyber Incident Response, Data Breach, Media and Cyber Crime
Automobile	Cincinnati Ins. Co.	4/1/2025	\$1,000,000	Bodily Injury and Property Damage, Comp/Collision, Non-owned vehicles
Property	Cincinnati Ins. Co.	4/1/2025	\$42,713,840	Buildings, contents, flood, earthquake, landscape
Contractor's Equipment	Cincinnati Ins. Co.	4/1/2025	\$2,386,743	Contractor's equipment
Business Income	Cincinnati Ins. Co.	4/1/2025	\$1,000,000	Loss of Business
Employee Liability	Cincinnati Ins. Co.	4/1/2025	\$1,000,000	Employee Benefits Liability
Equipment	Cincinnati Ins. Co.	4/1/2025	\$1,899,805	Equipment
Public Officials	AXA XL Ins. Co.	4/1/2025	\$5,000,000	Airport Commissioners
Public Officials	AXA XL Ins. Co.	4/1/2025	\$5,000,000	Employment Practices
Crime/Fidelity	Travelers Ins. Co.	4/1/2025	\$250,000	Faithful Performance and Computer Fraud
Notary Bond	Western Surety	12/10/2024	\$25,000	Errors and Omissions
Worker's Comp	AIG Property Casualty AIG Property Casualty	4/1/2025 4/2/2025	\$1,000,000	Employer's liability Employee bodily injury
Health/Medical	United Healthcare	12/31/2024		Medical/Rx/Vision
Dental	Delta Dental of TN	12/31/2024		Dental
Life	MetLife	12/31/2024		Life/AD&D
Voluntary Products	Met Life USABLE AFLAC	12/31/2024		S/T, L/T disability, additional life, dependent coverage, cancer and accident

See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 20:
Flow of Funds



See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 22:
Capital Asset Information
as of June 30, 2024

Land and Facilities:	1,290 +/- acres of land and 89 acres in easements 160 acres prepared for Aeronautical Development	
Elevation:	1,519 feet above mean sea level	
Airport Code:	TRI = FAA or IATA code (ICAO code = KTRI)	
Runways:	ILS Instrument Runway 5/23 - 8,000 feet x 150 feet (Category II) Secondary Runway 9/27 - 4,442 feet x 150 feet	
Terminal:	Airlines - Exclusive/Joint Use	13,193 sf
	Airlines - Common Use	15,278 sf
	Concessions	13,787 sf
	Public/Common	34,681 sf
	Administration	10,316 sf
	Mechanical	15,366 sf
	Other Leaseable	10,911 sf
	Total	<u>113,532 sf</u>
	Number of Passenger Gates	7
	Number of Loading Bridges	2
Apron:	Commercial Airlines	100,200 sq yds
	Cargo Airlines	174,000 sq ft
	FBO	57,800 sq yds
	Aerospace Park	120,000 sq ft
Parking Spaces:	Long-Term	727
	Short-Term	247
	Long Term Overflow	210
	Employee	103
	Ground Transportation	157
	Total Parking Spaces	<u>1,444</u>
Cargo:	Air Cargo Logistics Center	13,000 sq ft
International:	U.S. Customs Station No. 2027	
	Foreign Trade Zone No. 204	
Tower:	TRACON	Open: 6:00 am - 11:59 pm 365 days per year
FBO:	Tri-City Aviation, Inc.	85,000 sq ft Hangar
		12,000 sf ft Climate Controlled Hangar
		21 Tie-Downs and 21 Plane Ports
		10,000 sq ft FBO Terminal
Corporate:	5 Hangars	
Fuel Facilities:	15,000 gallon AVGAS 100 LL	
	60,000 gallon Jet A	

See Independent Auditors' Report.

Internal Control and Compliance

- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
- Independent Auditors' Report on Compliance - Uniform Guidance
- Summary Schedule of Prior Year Findings
- Schedules of Findings and Questioned Costs
- Independent Auditors' Report on Compliance - PFC
- Schedule of Findings and Questioned Costs - PFC



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**INDEPENDENT AUDITORS' 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**

To the Honorable Commissioners
of the Tri-Cities Airport Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Tri-Cities Airport Authority (the Authority), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

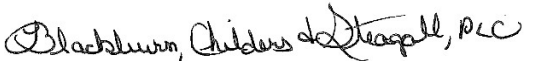
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 8, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Commissioners
of the Tri-Cities Airport Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Tri-Cities Airport Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' 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 Authority'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 generally accepted auditing standards, *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 Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Authority'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 Authority'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 Authority'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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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.


BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 8, 2024

**TRI-CITIES AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR FISCAL YEAR FINDINGS
For the Fiscal Year Ended June 30, 2024**

Prior Year Finding Number	Finding Title	Status
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FINANCIAL STATEMENT FINDINGS

There were no prior fiscal year findings reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior fiscal year findings reported.

**TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024**

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Tri-Cities Airport Authority.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Tri-Cities Airport Authority were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards programs are reported in the Schedule of Findings and Questioned Costs.
5. The independent auditors' report on compliance for the major federal award programs for the Tri-Cities Airport Authority expresses an unmodified opinion. All funds paid and property or services transferred were paid in a manner consistent with 49 U.S.C. paragraph 47107(b) and FAA's Policy and Procedures regarding the use of airport revenue.
6. No audit findings relative to the major federal award programs for the Tri-Cities Airport Authority, which are required to be reported in accordance with 2 CFR section 200.516(a), are reported in this schedule.
7. The program tested as a major program was the Airport Improvement Program Federal Assistance Listing #20.106.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Tri-Cities Airport Authority was determined to be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT AUDIT

Current Year Findings

None Reported.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Current Year Findings

None Reported.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Honorable Commissioners
of the Tri-Cities Airport Authority

Report on Compliance for Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the compliance of the Tri-Cities Airport Authority (the Authority), with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide) for its passenger facility charge program for the fiscal year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to the passenger facility charge program for the fiscal year ended June 30, 2024.

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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guide. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Compliance section of our report.

We are required to be independent of the Authority 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 passenger facility charge program. Our audit does not provide a legal determination of the Authority'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 internal control over compliance with the laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibilities for the Audit of the 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 Authority'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 generally accepted auditing standards, *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 Authority's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Authority'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 Authority'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 Authority'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.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the Authority's compliance with those requirements.

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.

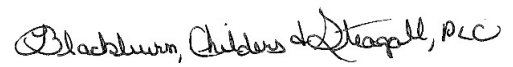
Tri-Cities Airport Authority
Independent Auditors' Report on
Passenger Facility Charge Program

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 compliance requirement of the Guide 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 compliance requirement of the Guide 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 first paragraph of the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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.


BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 8, 2024

**TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PASSENGER FACILITY CHARGE PROGRAM
For the Fiscal Year Ended June 30, 2024**

I. Summary of Auditors' Results

- i. An unmodified report was issued on the financial statements of the Tri-Cities Airport Authority.
- ii. No instances of noncompliance were disclosed by the audit on the Authority's financial statements.
- iii. An unmodified opinion was issued on compliance for the passenger facility charge program.

II. Financial Statement Findings

There were no findings reported related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Findings and Questioned Costs - Passenger Facility Charge Program

There were no findings reported related to the passenger facility charge program.

IV. Status of Prior Year Findings

There were no prior year findings.