

Tri-Cities Airport Authority

Tri-Cities Airport, TN/VA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

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, 2025

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, 2025

Commissioners

Mr. J. Parker Smith, Chairman
Mr. Mark Ireson, Vice Chairman
Mr. Randall Eads, Secretary-Treasurer
Mr. Lewis Wexler, Assistant Secretary-Treasurer
Ms. Cathy Ball
Mr. Jeff Bedard
Ms. Kelli Bourgeois
Mr. Todd Hensley
Mr. Kenneth Huffine
Mr. Ken Maness
Dr. Dan Mahoney
Mr. Richard Venable

Senior Staff

David E. Cossey, President/CEO
David Jones, Chief Operating Officer
Rachel Squibb, Director of Finance
Chris Stipo, Director of Operations
Trevor Rice, Director of Marketing and Air Service Development
Mark Canty, Director of Business Development
Rebecca O'Quinn, Manager of Human Resources and Administrative Services



≈≈≈ Letter of Transmittal ≈≈≈

December 4, 2025

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, 2025, which is prepared in accordance with generally accepted accounting principles (GAAP). The Tri-Cities Airport 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 auditor’s report.

REPORTING ENTITY

The Tri-Cities Airport Authority (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.



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 Board Members
City of Johnson City, Tennessee	3 Board Members
Sullivan County, Tennessee	2 Board Members
City of Kingsport, Tennessee	2 Board Members
City of Bristol, Tennessee	1 Board Member
City of Bristol, Virginia	1 Board Member

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 52 full-time employees, as of June 30, 2025. 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 and ensures all services support the TRI's mission and long-term growth.

David Jones, Chief Operating Officer, oversees compliance with all FAA standards, regulations, and safety requirements. In addition, the COO oversees the preparation and administration of state and federal grant applications, working closely with engineering teams, consultants, and regulatory agencies to secure funding and ensure projects meet all technical and compliance standards.

Chris Stipo, Director of Operations, is responsible for managing and directing the day-to-day activities ensuring a safe, secure and efficient operation at TRI. While overseeing airfield and landside operations, the Director of Operations monitors compliance with FAA Part 139 certification requirements and all applicable operational FAA standards and regulations. Director of operations supervises staff across operations, access control, public safety, maintenance and airline services and manages operational policies, procedures, and training programs to ensure efficiency across all departments.

Rachel Squibb, Director of Finance, is responsible for overseeing financial and accounting functions at TRI, verifying compliance with generally accepted accounting principles (GAAP), Governmental Accounting Standards Board (GASB) requirements, and all applicable federal and state regulations. The Director of Finance manages accounting activities, budgeting, payroll, accounts receivable/payable, and financial reporting for internal management reports as well as external auditors, consultants and regulatory agencies.

Trevor Rice, Director of Marketing and Air Service Development, focuses on strengthening our brand, expanding air service and promoting the TRI as a vital gateway and economic driver for our region. The Marketing department manages our digital presence, website and social media platforms to provide consistent communication and messaging to our passengers. The department also strives to build and maintain strong relationships with tourism organizations, economic development agencies and airline partnerships to grow air service options and elevate the TRI's position as a regional economic asset.

Mark Canty, Director of Business Development, focuses on efforts to grow non-aeronautical revenue streams while maintaining and enhancing relationships with current tenants and concessionaires. The management of Aerospace Park is led by the Director of Business Development. 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. 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.

Rebecca O'Quinn, Manager of Human Resources and Administrative Services, is responsible for all aspects of human resources, including recruitment, onboarding, employee relations, compensation and benefits in compliance with federal and state employment laws and regulations. O'Quinn also oversees leases, contracts, or other agreements with tenants, concessionaires and business partners.

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.

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 airfare prices at TRI, and more non-stop flight options at the other airports.

Passenger traffic continued to recover in fiscal year 2025 from the decline resulting from the Covid-19 pandemic. Authority's specific passenger mix, between business and leisure travel, 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).

Passenger levels continued to strengthen in fiscal year 2025, increasing 5.1 percent from fiscal year 2024. Seat capacity increased at a slightly higher rate, rising 7.3 percent from fiscal year 2024. This additional capacity resulted in a slight decrease in the annual load factor, which decreased from 81.4 percent in fiscal year 2024 to 79.7 percent in fiscal year 2025.

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, 2025. 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 strong increase in collections of 6.87 percent and 7.36 percent, respectively, in the fiscal year ended June 30, 2025, compared to the fiscal year ended June 30, 2024. Statewide for Tennessee the increase in local sales tax collections for the fiscal year 2025 over fiscal year 2024 was 7.14 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 1.1 percent and increase of 0.7 percent, respectively, for the time between June 2025 and 2024. Statewide, Tennessee's total nonfarm employment increased 0.5 percent between June 2025 and 2024. The national employment level remained steady with only a minor decrease of 0.4 percent between September 2025 and 2024.

Unemployment in the metro area of Kingsport-Bristol, TN/VA increased to 4.3 percent as of June 2025 compared to 3.9 percent as of June 2024. Unemployment in the Johnson City, TN metro area increased to 4.2 percent as of June 2025 compared to 3.8 percent as of June 2024. Statewide, Tennessee unemployment increased to 3.5 percent as of June 2025 compared to 3.0 percent as of June 2024. The national average unemployment rate for 2024 was 4.4 percent.

Overall, the retail strength, steady employment gains and continued regional development provide a solid start as the Authority moves into fiscal year 2026. Although the unemployment rates show an increase locally and statewide, the overall economic climate continues to indicate steady consumer activity and sustained business investment. The Authority will continue to monitor national, state and local trends to ensure that operational and financial planning remain in alignment with economic conditions.

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 2025 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; and,
- 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 Tri-Cities Airport 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 received and *(ii.)* the valuation of costs and benefits requires estimates and judgments by management.

As part of the Tri-Cities Airport 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 Tri-Cities Airport 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 Tri-Cities Airport 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.

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, 2025. 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 auditor's 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 auditor's 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

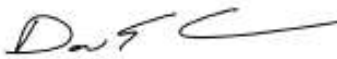
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tri-Cities Airport Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 26th consecutive year that the airport has achieved this prestigious award. A government must publish an easily readable and efficiently organized annual comprehensive financial report to receive a Certificate of Achievement award. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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 Tri-Cities 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, Chris Stipo, Trevor Rice, Rebecca O'Quinn, and Mark Canty for their contributions to this financial report. Special thanks to the finance department staff, Alicia Rhoton, for your hard work and dedication.

Respectfully submitted,



David E. Cossey
Executive Director



Rachel C. Squibb
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tri-Cities Airport Authority
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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Tri-Cities Airport Authority Organizational Chart



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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, 2025



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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, 2025, 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, 2025, 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.

Emphasis of Matter – Change of Accounting Principle

As described in Note 1 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 25-34 and pages 81-85, 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 December 4, 2025, 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, PLLC
Johnson City, Tennessee

December 4, 2025

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, 2025. The Tri-Cities Airport Authority is the governing entity operating the Tri-Cities Airport as of June 30, 2025. 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 2025 increased by 4.9 percent compared to FY 2024. Aircraft Operations increased by 2.9 percent, Aircraft Landed Weights increased by 6.5 percent and Airline Seating Capacity increased by 7.3 percent as airlines responded to increased passenger demand with more flights and larger aircraft. Air Freight activity increased by 43.8 percent for FY 2025 when compared to FY 2024.

Airport Activity Highlights (Continued)

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

Activity	FY 2025	FY 2024	% of Change
Passengers	480,450	457,928	4.9%
Aircraft Operations	45,695	44,428	2.9%
Aircraft Landed Weights (lbs.)	288,041	270,554	6.5%
Seating Capacity	602,216	561,222	7.3%
Air Freight	6,936	4,823	43.8%

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 experienced growth in fiscal year 2025 with a 3.6 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 both State and Federal grant revenue as well as an increase in operating revenues in the fiscal year ending June 30, 2025.

Operating income for FY 2025, before depreciation and amortization, did experience an increase over fiscal year 2025, due to a 14 percent increase in operating revenues. The operating revenue categories reflecting the largest increases in fiscal year 2025 compared to 2024 were rental cars and parking revenues.

Capital contributions received from federal and state grants were \$1,948,471 more in FY 2025 when compared to FY 2024.

Summary of Changes in Net Position

	Fiscal Year Ended June 30,	
	2025	2024
Operating Revenues	\$ 10,029,010	\$ 8,762,237
Operating Expenses	<u>8,988,480</u>	<u>8,491,913</u>
Operating Income Before		
Depreciation	1,040,530	270,324
Less: Depreciation	<u>6,359,561</u>	<u>6,252,387</u>
Operating Loss	(5,319,031)	(5,982,063)
Non-Operating Revenues (Expenses)	<u>1,884,439</u>	<u>1,937,310</u>
Income (Loss) before Capital Contributions	(3,434,592)	(4,044,753)
Capital Contributions	<u>7,758,681</u>	<u>5,810,210</u>
Change in Net Position	\$ 4,324,089	\$ 1,765,457
Net Position Beginning of Fiscal Year	110,775,948	109,010,491
Restatement - GASB 101 Implementation	<u>(372,566)</u>	<u>-</u>
Net Position Beginning of Fiscal Year as Restated	110,403,382	109,010,491
Net Position End of Fiscal Year	<u>\$ 114,727,471</u>	<u>\$ 110,775,948</u>

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 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.

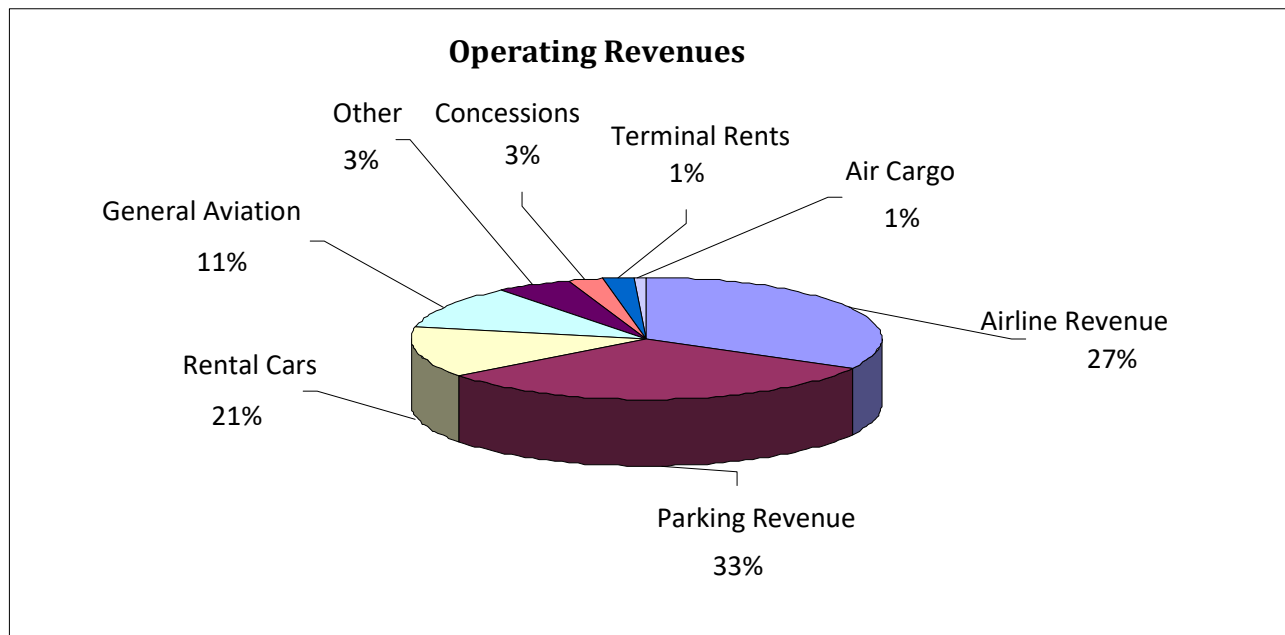
Operating and Non-Operating Revenue Highlights (Continued)

The following schedule presents a summary of revenues for the fiscal years ended June 30, 2025 and 2024:

	Fiscal Year Ended June 30,		Change from	Percent
	2025	2024	2024	Change from
				2024
Operating Revenues				
Airline Revenue	\$ 2,666,931	\$ 2,523,600	\$ 143,331	5.7%
General Aviation	1,180,714	1,105,395	75,319	6.8%
Air Cargo	98,394	91,704	6,690	7.3%
Parking	3,255,251	2,785,668	469,583	16.9%
Rental Cars	2,137,222	1,502,919	634,303	42.2%
Concessions	264,917	237,259	27,658	11.7%
Terminal Rents	94,367	111,455	(17,088)	-15.3%
Other	331,214	404,237	(73,023)	-18.1%
Total Operating Revenues	10,029,010	8,762,237	1,266,773	14.5%
Non-Operating Revenues				
Interest Income	927,333	846,557	80,776	9.5%
Gain on Sale of Assets	12,050	-	12,050	100.0%
CARES, CRRSA and ARP grants	-	1,619	(1,619)	-100.0%
Passenger Facility Charges	871,926	905,724	(33,798)	-3.7%
Customer Facility Charges	242,986	370,784	(127,798)	-34.5%
Total Non-Operating Revenues	2,054,295	2,124,684	(70,389)	-3.3%
TOTAL REVENUES	\$ 12,083,305	\$ 10,886,921	\$ 1,196,384	11.0%
Capital Contributions				
Federal Grant Revenue	\$ 3,234,532	\$ 2,414,769	\$ 819,763	33.9%
State Grant Revenue	4,049,427	2,913,078	1,136,349	39.0%
Other Capital Contributions	474,722	482,363	(7,641)	-1.6%
Total Capital Contributions	\$ 7,758,681	\$ 5,810,210	\$ 1,948,471	33.5%

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, 2025:



Operating Revenues increased by \$1,266,773 or 14.5 percent to \$10,029,010 in fiscal year 2025 from \$8,762,237 in fiscal year 2024.

 Parking revenues increased by 16.9 percent or \$469,583 more than fiscal year 2024.

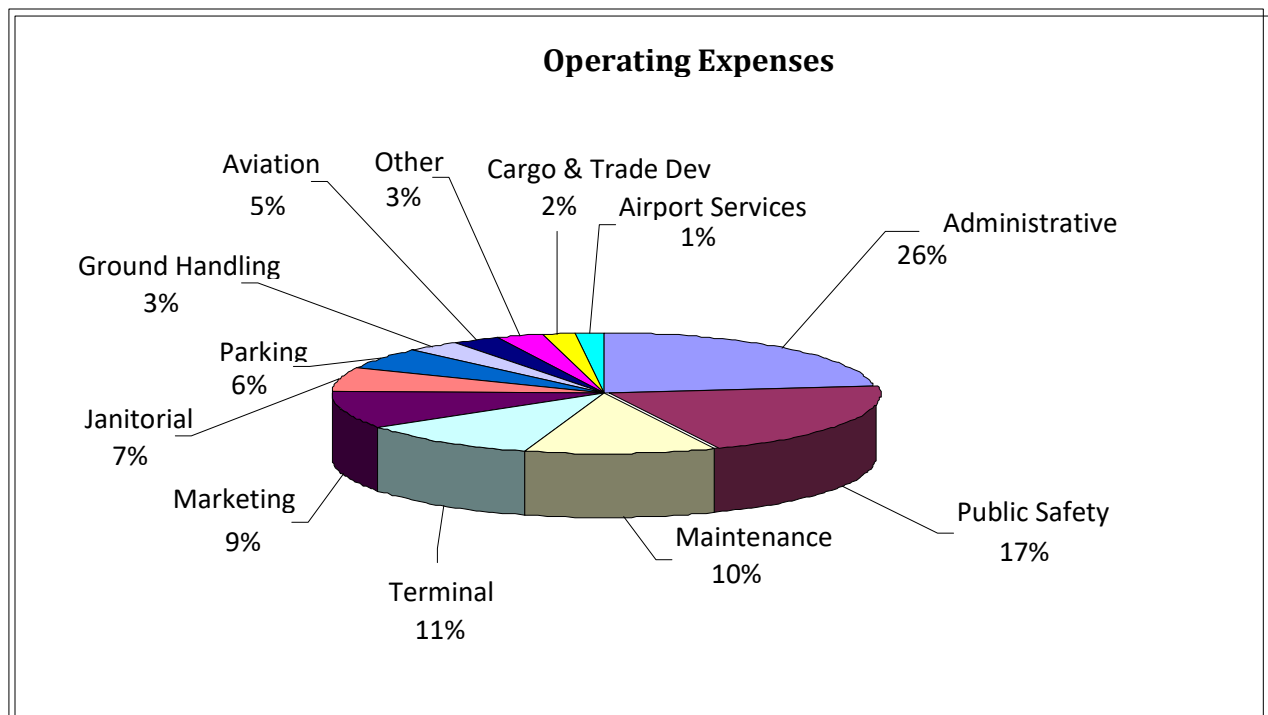
 Rental Car revenue increased by 42.2 percent or \$634,303 more than fiscal year 2024.

Operating Expenses

The following schedule presents a summary of expenses for the fiscal years ended June 30, 2025 and 2024:




Operating Expenses	Fiscal Year Ended June 30,		Change from 2024	Percent Change from 2024
	2025 Amount	2024 Amount		
Administrative	\$ 2,291,512	\$ 2,300,923	(9,411)	-0.4%
Public Safety	1,556,829	1,406,941	149,888	10.7%
Maintenance	939,432	821,752	117,680	14.3%
Terminal	984,176	912,055	72,121	7.9%
Marketing	800,383	849,608	(49,225)	-5.8%
Janitorial	662,166	631,042	31,124	4.9%
Parking	522,076	479,442	42,634	8.9%
Ground Handling	243,595	200,299	43,296	21.6%
Cargo and Trade Dev.	190,996	183,575	7,421	4.0%
Other	264,178	256,496	7,682	3.0%
Aviation	456,910	376,137	80,773	21.5%
Airport Services	76,227	73,643	2,584	3.5%
Total Operating Expenses	\$ 8,988,480	\$ 8,491,913	496,567	5.8%

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, 2025:



Operating Expenses Highlights

Operating Expenses increased 5.8 percent or \$496,567 as compared to the previous year. Variation analysis of the Operating Expenses reveals:

-  Maintenance expenses increased by \$117,680 or 14.3 percent compared to fiscal year 2024 due to maintaining full staffing levels during 2025 and increased in building repairs and equipment maintenance due to the aging of equipment and facilities.
-  Public Safety increased by \$149,888 or 10.7 percent compared to fiscal year 2024 because of an increase in new staff along with training costs associated with the new hires. The department maintained full staffing levels throughout 2025 which increased wages when compared to 2024.
-  Aviation expenses increased by \$80,773 or 21.5 percent compared to fiscal year 2024 due to increase in snow and ice control as well as increase in expense to maintain runways, taxiways and the overall airfield.

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,	
	2025	2024
Current Assets	\$ 25,956,060	\$ 22,632,211
Capital Assets (net)	97,770,172	94,374,236
Noncurrent Assets	4,250,439	4,238,822
Total Assets	127,976,671	121,245,269
Deferred Outflows of Resources	547,143	552,685
Current Liabilities	4,862,054	1,710,953
Noncurrent Liabilities	4,643,684	5,122,766
Total Liabilities	9,505,738	6,833,719
Deferred Inflows of Resources	4,290,605	4,188,287
Net Investment in Capital Assets	94,238,608	90,796,151
Restricted	2,093,852	1,140,670
Unrestricted	18,395,011	18,839,127
Total Net Position	\$ 114,727,471	\$ 110,775,948

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.

Non-Signatory Airline Rates and Charges (FY 2025)

Terminal Square Foot Rate per year	\$38.00
Landing Fee (per 1,000 lbs. MGLW)	\$ 2.70
Apron Fee, per Turn	\$10.80
Passenger Loading Bridge Per Use	\$24.00
Joint Use Ticket Counter Fee per Departure	\$44.00
Public Safety Reimbursement	50% of Public Safety Budget

Capital Acquisitions and Construction Activities

During fiscal year 2025, several capital improvement projects were started and completed. Listed below are some of the major projects.

Completed Projects

In FY 2025 the Authority achieved substantial completion of several large projects which were started in prior fiscal years:

The Authority completed the Airport Facilities Roofing project which was awarded in FY 2023. The project included rehabilitation to three building facilities to provide a full watertight roofing systems that provide a safe environment for operations while minimizing water damages and operational disruptions. The project cost equaled approximately \$1.8 million.

The Terminal and Apron Energy Improvement project was awarded in FY 2022. The project consisted of improvements to reduce energy consumption related to a wide range of terminal building and apron equipment. The project cost was approximately \$2 million.

Current Projects

Projects began in fiscal year 2025 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 in the previous fiscal year. The planning phase of the project is estimated to cost approximately \$2.3 million. During FY2025, the Authority began the construction phase of this project to Runway 5 and Taxiway A. The cost of construction is estimated to be approximately \$5.2 million.

The Authority began the construction of a general aviation box hangar during fiscal year 2025. The estimate cost of construction is approximately \$2.9 million.

The Authority started the planning and design phase of the terminal passenger checkpoint expansion project. This project will design the expansion of the TSA checkpoint and is estimated to cost \$850,000 for the design phase.

The Authority began construction of an expansion on the employee lot and addition of passenger long-term parking. The project is estimated to cost approximately \$3 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, 2025, is \$4,820,000. 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. In December of 2024, an application was approved for \$4,359,067 to cover nine additional projects. As of June 30, 2025, the total combined PFC collection authority for the Authority is \$24,695,919 million.

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, 2025, the airport's rental car concessionaires had collected \$8,096,321 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 1.1 percent and increased 0.7 percent, respectively, between June 2025 and June 2024. Statewide, Tennessee total nonfarm employment increased 0.5 percent between June 2025 and June 2024.

Unemployment in the metro area of Kingsport-Bristol, TN/VA increased to 4.3 percent as of June 2025 compared to 3.8 percent as of June 2024. Unemployment in the Johnson City, TN metro area increased to 4.2 percent as of June 2025 compared to 3.8 percent as of June 2024. Statewide, Tennessee unemployment increased to 3.5 percent as of June 2025 compared to 3.0 percent as of June 2024. The national average unemployment rate for 2024 was 4.0 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, 2025

ASSETS

CURRENT ASSETS

Cash on Hand	\$	2,304
Cash in Bank		8,854,320
Cash Equivalent		4,468,268
Cash on Deposit with Local Government Investment Pool		4,366,421
Restricted Assets		
Cash in Bank - Passenger Facility Charges		1,104,007
Cash in Bank - Customer Facility Charges		886,597
Cash in Bank - Aerospace Park		2,397,876
PFC Receivable		91,163
Accounts Receivable - Operations (Net of Allowance, \$30,000)		502,339
Grants Receivable		3,126,353
Prepaid Expenses		156,412
		156,412
Total Current Assets		25,956,060

NONCURRENT ASSETS

Capital Assets		
Land		29,731,165
Construction in Progress		9,803,622
Runways and Roads		117,845,049
Parking Lot		5,722,649
Terminal Building		28,168,510
Other Buildings		21,414,720
Furniture and Fixtures		14,484
Equipment and Vehicles		13,048,699
Master Plans		1,089,247
Less: Accumulated Depreciation		(129,067,973)
Net Capital Assets		97,770,172
Restricted Assets		
Cash on Deposit with Other Governmental Entities - Debt Service Reserve		22,988
Net Pension Asset - Plan 2		12,085
Leases Receivable		4,182,462
Utility Deposits		5,329
Equipment Deposits		27,575
Total Noncurrent Assets		102,020,611

TOTAL ASSETS

127,976,671

DEFERRED OUTFLOWS OF RESOURCES

Pension Contributions After Measurement Date - Plans 1 and 2		301,795
Pension Changes in Experience - Plans 1 and 2		225,856
Pension Changes in Assumptions - Plan 2		19,492
		19,492

TOTAL DEFERRED OUTFLOWS OF RESOURCES

547,143

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2025

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable - Operations	2,591,821
Accounts Payable - Construction	1,060,282
Accrued Expenses	92,204
Accrued Interest	27,126
Accrued Wages	99,002
Accrued Compensated Absences	686,619
Bonds Payable	<u>305,000</u>
Total Current Liabilities	<u>4,862,054</u>
NONCURRENT LIABILITIES	
Bonds Payable, Net	4,564,159
Deposits from Lessees	8,600
Post-Employment Healthcare Benefits Liability	48,093
Net Pension Liability - Plan 2	<u>22,832</u>
Total Noncurrent Liabilities	<u>4,643,684</u>
TOTAL LIABILITIES	<u>9,505,738</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Changes in Experience - Plan 2	17,799
Net Pension Changes in Investment Earnings - Plans 1 and 2	135,521
Deferred Inflows - Lease Related	<u>4,137,285</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,290,605</u>
NET POSITION	
Net Investment in Capital Assets	94,238,608
Restricted - Net Pension Asset - Plan 2	12,085
Restricted - Passenger Facility	1,195,170
Restricted - Customer Facility	886,597
Unrestricted	<u>18,395,011</u>
TOTAL NET POSITION	<u><u>\$ 114,727,471</u></u>

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, 2025

OPERATING REVENUES	
Airline Revenue	
Landing Fees	\$ 770,469
Rents	1,896,462
Total Airline Revenue	<u>2,666,931</u>
Non-Airline Revenues	
General Aviation	1,180,714
Air Cargo	98,394
Parking Revenue	3,255,251
Rental Car Revenue	2,137,222
Terminal Concessions	264,917
Terminal Space Rents	94,367
Other Revenues	331,214
Total Non-Airline Revenues	<u>7,362,079</u>
Total Operating Revenues	<u>10,029,010</u>
OPERATING EXPENSES	
Aviation Area	
Utilities	13,462
Maintenance - Buildings	75,916
Power Vault - Diesel Fuel and Maintenance	13,297
Runway, Taxiway and Field Maintenance	111,562
Lighting and Electrical Maintenance	50,875
Field and Gate Maintenance	10,166
Fuel Farm Maintenance	24,287
Snow and Ice Control	96,590
Ramps and Aprons	16,807
Equipment Rental	5,315
Contract Mowing	19,520
Environmental Compliance	12,696
Wildlife Control	6,417
Total Aviation Area	<u>456,910</u>
Terminal Area	
Electricity	283,374
Heating Fuel	33,020
Water and Sewer	33,167
Landscape Water	2,556
Telephone	19,334
Electrical Maintenance	8,637
HVAC Maintenance	68,047
Building Repairs and Parts	90,270
Plumbing	36,702
Landscape Service	54,195
Equipment and Furnishings	3,443

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2025

OPERATING EXPENSES (CONTINUED)

Terminal Area (Continued)

Roadway, Parking Lots and Field Maintenance Expense	175,537
Contract Mowing	52,616
Elevator Contract	52,314
Trash Removal Contract	49,824
Other Contractual Services	21,140
Total Terminal Area	984,176

Air Cargo Center

Utilities	26,330
Repairs and Maintenance	15,422
Total Air Cargo Center	41,752

Other Properties

Office Annex	
Utilities	16,285
Other Property - Land and Buildings	2,426
Total Other Properties	18,711

General Area - Public Safety

Salaries	931,473
FICA Contributions and Unemployment	70,212
Retirement	55,390
Insurance	241,029
General Personnel Expense	23,700
Fire Hall Expense	29,470
Security - Parking and Identification	12,125
Medical Supplies	3,211
Vehicle Fuel	15,490
Supplies	12,824
Equipment Maintenance	55,249
Training	40,935
Uniforms	9,698
Dues and Subscriptions	9,138
Office Supplies	1,613
Telephone	4,822
Access Control	38,825
Medical and Psychological Testing	1,625
Total General Area - Public Safety	1,556,829

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2025

OPERATING EXPENSES (CONTINUED)

General Area - Maintenance	
Salaries	511,035
FICA Contributions and Unemployment	37,621
Retirement	37,419
Insurance	149,711
General Personnel Expense	13,134
Utilities	12,111
Heating Fuel	3,515
Repairs and Maintenance	92,983
Gas and Oil	29,560
Small Tools	18,766
Uniforms - Maintenance	8,353
Supplies	17,344
Training	7,880
Total General Area - Maintenance	<u>939,432</u>
General Area - Janitorial	
Salaries	403,014
FICA Contributions and Unemployment	29,752
Retirement	24,513
Insurance	124,313
General Personnel Expense	5,636
Supplies	62,627
Repairs and Maintenance	3,172
Uniforms	6,390
Snow Removal and Other	2,749
Total General Area - Janitorial	<u>662,166</u>
General Area - Airport Services	
Salaries	49,815
FICA Contributions and Unemployment	3,591
Retirement	2,585
Insurance	18,412
General Personnel Expense	445
Supplies	229
Training	1,150
Total General Area - Airport Services	<u>76,227</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2025

OPERATING EXPENSES (CONTINUED)

Marketing	
Salaries	161,786
FICA Contributions and Unemployment	12,689
Retirement	7,111
Insurance	24,989
General Personnel Expense	8,193
Advertising	9,839
Research and Development	17,574
Consulting Services	93,730
Marketing Initiative	348,968
Program Materials	36,044
Airline Relations	26,428
Community Relations	14,052
Travel	34,949
Professional Affiliations	1,128
Office Supplies	2,903
Total Marketing	<u>800,383</u>
Administrative	
Salaries	1,027,402
Engineering Services	94,951
FICA Contributions and Unemployment	77,634
Retirement	114,016
Medical Insurance	132,757
General Personnel Expense	62,152
Accounting	58,636
Legal	17,143
Insurance	312,179
Dues and Subscriptions	39,902
Consulting Services	72,412
Office Supplies	43,457
Telephone	25,855
Maintenance	6,674
Seminars and Conferences	50,538
General Administrative Expense	154,362
Postage and Handling	1,442
Total Administrative	<u>2,291,512</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2025

OPERATING EXPENSES (CONTINUED)

Air Cargo and Trade Development

Foreign Trade Zone	
Contract Services	6,612
Professional Affiliations	3,366
Total Foreign Trade Zone	9,978

Administrative

Supplies, Furniture and Fixtures	2,886
Total Administrative	2,886

Personnel

Salaries	122,974
FICA Contributions and Unemployment	9,138
Medical Insurance	25,837
General Personnel Expense	1,063
Retirement	19,120
Total Personnel	178,132

Total Air Cargo and Trade Development	190,996
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Parking

Salaries	285,314
FICA Contributions and Unemployment	21,193
General Personnel Expense	54,358
Uniforms	467
Supplies	1,172
Ticket and Printing Expense	618
Office Supplies	4,615
Recruiting	136
Repairs and Maintenance	19,010
Liability Insurance	480
Utilities	6,248
Postage and Freight	122
Telephone	3,697
Financial Services	2,757
Credit Card Discount	85,237
Miscellaneous	8,212
Management Fee	28,440
Total Parking	522,076

Business Development

Partnerships	500
Programs and Materials	900
Total Business Development	1,400

RAC Service Facility

Utilities	100,232
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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, 2025

OPERATING EXPENSES (CONTINUED)

Ground Handling Services

Salaries	173,328
FICA Contributions and Unemployment	13,271
Retirement	3,616
General Personnel Expense	9,669
Training	1,760
Supplies	6,124
Equipment and Maintenance	32,639
Miscellaneous	3,188
Total Ground Handling Services	243,595

Fixed-Based Operation

Salaries	353
FICA Contributions and Unemployment	224
Retirement	17
Equipment Maintenance	1,025
Miscellaneous	1,577
Staff Trainings	4,865
Total Fixed-Based Operation	8,061

Aerospace Park

Industry Travel	5,380
Marketing	42,734
Contracted Services	45,908
Total Aerospace Park	94,022

Total Operating Expenses 8,988,480

Operating Income (Loss) before Depreciation 1,040,530

Less: Depreciation 6,359,561

Operating Loss (5,319,031)

NONOPERATING REVENUES (EXPENSES)

Interest Income	927,333
Interest Expense	(169,856)
Gain (Loss) on Sale of Assets	12,050
PFC Revenue	871,926
CFC Revenue	242,986
Total Nonoperating Revenues (Expenses)	1,884,439

Loss before Capital Contributions (3,434,592)

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2025

CAPITAL CONTRIBUTIONS	
Federal Grants	3,234,532
State Grants	4,049,427
Other Capital Contributions	<u>474,722</u>
Total Capital Contributions	<u>7,758,681</u>
CHANGE IN NET POSITION	<u>4,324,089</u>
NET POSITION, JULY 1, AS PREVIOUSLY PRESENTED	110,775,948
Restatement - GASB 101 Implementation/Compensated Absences	<u>(372,566)</u>
NET POSITION, JULY 1, AS RESTATED	<u>110,403,382</u>
NET POSITION, JUNE 30	<u><u>\$ 114,727,471</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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 9,946,954
Cash Payments to Suppliers for Goods and Services	(1,197,953)
Cash Payments to Employees for Services	(3,643,909)
Cash Payments for Employee Benefits	(1,470,536)
Cash Payments for Insurance	<u>(282,314)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,352,242</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(9,399,383)
Proceeds from the Sale of Assets	12,050
Capital Grants Received	5,525,314
PFC Funds Received	936,377
CFC Funds Received	242,986
Interest Paid	(175,886)
Bond Payment	<u>(290,000)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,148,542)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>927,333</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>927,333</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,131,033
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	<u>20,971,748</u>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u><u>\$ 22,102,781</u></u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2025

RECONCILIATION OF OPERATING LOSS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (5,319,031)
Adjustments	
Depreciation	6,359,561
(Increase) Decrease in Assets	
Net Accounts Receivable	(53,767)
Prepaid Expenses	29,865
Leases Receivable	468
Net Pension Assets	(12,085)
Deferred Outflows for Pensions	141,062
Increase (Decrease) in Liabilities	
Accounts Payable	2,322,525
Accrued Expenses	64,489
Accrued Compensated Absences	5,176
Accrued Wages	17,409
Deferred Inflows for Pensions	(4,445)
Deferred Inflows for Leases	(28,758)
Net OPEB Liability	(2,643)
Net Pension Liabilities	<u>(167,584)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,352,242</u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash on Hand	\$ 2,304
Cash in Bank	8,854,320
Cash Equivalent	4,468,268
Cash in Bank - Passenger Facility Charges	1,104,007
Cash in Bank - Customer Facility Charges	886,597
Cash in Bank - Aerospace Park	2,397,876
Cash on Deposit with Local Government Investment Pool	4,366,421
Cash on Deposit with Other Governmental Entities - Debt Service Reserve	<u>22,988</u>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u>\$ 22,102,781</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, 2025

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.

Restatement of Beginning Balances – Compensated Absences

During the current year, the Authority implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Authority now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effect of the change in accounting principle is a reduction to beginning net position for \$372,556, which is the estimated amount of sick leave liability at the beginning of the fiscal year.

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.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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
Furniture and Fixtures	5-20 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.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Cash Equivalents (Continued)

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.

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.

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 \$24,695,919 for construction and debt payments of FAA approved improvements. Under the approved applications, collections extend until January 1, 2029. PFC revenues recognized as earned by the Authority for the fiscal year ended June 30, 2025, was \$871,926 and recognized as non-operating revenues.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2025, 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.

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.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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.

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, 2025, are recorded as prepaid. Prepaid expenses consisted of the following:

Insurance	<u>\$ 156,412</u>
Total Prepaid Expenses	<u><u>\$ 156,412</u></u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 29,576,057	155,108	-	29,731,165
Construction in Progress	3,588,391	11,183,624	(4,968,393)	9,803,622
Total Capital Assets, Not Being Depreciated	33,164,448	11,338,732	(4,968,393)	39,534,787
Capital Assets, Being Depreciated				
Runways and Roads	117,823,487	24,650	(3,088)	117,845,049
Parking Lot	5,722,649	-	-	5,722,649
Terminal Building	28,185,003	101,932	(118,425)	28,168,510
Other Buildings	19,354,767	2,059,953	-	21,414,720
Furniture and Fixtures	-	14,484	-	14,484
Equipment and Vehicles	12,653,107	1,184,765	(789,173)	13,048,699
Master Plans	1,089,247	-	-	1,089,247
Total Capital Assets, Being Depreciated	184,828,260	3,385,784	(910,686)	187,303,358
Accumulated Depreciation				
Runways and Roads	(78,455,171)	(3,767,831)	3,099	(82,219,903)
Parking Lot	(4,915,411)	(204,496)	-	(5,119,907)
Terminal Building	(17,090,924)	(1,169,345)	118,425	(18,141,844)
Other Buildings	(11,186,991)	(733,911)	-	(11,920,902)
Furniture and Fixtures	-	-	-	-
Equipment and Vehicles	(10,907,809)	(476,971)	788,536	(10,596,244)
Master Plans	(1,062,166)	(7,007)	-	(1,069,173)
Total Accumulated Depreciation	(123,618,472)	(6,359,561)	910,060	(129,067,973)
Net Capital Assets, Being Depreciated	61,209,788	(2,973,777)	(626)	58,235,385
Net Capital Assets	\$ 94,374,236	8,364,955	(4,969,019)	97,770,172

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.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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, 2025

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
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
2031-2035	1,905,000	432,751	2,337,751
2036-2038	1,295,000	94,637	1,389,637
	<u>\$ 4,820,000</u>	<u>1,243,188</u>	<u>6,063,188</u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Aerospace Park Series 2018 Bonds (Continued)

Long-term liability activity for the fiscal year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 5,110,000	-	(290,000)	4,820,000	305,000
Plus: Premium	53,014	-	(3,855)	49,159	-
Total Bonds Payable	<u>5,163,014</u>	<u>-</u>	<u>(293,855)</u>	<u>4,869,159</u>	<u>305,000</u>
Compensated Absences*	308,878	4,825	-	313,703	313,703
Sick Leave**	372,566	350	-	372,916	73,277
Total Long-Term Liabilities	<u>\$ 5,844,458</u>	<u>5,175</u>	<u>(293,855)</u>	<u>5,555,778</u>	<u>691,980</u>

*Net change has been reported for compensated absences.

**Net change has been reported for accrued sick leave. New category for the Authority's accrued sick leave due to the implementation of GASB Statement No. 101, *Compensated Absences*.

<u>Entities Providing Guarantees</u>	<u>Amount of Guarantee</u>	<u>Amount Paid June 30, 2025</u>	<u>Cumulative Amount Paid</u>	<u>Outstanding Balance</u>
<u>Principal</u>				
Sullivan County, Tennessee	\$ 2,290,750	(98,965)	(610,750)	1,680,000
City of Johnson City, Tennessee	1,912,500	(83,760)	(512,500)	1,400,000
City of Kingsport, Tennessee	1,589,500	(70,465)	(429,500)	1,160,000
City of Bristol, Tennessee	794,750	(35,233)	(214,750)	580,000
Guarantee to Pay Principal	<u>6,587,500</u>	<u>(288,423)</u>	<u>(1,767,500)</u>	<u>4,820,000</u>
<u>Interest</u>				
Sullivan County, Tennessee	953,788	(57,500)	(520,919)	432,869
City of Johnson City, Tennessee	795,496	(51,450)	(434,265)	361,231
City of Kingsport, Tennessee	659,740	(39,750)	(339,953)	319,787
City of Bristol, Tennessee	329,457	(19,870)	(180,157)	149,300
Guarantee to Pay Interest	<u>2,738,481</u>	<u>(168,570)</u>	<u>(1,475,294)</u>	<u>1,263,187</u>
Total Nonexchange Financial Guarantee	<u>\$ 9,325,981</u>	<u>(456,993)</u>	<u>(3,242,794)</u>	<u>6,083,187</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.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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.

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, 2025

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, 2025

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, 2024, the following employees were covered by the benefit terms:

Plan 1

Inactive employees or beneficiaries currently receiving benefits	64
Inactive employees entitled to but not yet receiving benefits	35
Active employees	9
	108
	108

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	10
Active employees	41
	54
	54

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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, 2025, the employer contributions for the Authority were \$135,082 based on a rate of 20.06 percent of covered payroll for Plan 1 and \$166,714 based on a rate of 6.80 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, 2024, 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, 2024 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, 2024 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, 2025

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, 2025

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 6/30/2023	\$ 11,640,939	11,459,829	181,110
Changes for the fiscal year:			
Service Cost	71,069	-	71,069
Interest	765,042	-	765,042
Differences Between Expected and Actual Experience	213,563	-	213,563
Changes in Assumptions	-	-	-
Contributions - Employer	-	158,903	(158,903)
Contributions - Employees	-	-	-
Net Investment Income	-	1,089,337	(1,089,337)
Benefit Payments, Including Refunds of Employee Contributions	(756,110)	(756,110)	-
Administrative Expense	-	(5,371)	5,371
Net Changes	<u>293,564</u>	<u>486,759</u>	<u>(193,195)</u>
Balance at 6/30/2024	<u>\$ 11,934,503</u>	<u>11,946,588</u>	<u>(12,085)</u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 6/30/2023	\$ 727,153	717,847	9,306
Changes for the fiscal year:			
Service Cost	106,638	-	106,638
Interest	56,047	-	56,047
Differences Between Expected and Actual Experience	68,771	-	68,771
Changes in Assumptions	-	-	-
Contributions - Employer	-	144,274	(144,274)
Net Investment Income	-	76,638	(76,638)
Benefit Payments	(6,926)	(6,926)	-
Administrative Expense	-	(2,982)	2,982
Net Changes	<u>224,530</u>	<u>211,004</u>	<u>13,526</u>
Balance at 6/30/2024	<u>\$ 951,683</u>	<u>928,851</u>	<u>22,832</u>

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)	<u>\$ 1,229,327</u>	<u>(12,085)</u>	<u>(1,066,657)</u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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)	\$ 195,791	22,832	(116,526)

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

Pension Expense (Negative Pension Expense)

Plan 1

For the fiscal year ended June 30, 2025, the Authority recognized pension expense (negative pension expense) of \$133,619.

Plan 2

For the fiscal year ended June 30, 2025, the Authority recognized pension expense (negative pension expense) of \$125,120.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2025, 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	\$ 106,781	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		125,897
Changes in Assumptions	-	-
Contributions Subsequent to the Measurement Date of June 30, 2024	135,082	(not applicable)
Total	\$ 241,863	125,897

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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:		
2026	\$	11,071
2027		23,163
2028		9,641
2029		9,606
2030		18,338
Thereafter		39,325

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	\$ 106,781	119,075	225,856
Contributions Subsequent to Measurement Date	\$ 135,082	166,713	301,795
Changes in Assumptions	\$ -	19,492	19,492
Deferred Inflows Related to Pensions			
Differences Between Expected and Actual Experience	\$ -	(17,799)	(17,799)
Differences Between Projected and Actual Investment Earnings	\$ (125,897)	(9,624)	(135,521)
Total Pension Expense	\$ 133,619	\$ 125,120	\$ 258,739

NOTE 12 - DEFINED CONTRIBUTION PLAN

The Authority offers a multiple-employer defined contribution (401(k)) 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 \$125,120 and employer contributions totaled \$166,714 for the fiscal year ended June 30, 2025.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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, 2024 measurement date, the following employees were covered by benefit terms:

Active Full-Time	49
Retirees	0
Total	49

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, 2023 and a measurement date of July 1, 2024.

Actuarial Assumptions

Discount Rate	A discount rate of 4.13% was used as of June 30, 2023. The discount based on S&P Municipal Bond 20-Year High Grade Index.
	A discount rate of 4.21% 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, 2025

NOTE 13 - POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Payroll Growth Rate 2023 TCRS Salary Growth Table

<u>Age</u>	<u>Rate</u>
25	7.5%
35	5.8%
45	4.5%
55	3.7%

Inflation Rate 2.25% per year.

Cost Method 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:

- 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 Active employees with current coverage: 100%
Active employees with no coverage: 0%

Inactive employees with current coverage: 100%
Inactive employees with no coverage: 0%

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, 2025

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, 2024	\$ 50,736
Changes for the year:	
Service Cost	1,540
Interest	2,036
Assumption Changes	(219)
Benefit Payments	(6,000)
Net Changes	(2,643)
Balance at June 30, 2025	\$ 48,093

**TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025**

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 4.21 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 (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

		1.00% Decrease (3.21%)	Current Discount Rate (4.21%)	1.00% Increase (5.21%)
Post-Employment Healthcare Benefit Liability	\$	50,922	48,093	45,474

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, 2025, the Authority recognized Post-Employment Healthcare Benefit income of \$2,643. 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 \$29,160 for the fiscal year ended June 30, 2025.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 \$4,468,268 at June 30, 2025.

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 \$17,900,000 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 prior year, the three rental car leases were extended for three years.

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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
2026	\$ 1,378,779	1,302,520	76,259
2027	1,378,779	1,351,539	27,240
	<u>\$ 2,757,558</u>	<u>2,654,059</u>	<u>103,499</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
2026	\$ 340,452	292,536	47,916
2027	335,628	294,868	40,760
2028	335,628	305,965	29,663
2029	335,628	317,480	18,148
2030	323,784	317,555	6,229
	<u>\$ 1,671,120</u>	<u>1,528,404</u>	<u>142,716</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, 2025

NOTE 18 - LESSOR AGREEMENTS (CONTINUED)

Regulated leases include the following:

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 \$93,397 for the fiscal year ended June 30, 2025.

Future minimum lease payments are as follows:

Cargo Center Terminal Space	
Fiscal Year Ending June 30	Total to be Received
2026	\$ 81,118
2027	49,019
2028	49,019
2029	49,019
2030	49,019
Thereafter	1,070,252
	<u>\$ 1,347,446</u>

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 \$541,460 for the fiscal year ended June 30, 2025.

Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Total to be Received
2026	\$ 504,324
2027	447,746
2028	164,856
2029	164,856
2030	61,176
Thereafter	688,230
	<u>\$ 2,031,188</u>

TRI-CITIES AIRPORT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - LESSOR AGREEMENTS (CONTINUED)

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 \$168,482 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
2026	\$ 188,162
2027	194,914
2028	201,970
2029	165,109
2030	38,121
Thereafter	6,353
	\$ 794,629
	794,629

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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	147,240	125,439	113,586	112,525	100,550	93,729	81,406	96,882	85,807	71,069
Interest	627,504	652,992	661,468	685,678	703,695	726,416	742,840	742,239	747,162	765,042
Differences between Actual and Expected Experience	14,422	(212,485)	29,228	(48,316)	32,110	(41,537)	(108,489)	(149,568)	139,042	213,563
Change of Assumptions	-	-	292,916	-	-	-	586,293	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(415,589)	(439,452)	(442,710)	(473,462)	(505,351)	(526,928)	(552,552)	(582,386)	(628,678)	(756,110)
Net Change in Total Pension Liability	<u>373,577</u>	<u>126,494</u>	<u>654,488</u>	<u>276,425</u>	<u>331,004</u>	<u>251,680</u>	<u>749,498</u>	<u>107,167</u>	<u>343,333</u>	<u>293,564</u>
Total Pension Liability - Beginning	<u>8,427,273</u>	<u>8,800,850</u>	<u>8,927,344</u>	<u>9,581,832</u>	<u>9,858,257</u>	<u>10,189,261</u>	<u>10,440,941</u>	<u>11,190,439</u>	<u>11,297,606</u>	<u>11,640,939</u>
Total Pension Liability - Ending (a)	<u>8,800,850</u>	<u>8,927,344</u>	<u>9,581,832</u>	<u>9,858,257</u>	<u>10,189,261</u>	<u>10,440,941</u>	<u>11,190,439</u>	<u>11,297,606</u>	<u>11,640,939</u>	<u>11,934,503</u>
Plan Fiduciary Net Position										
Contributions - Employer	283,053	269,362	269,242	244,093	231,695	255,370	256,391	238,193	224,350	158,903
Contributions - Employee	-	-	-	-	-	-	-	-	99	-
Net Investment Income	238,941	208,038	892,612	711,035	671,865	467,258	2,476,929	(449,759)	734,664	1,089,337
Benefit Payments, including Refunds of Employee Contributions	(415,589)	(439,452)	(442,710)	(473,462)	(505,351)	(526,928)	(552,552)	(582,386)	(628,678)	(756,110)
Administrative Expense	(1,776)	(2,358)	(2,529)	(2,570)	(2,178)	(2,127)	(2,016)	(1,807)	(4,347)	(5,371)
Net Change in Plan Fiduciary Net Position	<u>104,629</u>	<u>35,590</u>	<u>716,615</u>	<u>479,096</u>	<u>396,031</u>	<u>193,573</u>	<u>2,178,752</u>	<u>(795,759)</u>	<u>326,088</u>	<u>486,759</u>
Plan Fiduciary Net Position - Beginning	<u>7,825,214</u>	<u>7,929,843</u>	<u>7,965,433</u>	<u>8,682,048</u>	<u>9,161,144</u>	<u>9,557,175</u>	<u>9,750,748</u>	<u>11,929,500</u>	<u>11,133,741</u>	<u>11,459,829</u>
Plan Fiduciary Net Position - Ending (b)	<u>7,929,843</u>	<u>7,965,433</u>	<u>8,682,048</u>	<u>9,161,144</u>	<u>9,557,175</u>	<u>9,750,748</u>	<u>11,929,500</u>	<u>11,133,741</u>	<u>11,459,829</u>	<u>11,946,588</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>871,007</u>	<u>961,911</u>	<u>899,784</u>	<u>697,113</u>	<u>632,086</u>	<u>690,193</u>	<u>(739,061)</u>	<u>163,865</u>	<u>181,110</u>	<u>(12,085)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.10%	89.23%	90.61%	92.93%	93.80%	93.39%	106.60%	98.55%	98.44%	100.10%
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	1,118,395	792,138
Net Pension Liability as a Percentage of Covered Payroll	55.70%	65.07%	60.63%	51.69%	49.38%	54.10%	-57.82%	13.86%	16.19%	-1.53%

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

	<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>	<u>2025</u>
Actuarially Determined Contribution	\$ 269,242	244,093	231,695	255,370	256,391	238,193	212,552	224,350	158,903	135,082
Contributions in relation to the										
Actuarially Determined Contribution	<u>269,242</u>	<u>244,093</u>	<u>231,695</u>	<u>255,370</u>	<u>256,391</u>	<u>238,193</u>	<u>212,552</u>	<u>224,350</u>	<u>158,903</u>	<u>135,082</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 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	673,388
Contributions as a Percentage of										
Covered Payroll	18.14%	18.10%	18.10%	20.02%	20.06%	20.15%	20.06%	20.06%	20.06%	20.06%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023 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 fair 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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 20,529	28,803	35,818	45,698	52,275	48,149	59,734	71,838	86,920	106,638
Interest	2,078	5,549	9,125	14,001	19,138	20,814	26,630	34,775	43,686	56,047
Differences between Actual and Expected Experience	15,401	6,313	14,796	4,581	(44,176)	(266)	18,628	13,770	38,661	68,771
Change of Assumptions	-	-	1,833	-	-	-	31,875	-	-	-
Benefit Payments, including refunds of employee contributions	-	-	-	-	-	-	(110)	(2,087)	(4,799)	(6,926)
Net Change in Total Pension Liability	38,008	40,665	61,572	64,280	27,237	68,697	136,757	118,296	164,468	224,530
Total Pension Liability - Beginning	7,173	45,181	85,846	147,418	211,698	238,935	307,632	444,389	562,685	727,153
Total Pension Liability - Ending (a)	\$ 45,181	85,846	147,418	211,698	238,935	307,632	444,389	562,685	727,153	951,683
Plan Fiduciary Net Position										
Contributions - Employer	\$ 20,529	29,532	52,913	56,194	56,040	67,945	68,971	81,936	114,186	144,274
Net Investment Income	740	1,309	10,310	12,825	16,540	14,839	98,220	(21,083)	41,831	76,638
Benefit Payments, including refunds of employee contributions	-	-	-	-	-	-	(110)	(2,087)	(4,799)	(6,926)
Administrative Expense	(324)	(796)	(1,073)	(1,287)	(1,362)	(1,574)	(1,807)	(2,648)	(1,975)	(2,982)
Net Change in Plan Fiduciary Net Position	20,945	30,045	62,150	67,732	71,218	81,210	165,274	56,118	149,243	211,004
Plan Fiduciary Net Position - Beginning	13,912	34,857	64,902	127,052	194,784	266,002	347,212	512,486	568,604	717,847
Plan Fiduciary Net Position - Ending (b)	\$ 34,857	64,902	127,052	194,784	266,002	347,212	512,486	568,604	717,847	928,851
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 10,324	20,944	20,366	16,914	(27,067)	(39,580)	(68,097)	(5,919)	9,306	22,832
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.15%	75.60%	86.18%	92.01%	111.33%	112.87%	115.32%	101.05%	98.72%	97.60%
Covered Payroll	\$ 347,955	531,211	711,204	755,288	768,728	919,420	1,045,020	1,334,653	1,684,158	2,090,935
Net Pension Liability (Asset) as a Percentage of Covered Payroll	2.97%	3.94%	2.86%	2.24%	-3.52%	-4.30%	-6.52%	-0.44%	0.55%	1.09%

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>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>	<u>2025</u>
Actuarially Determined Contribution	\$ 52,913	56,194	56,040	67,945	68,971	81,936	110,308	114,186	144,280	166,714
Contributions in relation to the										
Actuarially Determined Contribution	<u>52,913</u>	<u>56,194</u>	<u>56,040</u>	<u>67,945</u>	<u>68,971</u>	<u>81,936</u>	<u>110,308</u>	<u>114,186</u>	<u>144,280</u>	<u>166,714</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 711,204	755,288	768,728	919,420	1,045,020	1,334,653	1,626,962	1,684,158	2,091,013	2,451,672
Contributions as a Percentage of										
Covered Payroll	7.44%	7.44%	7.29%	7.39%	6.60%	6.14%	6.78%	6.78%	6.90%	6.80%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023 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 fair 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 of 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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
TOTAL POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY						
Service Cost	\$ 2,142	\$ 2,302	\$ 2,782	\$ 3,057	\$ 2,146	\$ 1,540
Interest	3,542	3,491	2,779	2,337	3,915	2,036
Change in Assumptions	2,087	4,871	2,579	(9,403)	(1,723)	(219)
Differences Between Expected and Actual Experience	-	(6,105)	(6,183)	(6,065)	(47,187)	-
Benefit Payments	-	-	-	-	-	(6,000)
NET CHANGE IN POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY	7,771	4,559	1,957	(10,074)	(42,849)	(2,643)
TOTAL POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY - BEGINNING	<u>89,372</u>	<u>97,143</u>	<u>101,702</u>	<u>103,659</u>	<u>93,585</u>	<u>50,736</u>
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>	<u>\$ 48,093</u>
COVERED EMPLOYEE PAYROLL	N/A	N/A	N/A	N/A	N/A	N/A
NET POST-EMPLOYMENT HEALTHCARE BENEFITS LIABILITY (ASSET) AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	N/A	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 4.13 percent at June 30, 2024 to 4.21 percent at June 30, 2025 using the yield for a 20-year tax-exempt general obligation municipal bond as of June 30, 2024.

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, 2025**

Federal Assistance Listings				Expenditures ^a
Number	Grantor Agency	Grant Number	Program Description	
20.106	Federal Aviation Administration	AIP 3-47-0004-76	Airport Coronavirus Response Grant Program Concessions Addendum	47,295
		AIP 3-47-0004-81	Master Plan Update	444,779
		AIP 3-47-0004-83	ATP Checkpoint Expansion	764,730
		AIP 3-47-0004-84	Extend Runway 5 Safety Area Taxiway A Realignment - Phase 1	780,509
		AIP 3-47-0004-85	Airport Development and Rehabilitate Taxiway A (Phase 2)	914,171
		AIP 3-47-0004-086	Bipartisan Infrastructure Law Airport Infrastructure Grant	122,433
		AIP 3-47-0004-87	Construct Airport Drainage / Erosion Control	160,615
				<u>\$ 3,234,532</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, 2025

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, 2025. 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 #3-47-0004-76
 COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
 Cumulative for the Grant to June 30, 2025**

<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>
Concession Relief	\$ 47,295	47,295	47,295	-	-
	<u>\$ 47,295</u>	<u>47,295</u>	<u>47,295</u>	<u>-</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (100%)	\$ 47,295	47,295	47,295	-	-
	<u>\$ 47,295</u>	<u>47,295</u>	<u>47,295</u>	<u>-</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, 2025**

<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	\$ 494,199	1,165,695	1,432,847	267,152	-
	<u>\$ 494,199</u>	<u>1,165,695</u>	<u>1,432,847</u>	<u>267,152</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (90%)	\$ 444,779	1,049,125	1,289,562	240,437	-
Tri-Cities Airport Authority	49,420	116,570	143,285	26,715	-
	<u>\$ 494,199</u>	<u>1,165,695</u>	<u>1,432,847</u>	<u>267,152</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-83
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2025

<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 Concourse Connector - Expansion - Design	\$ 852,166	852,166	804,979	(47,187)	-
	<u>\$ 852,166</u>	<u>852,166</u>	<u>804,979</u>	<u>(47,187)</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (95%)	\$ 764,730	764,730	764,730	-	-
Tri-Cities Airport Authority	87,436	87,436	40,249	(47,187)	-
	<u>\$ 852,166</u>	<u>852,166</u>	<u>804,979</u>	<u>(47,187)</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-84
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2025

<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 Realignment - Phase 1	\$ 821,588	821,588	2,343,783	1,522,195	-
	<u>\$ 821,588</u>	<u>821,588</u>	<u>2,343,783</u>	<u>1,522,195</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (95%)	\$ 780,509	780,509	2,226,594	1,446,085	-
Tri-Cities Airport Authority	41,079	41,079	117,189	76,110	-
	<u>\$ 821,588</u>	<u>821,588</u>	<u>2,343,783</u>	<u>1,522,195</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
 FEDERAL GRANT AIP #3-47-0004-85
 COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
 Cumulative for the Grant to June 30, 2025**

<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 Realignment - Phase 2	\$ 962,285	914,171	5,324,442	4,410,271	-
	<u>\$ 962,285</u>	<u>914,171</u>	<u>5,324,442</u>	<u>4,410,271</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (95%)	\$ 914,171	868,462	5,058,220	4,189,758	-
Tri-Cities Airport Authority	48,114	45,709	266,222	220,513	-
	<u>\$ 962,285</u>	<u>914,171</u>	<u>5,324,442</u>	<u>4,410,271</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-86
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2025**

<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>
Avigation Easements	\$ 155,108	155,108	128,878	(26,230)	-
	<u>\$ 155,108</u>	<u>155,108</u>	<u>128,878</u>	<u>(26,230)</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (95%)	\$ 122,433	122,433	122,433	-	-
Tri-Cities Airport Authority	32,675	32,675	6,445	(26,230)	-
	<u>\$ 155,108</u>	<u>155,108</u>	<u>128,878</u>	<u>(26,230)</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
FEDERAL GRANT AIP #3-47-0004-87
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2025

<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>
Construct Airport Drainage / Erosion Control	\$ 169,068	169,068	471,094	302,026	-
	<u>\$ 169,068</u>	<u>169,068</u>	<u>471,094</u>	<u>302,026</u>	<u>-</u>
<u>Share of Cost</u>					
Federal Grant (90%)	\$ 160,615	160,615	447,539	286,924	-
Tri-Cities Airport Authority	8,453	8,453	23,555	15,102	-
	<u>\$ 169,068</u>	<u>169,068</u>	<u>471,094</u>	<u>302,026</u>	<u>-</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2025

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 and B	211,769
		82-555-0763-23	Airport Facilities Roofing Project	292,175
		82-555-0764-24	General Aviation Aircraft Storage Box Hangar	2,619,198
		82-555-0765-24	Public Safety, Maintenance, and Airport GSE Department Vehicle and Equipment Replacement	504,600
		82-555-0766-25	Taxiway R1 Corporate Hangar Expansion	207,910
		82-555-0767-25	Long-Term Parking Rehabilitation and Exit Plaza Replacement	198,889
		82-555-0768-25		
			Comprehensive Parking and Revenue Control System Upgrade	10,136
		82-555-0769-25	Administrative Office Renovation	4,750
				<u>\$ 4,049,427</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, 2025**

<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 and B	\$ 222,915	456,690	489,005	32,315	-
	<u>\$ 222,915</u>	<u>456,690</u>	<u>489,005</u>	<u>32,315</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 211,769	433,750	464,555	30,805	-
Tri-Cities Airport Authority	11,146	22,940	24,450	1,510	-
	<u>\$ 222,915</u>	<u>456,690</u>	<u>489,005</u>	<u>32,315</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, 2025**

<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	\$ 307,553	1,887,414	2,095,264	207,850	-
	<u>\$ 307,553</u>	<u>1,887,414</u>	<u>2,095,264</u>	<u>207,850</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 292,175	1,793,043	1,990,501	197,458	-
Tri-Cities Airport Authority	15,378	94,371	104,763	10,392	-
	<u>\$ 307,553</u>	<u>1,887,414</u>	<u>2,095,264</u>	<u>207,850</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, 2025**

<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	\$ 2,802,989	2,933,307	2,887,369	(45,938)	-
	<u>\$ 2,802,989</u>	<u>2,933,307</u>	<u>2,887,369</u>	<u>(45,938)</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 2,619,198	2,743,000	2,743,000	-	-
Tri-Cities Airport Authority	183,791	190,307	144,369	(45,938)	-
	<u>\$ 2,802,989</u>	<u>2,933,307</u>	<u>2,887,369</u>	<u>(45,938)</u>	<u>-</u>

(Continued)

TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0765-25
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2025

<u>Project Description</u>	<u>Current Year</u> <u>Expenditures</u>	<u>Cumulative</u> <u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u> <u>(Over) Under</u> <u>Budget</u>	<u>Questioned</u> <u>Costs</u>
Public Safety, Maintenance, and Airport GSE Department Vehicle and Equipment Replacement	\$ 530,687	530,687	530,687	-	-
	<u>\$ 530,687</u>	<u>530,687</u>	<u>530,687</u>	<u>-</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 504,600	504,600	504,600	-	-
Tri-Cities Airport Authority	26,087	26,087	26,087	-	-
	<u>\$ 530,687</u>	<u>530,687</u>	<u>530,687</u>	<u>-</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
TENNESSEE GRANT 82-555-0766-25
COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
Cumulative for the Grant to June 30, 2025**

<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 R1 Corporate Hangar Expansion	\$ 218,853	218,853	219,894	1,041	-
	<u>\$ 218,853</u>	<u>218,853</u>	<u>219,894</u>	<u>1,041</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 207,910	207,910	208,899	989	-
Tri-Cities Airport Authority	10,943	10,943	10,995	52	-
	<u>\$ 218,853</u>	<u>218,853</u>	<u>219,894</u>	<u>1,041</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
 TENNESSEE GRANT 82-555-0767-25
 COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
 Cumulative for the Grant to June 30, 2025**

<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>
Long-Term Parking Rehabilitation and Exit Plaza Replacement	\$ 209,357	209,357	216,630	7,273	-
	<u>\$ 209,357</u>	<u>209,357</u>	<u>216,630</u>	<u>7,273</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 198,889	198,889	205,800	6,911	-
Tri-Cities Airport Authority	<u>10,468</u>	<u>10,468</u>	<u>10,830</u>	<u>362</u>	<u>-</u>
	<u>\$ 209,357</u>	<u>209,357</u>	<u>216,630</u>	<u>7,273</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
 TENNESSEE GRANT 82-555-0768-25
 COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
 Cumulative for the Grant to June 30, 2025**

<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>
Comprehensive Parking and Revenue Control System Upgrade	\$ 10,669	10,669	998,102	987,433	-
	<u>\$ 10,669</u>	<u>10,669</u>	<u>998,102</u>	<u>987,433</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 10,136	10,136	948,200	938,064	-
Tri-Cities Airport Authority	533	533	49,902	49,369	-
	<u>\$ 10,669</u>	<u>10,669</u>	<u>998,102</u>	<u>987,433</u>	<u>-</u>

(Continued)

**TRI-CITIES AIRPORT AUTHORITY
 TENNESSEE GRANT 82-555-0769-25
 COMPARISON OF ACTUAL EXPENDITURES TO BUDGET
 Cumulative for the Grant to June 30, 2025**

<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>
Administrative Office Renovation	\$ 5,000	5,000	124,540	119,540	-
	<u>\$ 5,000</u>	<u>5,000</u>	<u>124,540</u>	<u>119,540</u>	<u>-</u>
<u>Share of Cost</u>					
State Grant (95%)	\$ 4,750	4,750	118,313	113,563	-
Tri-Cities Airport Authority	250	250	6,227	5,977	-
	<u>\$ 5,000</u>	<u>5,000</u>	<u>124,540</u>	<u>119,540</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, 2025**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Cash Balance, July 1, 2024					\$ 367,114
Passenger Facility Charges Collected	235,931	302,245	219,195	179,006	936,377
Interest Earned	6,758	8,876	10,279	11,896	37,809
Expenditures on Approved PFC Projects					
Application No. 9 23-09-C-00-TRI	-	-	(41,508)	(195,785)	<u>(237,293)</u>
Cash Balance, June 30, 2025					1,104,007
PFC Receivable, June 30, 2025					<u>91,163</u>
Restricted PFC Funds					<u>\$ 1,195,170</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2025
Aerospace Park Bonds (Taxable), Series 2018	\$ 8,500,000	3.0% to 4.5%	3/19/2018	5/1/2038	\$ 5,110,000	-	290,000	4,820,000
Total Bonds Payable					<u>\$ 5,110,000</u>	<u>-</u>	<u>290,000</u>	<u>4,820,000</u>

See Independent Auditors' Report.

TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS -
AEROSPACE PARK SERIES 2018 BONDS
June 30, 2025

Fiscal Year Ending June 30	Principal	Interest	Total Requirements
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
	\$ 4,820,000	1,243,188	6,063,188

See Independent Auditors' Report.

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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)

	<u>FY 2025</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>
OPERATING REVENUES										
Airline Revenue	\$ 2,666,931	\$ 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
General Aviation	1,180,714	1,105,395	1,110,272	915,284	760,910	776,453	807,132	800,678	819,540	791,583
Air Cargo	98,394	91,704	122,049	115,391	108,923	106,821	105,562	105,794	97,491	96,478
Parking Revenue	3,255,251	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
Rental Car Revenue	2,137,222	1,502,919	1,690,209	1,486,319	1,101,493	1,080,098	995,250	1,003,119	973,619	953,139
Terminal Concessions	264,917	237,259	226,207	159,359	92,200	144,322	145,832	115,086	113,867	111,062
Terminal Space Rents	94,367	111,455	111,600	116,984	114,781	119,770	117,738	125,056	124,689	120,991
Other Revenues	331,214	404,237	390,246	412,555	306,568	267,681	275,633	280,670	290,515	276,434
TOTAL OPERATING REVENUES	<u>\$ 10,029,010</u>	<u>\$ 8,762,237</u>	<u>\$ 8,692,820</u>	<u>\$ 7,540,502</u>	<u>\$ 5,773,823</u>	<u>\$ 6,780,245</u>	<u>\$ 7,268,899</u>	<u>\$ 7,077,618</u>	<u>\$ 6,806,062</u>	<u>\$ 6,593,732</u>
OPERATING EXPENSES										
Aviation Area	\$ 456,910	\$ 376,137	\$ 351,171	\$ 308,550	\$ 312,962	\$ 332,368	\$ 324,571	\$ 269,066	\$ 259,177	\$ 279,083
Terminal Area	984,176	912,055	1,062,050	967,377	814,400	885,630	828,699	746,767	722,508	679,005
Air Cargo Center	41,752	39,638	25,366	27,769	16,608	21,514	27,493	26,775	24,737	21,322
Other Properties	18,711	44,575	22,970	31,599	11,979	21,522	21,560	20,937	25,149	13,841
General Area - Public Safety	1,556,829	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
General Area - Maintenance	939,432	821,752	771,342	781,374	738,570	759,890	795,288	773,562	785,025	721,190
General Area - Janitorial	662,166	631,042	503,714	470,118	424,320	458,044	427,578	428,698	420,171	397,841
General Area - Airport Services	76,227	73,643	62,083	47,321	36,474	31,581	35,895	50,748	75,868	73,253
Marketing	800,383	849,608	722,719	731,870	559,593	611,863	578,108	543,703	532,549	529,902
Administrative	2,291,512	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
Air Cargo and Trade Development	190,996	183,575	170,295	138,904	147,789	151,460	127,258	122,018	126,838	123,108
Parking	522,076	479,442	429,032	388,606	332,914	390,928	381,800	365,167	350,146	416,953
Engineering	-	-	-	-	-	-	2,668	5,968	70,794	50,736
Business Development	1,400	1,946	-	1,410	3,301	2,284	6,878	11,388	18,919	32,206
RAC Service Facility	100,232	51,805	94,547	57,391	69,628	72,963	74,308	114,940	81,421	76,268
Ground Handling Services	243,595	200,299	205,787	153,071	155,348	157,427	150,109	162,931	155,480	156,373
Fixed-Based Operations	8,061	-	-	-	-	-	-	-	-	-
Aerospace Park	94,022	118,532	88,512	174,684	106,695	87,423	158,184	156,075	87,309	53,581
TOTAL OPERATING EXPENSES	<u>\$ 8,988,480</u>	<u>\$ 8,491,913</u>	<u>\$ 7,490,408</u>	<u>\$ 7,129,439</u>	<u>\$ 6,589,205</u>	<u>\$ 7,050,275</u>	<u>\$ 6,630,795</u>	<u>\$ 6,460,859</u>	<u>\$ 6,430,436</u>	<u>\$ 6,177,281</u>
OPERATING INCOME BEFORE DEPRECIATION & AMORTIZATION										
AMORTIZATION	\$ 1,040,530	\$ 270,324	\$ 1,202,412	\$ 411,063	\$ (815,382)	\$ (270,030)	\$ 638,104	\$ 616,759	\$ 375,626	\$ 416,451
LESS: DEPRECIATION	6,359,561	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
OPERATING LOSS	<u>\$ (5,319,031)</u>	<u>\$ (5,982,063)</u>	<u>\$ (4,977,848)</u>	<u>\$ (5,854,895)</u>	<u>\$ (7,030,214)</u>	<u>\$ (6,299,899)</u>	<u>\$ (5,139,338)</u>	<u>\$ (5,127,980)</u>	<u>\$ (5,075,467)</u>	<u>\$ (4,411,542)</u>
OTHER NON-OPERATING REVENUES (EXPENSES)	<u>1,884,439</u>	<u>1,937,310</u>	<u>5,817,573</u>	<u>7,128,570</u>	<u>3,185,135</u>	<u>884,404</u>	<u>1,108,946</u>	<u>913,910</u>	<u>1,172,161</u>	<u>1,225,176</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>\$ (3,434,592)</u>	<u>\$ (4,044,753)</u>	<u>\$ 839,725</u>	<u>\$ 1,273,675</u>	<u>\$ (3,845,079)</u>	<u>\$ (5,415,495)</u>	<u>\$ (4,030,392)</u>	<u>\$ (4,214,070)</u>	<u>\$ (3,903,306)</u>	<u>\$ (3,186,366)</u>
CAPITAL CONTRIBUTIONS	<u>7,758,681</u>	<u>5,810,210</u>	<u>6,651,884</u>	<u>6,690,017</u>	<u>5,527,476</u>	<u>6,278,249</u>	<u>6,183,985</u>	<u>2,538,212</u>	<u>2,710,960</u>	<u>6,495,422</u>
CHANGE IN NET POSITION	<u>\$ 4,324,089</u>	<u>\$ 1,765,457</u>	<u>\$ 7,491,609</u>	<u>\$ 7,963,692</u>	<u>\$ 1,682,397</u>	<u>\$ 862,754</u>	<u>\$ 2,153,593</u>	<u>\$ (1,675,858)</u>	<u>\$ (1,192,346)</u>	<u>\$ 3,309,056</u>
NET POSITION AT FISCAL YEAR-END										
NET INVESTMENT IN CAPITAL ASSETS	\$ 94,238,608	\$ 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
RESTRICTED - PASSENGER FACILITY CHARGE, CUSTOMER FACILITY CHARGE AND NET PENSION ASSET	2,093,852	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
UNRESTRICTED	18,395,011	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
TOTAL NET POSITION	<u>\$114,727,471</u>	<u>\$110,775,948</u>	<u>\$109,010,491</u>	<u>\$101,518,882</u>	<u>\$93,555,190</u>	<u>\$ 91,893,560</u>	<u>\$ 91,030,806</u>	<u>\$ 88,877,212</u>	<u>\$ 90,553,070</u>	<u>\$ 91,745,416</u>

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)

	<u>FY 2025</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>
Cash Flows From Operating Activities										
Cash received from customers	\$ 9,946,954	\$ 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
Cash payments to suppliers	(1,197,953)	(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)
Cash payments to employees	(3,643,909)	(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)
Cash paid out for employee benefits	(1,470,536)	(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)
Cash payments for insurance	(282,314)	(326,783)	(272,163)	(267,237)	(229,364)	(231,942)	(313,828)	(282,784)	(246,781)	(341,623)
Net Cash Provided by (Used for) Operating Activities	<u>3,352,242</u>	<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>
Cash Flows From Capital and Related Financing Activities										
Acquisition and Construction of Capital Assets	(9,399,383)	(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)
Proceeds from Sale of Assets	12,050	(7,019)	1,036	1,692	2,074	-	(4,736)	19,316	5,181	8,329
Capital Grants and Contributions received	5,525,314	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
PFC Funds Received	936,377	825,030	832,948	812,130	388,999	817,347	843,718	786,320	802,454	878,698
CFC Funds Received	242,986	370,784	341,259	315,207	218,579	360,286	423,129	345,088	402,200	416,225
Interest Paid	(175,886)	(188,260)	(200,131)	(291,973)	(319,666)	(338,680)	(387,688)	(52,169)	(59,868)	(66,067)
Interest Received - Lease Related	-	39,101	-	-	-	-	-	-	-	-
Cost of Issuing Debt	-	-	-	-	-	-	-	(110,526)	-	-
Bond Proceeds	-	-	-	-	-	-	-	8,500,000	-	-
Principal paid on long-term debt	(290,000)	(275,000)	(265,000)	(2,715,475)	(665,000)	(640,000)	(590,000)	(320,000)	(310,000)	(310,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,148,542)</u>	<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>
Cash Flows From Noncapital and Related Financing Activities										
Cares Act Funds Received	-	1,122,236	4,429,830	7,226,619	2,542,327	-	-	-	-	-
Net Cash Provided by (Used for) NonCapital and Related Financing Activities	<u>-</u>	<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>
Cash Flows From Investing Activities										
Purchase of Investments	-	-	-	-	-	(196,233)	(242,069)	(15,260)	(19,487)	(9,258)
Sales of Investments	-	-	-	-	2,875,901	-	-	10,003	317,706	-
Interest Received	927,333	807,456	92,730	6,415	54,877	153,045	208,845	49,215	14,145	13,068
Net Cash Provided By (Used for) Investing Activities	<u>927,333</u>	<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>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>1,131,033</u>	<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>
Cash and Cash Equivalents at Beginning 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>
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 22,102,781</u>	<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>

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>
2025	\$ 2,397,876	\$ 22,988	\$ -	\$ 1,104,007	\$ 886,597	\$ 4,411,468
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

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 2025</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>
Airline Revenues:										
Landing Fees	\$ 770,469	\$ 693,145	\$ 667,540	\$ 551,256	\$ 457,357	\$ 614,605	\$ 672,938	\$ 659,770	\$ 628,126	\$ 572,808
Terminal Rents	931,246	888,647	893,527	830,233	834,550	877,864	876,593	874,337	864,845	842,998
Security Reimbursements	770,998	772,288	823,889	788,508	786,952	673,219	656,614	664,005	624,384	620,879
Jetway Fees	68,718	50,094	42,642	37,242	32,266	38,844	25,542	16,218	17,730	10,455
Other	125,500	119,425	92,632	107,984	99,439	108,875	125,618	137,380	129,645	123,620
Total Airline Revenue	2,666,931	2,523,599	2,520,230	2,315,223	2,210,564	2,313,407	2,357,305	2,351,710	2,264,730	2,170,760
<i>Percent of Total Operating Revenues</i>	<u>26.6%</u>	<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>
Non-Airline Revenues										
Parking	3,255,251	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
<i>Percent of Total Operating Revenues</i>	<u>32.5%</u>	<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>
Rental Car	2,137,222	1,502,919	1,690,209	1,486,319	1,101,493	1,080,098	995,250	1,003,119	973,619	953,139
Other	1,969,606	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
Total Non-Airline Revenues	7,362,079	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
<i>Percent of Total Operating Revenues</i>	<u>73.4%</u>	<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>
Total Operating Revenues	10,029,010	8,762,236	8,692,819	7,540,502	5,773,823	6,780,245	7,268,899	7,077,618	6,806,062	6,593,732
<i>Percent of Total Revenues</i>	<u>83.0%</u>	<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>
Nonoperating Revenues										
Passenger Facility Charges	871,926	905,724	840,163	817,959	420,258	696,293	846,989	813,207	806,322	846,289
Customer Facility Charges	242,986	370,784	341,259	315,207	218,579	360,286	423,129	345,088	402,200	416,225
Interest Income	927,333	846,557	92,730	6,415	54,877	153,045	208,845	49,215	14,145	13,068
Federal Grants - Coronavirus Relief Funds	-	1,619	4,738,660	6,269,668	2,780,809	-	-	-	-	-
Gain (Loss) on Sale of Assets	12,050	(7,019)	1,036	1,691	2,074	5,092	(4,736)	19,316	5,181	8,329
Total Nonoperating Revenues	2,054,295	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
<i>Percent of Total Revenues</i>	<u>17.0%</u>	<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>
Total Revenues	\$ 12,083,305	\$ 10,879,901	\$ 14,706,667	\$ 14,951,442	\$ 9,250,420	\$ 7,994,961	\$ 8,743,126	\$ 8,304,444	\$ 8,033,910	\$ 7,877,643
Enplaned Passengers (excluding charters)	241,674	229,586	211,907	185,842	112,585	172,492	211,406	199,399	202,665	213,500
Airline Revenue Per enplaned passenger	\$ 11.04	\$ 10.99	\$ 11.89	\$ 12.46	\$ 19.63	\$ 13.41	\$ 11.15	\$ 11.79	\$ 11.17	\$ 10.17
Parking Revenue per enplaned passenger	\$ 13.47	\$ 12.13	\$ 11.90	\$ 10.87	\$ 9.58	\$ 11.43	\$ 11.66	\$ 11.51	\$ 10.47	\$ 9.71
Total Revenue Per enplaned passenger	\$ 50.00	\$ 47.39	\$ 69.40	\$ 80.45	\$ 82.16	\$ 46.35	\$ 41.36	\$ 41.65	\$ 39.64	\$ 36.90

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 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Landing Fees (per 1,000 lbs. MGLW)	\$ 2.70	\$ 2.60	\$ 2.60	\$ 2.47	\$ 2.47	\$ 2.60	\$ 2.65	\$ 2.53	\$ 2.49	\$ 2.32
Terminal Rental Rates (per square foot)	\$ 38.00	\$ 36.30	\$ 36.30	\$ 34.49	\$ 34.49	\$ 36.30	\$ 36.21	\$ 36.10	\$ 35.73	\$ 34.85
Terminal Aircraft Parking Apron Fee, per turn	\$ 10.80	\$ 10.80	\$ 10.80	\$ 10.26	\$ 10.26	\$ 10.80	\$ 12.09	\$ 11.42	\$ 11.18	\$ 11.07
Jetway Use Fee (per use)	\$ 24.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 17.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 15.00
Annual Security Reimbursement *	\$ 799,000	\$ 720,700	\$ 823,885	\$ 790,066	\$ 786,952	\$ 673,221	\$ 656,614	\$ 660,441	\$ 624,384	\$ 620,879

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

	PARKING RATES									
	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Long-Term Parking - Daily **	\$ 10.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 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	\$ 16.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 14.00	\$ 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)

<u>Airline</u>	<u>FY 2025</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>
Allegiant Air	22,975	25,620	25,004	19,485	13,353	16,306	21,535	24,989	25,010	26,018
US Airways Express (Air Wisconsin)	-	-	-	-	-	-	-	-	-	-
American Airlines (Mesa Jet)	-	-	4,273	-	-	-	-	-	-	-
Sky West	853	11,333	29,596	-	17,116	-	-	-	-	-
American (Envoy)	31,784	33,642	10,320	-	-	-	-	-	-	-
American (Sky West)	-	-	14,880	-	-	-	-	-	-	-
American (US Airways-Piedmont)	80,965	66,808	35,594	35,784	36,022	71,904	49,673	39,413	54,527	58,111
American (US Airways-PSA Airlines)	7,017	14,242	40,113	24,433	4,228	9,262	17,827	20,378	9,503	7,792
DELTA (XJT Express Jet)	98,080	77,941	51,101	106,140	41,866	75,020	122,371	114,619	113,625	121,579
Sub-Total Air Carriers	241,674	229,586	210,881	185,842	112,585	172,492	211,406	199,399	202,665	213,500
Charters	350	624	1,026	730	747	889	1,477	1,119	682	913
Total	242,024	230,210	211,907	186,572	113,332	173,381	212,883	200,518	203,347	214,413

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 2025</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>
Air Wisconsin	-	-	-	-	-	-	-	47	47	94
Allegiant Airlines	23,905	25,852	25,803	20,189	19,717	18,357	22,144	26,254	27,688	26,739
Mesa Jet	-	-	5,068	-	-	-	-	-	-	-
American (Envoy)	36,866	39,558	14,760	-	-	-	-	-	-	-
American (Piedmont)	92,102	75,820	40,944	39,023	72,152	81,840	55,690	47,717	62,394	62,081
American (PSA Airlines)	9,560	19,911	54,845	31,449	6,454	13,888	23,787	29,935	15,248	12,219
American (Sky West)	-	-	19,363	-	-	-	-	-	-	-
Sky West Airlines	1,557	13,198	36,745	-	-	-	-	-	-	-
Delta	121,099	92,255	59,218	132,511	86,808	122,317	152,318	156,826	147,139	145,399
Subtotal	285,089	266,594	256,746	223,172	185,131	236,402	253,939	260,779	252,516	246,532
Charters	1,728	2,736	3,456	2,882	3,834	3,034	3,961	2,595	2,254	2,451
Total Air Carriers	286,817	269,330	260,202	226,054	188,965	239,436	257,900	263,374	254,770	248,983
<u>Cargo Carriers</u>										
AmeriFlight	-	-	26	-	-	-	-	-	-	-
Ascent	-	-	29	-	-	-	-	-	-	-
Air Charter	-	-	26	-	-	-	-	-	-	-
Quest Diagnostic	1,224	1,224	1,224	1,224	1,224	1,020	1,224	1,224	1,290	1,296
Berry Aviation	-	-	-	-	-	-	-	27	-	25
IFL	-	-	-	-	57	-	-	29	-	-
Royal Air Freight	-	-	-	-	-	-	31	28	-	-
Solstas	-	-	-	-	-	-	-	-	-	-
Ruslan	-	-	-	-	-	-	-	-	-	-
Other	-	-	29	-	169	327	381	1,421	209	25
Total Cargo Carriers	1,224	1,224	1,334	1,224	1,450	1,347	1,636	2,729	1,499	1,346
TOTAL LANDED WEIGHTS	288,041	270,554	261,536	227,278	190,415	240,783	259,536	266,103	256,269	250,329

Source: Tri-Cities Airport Activity Reports

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
2025	8,940	24	480	31,775	2,508	1,968	45,695
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

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)

<u>Fiscal</u> <u>Year</u>	<u>Air</u> <u>Carriers</u>	<u>Cargo</u> <u>Carriers</u>	<u>Sub-total</u>	<u>Mail</u>	<u>Total</u>
2025	6,936	-	6,936	-	6,936
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

Source: Air Traffic Reports

See Independent Auditors' Report.

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

	<u>FY 2025</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>
Operating Revenues	\$ 10,029,010	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
Operating Expenses	<u>8,988,480</u>	<u>8,491,913</u>	<u>7,490,408</u>	<u>7,129,439</u>	<u>6,589,205</u>	<u>7,050,275</u>	<u>6,630,795</u>	<u>6,460,859</u>	<u>6,430,436</u>	<u>6,177,281</u>
Operating Income Before Adjustments	1,040,530	270,324	1,202,412	411,063	(815,382)	(270,030)	638,104	616,759	375,626	406,451
Other Income	<u>1,884,439</u>	<u>2,117,665</u>	<u>6,013,848</u>	<u>7,410,940</u>	<u>3,476,697</u>	<u>884,404</u>	<u>1,108,947</u>	<u>913,910</u>	<u>1,172,161</u>	<u>1,225,176</u>
Net Revenues	<u>\$ 2,924,969</u>	<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>
Debt Service on airport revenue bonds										
Principal	-	-	-	360,000	350,000	335,000	330,000	320,000	310,000	310,000
Interest	-	-	-	<u>23,010</u>	<u>32,460</u>	<u>40,668</u>	<u>47,268</u>	<u>53,668</u>	<u>59,868</u>	<u>66,150</u>
Debt Service	-	-	-	<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>
Debt Service on Aerospace Park bonds - Series 2018										
Principal	290,000	275,000	265,000	255,000	315,000	305,000	260,000	-	-	-
Interest	<u>175,806</u>	<u>188,181</u>	<u>200,106</u>	<u>242,306</u>	<u>287,206</u>	<u>300,931</u>	<u>340,421</u>	-	-	-
Debt Service	<u>465,806</u>	<u>463,181</u>	<u>465,106</u>	<u>497,306</u>	<u>602,206</u>	<u>605,931</u>	<u>600,421</u>	-	-	-
Total Debt Service	<u>\$ 465,806</u>	<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>
Coverage ratio * (Revenues/Debt Service)	<u>6.28</u>	<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>
* Does not include amounts held in debt reserves										
Debt Service Reserve	<u>\$ 22,988</u>	<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>

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 2025</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>
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
Aerospace Park Bonds	4,820,000	5,110,000	5,385,000	5,650,000	7,620,000	7,935,000	8,240,000	8,500,000	-	-
Plus: Premium	49,159	53,014	56,869	60,725	70,886	77,894	84,902	91,910	18,915	22,068
Outstanding Debt:	<u>\$ 4,869,159</u>	<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>
Enplaned Passengers	<u>242,024</u>	<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>
Outstanding Debt Per Enplaned Passenger	<u>\$ 20</u>	<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>
Debt Service										
Principal	\$ 290,000	275,000	265,000	255,000	665,000	640,000	590,000	320,000	310,000	290,000
Interest	175,806	188,181	200,106	242,306	319,666	341,599	387,689	53,668	59,868	66,068
Total Debt Service	<u>465,806</u>	<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>
Operating expenses	8,988,480	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
Total	<u>\$ 9,454,286</u>	<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>
Ratio of debt service to Total Expenses	<u>4.9%</u>	<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>
Debt Service per Enplaned Passenger	<u>\$ 1.92</u>	<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>

Source: Audited Financial Statements

See Independent Auditors' Report.

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

<u>Airline</u>	<u>FY 2025</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>
Allegiant Air	\$ 103,219	\$ 107,642	\$ 110,388	\$ 104,337	\$ 60,050	\$ 55,596	\$ 101,988	\$ 127,851	\$ 113,846	\$ 115,518
Delta	369,999	295,373	306,401	291,333	154,185	324,338	468,936	439,216	430,933	453,855
US Airways	-	-	-	-	-	-	-	-	-	109,488
American	453,037	413,810	405,552	410,473	200,835	280,381	264,933	236,682	254,296	159,249
United	328	364	561	653	161	438	639	601	1,343	1,423
Other	9,645	7,834	10,046	10,827	3,685	31,918	10,393	8,857	5,904	6,756
Total PFC Revenue	\$ 936,228	\$ 825,023	\$ 832,948	\$ 817,623	\$ 418,916	\$ 692,671	\$ 846,889	\$ 813,207	\$ 806,322	\$ 846,289
Interest Earned	37,958	19,382	7,215	336	1,342	3,622	5,245	574	652	3,260
Total PFC Related Revenue	\$ 974,186	\$ 844,405	\$ 840,163	\$ 817,959	\$ 420,258	\$ 696,293	\$ 852,134	\$ 813,781	\$ 806,974	\$ 849,549
Enplaned Passengers - Air Carriers	242,024	230,210	210,881	185,842	112,585	172,492	211,406	199,399	202,665	213,500
% of Passengers	88.1%	81.6%	90.0%	100.2%	84.8%	91.5%	91.3%	92.9%	90.6%	90.3%

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 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Alamo	\$ 28,818	\$ 25,209	\$ 20,493	\$ 14,364	\$ 16,590	\$ 30,679	\$ 35,510	\$ 30,923	\$ 41,847	\$ 41,231
Avis	103,986	93,384	88,443	85,104	39,203	47,606	58,812	50,977	51,668	61,698
Budget	61,866	57,006	59,499	53,577	32,024	54,512	68,084	52,839	69,802	64,118
Dollar	4,447	5,337	5,508	2,142	2,624	6,568	5,718	6,697	12,336	11,609
Enterprise	79,794	67,455	62,289	47,853	43,127	70,825	81,241	62,630	66,246	61,041
Hertz	53,964	46,494	48,312	36,126	36,252	56,823	69,221	54,400	63,601	72,118
National	105,309	92,151	87,669	70,452	41,580	79,305	92,285	76,081	84,686	93,707
Thrifty	14,175	12,933	12,096	5,589	7,179	13,968	12,258	10,541	12,014	10,703
Total CFC Revenue	\$ 452,359	\$ 399,969	\$ 384,309	\$ 315,207	\$ 218,579	\$ 360,286	\$ 423,129	\$ 345,088	\$ 402,200	\$ 416,225
Interest Earned	34,074	20,932	3,998	54	607	1,906	2,574	1,328	1,086	852
Total CFC Related Revenue	\$ 486,433	\$ 420,901	\$ 388,307	\$ 315,261	\$ 219,186	\$ 362,192	\$ 425,703	\$ 346,416	\$ 403,286	\$ 417,077
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)	\$ 209,840	\$ 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
Total Expenditures	\$ 209,840	\$ 182,172	\$ 6,400	\$ 274,216	\$ 778,114	\$ 342,597	\$ 286,183	\$ 274,935	\$ 317,495	\$ 487,154

(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
2024	*	7,227,750
2023	526,223	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

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

* - 2023 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
2024	*	\$66,504
2023	\$51,256	\$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

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

* - 2023 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)

<u>Calendar Year</u>	<u>Air Trade Area</u>	<u>Tennessee</u>
2024	3.7%	3.7%
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%

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	2024			2015			Industry
	Rank	Employees	Percentage	Rank	Employees	Percentage	
Eastman Chemical Company	1	6,500	25.3%	2	6,848	26.4%	Chemical, Fibers, Plastics and Special Materials
East Tennessee State University	2	4,000	15.6%	3	2,370	9.1%	Higher Education
Ballad Health	3	3,300	12.8%	1	8,610	33.1%	Health Care
James H. Quillen VA Medical Center	4	2,896	11.3%	4	2,188	8.4%	Non-Profit Government Health Care
Citi Group	5	1,847	7.2%	5	1,700	6.5%	Customer Service Call Center
Advanced Call Center Technologies	6	1,802	7.0%	7	1,179	4.5%	Telecommunications
Johnson City Board of Education	7	1,457	5.7%	9	832	3.2%	Public Education
Partner Industrial	8	1,390	5.4%	-	0	-	Industrial Services
Washington County Schools	9	1,307	5.1%	6	1,200	4.6%	Public Education
Kingsport City Schools	10	1,214	4.7%	8	1,057	4.1%	Public Education

Source: Washington and Sullivan County Governments. 2024 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Full-Time Employees										
Maintenance	10	10	9	9	9	8	8	9	9	9
Public Safety	13	14	15	16	16	16	16	15	15	15
Building Services	11	11	10	10	10	6	6	6	6	5
Airport Services	1	1	1	1	1	-	-	-	1	1
Marketing	2	2	2	2	1	1	1	1	2	2
Air Cargo & Trade Development	1	1	1	1	1	1	1	1	1	1
Administration	10	10	11	10	10	9	9	8	9	9
Fixed Based Operations	2	-	-	-	-	-	-	-	-	-
Airline Services	1	1	-	-	-	-	-	-	-	-
Access Control	3	3	2	-	-	-	-	-	-	-
Total Full-Time Employees	54	53	51	49	48	41	41	40	43	42
Part-Time and Interim Employees										
Airline Services	6	7	8	8	8	7	7	9	12	13
Access Control	2	2	3	7	7	7	7	7	6	7
Airport Services	-	-	-	-	-	2	2	2	1	1
Building Services	-	-	-	-	-	5	5	5	5	5
Administration	-	-	-	-	-	-	-	-	-	-
Total Part-Time Employees	8	9	11	15	15	21	21	23	24	26

* - Based on current active employees as of June 30, 2025.

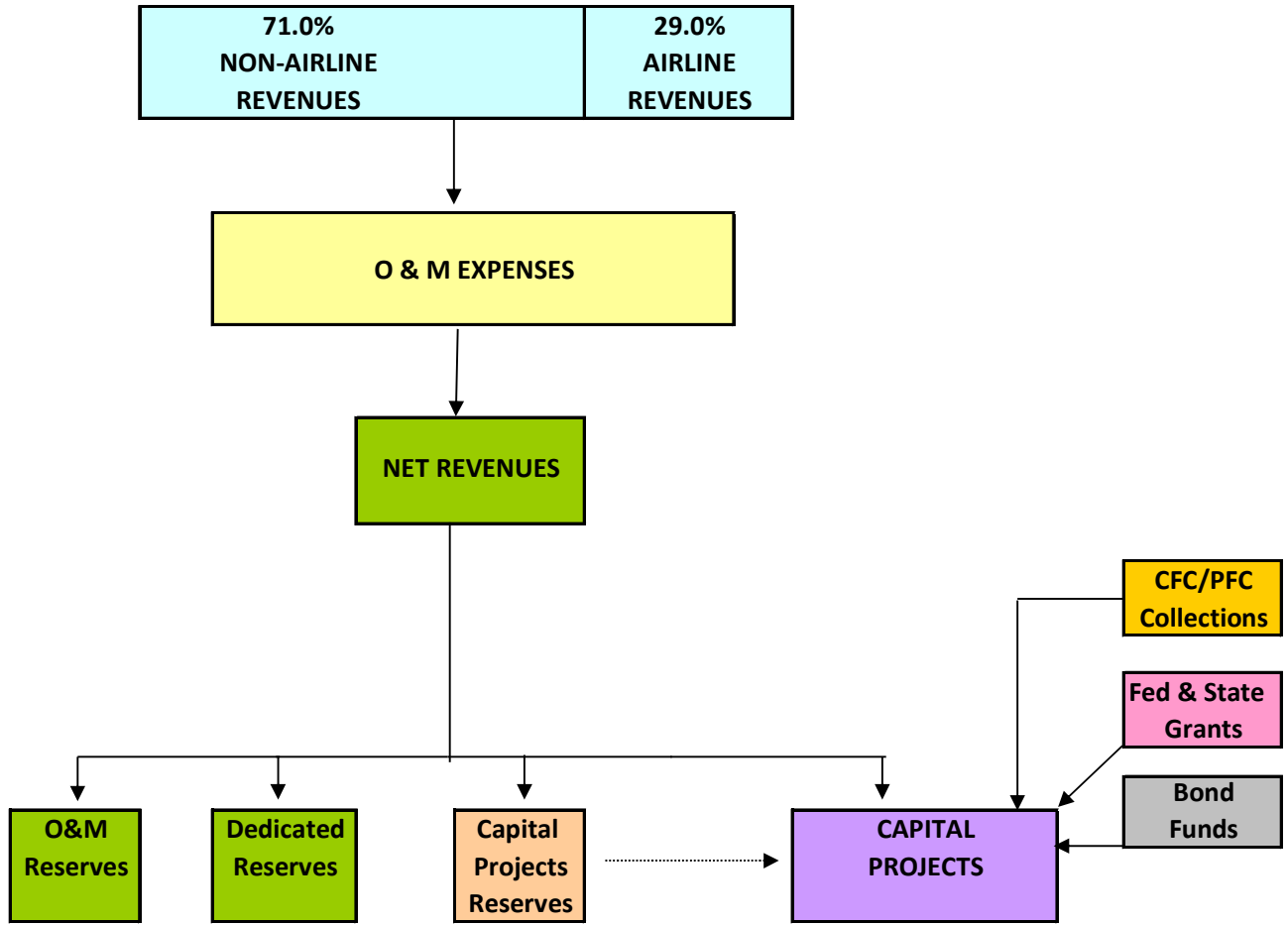
See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 19:
Insurance in Force (unaudited)
June 30, 2025

Type of Policy	Policy Insurer	Expiration Date	Policy Limit	Risk Coverage
Airport Liability	CHUBB	4/1/2026	\$50,000,000	General Liability
Excess Liability	CHUBB	4/1/2026	\$25,000,000	Over \$1M for Auto and \$1M Employment Liability
Environmental Liability	Colony Ins.	4/1/2026	\$2,000,000	Environmental Contamination from above ground tanks
Cyber Security & Cyber Crime	CFC Ins. Co.	4/1/2026	\$1,000,000	Cyber Incident Response, Data Breach, Media and Cyber Crime
Automobile	Cincinnati Ins. Co.	4/1/2026	\$1,000,000	Bodily Injury and Property Damage, Comp/Collision, Non-owned vehicles
Property	Cincinnati Ins. Co.	4/1/2026	\$42,713,840	Buildings, contents, flood, earthquake, landscape
Contractor's Equipment	Cincinnati Ins. Co.	4/1/2026	\$2,386,743	Contractor's equipment
Business Income	Cincinnati Ins. Co.	4/1/2026	\$1,000,000	Loss of Business
Employee Liability	Cincinnati Ins. Co.	4/1/2026	\$1,000,000	Employee Benefits Liability
Equipment	Cincinnati Ins. Co.	4/1/2026	\$1,899,805	Equipment
Public Officials	AXA XL Ins. Co.	4/1/2026	\$5,000,000	Airport Commissioners
Public Officials	AXA XL Ins. Co.	4/1/2026	\$5,000,000	Employment Practices
Crime/Fidelity	Travelers Ins. Co.	4/1/2026	\$250,000	Faithful Performance and Computer Fraud
Notary Bond	Western Surety	12/10/2025	\$25,000	Errors and Omissions
Worker's Comp	AIG Property Casualty AIG Property Casualty	4/1/2026 4/1/2026	\$1,000,000	Employer's liability Employee bodily injury
Health/Medical	United Healthcare	12/31/2025		Medical/Rx/Vision
Dental	Delta Dental of TN	12/31/2025		Dental
Life	MetLife	12/31/2025		Life/AD&D
Voluntary Products	Met Life USABLE AFLAC	12/31/2025		S/T, L/T disability, additional life, dependent coverage, cancer and accident

See Independent Auditors' Report.

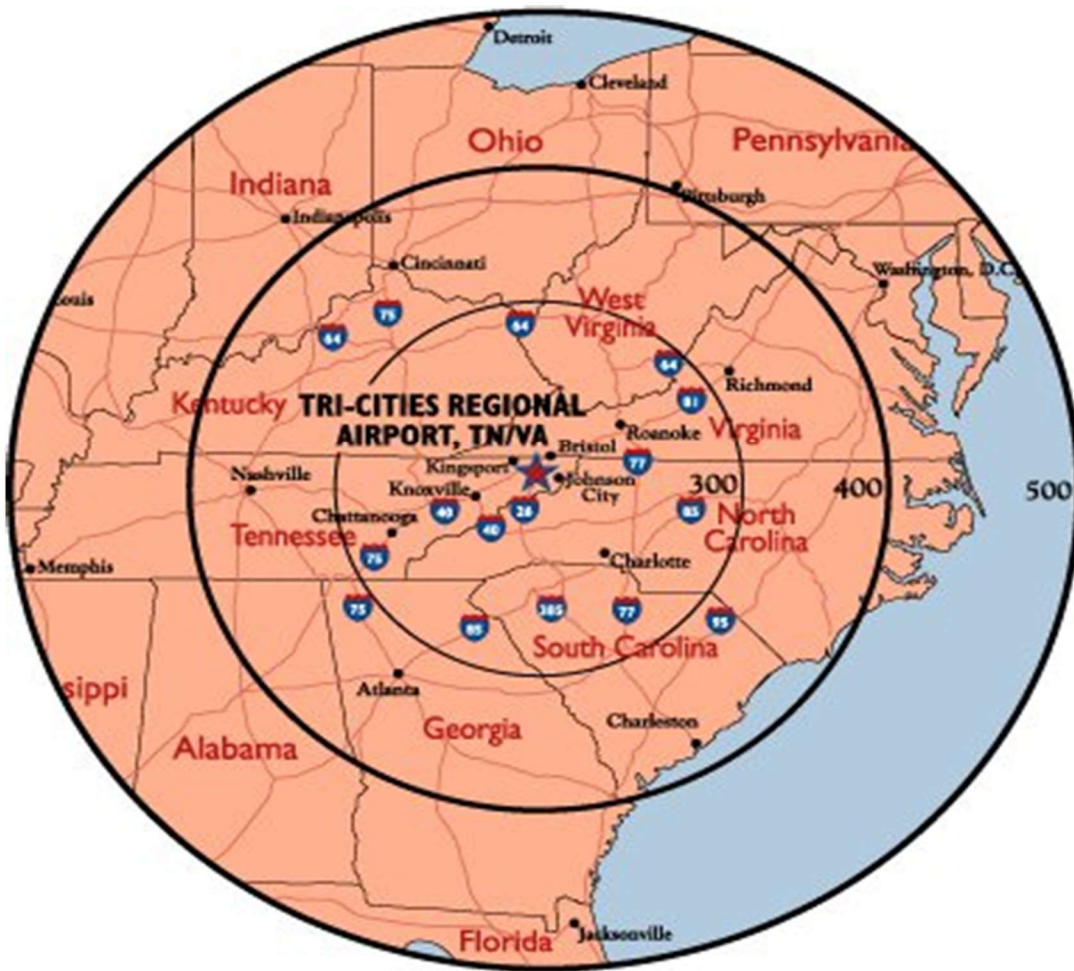
Tri-Cities Airport Authority
TABLE 20:
Flow of Funds



See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 21:
Location of Airport

Tri-Cities Airport is centrally located between the cities of Bristol, Tennessee, Bristol, Virginia, Kingsport, Tennessee, and Johnson City, Tennessee. The Airport serves Northeast Tennessee, Southwest Virginia, North Carolina and Kentucky.



See Independent Auditors' Report.

Tri-Cities Airport Authority
TABLE 22:
Capital Asset Information
as of June 30, 2025

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
	Number of Concessionaires	4
	Number of Rental Car Agencies	3
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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 4, 2025.

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

December 4, 2025

**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, 2025. 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, 2025.

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, PLLC
Johnson City, Tennessee

December 4, 2025

**TRI-CITIES AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR FISCAL YEAR FINDINGS
For the Fiscal Year Ended June 30, 2025**

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, 2025**

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, 2025.

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, 2025.

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, PLLC
Johnson City, Tennessee

December 4, 2025

**TRI-CITIES AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PASSENGER FACILITY CHARGE PROGRAM
For the Fiscal Year Ended June 30, 2025**

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.